

AMBITIONS

STRENGTHENED

ANNUAL REPORT 21 / 22

About this Report

We welcome you to the Annual Report of
Ambeon Holdings PLC

This 2021/22 Annual Report presents a comprehensive review of Ambeon Holdings PLC, and its subsidiaries. This report details quantitative and qualitative information to provide an insightful overview of varied operational and business aspects of the Group.

Purpose

This report is prepared with the core purpose of increasing the transparency of our reporting practices and disclosure while providing our stakeholders clear, comprehensive and detailed communication with regards to the Group's corporate strategy, governance, performance and prospects in the context of the external environment in our pursuit of creating short, medium and long-term value.

Scope & Boundary

This Report presents the performance of the Group's operations, non-financial and operational information. The Group follows an Annual Reporting cycle and our previous performance for the financial year ending 31 March 2021 was covered in the 2020/21 Annual Report.

The financial statements included in this Annual Report have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs/LKASs) and have been duly audited by the external auditors of the Group. Information detailed in the Annual Report adheres to the framework stipulated by the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange (CSE).

Corporate Governance related disclosures presented in this report complies fully with the Code of Best Practice on Corporate Governance (2017) issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

The information and data for the report are collected and compiled by respective departments including the subsidiary operations. Several interviews with the Management and key executives were conducted in this regard. The financial information is based on the audited financial statements and the related notes.

Assurance

Messrs. Ernst & Young, Chartered Accountants have provided assurance on the financial statements (refer pages 53 to 56).

Board Responsibility Statement

The Board of Directors and Senior Management have been instrumental in preparing this report. The Board is of the view that this, Annual Report addresses all material matters and provides a balanced view of the integrated performance of the Group and its subsidiaries.

Forward Looking Statements

This report constitutes forward-looking statements, which are not guarantees or forecasts of future performance. As detailed in the report, the Group and its subsidiaries face external challenges outside of organization control, which may lead to outcomes not reflected in the report.

Feedback on the Report

We welcome your feedback on this report. Please email your questions and comments to : info@ambeongroup.com.

Print Available on request



Online Available as PDF



Vision

Re-Engineering Success

Mission

To take the leap that transforms
latent opportunities

Values

• Moving First

Catalyzing opportunities through readiness

• Channeling Teamwork

Harnessing the collective strength of our
diverse minds

• Actioning Results

Mind, body and soul, we are committed to our
investments

• Seeing Beyond

Constantly challenging ourselves to look
beyond

• Inspiring Each Other

Encouraging each other's success

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ABOUT US

Ambeon Holdings PLC, the subsidiary of Ambeon Capital PLC, is a medium sized conglomerate. The Group has a strong presence in the spheres of Financial Services, Manufacturing, Technology and Real Estate, and is powered and guided by renowned corporate giants – Galle Face Hotel Group, the Hirdaramani Group and Navitas Holdings

Financial Services Cluster



Taprobane Capital Plus (Pvt) Ltd

A leading financial services provider with a wealth of experience in capital markets in Sri Lanka. The Group offers a range of financial and investment services through its subsidiaries Taprobane Investments (Pvt) Ltd and Taprobane Securities (Pvt) Ltd respectively.

Manufacturing Cluster



Dankotuwa Porcelain PLC

Renowned for its luxurious and elegant porcelain, one with a sense of pristine beauty, Dankotuwa Porcelain PLC commenced commercial operations in 1984. From superior glazing technologies, personalized designs and endless options, the company continues to create timeless and modern collection of porcelain-ware that expresses exclusive dining experience for every occasion. Another important feature of Dankotuwa Porcelain tableware is that the raw materials used for white products are Lead (Pb) and Cadmium (Cd) safe, does not contain bone ash and can be used in a microwave oven or a dishwasher.



Royal Fernwood Porcelain Limited

A large-scale manufacturer of high-quality white and decorated porcelain tableware and figurine ornaments that enjoys a global reputation for manufacturing products for some of the prestigious porcelain tableware brands across over 35 countries. The company's prestigious international customer base includes brands such as Macy's, Portmerion, Dansk, Caskata, Oneida, NEXT, Jashanmal, Crate & Barrel, Country Road, NotNeutral, VEGA, Porsgrund, Paul, Migros, Narumi, Berghoff, Yalco, Weissesal, Silsal Design House, Wallace & Co, Kashida, Manses Design and Nordic Nest.

Technology Cluster



MillenniumIT ESP (Pvt) Ltd

MillenniumIT ESP, in its 26-year journey, has strengthened its hold in the IT sector through its delivery of successful innovations and projects in various industries. MillenniumIT ESP, a complete Enterprise Solutions Provider, offers technology solutions and services around Core Infrastructure, Cloud, Cyber Security, Enterprise Applications, Intelligent Automation and Data, Smart Buildings, and Managed Services. The company has a strong presence across a variety of industry sectors including Telecommunications and Media, Banking and Financial Services, Manufacturing and Retail, Government, and Commercial Sector which focuses on Healthcare, Transportation, Hospitality, IT and BPO Companies, and other Conglomerates. Currently, the company is on a growth drive with plans to expand its footprint globally across all sectors, with a new regional office in Singapore.

Real Estate Cluster

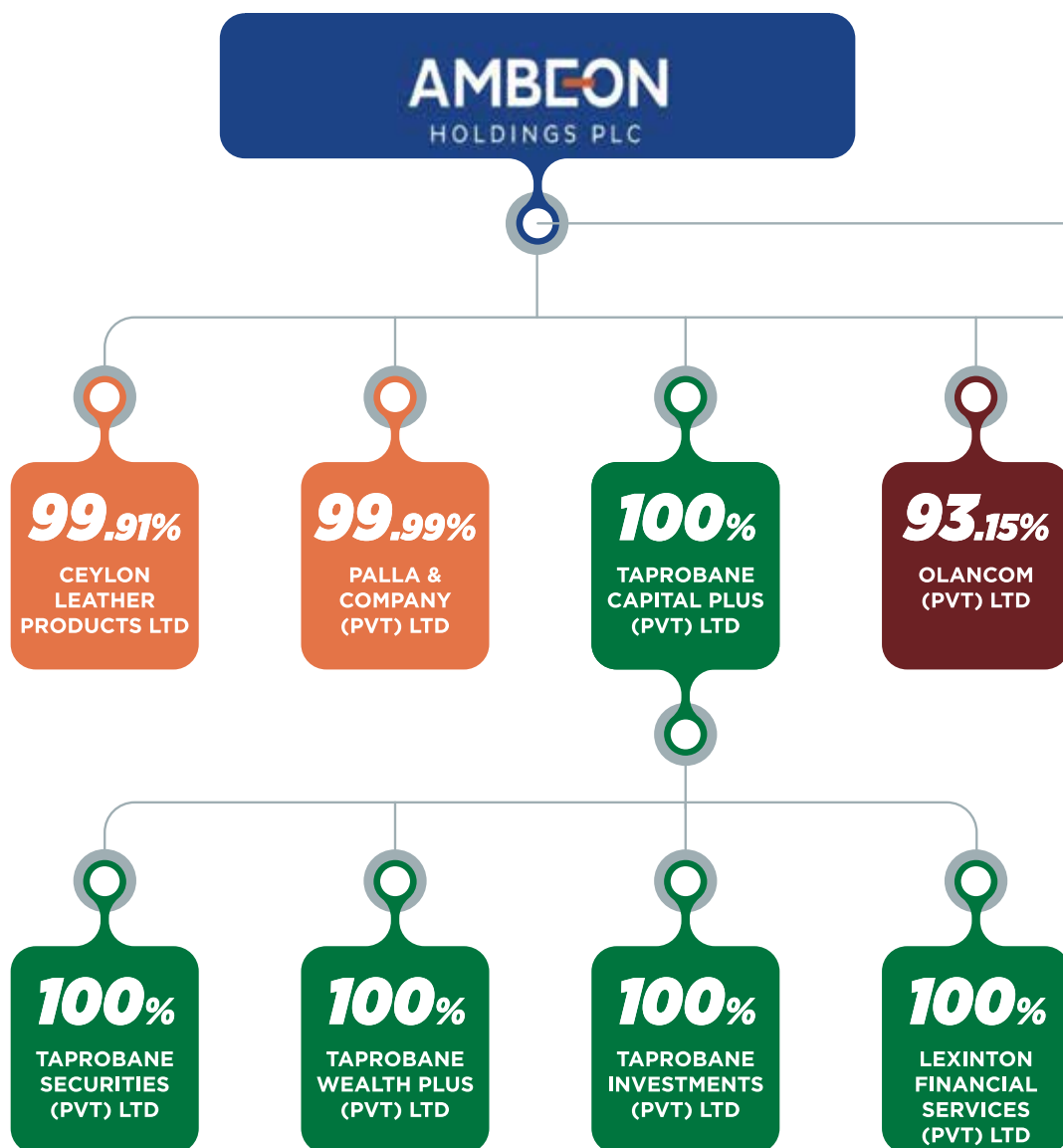


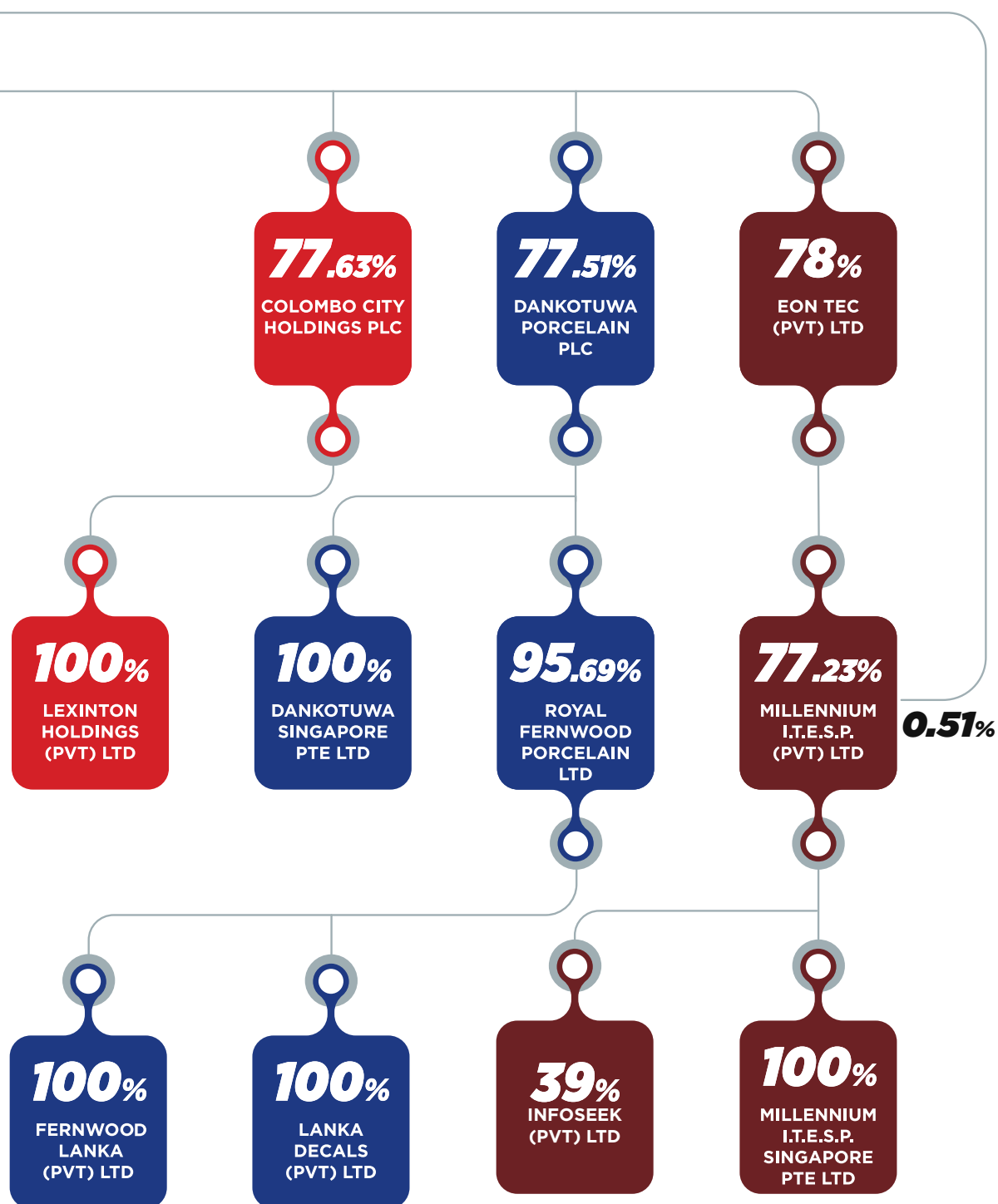
Colombo City Holdings PLC

A 100-year-old company with a rich legacy, CCH is a listed entity on the Colombo Stock Exchange. It is positioned as an investment management company managing a diversified portfolio with special interests in the real estate business in Sri Lanka.

PERFORMANCE HIGHLIGHTS

	2021/22	2020/21	Change
	LKR	LKR	%
Financial Performance (Continuing Operations)			
Revenue	14,155,889,834	9,595,760,665	47.52
Gross Profit	3,896,239,061	3,019,167,580	29.05
Operating Profit/(Loss)	1,376,016,831	(123,020,718)	1,218.52
Profit/(Loss) before Tax	1,271,375,123	(1,674,374,904)	175.93
Profit After Tax	935,516,600	(1,858,739,484)	150.33
Profit After Tax - Including Discontinued Operations	2,519,124,876	(2,103,037,119)	219.79
Interest Cover	4.32	(0.29)	1,591.69
Return on Equity	23.71%	(26.59%)	189.18
Return on Capital Employed	9.34%	(0.93%)	1,105.36
Financial Position			
Total Assets	22,892,405,607	21,822,842,188	4.90
Total Debts	4,103,238,789	5,327,876,231	(22.99)
Total Equity	10,623,355,507	7,908,759,231	34.32
No of shares in Issue	356,869,666	356,869,666	-
Net Assets per Share	24.99	17.67	41.41
Gearing Ratio	27.86%	40.25%	(30.78)
Debt/Total Assets	17.92%	24.41%	(26.58)
Current Ratio	1.54	0.96	60.18
Quick Asset Ratio	1.26	0.62	103.67
Market Price per Share	38.80	17	128.24
Market Capitalisation	13,846,543,041	6,066,784,322	128.24





Chairman's Message



To Our Stakeholders,

The financial year 2021-2022 was a year of resilience, with each business cluster working towards creating a sustainable business ecosystem that was able to weather the macroeconomic turbulences created in the Country.

Ambeon Holdings PLC as a Group completed the financial year with a consolidated profit after tax of LKR 2,519 Mn. As an individual business entity, the Company earned a profit after tax of LKR 1,591 Mn by the end of the financial year.

The overall growth in financials was also a tremendous feat in comparison to the significant loss of over LKR 2,103 Mn in the previous year. This was achieved through a more concerted effort at pruning financial outflows alongside reserved investments, the divestment of the apparel subsidiary and an equal focus on all remaining clusters.

It therefore, gives me great pleasure to present to you the Annual Report and audited financial statements for Ambeon Holdings PLC, for the financial year 2021/22.

Operating Environment –The Year in Retrospect

At the onset of the fiscal year in 2021, State authorities commenced vaccination programs across the island through a well-detailed and focused approach. This brought along a renewed level of optimism across the island despite two periods of extended lockdowns during the year. By mid-September, authorities had exemplarily vaccinated over 50 per cent of the population – bringing down both morbidity and mortality rates. Although the spread of previous COVID-19 variants began dissipating with vaccinations, the threat of new variants continue to stir concerns.

Despite the well-timed measures taken in managing the pandemic, the economic challenges which persisted even before the pandemic, were pushed to their limits. While the pandemic had a substantial role in steeping economic instability, certain policy decisions also had an impact. The combined effect of several factors aggravated the economic conditions and the rapid depletion of foreign exchange reserves. Such aspects include, import expenditures which exceeded export revenue, reduced remittances, and much reduced tourism income. Moreover, the domino effects of the forex and economic crisis are painfully apparent through hours-long power outages, rising fuel prices and the inability to meet the demand for essential and basic commodities. As a result, the country is now facing its worst economic crisis in over seven decades.

The unprecedented volatility in the exchange rate also turned adverse within the economic milieu. By May 2022, the rupee depreciated by 44.3%, as Central Bank took a free float to determine the exchange rate. In addition, to revise the market interest rate structure, policy rates were increased in controlling the adverse inflationary context. As a result, policy rates were raised in April 2022 by 700 basis points placing the standing deposit facility rate at 13.50% and the standing lending facility rate at 14.50%.

While corporates and individuals struggled to keep afloat, the country's leaders are now dedicatedly seeking financial assistance from foreign counterparts and monetary agencies, with policy makers gathering to gradually resolve the country's needs of the hour: While technical talks with IMF for a bailout package is underway, we anticipate that the current government will find the much-needed monetary relief in months to come.

Pragmatic Divestment and Prudent Investments

The macroeconomic uncertainties compelled the Group to apply a prudent approach when making strategic investment decisions as well as incurring expenditure for operational purposes. Despite external challenges, through cost control mechanisms and divestment of South Asia Textiles (SAT), the Group was not only able to trim a large portion of the finance cost during the financial year but, was also able to re-direct focus on core business clusters, ensuring a well-managed portfolio.

I must state that all our core business clusters recorded net profits with manufacturing and real-estate subsidiaries marking a noteworthy turnaround from losses made in the previous year. The business subsidiaries are reviewed in detail under the segment Management Discussion and Analysis.

The Human Connection

Across Ambeon Group, employees are the vital cog between our vision and success. As a medium sized conglomerate, we have a collective team of over 2000 employees who were provided with benefits and opportunities for growth. Across the Group, all business clusters conducted various programmes to not only provide employees with relief, but also motivate and empower them during these trying times.

Governance

In the year under review, the Group maintained compliance with all applicable external frameworks and directives, and I am pleased to declare that the year was completed without incurring any violations or fines in relation to compliance. As a listed entity, the Group has adhered to all mandatory regulations issued by the Colombo Stock Exchange and Securities & Exchange Commission.

While external regulations reinforce standards and enable the Group to remain on par with best practices, Ambeon also reviews and enhances internal policies across core areas of operations. This is done periodically through the involvement of both the Board of Directors and the Executive Leadership while accommodating stakeholder expectations and strategic objectives. Moreover, internal controls continue to be enhanced in managing pertinent areas of risk, while aligning the governance structure and framework to complement the achievement of the Group's broader strategic vision.

The Board composition changed during the year with the appointment of a new Executive Director. All Directors acted in accordance with governance principles in discharging duties. Realigning the status quo, we made a strategic change to the company's apex executive leadership position, by appointing Dr. Sanjeeva Narangoda as our new Executive Director for Ambeon Holdings PLC., which proved prudent at a time when the Group was compelled to align decisions with macroeconomic trajectories.

The Future Direction

Ambeon Holdings is currently undergoing various transformation changes as a Group. However, bordering on the direction taken in the year under review, the Group will continue to adopt a cautious approach when traversing through the turbulence of the present economic situation. We anticipate that rising interest rates will heavily impact the domestic business environment, while the slump in global growth and inflations seen across the world are causes for concern. I believe that a stealthy approach is the only prudent option in journeying ahead.

Nevertheless, we will take this temporary stance to relook at streamlining our internal decision-making processes, while examining areas of opportunities and potential growth which will exponentially increase our investments.

Appreciations

I take this opportunity to thank my Board and the Heads of Bbusiness Subsidiaries for navigating the Group under tough circumstances. To the Senior Management team, the employees of Ambeon Holdings PLC and its subsidiaries, we understand that the financial year added tremendous pressure on operations. In spite of these circumstances, you remained undeterred in the face of adversity. We are indeed proud and grateful for the passion and commitment demonstrated during these trying times.

I am also thankful to our various partners and customers for being a source of constant encouragement and support throughout the past year.

While the future seems somewhat obscure at this point in time, the present requires us to be resilient and mindful, more than ever before. As contributors to economic growth, Ambeon Holdings PLC will continue to propel through the challenges and create sustainable growth and economic value for all our stakeholders, while being a responsible corporate citizen in rebuilding our nation's economy.

Sgd.

Sanjeev Gardiner

Chairman

Ambeon Holdings PLC

26 August 2022

Executive Director's Review



Dear Stakeholders,

When we commenced the financial year, Sri Lanka was still navigating the aftermath of the pandemic. Although there were serious concerns with regards to the economic turbulence that loomed across the Country, the pace with which it unfolded was quite overwhelming.

While challenges persisted in the external business environment, Ambeon Holdings as a Group continued to fare commendably during the period under review. Overriding the financial losses of 2020/21, Ambeon Holdings PLC as a group achieved a net profit of LKR 2,519 Mn thus posting a stable financial position. This was a direct result of the cautious and prudent assessments made at strategic and operational decision making. I am delighted to report that after August 2018, the Group declared a dividend of LKR 1,071 Mn to our shareholders in April 2022, sharing the financial rewards of a profitable year.

While providing an overall snapshot of our financial performance, I am pleased to present to you, an overview of how the Group and our subsidiaries performed during the FY 2021/22.

Macro-Economic Consequences of the Year

While the effects of certain policy decisions were compounded by the economic impact of the pandemic, the past year aggravated structural issues that prevailed within the economy. However, it must be noted that the vaccination programs carried out by authorities proved to be tremendously effective in safeguarding millions of lives.

Although the country's GDP growth recovered in 2021, the economic fallouts caused by the pandemic worsened the country's ability to increase foreign currency reserves and earnings. This was compounded further by a high level of external debt, a widening fiscal deficit and rising commodity prices. The severe shortage in foreign reserves set off a wave of challenges, beginning with the inability to procure sufficient levels of fuel and gas amidst rising global prices and a failure to service external debt. The brunt of shortages and inflation was experienced by all stratum of society.

All in all, the prospect of IMF support and a much-needed tightening in monetary policy decisions have added a glimpse of hope. However, increased exports, effective and systematic domestic revenue mobilisation and direct foreign investments will give Sri Lanka a sustainable approach to becoming financially independent in the long term.

The Strategic Route

As macroeconomic volatilities compounded, and the political, social and economic turbulences escalated at the beginning of the 2022 fiscal year, it became evident that the calculated approaches adopted at both the Group and cluster levels were indeed the correct way forward. I must state that

the divestment of the apparel subsidiary, South Asia Textiles, was a positive move which infused greater sustainability and balance between the existing industries within the Group.

Millennium I.T.E.S.P (Pvt) Ltd., (MillenniumIT ESP), which represents Ambeon's technology cluster, achieved a commendable growth in revenue. Nevertheless, the compounded effects of macroeconomic volatility and margin erosion in relation to larger clients caused profits to contract in the FY 2021/22. Yet, focusing on the bigger picture, MillenniumIT ESP has taken steps to consolidate their position outside Sri Lanka by successfully establishing its first cross border office in Singapore - the epic centre of innovation in Southeast Asia.

The manufacturing cluster led by Dankotuwa Porcelain PLC (DPL) embraced market expansion and product innovations with prospects explored in new Northern American, Scandinavian and European markets. The cluster which also includes Royal Fernwood Porcelain Limited (RFPL) performed well while accumulating higher export and domestic revenue.

Pertaining to the financial services and real estate clusters, interest rate hikes, foreign currency volatility and liquidity became significant concerns, alongside the exponential double digit rise in inflation. However, Taprobane Securities paved the way for the financial services cluster to progress towards a profitable year, while the real estate cluster represented by Colombo City Holdings (CCH) achieved a positive bottom line as against last year's losses.

Despite the external circumstances, we placed great importance on our human resources and continued to take care of our workforce, without any retrenchments. We assured the financial stability of our staff by maintaining the same level of benefits, increments and paid performance bonuses – taking care of our employees during this turbulent period.

A Commendable Achievement

With all four clusters posting revenue growth, Group revenue rose by 48% in the financial year 2021/22 to LKR 14,156 Mn from LKR 9,596 Mn in the year before. Consequently, Ambeon Holdings as a Group achieved a profit of LKR 1,584 Mn from discontinued operations and LKR 936 Mn from continuing operations respectively. As such, the cumulative Group net profit for the financial year 2021/22 increased by 220% amounting to LKR 2,519 Mn, whilst Ambeon Holdings, as a Company, posted a 175% growth in Profit After Taxes amounting to LKR 1,591 Mn.

In April of 2021, the divestment of the equity stake in South Asia Textiles resulted in a gain of LKR 1,584 Mn from discontinued operations. This contributed towards strengthening the Group's balance sheet by paying down debts, rationalising businesses the group intended to concentrate and allowing a greater focus on core business segments.

Information Technology

Amidst the strategic expansion into Singapore, MillenniumIT ESP achieved revenue growth of 38%, resulting in a revenue of LKR 9,255 Mn in comparison to the LKR 6,722 Mn achieved in the previous financial year.

Business segment wise, the company's revenue from the telecommunication and media sector rose by 54% reflecting business growth and timely project completions. From the standpoint of technological solutions, core infrastructure solutions brought in the highest revenue. However, in terms of revenue growth, cyber security took the lead, with a 55% increase in earnings.

Despite the increase in revenue, MillenniumIT ESP incurred heavy direct costs, partially because of increased payments to foreign vendors due to the significant rupee depreciation. While gross profit increased, Profit After Tax was reported as LKR 259 Mn for the financial year 2021/22. The dip in profit is a result of the significant volatility in

exchange rate and the sudden rupee depreciation experienced at the end of 2021/22, which lead to an exchange loss in dollar payments.

Manufacturing

Dankotuwa Porcelain PLC (DPL) and its subsidiary Royal Fernwood Porcelain Limited (RFPL) fared commendably during the year, with overall revenue of LKR 3,762Mn. This surpassed last year's revenue by 55% and had a direct effect on overturning last year's net loss, both at entity and group levels. The commendable bottom-line of the cluster was reflected in its net profit of LKR 189 Mn, which was a 148% increase over the previous year. However, despite the overall profit expansion of the porcelain segment, Royal Fernwood completed the financial year with a net loss, which had nonetheless declined from the net loss reported in the previous year.

Operationally, the manufacturing processes of the cluster weathered several impediments. Both companies used prudent production planning in assimilating to rising energy costs, supply chain delays and recurring power outages, while using an already strong human capital and partner relations to surmount operational bottlenecks. While the rupee depreciation challenged payments to suppliers, it also augured well for the cluster in terms of increasing exchange gains in translation of monetary assets denominated in foreign currencies.

Despite order cancellations in the previous year, consignments were placed with the usual momentum, as target markets continued to rebound from pandemic-induced uncertainties. DPL continued market expansions with growth witnessed in the Indian market and increasing sales revenue from the USA market. For the financial year 2021/22, both export and domestic revenue streams improved, as restrictions in non-essential imports paved the way for improved demand for local products.

Perseverance and commitment were vital reasons for meeting client demands, as DPL retains

highly motivated and self-driven employees across production and operational units. As a commendation to the positive work culture cultivated at DPL, the company was recognised as one of Sri Lanka's best workplaces in the manufacturing and production sector for 2022, by Great Place to Work® Sri Lanka.

Financial Services

Taprobane Capital Plus and its main subsidiaries Taprobane Investments and Taprobane Securities performed well within the financial year. Taprobane Capital Plus as a group recorded a Profit after tax of LKR 211 Mn. over the previous year's profit of LKR 136 Mn.

The calendar year 2021 was a record-breaking year for the CSE with high turnovers and market capitalisation, which served client investors with positive returns. Taprobane Securities, which focuses on stock brokering continued to claim a top market position, gathering new business streams and new clientele through the positive market sentiments in 2021, while the low interest rate context played a positive role in piquing investor interest.

Real Estate

Despite the low lending rate regime which became conducive for real estate expectations and credit demand in the first half of the calendar year 2021, the latter part of the year turned towards high costs in borrowings amidst a tightening of monetary policies. The initial policy rate hike in August 2021 provided an indication of the path ahead which enabled the real estate business to act proactively and stave off any undue risks during the remainder of the financial year. This, coupled with added liquidity from the disposal of the Union Place property, brought more stability to Colombo City Holdings (CCH).

During the year, the Company gradually commenced repositioning its standing as a diversified investment company, without a singular focus on real estate. Although the Group foresees

a bigger and better future for CCH, the present macroeconomic fundamentals are unfavourable in pursuing this vision. CCH, therefore, adopted a somewhat reserved approach to investments. This approach, combined with rental and finance income, culminated a decrease in revenue to LKR 38.4Mn. However, reversing the losses of the previous financial year, CCH recorded a profit after tax of LKR 32.6 Mn a 112% increase in comparison to the loss of LKR 306 Mn in the year prior to 2021/22.

The Management Discussion and Analysis (MD&A) in this Report, provides a detailed account of the Group's performance in addition to performances of each subsidiary.

Timely Navigation

As the nation continues to undergo economic turbulences, it would be ill-timed to make major strategic decisions as a Group on acquisitions or investments unless cost, rewards and risks justify such a decision. Therefore, as a Holding and Management Company focusing on core business clusters and subsidiaries, Ambeon Holdings will continue to provide strategic direction, support and assistance as and when required. The Group remains committed to strategies that are already in effect, while pursuing diversified investment opportunities when the macroeconomic context turns more favourable.

Appreciation

The achievements for the year, was a result of resilience, ability to respond proactively to changing external conditions, and of course, the agility portrayed by the entire Group. This was indeed a team effort.

My sincere gratitude is extended to the Chairman and the Board of Directors for their direction, guidance, and most importantly for the confidence placed on the Executive Leadership during this turbulent period. The support and stability given were indeed pillars of strength.

I also wish to extend my appreciation to the respective CEOs, senior management and employees of all our subsidiaries, for their dedication and commitment, which helped hold the fort under volatile and changing business conditions. A special mention of commendation to all employees under the Ambeon banner for overcoming impediments through mindful, committed, and dedicated work ethics. To our financial institutions and other partners who stood always committed, we honour your steadfast trust in us and for continuing to be part of our journey.

Finally, to all our respected shareholders, for their enduring trust and faith to be with the Company. I appreciate your support and assure you of our continued efforts to expand stakeholder wealth.

Sgd.

Sajeeva Narangoda (Dr)

Executive Director

Ambeon Holdings PLC

26 August 2022

Board of Directors



Mr. Sanjeev Gardiner

Chairman/Non-Executive Director



Mr. Ajith Devasurendra

Deputy Chairman/Non-Executive
Director



Mr. Ranil Pathirana

Non-Executive Director



Mr. A. G. Weerasinghe

Independent Non-Executive Director



Mr. Mangala Boyagoda

Independent Non-Executive Director



Dr. Sajeeva Narangoda

Executive Director



Mr. Revantha Devasurendra

Alternate Director to Mr. Ajith Devasurendra

Mr. Sanjeev Gardiner

Chairman/Non-Executive Director

Mr. Sanjeev Gardiner is the Chairman and Chief Executive Officer of the Gardiner Group of Companies which includes the Galle Face Hotel Co Limited, Galle Face Hotel 1994 (Private) Ltd., Ceylon Hotels Holdings (Private) Ltd. (holding Company of Ceylon Hotels Corporation PLC), Kandy Hotels Company (1938) PLC (which owns the Queens and Suisse Hotels in Kandy) and United Hotels Co (Private) Limited which owns Ekho Surf (Bentota), Ekho Safari (Tissa) and Ekho Lake House (Polonnaruwa). He is also a Director of Cargills (Ceylon) PLC since 1994.

Mr. Gardiner counts over 30 years of management experience in a diverse array of business. He holds a Bachelor's Degree in Business from the Royal Melbourne Institute of Technology, Australia and a Bachelor's Degree in Business (Banking and Finance) from Monash University, Australia. He has been a Council Member of HelpAge Sri Lanka for several years.

Mr. Ajith Devasurendra

Deputy Chairman/Non-Executive Director

Mr. Ajith Devasurendra is a veteran in the financial services industry in Sri Lanka and overseas.

Mr. Devasurendra is the Deputy Chairman of Ambeon Capital PLC and Director of Ceylon Hotels Corporation PLC.

Mr. Ranil Pathirana

Non-Executive Director

Mr. Ranil Pathirana has extensive experience in finance and management in financial, apparel and energy sectors and presently serves as a Director of Hirdaramani Apparel Holdings (Private) Limited, Hirdaramani Leisure Holdings (Private) Limited and Hirdaramani Investment Holdings (Private) Limited which are the holding companies of the Hirdaramani Group. He is also the Managing Director for Hirdaramani International Exports (Pvt) Limited.

Mr. Pathirana is the Chairman of Windforce PLC, Deputy Chairman of Dankotuwa Porcelain PLC and a Non-Executive Director of Ambeon Capital PLC, as well as several other listed Companies.

He is a Fellow Member of the Chartered Institute of Management Accountants, UK and holds a Bachelor of Commerce Degree from the University of Sri Jayewardenepura.

Mr. A. G. Weerasinghe

Independent Non-Executive Director

Mr. A. G. Weerasinghe is a fellow of the Institute of Bankers, Sri Lanka & also holds a B. A. in Economics from the University of Ceylon, Peradeniya, and an Alumni of the Asian Institute of Management Manila Philippines. He is an experienced Senior Banker who served the Board of Pan Asia Banking Corporation PLC as a Director from 2005 and as Chairman until May 2013. Mr. Weerasinghe served as an Assistant Lecturer in Economics, University of Ceylon Peradeniya.

Mr. Weerasinghe was a former Deputy General Manager Corporate Banking at Bank of Ceylon. He has served as Country Manager of Bank of Ceylon, London & Deputy General Manager International at Seylan Bank. He was also a former President of Sri Lanka FOREX Association. Currently he serves on the Board of Colombo City Holdings PLC, Royal Fernwood Porcelain Limited, Ceylon Leather Products Limited and Taprobane Capital Plus (Pvt) Ltd.

Mr. Mangala Boyagoda

Independent Non-Executive Director

Mr. Mangala Boyagoda has many years of experience in the fields of Banking and Treasury Management having worked at DFCC Bank, Standard Chartered Bank, Union Bank and Bank of Ceylon.

Chairman of Wealth Lanka Management (Pvt) Limited. Director of Wealth Trust Securities Limited, SAFE Holdings (Pvt) Limited, Asset Trust Management (Pvt) Limited, Ceylon Hotel Corporation PLC, Dankotuwa Porcelain PLC, Ceylinco General Insurance Limited, Sierra Construction (Pvt) Limited, Cargills Bank Limited, Royal Fernwood Porcelain Limited, Faber Capital (Pvt) Limited, United Hotel (Pvt) Limited, C A Crushing (Pvt) Limited, Sri Lanka Gateway Industries (Pvt) Limited, Chemanex PLC, Asset Holding Pvt Ltd and Dhamma Parami Trust.

Mr. Boyagoda holds a MBA from Irish University – European Union.

Dr. Sajeeva Narangoda

Executive Director

Dr. Sajeeva Narangoda is currently the Executive Director of Ambeon Holdings PLC. In addition, Dr. Narangoda serves on the respective Boards of Dankotuwa Porcelain PLC., Colombo City Holdings PLC, MillenniumIT ESP, Royal Fernwood Porcelain Ltd, Taprobane Capital Plus and Ambeon Securities as a non-Executive Director.

A seasoned professional with over two decades of experience, his illustrious career includes serving Dankotuwa Porcelain PLC as its Chief Executive Officer, Millennium IT ESP as its Director/Chief Operating Officer, Browns Hospitals Limited (currently known as Melsta Hospitals) as Director/Chief Executive Officer and Hemas Hospitals a fully owned subsidiary of Hemas Holdings PLC as the Chief Operating Officer.

He has also been serving the Australian Council on Healthcare Standards (ACHSI) as an International Hospital Assessor since 2012 and as country representative for Sri Lanka since July 2019.

Dr. Narangoda holds a Bachelor of Dental Surgery degree from the University of Peradeniya Sri Lanka and an MSc (Finance and Management) from Keele University UK. In addition, he is a Fellow Member of the Chartered Institute of Management Accountants (CIMA) - UK, Chartered Global Management Accountant (CGMA) - UK/USA and a Certified Practicing Accountant (CPA), Australia.

Some of his professional contributions include serving as a National Council Member of the National Chamber of Exporters Sri Lanka, Director at the Centre for Excellence in Ceramic Technology (CINTEC), Sri Lanka and Director at the Ceramic and Glass Council, Sri Lanka.

Mr. Revantha Devasurendra

Alternate Director to Mr. Ajith Devasurendra

Mr. Revantha Devasurendra serves on the boards of many public and private companies. His focus is on driving strategy and implementing systems and processes that foster accountability. With the ambition of inspiring people towards a common purpose and vision.

He holds a Bachelor of Arts with Honours in Industrial Economics from the University of Nottingham and a certificate in Hotel Real Estate Investments and Asset Management from Cornell University's School of Hotel Administration.

He is a founding board member of the Entrepreneurs Organization (EO) Sri Lanka where he served as the Chapter President for the year 2020/21.

The guiding principles which Mr. Devasurendra lives by includes practicing gratefulness, having a positive outlook, being a servant leader, having a beginner's mindset, challenging the status quo, staying humble and living life to the fullest.

HEADS OF BUSINESS SUBSIDIARIES



Mr Channa Gunawardana

Chief Executive Officer
Dankotuwa Porcelain PLC and
Royal Fernwood Porcelain Limited



Mr Shevan Goonetilleke

Director/Chief Executive Officer
MillenniumIT ESP (Pvt) Ltd



Mr Charith Kamaladasa

Director/Chief Executive Officer
Taprobane Securities (Pvt) Ltd



Mr Lashika Weerasinghe

Director/Chief Executive Officer
Taprobane Investments (Pvt) Ltd

GROUP MANAGEMENT COMMITTEE

Maj. Gen (R) Channa Goonetilleke, Group Vice President – Human Relations Management and Commercial Support

Ms. Shakila Kamalendiran, Group Head – Corporate Communications

Mr. Charith Hettiarachchi, Group Head - IT

Mr. Chamika Fernando, General Manager – Finance

Ms. Giyanie Fernando, Manager – Corporate Affairs

Mr. Branavan Balendran, Manager – Governance, Risk and Compliance

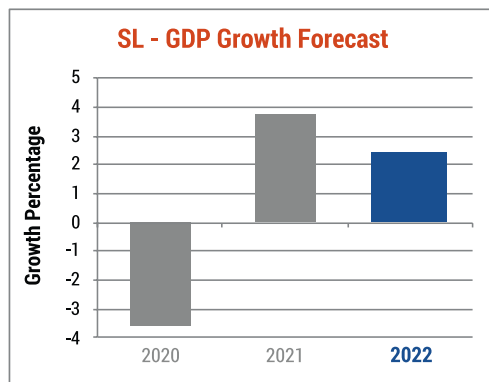
Mr. Janith Jayasinghe, Group Legal Officer

Management Discussion and Analysis

OPERATING CONTEXT

Local Economic Performance

In the 12 months leading up to April 2022, the national economy dealt mainly with the concerns and challenges that arose from dwindling foreign currency reserves. These included the inadequacy of foreign currency in servicing external debt and a growing inability to purchase essential imports such as fuel, gas and food related essentials. As a result, severe shortages of basic essentials including fuel disrupted the rhythm of normal lives and commercial activities. Further, restrictions on non-essential imports presented a challenging context when procuring raw material and components for manufacturing and service industry requirements.



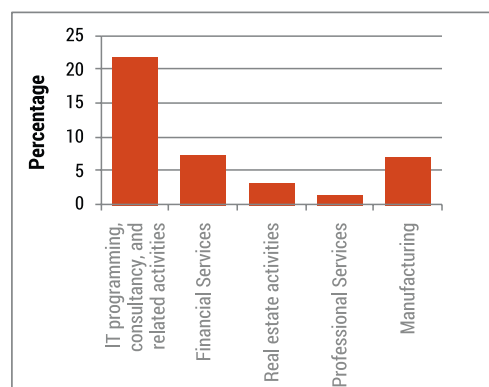
The export sector faced many challenges, while the trade balance continued to show a considerable gap due to rising import expenditure which exceeded export revenue; meanwhile, workers' remittances continued to drop so as revenue from tourism, driving the foreign currency reserves to the very bottom.

Rising interest rates since August 2021 remained another challenge which required considerable restraint in borrowings, for both the business and civic communities. Nevertheless, the gradual increase in market deposit rates boded well, but remains overshadowed by the declining capacity to save amidst the rising cost of goods and services.

Moreover, rising costs of imported materials, poses a significant challenge to the construction and real estate industries, as it negatively impacts project costs alongside the increased cost of debt. Yet, despite this challenge which became more palpable in 2022, the demand for real estate picked-up in 2021, while real estate activities gathered momentum due to easing of pandemic-based constraints - reversing the lacklustre momentum of 2020.

Financial sector remained stable amidst the external severities such as the impacts of severe liquidity shortage in foreign currency as inflows to the nation declined. Moreover, Money market liquidity reached low levels partially due to external debt repayments; meanwhile, the internal Forex market also faced low liquidity, prompted by several factors, including the slow growth in tourism and rising import costs.

The growth of sectors related to Group operations is demonstrated below.



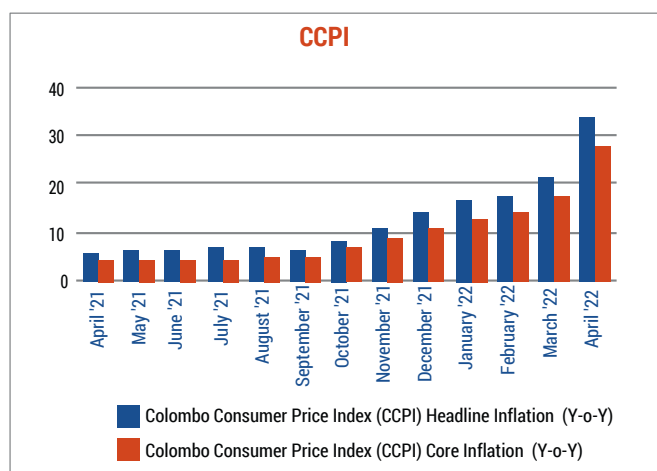
National Economic Growth

Amidst the shocks of the macroeconomic turbulence, the domestic economy grew 3.7% in 2021, reflecting the moderate growths of all economic sectors. Sector growths were registered as 2%, 5% and 3% for agriculture, industries and service sectors respectively.

Growth of Main Economic Sectors

IT programming, consultancy services and related activities recorded a higher growth of 21.7% due to opportunities from pandemic induced requirements including the growing demand for technological solutions. Moreover, Financial, insurance and real estate activities marked a 5.6% growth.

Real-estate activities grew 3.1% due to the recommencement of projects. However, a shortage of raw material impeded the full potential of the construction sector. Moreover, as pandemic induced constraints were relaxed alongside successful vaccination programs, manufacturing operations resumed and expanded across 2021. The growth in the production of 'other non-metallic mineral products' was driven by an increase in subsector products, including porcelain tableware.

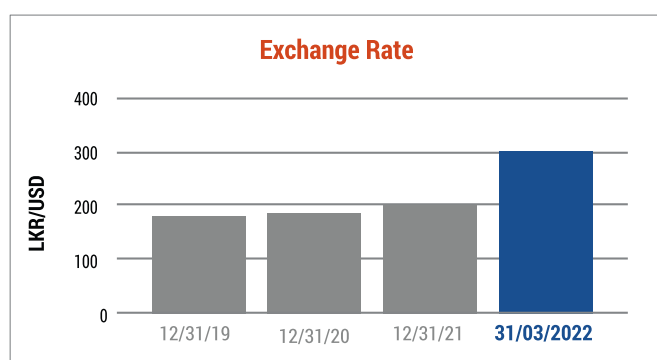


Inflation

In April 2022, headline inflation rose as measured by the Colombo Consumer Price Index (CCPI). When considering the year-on-year rise of food and non-food related inflation, respective percentages also showed a significantly perceptible incline. Food related inflation included rising prices of basic essentials, while non-food inflation was driven by rising prices in a host of commodities including fuel and gas, which were subjected to heavy price revisions in matching prices within the global market.

Foreign Currency Reserves and External Debt

By the end March of 2022, foreign currency reserves had dipped to dangerously low levels, while around the same time frame, the country entered into discussions with the IMF for a financial bailout while simultaneously seeking financial aid from developed Asian countries.



External Sector Momentum

Although the trade deficit widened, there was a commendable hike in export-based revenue, that demonstrated resilience amongst exporters; moreover, tourist arrivals also showed some recovery, however, prolonged power outages, import restrictions which has hampered food and beverage imports and the existing economic instability could deter tourism growth. According to CBSL's monetary policy review (April 2022), there are signs of a rebound in workers' remittance due to the exchange rate adjustments through market-orientation.

Monetary Policy and Rates

In August 2021, CBSL made an upward revision to policy rates in forestalling the growing inflationary pressures. As a result, the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) were increased to 5.00 per cent and 6.00 per cent, respectively. In April 2022, CBSL once again raised rates by 700 basis points, taking a tightened policy stance.

Exchange rate

Due to taking a market-based approach in determining the exchange rate, the rupee depreciated.

Outlook

At the time of penning this report, Sri Lanka was undergoing an economic and debt crisis, with severe depletion in foreign exchange reserve, in addition to an inability to meet essential needs.

The country's position in meeting its subsequent debt obligations remains obscure, as Fitch Ratings has downgraded the country's long-term foreign currency issuer default rating to a 'Restricted Default' from a previous 'C' rating.

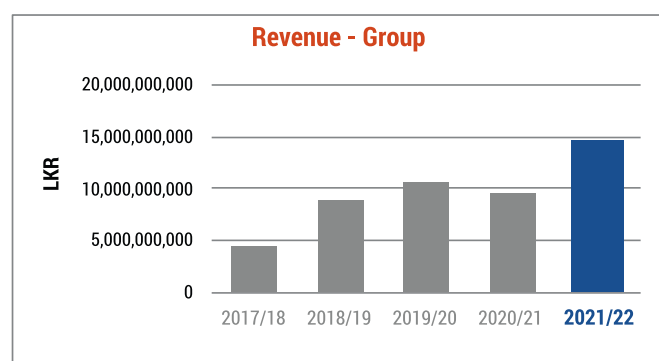
Despite the massive uncertainties and headwinds, the economy is expected to grow by 2.4%. There is also a positive rebound in earnings from tourism, with increasing monthly tourist arrivals recorded by March 2022, in comparison to the same period in 2021; this, coupled with growing export revenue demonstrates the possibilities of gradually reversing the foreign currency crisis.

With the pandemic now subsiding due to ongoing vaccination drives, the country braces to grapple with the economic consequences, while finding solutions to gradually shift the economy from being import-oriented to export-dependent.

MANAGEMENT DISCUSSION AND ANALYSIS | FINANCIAL CAPITAL

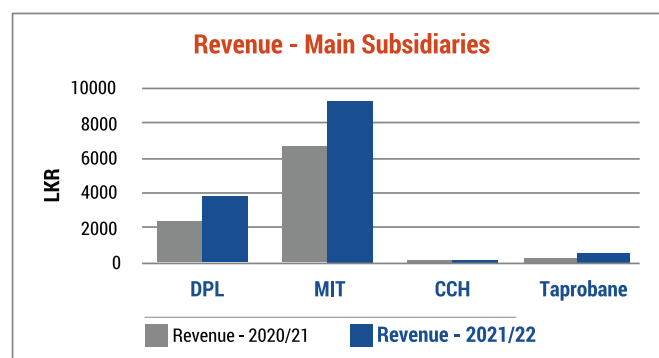
Applying a pragmatic approach to managing business and adopting a tactical approach to minimising expenditure, Ambeon Holdings PLC was able to record a financially healthy and stable fiscal year.

Revenue



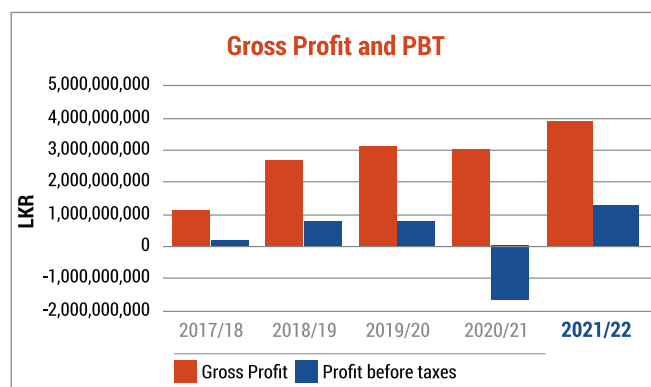
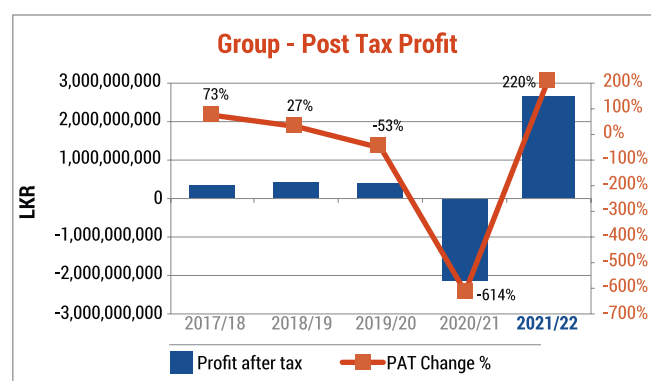
As the financial year reported a 220% increase in profit, revenue played a significant role in the turnaround of profit from the losses of the year before. Group revenue amounted to LKR 14.1 Bn, exceeding previous year's revenue by 48%; while Ambeon as a company recorded an income of LKR 851 Mn in the FY 2021/22, due to dividend income received through subsidiaries, and realized gain from company equity portfolio.

The increase in Group revenue can be attributed to improved revenue of all four main subsidiaries Dankotuwa Porcelain PLC, Millennium I.T.E.S.P., Colombo City Holdings and Taprobane Capital Plus. This is commendable in comparison to losses recorded by the manufacturing cluster and real estate cluster during the previous year. For Dankotuwa Group, the increase is a result of increased business volumes and export earnings, and for Millennium I.T.E.S.P. the revenue growth is partially a result of increased earnings from cyber security services, smart buildings and core infrastructure solutions, with new revenue streams from government-based projects.



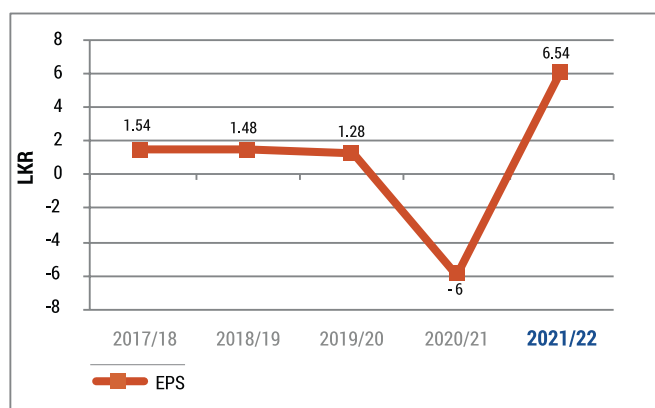
Profitability

For the financial year under review, profit rose 220% to LKR 2.5 Bn from a loss of LKR 2.1 Bn reported the year before. During the year, Profit from discontinued operation was the main contributor to the Group profit which was derived from Disposal of South Asia Textile Ltd to Hayleys Fabrics PLC amounting to LKR 1.6 Bn. Pre-tax profit rose by 176% to LKR 1.27 Bn, while operating profit surged by 1,219% to LKR 1.4 Bn from the loss of LKR 123 Mn recorded in the previous year. An increase in subsidiary earnings and proceeds from the divestment of our apparel subsidiary which allowed the settlement of a considerable portion of borrowings, provided considerable leverage in improving our bottom-line.



Markers of Profitability (EPS)

Earnings per share increased during the year to 6.54 indicating our ability to create growing value for our shareholders. This is in contrast to the negative EPS which resulted from the net loss experienced the year before. Moreover, the increase of the EPS is the highest seen in the past five year period



Generating Value to Shareholders

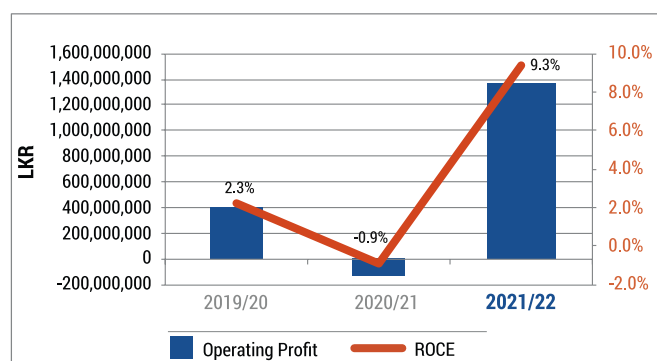
After a pause of 04 years, the Group was able to return the economic benefits of the profit growth in the FY 2021/22. During the year 2022/23, Ambeon holdings PLC declared a dividend of LKR 3 per share, with a total payout of LKR 1,071 Mn. The said dividend was paid out of the profit from 2021/22

Return on Equity (ROE)

For the financial year, ROE was calculated as 23.71% compared to -26.59% reported in the previous year. The ROE signals improved earnings and profitability in comparison to the previous year.

	2021/22	2020/21	2019/20
Net Income (Rs.)	2,519,124,876	(2,103,037,119)	409,019,654
ROE (%)	23.71	(26.59)	7.27

ROCE

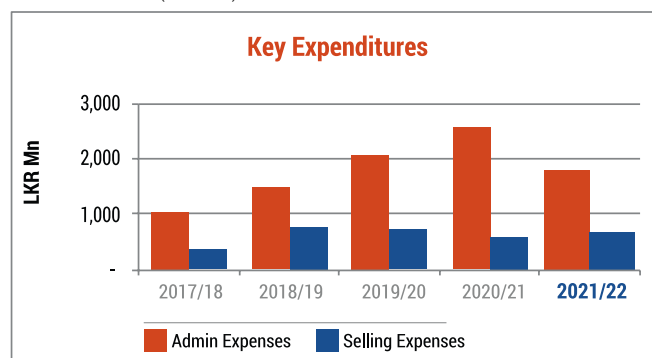


Demonstrating the group's efficient use of capital, the Return on Capital Employed (ROCE) improved for the FY 2021/22. The substantial turnaround in profit before taxes and the gain from the disposal of the subsidiary company South Asia Textiles contributed to this increase.

Expenditure

Administration expenses declined by 31%, reporting a total of LKR 1.79 Bn in comparison to LKR 2.57 Bn, reported the year before. Due to the increasing cost of fuel, freight and other transport related expenditures, the Group's selling and distribution costs rose by 16% to LKR 673 Mn in the financial

year; these factors are in addition to higher cost of sales experienced by all business sectors (clusters).

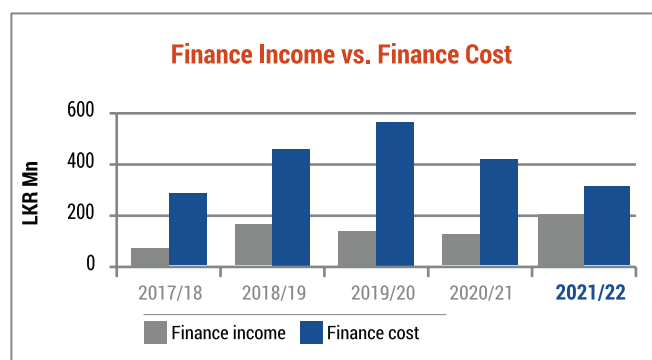


Taxation

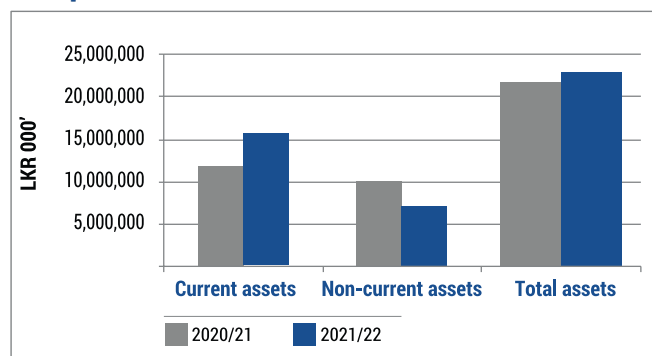
Based on earnings across the financial year 2021/22, income tax expense increased to LKR 336 Mn from. This is a 82% increase in comparison to FY 2020/21.

Finance Income and Finance Cost

Finance income set against finance cost showed a relatively lower value; however, finance cost reduced in 2021/22 compared to 2020/21. Total finance income was reported as LKR 207 Mn, while finance cost amounted to LKR 319 Mn, in the year under review.

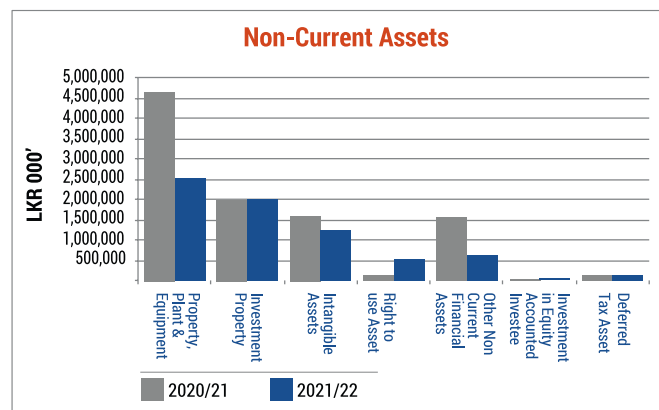


Group Assets



Total assets of Ambeon Holdings PLC amounted to LKR 22.9 Bn, which is an increase of 4.9% over the previous year's asset base. Despite this increase, non-current assets, as a whole decreased during the year, while there is a notable increase in current assets by the period ending 31st March, 2022.

Non-current assets



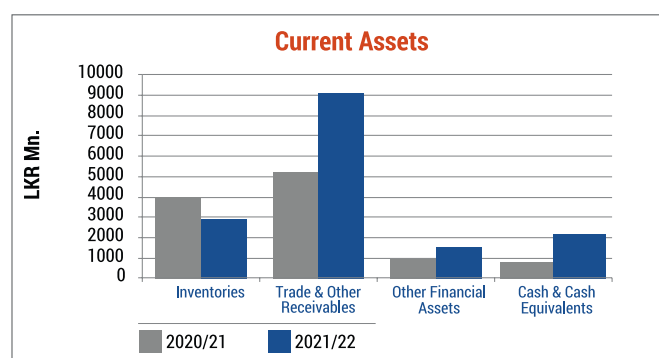
During the year, non-current assets contracted by 29.2%; the decline was impacted by the reduction in fixed assets, as a result of the divestment of the apparel subsidiary during the financial year. Property, plant and equipment declined by 46% over the financial year to LKR 2.5 Bn., while capital expenditure was reported as LKR 113 Mn. which was utilised in the purchase of Property Plant and Equipment and investing in Equity accounted investee amounting to LKR 21.2Mn.

Group's investment property increased marginally, while intangible assets also declined to LKR 1.27 Bn by 20.6% owing to SAT's divestment; in addition, the Group's non-current financial assets declined significantly by 58% to LKR 651 Mn. The contraction is the result of disposal of subsidiary and reclassification of payment terms of the loan and receivable: Right to use assets increased by 253% to LKR 522 Mn in the FY 2021/22.

Current Assets

In total, current assets grew during the year by 34% to LKR 15.7 Bn, denoting a growing cash and liquidity position in supporting routine operations. However, Group-based inventories declined by 27.3% to LKR 2.9 Bn showing a decline in inventory owing to the divestment.

Income tax recoverable declined to LKR 35.6 Mn from LKR 88.7 Mn, reported the year before.



Liquidity Position

Cash equivalents include bank deposits, and debt securities, which can be liquidated in the event of an immediate liquidity requirement. Group's debt securities include short-term investments including government bonds with a maturity span of 03 and 06 months; and in further ensuring sufficient liquidity buffers, the Group uses sources of funding including bank borrowings and overdrafts.

Demonstrating the Group's financial health and capacity with which short-term debt can be settled without raising additional capital; the group's liquidity ratios are demonstrated below.

	2021/22	2020/21	2019/20
Current Ratio	1.54	0.96	1.05
Quick Asset Ratio	1.26	0.62	0.57

Group Liabilities

In total, Group liabilities (non-current and current) stood at LKR 12.27 Bn, which shows a decline in comparison to the previous year's liabilities of LKR 13.9 Bn. The reason for the decline is directed to a reduction in interest bearing loans and borrowings. The decline of both short-term and long-term interest bearing is due to settlement of certain loans, which reduced our interest expenses, providing a timely buffer against interest rate hikes.

Meanwhile, total equity and liabilities stood at LKR 22.89 Bn, in comparison to LKR 21.8 Bn reported in the previous financial year.

Non-Current Liabilities

Overall non-current obligations reduced to LKR 2.05 Bn from LKR 2.3 Bn reported the year before. Reasons for the reduction is due to reduced interest bearing loans and borrowings, which amounted to LKR 1.02 Bn. in addition to contracted employee benefit liabilities, which was reported as LKR 382 Mn for 2021/22 in comparison to LKR 571 Mn, the year before.

Current Liabilities

During the year, trade and other payables declined to LKR 4.8 Bn, which is a 20.05% contraction. In addition, contractions are also seen in short-term interest-bearing obligations. In total, short-term obligations amounted to LKR 10.2 Bn over previous year's LKR 11.6 Bn.

Group Debt Position

From a long-term perspective, the group's interest-bearing loans and borrowings declined to LKR 1,029 Mn from LKR 1,157Mn reported in 2020/21. Similarly, short-term obligations also declined to LKR 3.1 Bn from LKR 4.2 Bn reported in the previous financial year, and was a 26.3.% decline between the two financial periods. The drop in debt was backed by funds from the

disposal of South Asia Textiles, which was utilised to settle around LKR 1.5 Bn in interest bearing debt. As a result, the Group was able to stave-off interest expenditure in a substantial manner, as interest rates on lending were increased considerably by the end of the financial year by CBSL.

Debt Composition

Group's debt composition prudently covers both long-term and short-term debt instruments, based on financial requirements. The composition of Group debt is demonstrated below.

Financial Leverage

Gearing ratio remains extremely low, as the Group constantly strives to reduce borrowings especially given the higher interest rates which bring exposure to higher interest expenses. Gearing ratio for the FY 2021/22 was reported as 28%.

Cash Flow Activities

Net cash flows from operating activities

For the FY 2021/22, net cash flows Generated from operating activities registered as LKR 506Mn in comparison to LKR 3.3 Bn reported in the previous year. Impacting the overall value, was interest paid and income tax paid, which stood at LKR 220 Mn and LKR 229 Mn, respectively. Moreover, trade and other payables marked a notable decrease over the financial period.

Net cash flows in investing activities

Due to net cash inflow from disposal of the apparel subsidiary, there was a considerable increase in net cash flows related to investing activities. This amount was registered as LKR 1.7Bn for the period under review. In addition, interest income from investments was recorded as LKR 207Mn as part of net cash flows in investing activities.

Net cash flows in financing activities

Proceeds and payments of interest bearing loans and borrowings had an acute impact on the direction of net cash flows used from financing activities, which stood at LKR 10 Bn and LKR 10.2 Bn, respectively. Repayment of loans and borrowings had a healthy impact on the cash flow, during the period under review.

Human Capital Potentials

Acknowledging that human potentials defines the level of success that is achieved, we continued to take care of our employees, without apprehensions; despite the economic situation of the country.

Remuneration and Benefits

Throughout the year, we ensured timely payment of salaries, ensuring financial stability for our employees. Despite the economic disturbances, we also continued to provide performance-based incentives, maintaining the impetus for employee motivation. This was done across the Group, including at the subsidiaries. Moreover, all statutory payments (ETF and EPF) were made, without delays.

Health and Safety

Across subsidiary workplaces and at Ambeon, we continued to maintain anti COVID-19 health protocols in ensuring a safe work environment for all employees. During critical months, work from home arrangements were adopted, while shifting to a roster-based work arrangement.

Employees at Dankotuwa Porcelain and Royal Fernwood, worked according to a bubble management system, where employees were divided into groups. This not only ensured employee well-being but ensured that work flows were maintained accordingly, and in accordance with production schedules and order demands. Moreover, our IT cluster continued to adopt work from home arrangements even after lockdowns were lifted, ensuring adherence to protocols.

Employee Development

At a cluster level, employees received tailored training programs, with the context to enhancing their expertise in specific job-capacities and relevant industry best-practices. However, due to health regulations, most training programs were conducted through online platforms.

Employee Engagement

A campaign titled, 'iamMIT' was launched in the year by our tech subsidiary MillenniumIT ESP. It was initiated with the aim of enhancing camaraderie among employees, while making it a common symbol of celebrating the MIT spirit.

Marking a significant achievement, Dankotuwa Porcelain was named as one of the best workplaces within the manufacturing industry, by Great Places to Work, Sri Lanka; this became a tremendous boost to the Company, as it attests to the attentive approaches DPL's management has taken in creating a supportive and growth-oriented work environment.

MANAGEMENT DISCUSSION AND ANALYSIS | SECTOR REVIEW

MANUFACTURING SEGMENT | DANKOTUWA GROUP

Group Revenue

Total Revenue

LKR
3.8
Bn.

Domestic Market

LKR
1.6
Bn.

Export Market

LKR
2.2
Bn.

Group Profit

Profit After Tax

LKR
189.5
Mn.

Profit Before Tax

LKR
210.7
Mn.

Gross Profit

LKR
1,204.7
Mn.

SEGMENT OVERVIEW

The manufacturing cluster of Ambeon Holdings PLC is formed by veteran porcelain manufacturers Dankotuwa Porcelain PLC (DPL) and its subsidiary company Royal Fernwood Porcelain Limited (RFPL). While DPL enjoys a rich history of 38 years, Royal Fernwood has been in the market for over 25 years. Both companies exclusively design and manufacture porcelain tableware and kitchenware for the domestic market as well as for renowned porcelain tableware brands across the world.

Over the years, DPL and its subsidiary Royal Fernwood Porcelain Limited has broken boundaries and expanded its business by reaching new business to business (B2B) and business to consumer (B2C) markets.

DPL and RFPL reserve over 50% of the local porcelain tableware market and a similar stake in the market for porcelain exports. Collectively, both companies cater to clients located in over 35 countries, including key markets such as USA, UK, France, Australia, Japan, Italy, India, Middle East and Germany. This global acceptance is due to the high quality of products, which conforms to American and European quality standards.

Group products confirm to ethical standards of cruelty free production, in addition to the use of safe raw materials, sourced from renowned suppliers.



MANUFACTURING SEGMENT - DANKOTUWA PORCELAIN PLC



Company Background

With decades of refined capabilities in design, development and manufacturing of exquisite porcelain products, Dankotuwa Porcelain PLC is one of Sri Lanka's leading manufacturers and exporters of porcelain tableware. Incorporated in 1984, the Company's products are renowned across the world for elegance and whiteness that enhances their pristine beauty, making them timeless designs. Globally, DPL products are also recognised for the superior designs and the raw materials that are used in production which are free from animal bone-ash, cadmium and lead.

DPL operates a total of five showrooms located in Colombo and Negombo, with its signature showroom located at Guilford Crescent, Colombo 07, which caters to both local clientele and international visitors.

Operational Context

Due to continued vaccine programs and a return to normalcy, manufacturing activities regained momentum. As a result, Sri Lanka's production of non-metallic mineral products increased with contributions from sectors such as porcelain tableware, which became part of a broader recovery in manufacturing operations with 7.2% growth rate.

Despite this growth, fuel shortages, power outages and disruptions in transportation distressed production during the year. In addition, longer delivery times, inadequate supplies in general stocks within the domestic market, as well as challenges in opening letters of credit for material importation, presented a challenging environment.

Management Approach

DPL's principal priority during the year was to conduct operations smoothly while ensuring employee health and safety. This was achieved by adopting a

bio-bubble method of dividing work responsibilities. However, the year was not without its challenges. Supply chain disruptions remained a physical concern mainly due to unavailability of freight and rising distribution costs. Moreover, domestic operations were impacted from COVID-19 restrictions during certain months, which propelled DPL to secure new business through export market channels. Nevertheless, DPL navigated around external disturbances, while addressing shortages of raw materials by maintaining adequate stocks and addressing supply chain bottlenecks. Furthermore, price hikes in gas and certain raw materials had a negative impact, which led to price increases of selected products in order to minimize the negative impact on the business.

From a Group perspective, attention on the export market increased during the year. DPL as a company achieved 46% increase in international sales in comparison to the previous year. As the Group worked closely with international clientele, certain future export orders were secured in advance.

The dip in local sales recovered towards the latter half of the year, while restrictions in non-essential imports presented the ideal context to increasingly promote DPL products locally. For the year under review, the group had an increase in domestic sales by 59% compared to the previous year, which is attributed mainly to Dankotuwa branded products. This enabled a 68% growth in its local sales, whereas RFPL's domestic sales grew by 44%.

In addition to increasing market reach in both India and Dubai, which are some of the company's more lucrative business markets, DPL also expanded its presence within the European market. Moreover, during the year, the Company initiated work with B2B customers with an online presence, which allowed DPL to tap into businesses without physical retail dependence across the world.

In 2021, the company received recognition as one of the 'Best of the Best' brands in Sri Lanka, in addition to being recognised as the most loved home ware brand for 2021 –thus demonstrating DPL's growing brand image and success. The ranking was compiled by Brand Finance and published by LMD,

subsequent to routine market research.

Innovation

DPL continues to promote novel and diversified porcelain ware. The company launched the porcelain water bottle and steam inhalers two years ago, which are 'customer favourites' within the domestic market. Enhancing its portfolio, DPL continues to innovate new products and add to its diverse range of giftware, as well as the core tableware product catalogue.

In addition, the quality inspection reporting process was automated during the year under review, which enhanced better visibility for the Management to analyse data.

Moreover, in maintaining high standards of quality, DPL renewed its ISO certification during the year, and continue to enjoy recognition as one of the first tableware manufacturers to secure the accreditation of ISO 9001:2008 Quality Management Systems.

Developing Human Capital

Due to the year's sales and financial growths, DPL directly and adequately shared the benefits of financial outcomes by continuously providing employees with timely remuneration and monetary benefits. During the period under review, employees were also recruited to sufficiently fulfil gaps in production and other divisions as well.

Another commendable achievement was the fact that DPL was recognised as one of the top twenty, best workplaces within the manufacturing sector in Sri Lanka. The recognition was granted by Great Places to Work Sri Lanka (GPTW), and it presents a creditable testimony to employee satisfaction and morale within the Company. The achievement also provides an unbiased, independent judgement on the success of DPL's commitments to employee well-being, career development and financial stability. Associated with employee well-being, DPL conducted training programs on work-life balance, providing staff the chance to strike stability in their work and personal lives.

During the year, DPL initiated a milestone project, named the 'Collective Leadership Program', driven by a 6-member, cross functional team with members from different levels of the organisation, who holds a higher influence in decision-making. Working together with various departments, the team devised a one year plan with strategic approaches to enhance production, develop novel products and to achieve greater efficiencies.

Financial Highlights

Revenue	Profit
Total - LKR 2.4 Bn.	Profit After Tax - LKR 422 Mn.
Domestic Market - LKR 1.1 Bn	Profit Before Tax - LKR 491 Mn.
Export Market - LKR 1.3 Bn.	Gross Profit - LKR 927 Mn.

Dankotuwa Porcelain PLC as a Company posted 56% growth in revenue for the 2021/2022 financial year, recording a total amount of LKR 2.36 Bn in comparison to the LKR 1.51 Bn revenue recorded for the previous financial year. Profit before Tax (PBT) was recorded at LKR 491.26 Mn when compared to the loss of LKR 134.53 Mn, made during the previous financial year 2020/2021. Group was able to make exceptional gains through the exchange rate change and rupee depreciation, which also counterbalanced the higher material costs DPL and RFPL had to incur on domestic LP Gas and when importing raw materials and other items related to production.

Apart from these impressive achievements as a Company, the Company borrowings came down from LKR 955.73 Mn to LKR 642.94 Mn during the financial year 2021/2022, which was a 33% dramatic decrease from the previous financial year.

Dankotuwa Porcelain PLC as a Group posted 55% growth in revenue for the 2021/2022 financial year recording LKR 3.76 Bn compared to the LKR 2.43 Bn achieved in previous financial year. Profit before Tax (PBT) was recorded at LKR 210.70 Mn, when compared to the loss of LKR 395.96 Mn made during the previous financial year 2020/2021.

Future Outlook

Looking towards the future, the company is focused on growing manufacturing capacities, which will be explored in the coming operational year. Business prospects will be explored with potential expansions into new markets in Australia and the USA.

Locally, the focus will be on renewing business scope and scale within retail, dealer and corporate business segments. Taking serious efforts at growing the domestic market, DPL will continue to enhance dealer partnerships – a critical element in improving domestic sales.

In overcoming raw material supply impediments, DPL is considering alternative options in sourcing mineral stocks from within the domestic market. In addition, DPL will focus more seriously on measuring carbon emissions and water consumptions in the aim of increasing sustainable production practices improving business from a holistic standpoint.

MANUFACTURING SEGMENT - ROYAL FERNWOOD PORCELAIN LIMITED



Company Background

Royal Fernwood Porcelain Limited (RFPL) retains a special positioning within the porcelain tableware market, as a brand that resembles youthful and vibrant colours. With its history dating back to 1994, RFPL has earned a reputation as a reliable porcelain tableware manufacturer, with both retail and institutional clients from some of the most lucrative markets in the world. RFPL crafts exclusive products to clients across regions and export destinations including the USA, UK, France, Australia, Japan, Italy, India, Middle East and Germany, as well as retail client brands such as Macy's, Portmerion, Dansk, Caskata, Oneida, NEXT, Jashanmal, Crate & Barrel, Country Road, NotNeutral, VEGA, Porsgrund, Paul, Migros, Narumi, Berghoff, Yalco, Weissesstal, Silsal Design House, Wallace & Co, Kashida, Manses Design and Nordic Nest.

Royal Fernwood porcelain ware is produced with the younger generations in mind, who favour aesthetically accommodating designs, and has a penchant for excellence. Moreover, RFPL products are created using a variety of glazing techniques, and hand-painted patterns in addition to etched designs that provide elegance as well as a sense of timeless delight.

Operational Context

As far as the Company was concerned, the periods of lockdown from May-June and from August-September was quite challenging. In addition, import restrictions in non-essential items presented a demanding context when

sourcing raw materials. However, once again, through prudent planning and sufficient inventories, RFPL met production demands with minimal disruptions. The shortage of labour was also a key concern, as periods of lockdown contributed to the effect. In addition, towards the end of the financial year, price hikes and shortages of fuel and gas, and transportation delays also became factors of concern. These compelled RFPL to further intensify the optimisation of planning resources and expenditure.

Management Approach

With a focus on market expansions, RFPL approached the domestic and export markets with different strategies. In relation to the domestic market, RFPL had carried a relatively reserved presence; and in changing this position, visibility of RFPL products and brand, as well as product availability was enhanced across showrooms.

In relation to the export market, RFPL strengthened relationships with clients and partners in the US, in addition to enhancing relations with our patrons in the European and Middle Eastern markets; collectively, these regions account for 85% of the company's international portfolio. The collective share of these regions increased during the year, with the expansion of clients and business volumes.

Challenges from the macro environment were navigated cautiously during the period, while management took calculated decisions to ensure absolute

minimal aversion to disruptions. Prolonged concerns in material shortages and transportation challenges due to the fuel crisis were addressed with the best possible alternatives in mind.

Innovation

Over the years, Royal Fernwood has introduced several innovative products in diversifying their vibrant product portfolio. This was no exception in 2021, as the Company introduced newly designed tableware, crafted with a speckled texture, along with subtly gold-painted edges. RFPL's collection of products was further enhanced with the addition of all new, reactive glazed products to international markets in meeting a growing requirement amongst clientele. Moreover, from RFPL's innovative portfolio of diversifications comes the microwave-safe porcelain rice cooker, which continued to perform well since its launch in 2019; in addition, novelties such as high-end candle holders, tea infuser mugs, terra cotta products and products with elevated decals were amongst new products in the recent past.

New contemporary aesthetic textures and designs are constantly pursued with young millennials in mind; in addition to consumers with preferences towards vibrantly hued and elegantly textured products, excellent value and superior quality. RFPL portfolio includes highly perfected techniques such as applications of glaze including in-glaze, on-glaze and under-glaze, and tableware that are exquisitely hand-painted and laced with platinum, silver and gold decals.

Catering to the tastes of vivid colours and bold imaginations, RFPL has incorporated tableware which includes earth-based patterns and elements, including intricate floral patterns, as well as more modern geometric designs. All these unique aspects helps RFPL demonstrate genuine craftsmanship which helps attract and retain a global audience.

Financial Performance

Revenue	Bottom-line
Total - LKR 1.4 Bn.	Net Loss - LKR 158.1 Mn.
Domestic Market - LKR 527 Mn.	Gross Profit - LKR 274.8 Mn.
Export Market - LKR 891 Mn.	

Earnings of RFPL amounted to a total of LKR 1,419.3 Mn. which 54% increase in the financial year under review. Revenue from domestic market sales amounted to LKR 527.8 Mn in comparison to LKR 367.5 Mn reported in the previous financial year. In addition, export revenue marked a growth of 61%, taking the earnings value from exports to LKR 891.4 Mn in comparison to LKR 554.5 Mn recorded in the last reporting year.



RFPL's profit underwent a contraction for the year 2021/22. Net loss for the year stood at LKR 158.2 Mn, subsequent to a gross profit of LKR 274.8 Mn recorded at the end of the financial period. In better managing the spill over effects of this outcome, RFPL is currently experiencing a restructuring and is confident that the Company will move to profitability in the year 2022/23.

Future Outlook

While the disconcerting inflation and high fuel and material costs poses concerns on future profit margins, RFPL will continue to control cost elements while taking concerted efforts to optimise raw material usage and reduce any resource wastage. RFPL will pursue the possibility of using local clay as a solution for present challenges in raw materials as well. Further, LKR depreciation will have a positive impact on the bottom-line, as exchange gains through international sales are expected to set-off the increase in input prices.

Moreover, RFPL intends to ensure a healthy top-line by approaching new markets and new international clients, while improving relations with existing clientele. In addition, domestic market exposure will be strongly focused upon, through enhanced product and brand visibility.

TECHNOLOGY SEGMENT | **MILLENNIUMIT ESP (PVT) LTD.**



Revenue

LKR
9.3
Bn.

Growth Rate
38%

Profit After Tax

LKR
259
Mn.

Company Information

Having commenced operations 25 years ago, MillenniumIT ESP has surpassed monumental milestones of growth, recognition and capability. In the years since inception, MillenniumIT ESP has developed strengths in technical skills, knowledge and experience in all disciplines of information technology. Recognised globally, and with a client portfolio that spans the globe, MillenniumIT ESP provides business-specific, need-oriented solutions for businesses – becoming a partner in business transformations.

Industry Context

In the fiscal year 2021, IT activities grew by 21.7% in comparison to 10% in 2020, as demand continued to increase for technological solutions, such as cyber security, cloud computing, automation and artificial intelligence, networking and digital media and communication solutions. Demand was also seen for telecommunication based solutions, as work from home continue to remain the norm. Lockdowns and disruptions to project deliverables impacted the entire industry as a whole. Furthermore, supply chain disturbances impacted suppliers in delivering certain hardware resources to companies, in addition to the global chip shortage which also impacted hardware production, globally.

Management Approach

As the demand for integrated and subject-specific solutions continue to soar, MillenniumIT ESP took strides to focus on drawing in new business opportunities, while taking a focused approach in tackling competitive pressures. During the year, efforts were taken to improve revenue collection, while investing in business growth through sales capabilities. In addition, the company pursued several turn key projects, specific to key business sectors – especially the Government sector.

In 2021, the company went through significant transformations from a restructuring perspective, and in repackaging the entire business with a focus to aggressively pursue both regional and global business opportunities.

As a result, strategic investments were made into new business areas, while successfully launching MillenniumIT ESP Singapore, as a hub for global business. During the year, MillenniumIT ESP also launched a channel partner model, which is expected to help gain the scale needed by the Company – globally and regionally. In this regard all marketing efforts, new partner models, the office in Singapore and collateral development were all part of the foundation set for achieving the said strategic direction.

In addition, there were additional investments carried out, especially into some of the product portfolios, in enhancing and uplifting products for a global appeal. Investments were made to enhancing the 'Vision' product platform, which was launched locally in 2020. This was done in taking it to the global level, by enhancing performance and overall usability, user experience etc.

From an overall growth perspective, MillenniumIT ESP's top-line grew 38%, which was significant, as a result of initiatives taken in 2021/22 and also in the

previous financial year. This was done despite significant challenges within the country, related to both the pandemic and the economic headwinds. Moreover, significant work in the smart building space was carried out in the year, with services provided to the airport and aviation sector and the country's defence sector; this is apart from several projects carried out with leading blue-chip companies in Sri Lanka.

It must be noted that despite delays from main partners, end customers showed willing to remain till deliveries resumed; meanwhile, the company built relationships with new vendors, who did not encounter challenges experienced by existing top tier partners; Overall delivery remained unaffected despite the challenges, and MillenniumIT ESP delivered on plan, with the top-line target being overachieved.

Product Development and Partnerships

The 'Vision' product platform, which was at the development stage in the previous year, was met with prospective customer interactions one being a client from the local banking industry for 'Bank Vision', which was a significant achievement that gives confidence on the product's competencies.

The company is focused on customising the 'Vision' platform for various industry applications, and is in the process of creating solutions for education, HR/recruitment, field work scenarios etc.; this demonstrates the versatility of the product platform, and its ability to be adapted to various fields and industries in a short-span of time. As a result, the years-long cycle of development has been trimmed to around 6-8 week; It is a capability, which was further honed through investments in the year under review.

Moreover, several significant partnerships were established during the year, which includes the global company Salesforce opening-up avenues to new global and domestic business. In addition, several other partnerships were initiated in cyber security and managed services, with MillenniumIT ESP now having the capacity to market products and services of such new global tech solutions providers.

Employee Growth and Support

Support in managing COVID-19 was amply demonstrated for all employees, across MIT. The management maintained precautionary measures, in addition to providing hospitalisation coverage to affected staff, transport for client visits and relief packs to those directly impacted; these were on top of work from home support which persisted across months provided to all employees including interns.

A higher number of training programs were conducted in comparison to the previous year, and delivered through online platforms in adherence with health regulations. Moreover, recruitment slowed down during the year, based on a cautious approach to expansions. Nevertheless, efforts in championing employee growth and in taking care of them during the pandemic, continued

with the same momentum.

In addition, a hash tag titled, "ImMIT", was launched during the year, which offered a shared identity for employees in identifying themselves as part of one dynamic family.

Performance

Sector Performance

The Company continues to have a strong presence in five business sectors - Banking and Financial Services Industry (BFSI), Telco and Media, Commercial, Government and Manufacturing and Retail sectors. During the year, the inclusion of several new clients expanded an already versatile portfolio – with service requirements ranging from core infrastructure solutions to smart buildings. Meanwhile, Telco and Media accounted for the biggest proportion in revenue, totalling over LKR 5.3 Bn, while growing by 54% in the year under review.

The BFSI segment brought in sufficient revenue alongside a 15% increase over last year, while also increasing the company's client portfolio within the sector. The commercial and manufacturing and retail sectors improved commendably in the year, with revenue increasing by 78%.

During the year, MillenniumIT ESP strengthened their concentration of work in the government sector. Overall revenue from the sector increased extraordinarily by 239% in comparison to the previous year's revenue. This is a direct reflection of the company's ability to attract and secure several turn-key projects from key, government ministries. However, on the contrary, revenue from the commercial sector declined by 28%, due to the effects of economic volatilities which prevailed during the year.

Restructured Growth

In the previous financial year, MillenniumIT ESP restructured its core technology solutions to seven branches, comprised of Core Infrastructure, Cloud, Cyber Security, Enterprise Applications, Intelligent Automation and Data, Smart Buildings, and Managed Services. This was done as a result of repositioning the Company based on its demonstrated strengths and competitive advantages. It was also a strategic move in maximising the company's capabilities to increase stakes within key business sectors. As a result of the transformation and restructured service portfolio, the Company experienced renewed growth in core technology units.

Core infrastructure solutions, which remain one of the biggest technological units, managed to increase its revenue flow by 46%, totalling above LKR 6.2 Bn for the financial year 2021/22. Moreover, MillenniumIT ESP also has a growing portfolio of clients and projects within the cyber security sphere, which continues to be lucrative for the company. During the year, there was a 55% growth in cyber security revenue, crossing the LKR 1 billion mark.

Due to several landmark projects undertaken during the year, revenue from smart buildings services surged by 49%, while managed services, which also continues to grab opportunities increased by 27%, as revenue value hiked up over the year before. Nevertheless, there was a notable decline in revenue, in the areas of Intelligent Automation and Data and Cloud Solutions, as there were profit margin erosions within the sections.

Financial Performance

For the financial year under review, MillenniumIT ESP posted a revenue of LKR 9.3 Bn, marking a 38% overall increase. The combined effect of business expansion and new client acquisitions resulted in the revenue increase.

Gross profit margin declined from 23% to 17% as the volatile exchange rate, currency shortage and back-to-back vendor payments made it challenging to realise margins. Profit after tax amounted to LKR 259 Mn, which was impacted by a pre-tax profit of LKR 336 in the year under review. PBT and PAT dipped mainly as a result of exchange losses due to the sudden currency depreciation which resulted in a net dollar exposure.

Distribution costs during the financial year increased due to higher sales commissions which were necessitated to achieve higher revenue and improve collections. In tandem with this increase, administration expenses surged by 18% compared as a result of elevated delivery and pre sales capabilities apart from the annual salary increments.

Finance expenses grew over the year, especially due to the rise in interest rates of loans. Conversely, finance income did not grow, but resulted in a decline due to a reduction in the financial investment portfolio.

Social Responsibility

MillenniumIT ESP established 'MillionPaths Foundation' a guarantee company which was initiated exclusively to carry out philanthropic and volunteering work ensuring sustainable contributions towards the planet and people.

The foundation will conduct charitable work in a coordinated manner with a channelled focus on corporate social responsibility. It also establishes the platform to undertake large scale charity work in a much more effective manner by bringing together contributions of customers and principals.

Million Paths Foundation will focus mainly on four key objectives aligned with the United Nation's Sustainable Development Goals. These include Poverty Alleviation, quality Education, Industry, Innovation and Infrastructure, Reduced Inequalities, Climate Action, and creating partnerships for Goals.

Driven passionately by the team at MillenniumIT ESP, three projects were completed in a two month period. Two schools in remote areas received sports and IT equipment, in addition to renovating a school in Badulla.

Future Outlook

Continuing on the same global expansion drive, MillenniumIT ESP is poised to set up several new offices on foreign territories in the coming years. As part of this drive, there will be new recruitments and talent redeployments, making overseas ventures as successful as domestic operations.

In 2022, the company is expected to strongly pursue several emerging markets, mainly within the ASEAN region as well as selected SAARC markets. MillenniumIT ESP has also identified key markets outside of the Asian region, with growing opportunities, especially in diversifying services and products to match prospective regional and global markets.

Given the demand for the company's capabilities and potentials, the Company sees promising prospects within these new regions, which justifies efforts and capital investments.

MillenniumIT ESP plans to pursue IP Development in addition to securing turn key projects within the government sector. Moreover, the company plans to establish a new Proof of Concept Center (POC) diversifying solutions and capacities to secure new and profitable business opportunities.

From a Group perspective, a significant contribution in revenue is expected from MillenniumIT ESP Singapore, in the coming financial year. Riding on the wave of growing demand for Fintech solutions, and opportunities in the media and communication sector, MillenniumIT ESP will explore new ventures, taking its already strong competencies to new clients in small, medium and large scale businesses.



FINANCIAL SERVICES SEGMENT | TAPROBANE CAPITAL PLUS (PVT) LTD.



Revenue

LKR
505
Mn.

Growth Rate
66%

Profit After Tax

LKR
211
Mn.

Company Background

Taprobane Capital Plus (Pvt) Ltd. is a fully-owned subsidiary of Ambeon Holdings PLC and is also its financial services arm, which was brought in to the folds of the Ambeon Group in 2018. The company is reputed for its experience and expertise in Sri Lanka's capital markets and government securities. Taprobane as a Group retains full ownership of four subsidiaries, of which, Taprobane Securities and Taprobane Investments command leading stakes in business volumes.

With 3.23% stake in Sri Lanka's stock broking market, Taprobane Securities (Pvt) Limited provides services to retail and institutional clients, while maintaining a cost-efficient operational model. Taprobane Investments (Pvt) Ltd. caters mainly to the banking and financial services industry with money market services, and holds a market share of 26%.

Operational Context

The accommodative monetary policy stance adopted in 2020 was tightened towards mid-2021 in order to ease the increase in demand pressures and bring about economic stability. Revisions to policy rates commenced with the

increase in SDFR, SLFR and the SRR to 5.00%, 6.00% and 4.00%, respectively. The latest upward revision came in April 2022, with SDFR and SLFR increased to 13.50% and 14.50%, respectively; while the Bank Rate adjusted to 17.50%.

In 2021, the Colombo Stock Exchange demonstrated commendable growth, as local investors showed some preference towards equity investments due to the low interest rate environment. Market capitalisation increased 36.7% (as a percentage of GDP) by end-2021, while securities held by domestic individual investors rose by 53.3%, in addition to a 17.8% growth of those held by institutional investors. As a result of the low interest rate regime, volume of investors increased fivefold in 2021. Nevertheless, by early March 2022 the market lost around 50% of its value since peaking in January. Moreover, money market activities, which impacts Taprobane's money broking operations moved on mixed sentiments as rates of bills and bonds continued to ebb and flow on a weekly basis. Moreover, the Forex market was impacted by the exchange rate movements, which went from being stable at the beginning of 2022 to depreciating significantly, as CBSL adopted a flexible approach in determining the rate.

Management Approach

As the economic woes escalated in the months leading up to the end of the financial year, the Company continued to monitor the situation, offering strong, plausible solutions and advice to clientele. As a result of new business, the company's market share increased by 22.25%, while totalling the company's active number of clients to 1,147 by March-end 2022. Moreover, the new client registration digital interface implemented in the previous year, augured well

in providing convenience to customers, thereby enhancing the attractiveness of services.

During the year, Taprobane Securities worked towards capitalising on positive market sentiments towards the equity market, while also navigating around fears and concerns over the rupee devaluation.

As one of the nine CBSL authorised money broking companies in Sri Lanka, Taprobane Investments continued to capitalise on its expertise strategically devising investment options for clientele, amidst the interest rate fluctuations of the year. In addition, the increased yield on government securities became a favourable condition in leveraging opportunities.

Financial Highlights

In the year under consideration, Taprobane Capital as a Group recorded a post-tax profit of LKR 211 Mn in comparison to LKR 136 Mn posted in the preceding year. The increase in profit is attributed to a 66% rise in revenue to LKR 505 Mn in comparison to the previous annual revenue of LKR 305 Mn. A rise in Investment and Other Income up to LKR 97 Mn also contributed to the revenue hike and ultimate profit expansion.

Securities based business of the Group gained a revenue increase of 117% due to a shift towards equity investments from new clients, as a result of the low interest rate environment. Moreover, this increase is also attributed to the gains in turnover by the Colombo Stock Exchange during 2021 and in the early quarter of 2022, which showed promising prospects for investors.

Furthermore, Taprobane Investments experienced subdued growth, showing a breakeven financial performance: This is chiefly due to poor market performance in 2021/22, as a result of the economic crisis, which hinged on factors such as the foreign reserve crisis and subdued external sector developments.

Future Outlook

Despite the concerning events of the equity market in the first quarter of 2022, we remain confident in Taprobane Capital Plus due to its strong team of professionals overseeing equity and secondary market transactions. The team at Taprobane Securities will continuously keep a watchful eye on the equity market and trends. However, increased rates of fixed income securities presents some level of concern over the growth in prospective equity based business, while the foreign reserve crisis, negative sovereign ratings and the overall economic sentiments remains significant concerns when attracting investments.

The foreign reserve crisis are expected to impede revenue potentials for Taprobane Investments; however, the sub-subsidiary will continue to focus on its strengths in bond trading while monitoring the market for debt securities and in assessing the fast-paced highs and lows of the market for bonds and bills.

REAL ESTATE SEGMENT | COLOMBO CITY HOLDINGS PLC**Revenue**

Growth Rate
(31)%

Profit After Tax

LKR
32
Mn.

Investments

Growth Rate
249%

Company Background

Having commenced its journey as Colombo Pharmacy, the Group has evolved across a century, to what is now known as Colombo City Holdings (CCH). Embracing opportunities that the real estate market had to offer, the Company ventured into real estate management in 2013 adopting its current corporate name. Colombo City Holdings is now known as a rental property holder with its main investment property located in Colombo 08. Although the company is positioned as a real estate operation, CCH is striving to redefine itself as a company with diversified investments.

CCH holds full ownership of its subsidiary Lexinton Holdings (Pvt) Ltd., since 2019. The acquisition of the subsidiary enabled CCH to bring the Group head office building in Colombo 08 under its portfolio.

Industry Context

The sector for Grade 'A' office space underwent both positive and negative developments by the fourth quarter of 2021. Office rentals in the fourth

quarter of 2021 dipped by 4.1% when compared to the corresponding period in 2020; this is due to heightened competitive pressures between property owners. Comparatively higher rentals were witnessed as quality of space became a clear in-demand requisite.

Vacancy rates of office spaces dropped to 17.7% in the fourth quarter of 2021, in comparison to Q1 2021 - showing a recovery in both supply and demand. The retail rental space improved during the year with property owners beginning to move away from rental concessions, to charge full rentals.

Management Approach

As the year progressed, CCH adopted a prudent approach with regards to its real-estate investments as well as financial investments. This approach was necessitated, as the external environment remained unfavourable and highly unpredictable across the financial year. In addition, the highly competitive real-estate space made it sensible to take a cautious approach to exploring substantial property investments.

With a strong base of liquid assets, CCH focused on optimising investments in government securities and the company also focused on maintaining a well-balanced equity portfolio. The good performance of the stock market in 2021 and its investments in blue chip companies boded well for CCH. However, CCH took on a watchful approach to the downward trends witnessed in the early months of 2022.

The Company continued to monitor capital market and policy trends in maximising its financial investments in various low-risk assets. The monetary policy stance which changed in mid 2021 boded well for CCH in terms of the increased rates in fixed-income products. In contrast, the consequential surge in lending rates became another key determinant for the Group's dormant stance in embracing real estate opportunities through borrowed and loaned funds.

Financial Highlights

In what was a year of positive turnarounds, CCH as a Group achieved a profit after taxation of LKR 33Mn in comparison to the net loss of LKR 306 Mn posted in the year before. CCH as a Company achieved a final profit of LKR 29 Mn recording a significant turnaround from the previous year's loss of LKR 308 Mn.

The group made gains in other income and finance income, in the amounts of LKR 38 Mn. and LKR 89.5 Mn., respectively, for the year 2021/22.

Rental income amounted to LKR 19 Mn in the financial year under review, which decreased due to the disposal of the rental property in Union Place, in the year under review.

The previous year's sale of the Group investment property in Union Place also drove the expansion in financial investments up to LKR 838 Mn from LKR 240 Mn in the year before. This increase in financial investments contributed to the 59% expansion in current assets. In addition, interest bearing loans and borrowings of the Company decreased significantly to LKR 17 Mn from LKR 157 Mn in the financial year.

Future Outlook

Within the present economic climate and as a result of a tough and competitive sector, CCH is interested in pursuing diversified investments, which will include both real estate related and non-related investments.

CCH will continue to navigate prudently with a somewhat reserved approach to real-estate investments, while being watchful of macroeconomic and monetary policy decisions, which bears direct impact on the Company's investment decisions. Moreover, CCH as a Group will take approaches to maximise financial returns on the current wave of higher rates. However, the Group will also continue to search for viable and relatively low risk real estate opportunities taking into consideration the expected growth in demand for office, retail and industrial spaces.

Corporate Governance

As a subsidiary of Ambeon Capital PLC, Ambeon Holdings PLC's governance framework, structures and processes are aligned to that of the parent entity and customised to reflect relevant industry dynamics and operating models. The corporate governance framework drives accountability, transparency and integrity at every level of the organization, ensuring stability during challenging industry conditions. The Board of Directors is the apex governing body and holds responsibility for setting the strategic direction, formulating policies and exercising oversight over the affairs of the Company.

We at Ambeon Holdings PLC is committed to Corporate Governance practices relying on a comprehensive system of internal controls and best practices to achieve this objective. The Company is in compliance with the Continuing Listing Rules of the Colombo Stock Exchange (CSE), Companies Act No. 7 of 2007 and the Code of Best Practice of Corporate Governance jointly issued by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka as summarized below.

The Board

The Board of Directors takes responsibility for good Corporate Governance of the Company. The Board sets out the Company's strategic direction and oversees business and connected affairs of the Company and it also formulates the policy framework for the Company. As at the end of the financial year five (05) out of Six (06) Directors were Non-Executive Directors, of which two (02) are Independent Non-Executive Directors. Independent Directors meet the criteria set out in the CSE Listing Rules for "independence". Annual declarations are obtained from Non-Executive Directors and submitted to the Board. The Board represents extensive industry expertise. Profiles of the Directors are given on pages 12 to 14.

Board composition and Directors Independence as at 31 March 2022

Name of the Director	Type
Mr. S E Gardiner	Non-Executive Director
Mr. A L Devasurendra	Non-Executive Director
Mr. R P Pathirana	Non-Executive Director
Mr. A G Weerasinghe	Independent, Non-Executive Director
Mr. E M M Boyagoda	Independent, Non-Executive Director
Dr. K S Narangoda (appointed w.e.f. 10 January 2022)	Executive Director
Mr. R T Devasurendra	Alternate Director to Mr. A L Devasurendra

Board Meetings and attendance

The Board convenes meetings at least on a quarterly basis. Given the conditions that prevailed during the year, Board meetings were shifted to digital platforms ensuring continuity of Board activities despite the prevalent conditions. The scheduled dates of meetings for the year are approved by the Board in advance and Directors are given adequate notice of any changes to the planned schedule. Meeting agendas and Board papers are circulated to all Board members prior to Board and Sub-committee meetings. In addition to the comprehensive Board papers, Directors are also regularly kept abreast of changes in the economic and industry landscape that could potentially impact the Group's ability to create value. The attendance at Board meetings during the year are given below:

Name of the Director	Board Meetings
Mr. S E Gardiner	4/4
Mr. A L Devasurendra	4/4
Mr. R P Pathirana	4/4
Mr. A G Weerasinghe	4/4
Mr. E M M Boyagoda	3/4
Dr. K S Narangoda (appointed w.e.f. 10 January 2022)	1/1

The Board of Directors demonstrate independent judgement on aspects related to company's corporate strategy, performance and financial evaluation. All the Directors are given fair treatment at Board Meetings and encouraged to express their views at meetings.

Executive Director of the company provides all information required for decision making by the Board of Directors, where necessary Directors obtain independent opinion from legal and accounting professionals in order to bring in wider perspectives on matters of importance.

Directors' Remuneration

All Non-Executive Directors receive a fee reflecting the time, commitment and responsibility of their role and is based on industry and market surveys. They do not receive any performance or incentive payments.

Shareholder Relations

The Annual General Meeting (AGM) is the main event for the shareholders to meet with the Board which allows reasonable opportunity for informed shareholders to communicate their views on various matters affecting the Company and the forthcoming AGM will be used to effectively communicate with shareholders. The AGM is also attended by the Management, External Auditors and Company Lawyers.

There were no transactions during the financial year deemed as a "major transaction" in terms of the definition stipulated in the Companies Act No. 7 of 2007.

Accountability and Audit

The Board believes that the independent verification is necessary to safeguard the integrity of the Group's accounting and financial reporting.

The Board aims to provide and present a

balanced and understandable assessment of the Group's position and prospects. Therefore, the Board has established a formal and transparent process to independently verify and safeguard the integrity of the Group's accounting and financial reporting and internal control systems which are periodically reviewed and monitored to ensure effectiveness.

The General Manager Finance declares in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and that operational results are stated in accordance with relevant accounting standards.

Board Sub-Committees

The Board delegates some of its duties and functions to Board Sub-Committees. These Sub Committees, which have Board-approved, documented Terms of Reference, assist the Board with more detailed analysis and oversight of specified areas. The Chairperson of each Sub-committee presents to the Board the deliberations and subsequent recommendations of each Sub Committee meeting for Board review and approval.

Board Sub-Committee	Areas of oversight	Composition	Further information
Audit Committee	- Financial Reporting - Statutory compliance - Internal controls and Risk Management - Internal and External Audit	Three Non-Executive Directors	Audit Committee report presented on pages 47.
Remuneration Committee	- Assist the Board on succession planning - Determine the rewards strategy - Make recommendations to the Board on rewards and remuneration of executive and non-executive directors	Three Non-Executive Directors	Remuneration Committee report on pages 48.
Related Party Transactions Review Committee	- Review related party transactions - Ensure that interests of shareholders are taken into account when entering into a transaction	Two Non-Executive Directors	Related Party Transactions Review Committee report on pages 49.

Institutional Shareholders and Investing/Divesting Decision

Board encourages shareholders to participate at Annual General Meetings (AGM) and make effective dialogue with the Board and use their voting rights. Shareholders are free to raise any queries on agenda items listed in the notice of AGM.

In addition, the Board is also conscious of its relationship with all stakeholders including the community within which its group operates with sustainable practices.

Statement of compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosure.

Requirement	Page No.
Names of persons who during the financial year were Directors of the Entity	page 50
Principal activities of the entity and its subsidiaries during the year, and any changes therein.	pages 64 to 65
The names and the number of shares held by the 20 largest shareholders of voting and non-voting shares and the percentage of such shares held	pages 141 to 142
The public holdings percentage	page 140
A statement of each Director's holding and Chief Executive Officer's holding in shares of the Entity at the beginning and end of each financial year	page 141
Information pertaining to material foreseeable risk factors of the Entity.	pages 41 to 44
Details of material issues pertaining to employees and industrial relations of the Entity.	page 49
Extent, locations, valuations and the number of buildings of the Entity's land holdings and investment properties.	page 143
Number of shares representing the Entity's Stated Capital	page 49
A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings.	pages 140 to 142
Financial ratios and market price information	page 3 and 140
Significant changes in the Entity's or its subsidiaries fixed assets, and the market value of land, if the value differs substantially from the book value.	pages 86 to 92
Details of funds raised through a public issue, rights issue and a private placement during the year.	N/A
Information in respect of Employees Share Ownership or Stock Option Scheme	N/A
Disclosures pertaining to Corporate Governance practices in terms of Rule 7.10.3, 7.10.5 C, and 7.10.6 C of Section 7 of the Listing Rules of the CSE	pages 36 38
Related Party Transactions exceeding 10% of the equity and 5% of the total assets of the Entity as per the audited financial statements, whichever is lower.	page 130

Statement of compliance under Section 7.10 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosure

Section	Requirement	Compliance Status	Remarks
7.10.1 (a)	The Board of Directors of a Listed Entity shall include at least two Non-Executive Directors or such number of Non-Executive Directors equivalent to 1/3 rd of the total number of Directors whichever is higher.	Complied	Five (05) out of Six (06) Directors of the Board are Non-Executive Directors.
7.10.2 (a)	Two or 1/3 rd of the Non-Executive Directors appointed to the Board of Directors, whichever is higher shall be 'independent'.	Complied	Out of the Non-Executive Directors, two are independent.
7.10.2 (b)	The Board shall require each Non-Executive Director to submit a signed and dated declaration annually of his/her independence or non-independence against the specified criteria	Complied	Non-Executive Directors have submitted their confirmation of independence as per the criteria set out by the CSE Rules.
7.10.3 (a)	The Board shall determine annually as to the independence or non-independence of each Non-Executive Director based on such declaration and other information available to the Board and shall set out in the Annual Report the names of Directors determined to be 'independent'.	Complied	The Board has made such determination and the basis for determination of 'Independence' is in line with the definition of the CSE Regulations in force.

Section	Requirement	Compliance Status	Remarks
7.10.3 (b)	In the event a Director does not qualify as 'independent' against any of the criteria set out in the regulation but if the Board, taking into account all the circumstances, is of the opinion that the Director is nevertheless 'independent', the Board shall specify the criteria not met and the basis for its determination in the Annual Report.	Complied	Non-Executive Directors have declared their independence or non-independence.
7.10.3 (c)	The Board shall publish in its Annual Report a brief resume of each Director on its Board which includes information on the nature of his/her expertise in relevant functional areas.	Complied	Profile of each Director is given on pages 12 to 14 of the Annual Report
7.10.3 (d)	Upon appointment of a new Director to its Board, the entity shall forthwith provide to the Exchange a brief resume of such Director for dissemination to the public.	Complied	Whenever there is a new Director appointed to the Board, disclosure is made to the Colombo Stock Exchange together with his/her brief resume.
7.10.5 (a)	The Remuneration Committee shall comprise, of a minimum of two Independent Non-Executive Directors (in instances where an Entity has only two Directors on its Board); or of the Non-Executive Directors a majority of whom shall be independent, whichever shall be higher.	Complied	Composition of the Remuneration Committee is given on page 46 of the Annual Report under Remuneration Committee Report.
7.10.5 (b)	The Remuneration Committee shall recommend the remuneration payable to the Executive Directors and Chief Executive Officer of the Listed Entity and/or equivalent position thereof, to the Board of the Listed Entity which will make the final decision upon consideration of such recommendation	Complied	Remuneration received by the Directors is set out in note 34.2 to the Financial Statements on page 130
7.10.5 (c)	The Annual Report should set out the names of the Directors comprising the Remuneration Committee, contain a statement of the remuneration policy and set out the aggregate remuneration paid to Executive and Non-Executive Directors.	Complied	The names of the Directors of the Remuneration Committee are set out on page 46 of this Report.
7.10.6 (a)	The Audit Committee shall comprise, of a minimum of two Independent Non-Executive Directors (in instances where an Entity has only two Directors on its Board); or of the Non-Executive Directors a majority of whom shall be independent, whichever shall be higher. The Chief Executive Officer and the Chief Financial Officer of the Listed Entity shall attend Audit Committee Meetings. The Chairman or one Member of the Committee should be a Member of a recognized professional accounting body.	Complied	Audit Committee consists of Two Independent Non-Executive Directors and One Non-Independent Non-Executive Director. Report of the Audit Committee is given on page 45 to the Annual Report. The Executive Director and the General Manager Finance attends the Audit Committee Meetings by invitation. Out of the Three Members, one Member is from a recognized professional accounting body.

Section	Requirement	Compliance Status	Remarks
7.10.6 (b)	Functions of the Audit Committee shall include, Overseeing of the preparation, presentation and adequacy of disclosures in the financial statements of a Listed Entity, in accordance with Sri Lanka Accounting Standards. Overseeing of the Entity's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements. Overseeing the processes to ensure that the Entity's internal controls and risk management, are adequate, to meet the requirements of the Sri Lanka Auditing Standards. Assessment of the independence and performance of the Entity's external auditors. To make recommendations to the Board pertaining to appointment, re-appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors.	Complied	Report of the Audit Committee set out on page 45 of the Annual Report describes the scope performed by the Committee during the year under review.
7.10.6 (c)	The names of the Directors comprising the Audit Committee should be disclosed in the Annual Report. The Committee shall make a determination of the independence of the auditors and shall disclose the basis for such determination in the Annual Report. The Annual Report shall contain a Report by the Audit Committee, setting out the manner of compliance by the Entity in relation to the above, during the period to which the Annual Report relates.	Complied	Name of the Directors on the Audit Committee, and its report is given on page 45 of the Annual Report. Statement of Auditors Independence is disclosed in page 45 of the Audit Committee Report.

Statement of Compliance under Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE).

Section	Requirement	Compliance Status	Remarks
9.2.1 & 9.2.2	All Related Party Transactions should be reviewed by the "Related Party Transactions Review Committee". The Committee should comprise a combination of Non-Executive Directors and Independent Non-Executive Directors. The composition of the Committee may also include Executive Directors, at the option of the Listed Entity. One Independent Non-Executive Director shall be appointed as Chairman of the Committee.	Complied	Composition of the Related Party Transactions Review Committee is given on page 47 of the Related Party Transactions Review Committee Report. Chairman of the Committee is an Independent Non-Executive Director.
9.2.4	The Committee shall meet at least once a calendar quarter. The Committee shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors	Complied	Attendance of the Related Party Transactions Review Committee is given on page 47 of the Annual Report under the Related Party Transactions Review Committee Report.

Section	Requirement	Compliance Status	Remarks
9.3.1	A Listed Entity shall make an immediate announcement to the Exchange of any non-recurrent Related Party Transaction with a value exceeding 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements. Or of the latest transaction, if the aggregate value of all non-recurrent Related Party Transactions entered into with the same Related Party during the same financial year amounts to 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements. Listed Entity shall disclose subsequent non-recurrent transactions which exceed 5% of the Equity of the Entity, entered into with the same Related Party during the financial year.	Complied	Related Party Transactions are disclosed on note 34 to the Financial Statements.
9.3.2 (a)	In the case of Non-recurrent Related Party Transactions, if aggregate value of the non-recurrent Related Party Transactions exceeds 10% of the Equity or 5% of the Total Assets, whichever is lower, of the Listed Entity as per the latest Audited Financial Statements the related information must be presented in the Annual Report.	Complied	Please refer Note 34 to the Financial Statements.
9.3.2 (b)	In the case of Recurrent Related Party Transactions, if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue/income (or equivalent term in the Income Statement and in the case of group entity consolidated revenue) as per the latest Audited Financial Statements, the Listed Entity must disclose the aggregate value of recurrent Related Party Transactions entered into during the financial year in its Annual Report	Complied	Please refer Note 34 to the Financial Statements.
9.3.2 (c)	Annual Report shall contain a report by the Related Party Transactions Review Committee, setting out the following; Names of the Directors comprising the Committee A statement to the effect that the Committee has reviewed the Related Party Transactions during the financial year and has communicated the comments/observations to the Board of Directors The policies and procedures adopted by the Committee for reviewing the Related Party Transactions. The number of times the Committee has met during the Financial Year.	Complied	Please refer Report of the Related Party Transactions Review Committee on page 47 of the Annual Report.
9.3.2 (d)	A declaration by the Board of Directors in the Annual Report as an affirmative statement of the compliance with these Rules pertaining to Related Party Transactions or a negative statement in the event the Entity has not entered into any Related Party Transaction/s.	Complied	Affirmative statement is included on page 50 of the Annual Report.

Statement of Compliance of Company's Act No. 07 of 2007

Section Reference	Requirement	Annual Report Reference
168 (1) (a)	The nature of the business of the Group and the Company together with any change thereof during the accounting period	Page 48
168 (1) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed	Pages 57 to 139
168 (1) (c)	Auditors' Report on Financial Statements of the Group and the Company	Pages 53 to 56
168 (1) (d)	Accounting Policies and any changes made during the accounting period	Pages 64 to 80
168 (1) (e)	Particulars of the entries made in the Interest Register during the accounting period	Pages 129 to 130
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Note 34.2 on Page 130
168 (1) (g)	Corporate donations made by the Company during the accounting period	Page 49
168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period	Page 48 and Pages 145 to 147
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period	Page 50
168 (1) (j)	Auditors' relationship or any interest with the Company and its subsidiaries	Page 50
168 (1) (k)	Acknowledgement of the contents of this Report and Signatures on behalf of the Board	Page 50

RISK MANAGEMENT

Risk management is embedded in all processes and the responsibility of everyone within the Ambeon Group (The Group) as it is critical to the long - term growth and sustainability. Taking risks is therefore an integral part of any business activity and Group therefore strives to conduct its business activities in a socially responsible manner to achieve this long - term growth and sustainability by balancing its objectives against the risks it is prepared to take. The risk landscape unfolded new complexities during the year, reflecting continued economic, political, social and human challenges.

The management of risk has never been more in the spotlight since the onset of the global pandemic. In addition to this, the political, social and economic unrest continue to create a volatile and unpredictable environment for all Organizations. With the new challenges thrown at the Group and its various subsidiaries, the Group Risk and Control team was quick to analyse all the challenges faced, develop a cohesive plan, with the support of the management, and make timely recommendations on whether the risks identified could first be understood and then managed, mitigated, transferred or avoided.

In this context, the Group intensified its focus on risk identification and mitigation. This demanded a proactive approach and an effective Group - wide risk management framework.

Ambeon's Risk Management Philosophy

Ambeon recognizes that risk management is the responsibility of everyone within the Group. Risk management is therefore integrated into all business and decision-making processes including strategy formulation, business

development, business planning, capital allocation, investment decisions, internal control, and day-to-day operations.

Ambeon's Risk Management objectives:

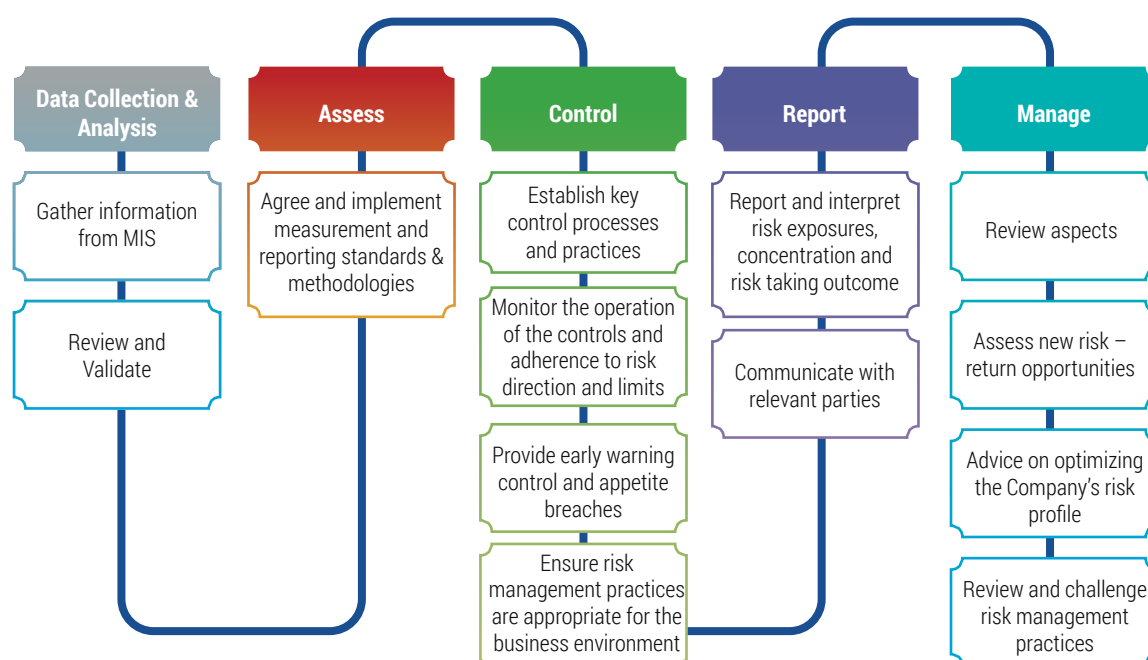
- At a strategic level, The Group focuses on the identification and management of material risks inherently associated with the pursuit of the Group's strategic and business objectives. In pursuing growth opportunities, Ambeon aims to optimize risk and return decisions as defined and quantified through diligent and independent review and challenge processes.
- At an operational level, The Group aims to identify, analyse, evaluate, and mitigate all operational hazards and risks. It does this in order to create a safe, healthy, efficient, and environmentally friendly workplace for employees and contractors while ensuring public safety and health, minimizing environmental impact, and securing asset integrity and adequate insurance.

Risk Management tools

The online risk management system has enabled Group to be one of the few companies in Sri Lanka to implement best practices with regards to ERM by deploying frameworks that comply with the COSO Enterprise Risk Management Integrated Framework. This system also ensures compliance with the ISO 31000:2009 international risk management standard.

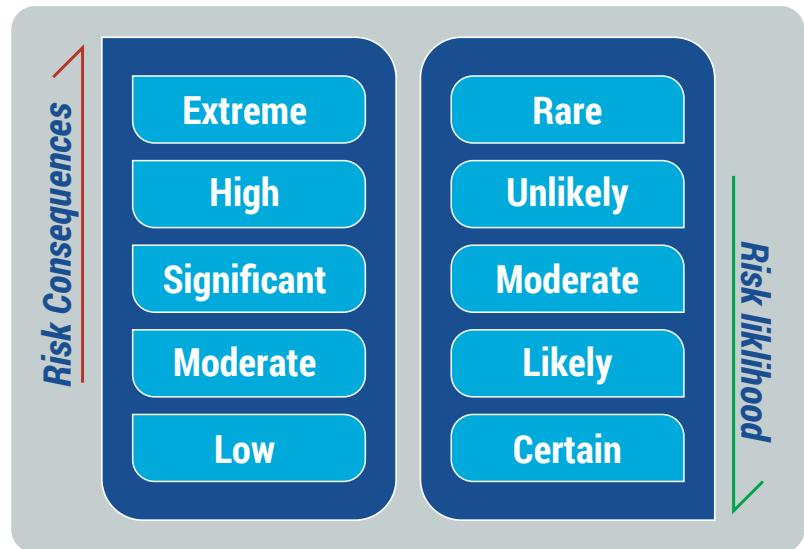
In addition, the Group employs the following risk management framework to ensure a robust risk management mechanism.

Risk Management Framework



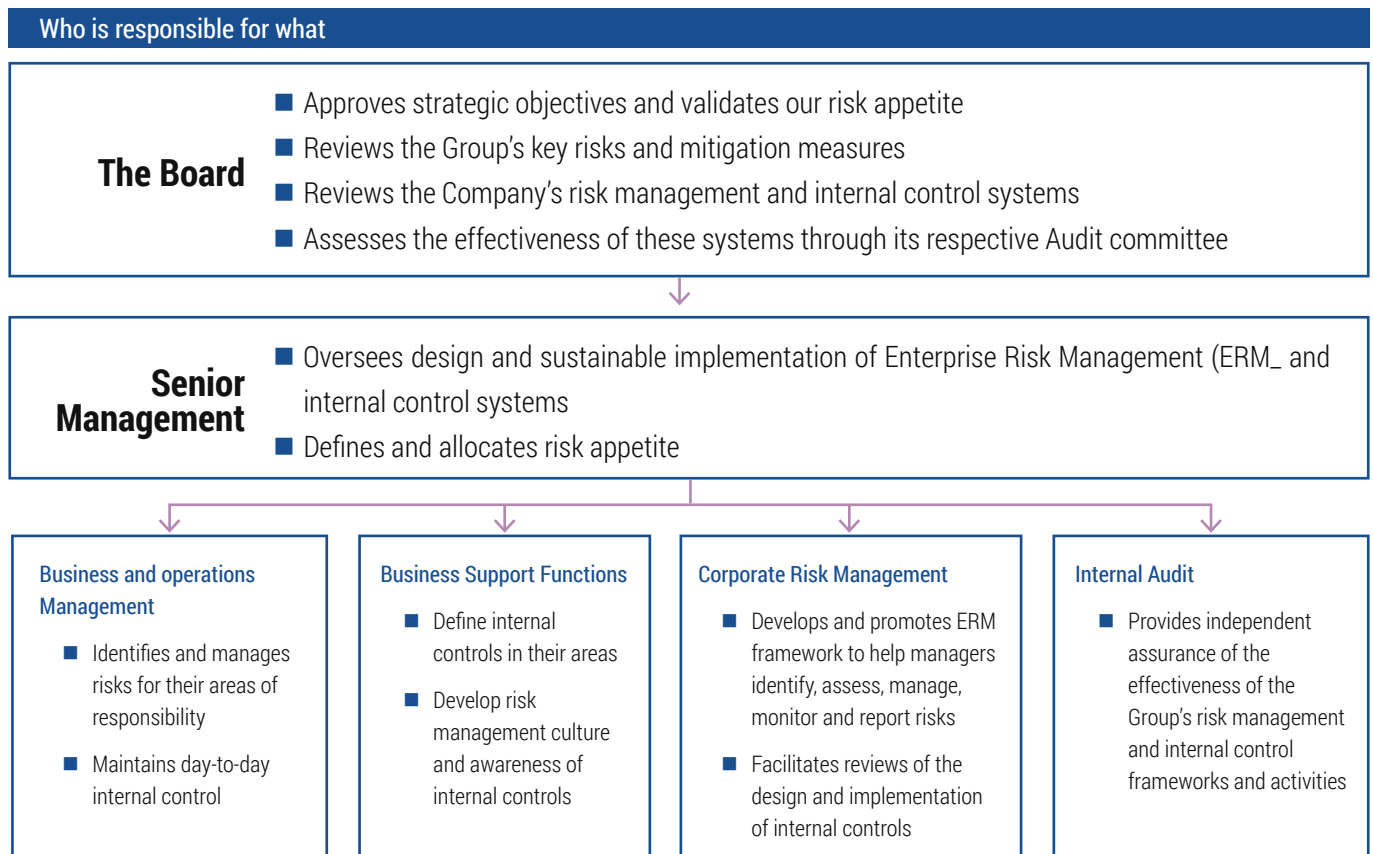
Risk Assessment

The Group compartmentalizes risk assessment into three parts: namely initial risk assessment, current risk assessment, and future risk assessment. The Group uses the risk assessment platform to prioritize potential risk exposure and the impact of risks. Risk assessment allows the Group to determine material aspects and identify risk indicators.



Risk Governance

The Board is ultimately responsible for authorizing the risk management strategy; approving relevant policies and processes used to manage the risks. In addition, The Group Management Committee and the Audit Committee play pivotal role in monitoring and executing the risk management. There is a dedicated risk and compliance team setup at the group level to oversee risk mitigation across all SBUs. The risk responsibility of the Board and Group Management is illustrated below:



The Group has also implemented the 'CAMMS ERM' which is an essential tool that has been inbuilt into the entire framework of the Group's Enterprise Risk Management (ERM) system. The 'CAMMS ERM' platform, is an international, on-line automated risk management solution, which has enabled the Group to implement practices and processes that are essential for the proper functioning of our IRM approach. The solution uses a framework that is in compliance with the COSO Enterprise Risk Management Framework, and it also complies with ISO 31000 (2009) International Risk Management Standards.

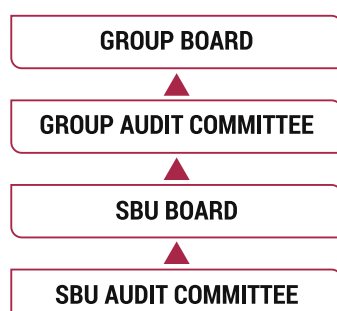
Implemented in 2017, The CAMMS ERM online system identifies and categorizes risks as strategic, operational and at project level. The Board is responsible for developing mitigation plans to address strategic risks which are implemented across the various subsidiaries. Chief Executive Officers of each subsidiary bear the responsibility of identifying operational risks and developing mitigation plans in collaboration with senior management with the approval of the Board.

The below table aims to show some of the strategic and operational risks endured by the Group.

Strategic risk	Operational risk
Macro-economic risks	System and procedural failure
Merger and acquisition risk	Staff turnover
Change management risk	Loss of critical data
Market stagnation risk	Lack of engagement
Financial risk	Malfunctioning of critical machinery
Corporate Governance risk	Production disruptions

Risk Governance Structure

The Board takes a bottom-up approach, the broader oversight of the entire risk management process remains with the Board. The Audit Committees of each Strategic Business Unit (SBU) escalates matters to the respective Board and thereafter the key risk factors are taken up at the Group level.

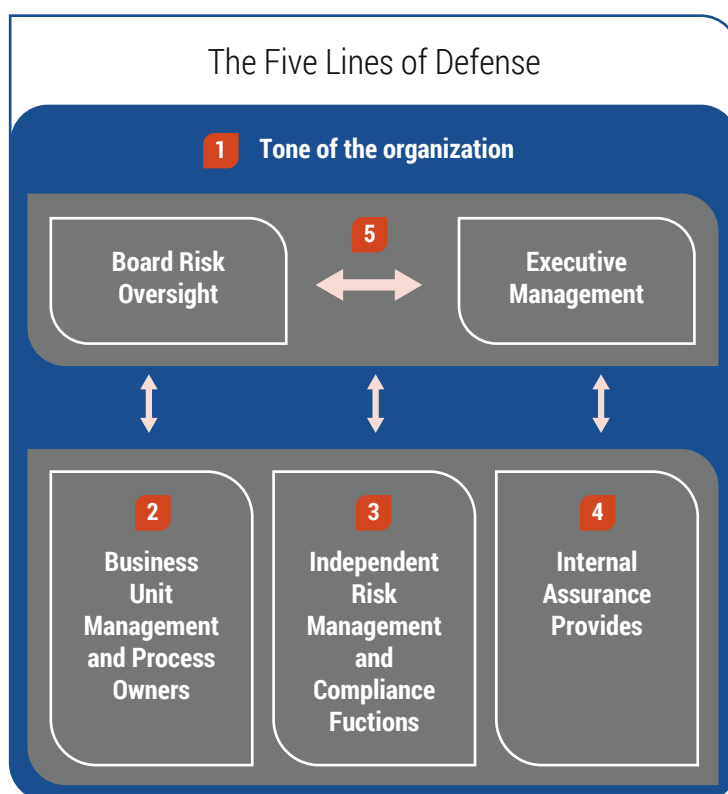


Internal and Statutory Audits

The Group employs reputed audit firms to conduct regular internal and statutory audits. The internal audit is carried out according to the terms of reference outlined by the Board, whilst the Audit Committee reviews the findings of both internal and statutory audits. The Group's system of internal controls manages strategic and operational risks, using preexisting policies and procedures.

Risk Management Approach

The Group employs the five-lines of defense model to ensure effective division of responsibility, and segregation of risk functions to achieve comprehensive risk mitigation across the Group and subsidiaries.



The Group uses a five-pronged approach to risk mitigation, essentially constituting risk mitigation, acceptance or transfer. The Group executes periodic verifications and internal audits on risk mitigation plans to measure relevance and applicability. Each business unit remains responsible for identifying and mitigating risks that arise in each specific business.

The Group's risk management framework has identified and established strategies in mitigating the below risk exposures.

Description of Risk	Mitigation Strategies
Economic and business risk	■ Review impact to group's performance and strategic business plans due to volatility in macroeconomic variables ■ Conduct sensitivity analysis to ascertain the impact to Group and SBU's budget ■ Maintains strong relationships with suppliers and banking partners to negotiate on payment terms, credit, and funding to minimize disruptions to operations ■ Evaluate long term vision of the government and develop long-term value creation to rationalize investment portfolio of the Group
Investment Risk	■ Group generally carries out extensive appraisals before going ahead with any investment projects ■ Continuous evaluation of market and identifying product development/ market expansion opportunities. ■ Conduct diligence study to ensure that hurdle rate expectations are met by each capital investment
Liquidity Risk	■ Centralized treasury management function to monitor Group liquidity as well as the maturity mismatch between asset and liability on an ongoing basis ■ Continuous reviewing of business models and working capital management ■ Strong relationships with banks to negotiate backup funding lines ■ Benchmark current and quick asset ratio.
Human Resources	■ Remuneration levels are benchmarked to remain competitive with industry standards. ■ Continuously train and upskill employees on new technologies, tools and global practices ■ Promoting a high-performance driven culture to retain employees through better career prospect
Health and Safety Risk	■ Adherence to WHO guidelines to curtail spread of pandemic ■ Operations and plants are designed considering employee health and safety ■ Health and Safety related policies and procedures have been implemented across the Group
Cyber security risk	■ Safeguard critical IT and operational assets through the implementation of strict IT protocols, firewalls, and business continuity plan ■ Foster a positive culture of cyber-security by raising awareness among employees regarding the importance of detection, response and recovery from cyber incidents and attacks

REPORT OF THE AUDIT COMMITTEE

Composition

The Audit Committee comprised of three Non-Executive Directors, out of whom, as required by the Listing Rules of the Colombo Stock Exchange two Directors were Independent.

Mr. E M M Boyagoda - Chairman/Independent Non-Executive Director

Mr. A G Weerasinghe – Member/Independent Non-Executive Director

Mr. R P Pathirana – Member/Non-Executive Director

Mr. R P Pathirana is a Fellow Member of the Chartered Institute of Management Accountants of UK.

The profiles of the members are given on pages 12 to 14 of the Annual Report.

Meetings

The Audit Committee met five times during the financial year which consisted of a combination of physical and virtual meetings.

Name of the Director	Attendance at Meetings
Mr. E M M Boyagoda	5/5
Mr. A G Weerasinghe	5/5
Mr. R P Pathirana	5/5

The Executive Director and General Manager - Finance attends Audit Committee Meetings by invitation. The Company Secretary functions as the Secretary to the Committee. The engagement partner of the Company's external auditors attends meetings when matters pertaining to their functions come up for consideration.

Role of the Committee

The Audit Committee has written terms of reference, which clearly defines the oversight role and responsibility of the Audit Committee as summarized below;

1. The integrity of Financial Statements in accordance with Sri Lanka Financial Reporting Standards
2. The compliance with legal and regulatory requirements of Companies Act and other relevant financial reporting related regulations and requirements.
3. The External Auditor's independence and performance.
4. Review of the adequacy and effectiveness of the company's Internal Control and Risk Management systems over the financial reporting process.

Financial Reporting

As part of its responsibility to oversee the Company's financial reporting process on behalf of the Board of Directors, the Committee has reviewed and discussed with the Management, the annual and the quarterly Financial Statements prior to their issuance, including the extent of compliance with the Sri Lanka Financial Reporting Standards and the Companies Act No. 07 of 2007.

Regulatory Compliance

A procedure has been laid down for reporting on the statutory compliance/non-compliance of the Company and its subsidiaries on a quarterly basis. This report is certified by the General Manager Finance. Such non-compliances are followed up to ensure appropriate corrective actions are taken.

External Auditors

The Committee meets the Independent Auditors at least once a year to review their findings, issues raised, as well as the effectiveness of the internal controls in place.

The non-audit services provided by the Independent Auditors were also reviewed to ensure that the provisions of these services do not impair their independence.

Independence of Auditors

To the extent that the Audit Committee is aware, the Auditors do not have any relationship with (other than that of the Auditor), or interest in, the Company and the Group, which in the opinion of the Audit Committee, may reasonably be considered to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by The Institute of Chartered Accountants of Sri Lanka as at the reporting date.

Re-appointment of Auditors

The Audit Committee having evaluated the performance of the External Auditors, has decided to recommend to the Directors the re-appointment of Messrs. Ernst & Young, Chartered Accountants for the financial year ending 31 March 2023 upto the next Annual General Meeting, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

Conclusion

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

Sgd.

Mangala Boyagoda

Chairman

Audit Committee

26 August 2022

REPORT OF THE REMUNERATION COMMITTEE

COMPOSITION

The Remuneration Committee, appointed by and responsible to the Board of Directors, comprises two Independent Non-Executive Directors and one Non-Independent Non-Executive Director as given below.

Mr. A L Devasurendra (Chairman) – Non-Executive Director

Mr. E M M Boyagoda – Independent Non-Executive Director

Mr. A G Weerasinghe – Independent Non-Executive Director

POLICY

The remuneration policy of the Company is designed to attract, motivate and retain staff with the appropriate professional, managerial and operational expertise to achieve the objectives of the company.

SCOPE

The scope and responsibility of the remuneration committee include;

- To consider internal as well as external remuneration factors and to ensure that the remuneration policy of the company recognizes and addresses the short and long-term needs of the organization in relation to performance, talent retention and reward.
- To recommend to the Board a competitive remuneration and reward structure which is linked to performance.

- To decide on the remuneration packages of Key Management Personnel.
- To evaluate the performance of the Key Management Personnel, management development plans and succession planning.
- To approve annual salary increments, bonuses, changes on perquisites and incentives.

REMUNERATION

All Non-Executive Directors receive a fee reflecting the time, commitment and responsibility of their role and is based on industry and market surveys. They do not receive any performance or incentive payments. The Directors emoluments are disclosed on note 29 to the Financial Statements.

MEETINGS

The Committee meets at least once a year with a view to discharging its duties. However, due to the pandemic situation which prevailed during the year, in the country, the need did not arise for the Committee to meet.

PROFESSIONAL ADVICE

The committee has the authority to seek external independent professional advice on matters within the purview of the committee and to invite professional advisors with relevant experience to assist in various duties.

Sgd.

A L Devasurendra

Chairman

Remuneration Committee

26 August 2022

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The purpose of the Related Party Transactions Review Committee (the Committee) is to assist the Board in meeting its oversight responsibilities to ensure that the interests of the shareholders as a whole are taken into account when entering into related party transactions and to prevent Directors, Key Management Personnel or substantial shareholders taking advantage of their positions.

Composition

The Committee consists of two members who are Independent Non-Executive Directors.

Mr. A G Weerasinghe – Chairman/Independent Non-Executive Director
Mr. Mangala Boyagoda – Member/Independent Non-Executive Director

The above composition is in compliance with the provisions of the Listing Rules of the Colombo Stock Exchange. Brief profiles of the members are given on pages 12 to 14 of the Annual Report.

Charter of the Related Party Transaction Review Committee

The Charter of the Related Party Transactions Review Committee clearly sets out the purpose, membership, authority and the duties and responsibilities of the Committee. In order to discharge the duties and responsibilities effectively and efficiently, the Committee has been authorized to;

- Receive regular reports from the management and be provided with any information it requires relating to its responsibilities.
- Establish policies and procedures that provide general pre-approvals to certain types of related party transactions.
- Review and evaluate the terms, conditions, and the advisability of any related party transaction.
- Determine whether the relevant related party transaction is fair, and in the best interest of the Company and its shareholders as a whole.
- Recommend to the Board what action, if any, is required to be taken by the Board with respect to any related party transaction.
- Obtain advice and assistance from legal, technical, financial and other advisors from within or outside the Company as deemed necessary by the Committee in order to carry out its duties.

Meetings

The Committee meets quarterly with a view to discharging its duties. Where necessary approval was obtained for urgent related party transactions via a resolution in writing which contained several documents in a like form, each signed and assented to by the members who were entitled to receive notice of a related party transactions review committee meeting. A total of nine (09)

meetings were held during the financial year which consisted of a combination of physical meetings and Circular Resolutions. Attendance by the Committee Members at each of these meetings are given below;

Name of the Director	Attendance at Meetings
Mr. A G Weerasinghe	9/9
Mr. E M M Boyagoda	9/9

The Executive Director and the General Manager – Finance attended all Related Party Transactions Review Committee Meetings by invitation.

Policies & Procedures

Declarations are obtained from each Director/Key Management Personnel of the Company for the purpose of identifying parties related to them. Based on the information furnished in these declarations the related party transactions are identified from information maintained with the Company.

All forecasted recurrent RPTs are submitted by Management on a quarterly basis to the Committee for consideration and review. Non-recurrent RPTs are also reviewed and approved by the Committee prior to the transaction being entered into or if the transaction is expressed to be conditional on such review, prior to the completion of the transaction and the recommendation communicated to the Board for consideration.

The Committee is satisfied that all RPTs have been reviewed by the Committee during the financial year and have communicated their observations to the Board. The details of related party transactions entered into during the financial year are given on note 34 to the Financial Statements, on pages 129 to 130 of this Annual Report.

Declaration

The Committee in its review process, recognized the adequacy of the content and quality of the information forwarded to its members by the Management during the year and affirms that the RPTs have occurred on an arm's length basis.

A declaration by the Board of Directors on compliance with the rules pertaining to related party transactions appears on the report of the Board of Directors on the affairs of the company on page 50 of this Annual Report.

Sgd.

A G Weerasinghe

Chairman

Related Party Transactions Review Committee

26 August 2022

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

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

The Board of Directors of Ambeon Holdings PLC takes pleasure in presenting their Report on the Affairs of the Company together with the Financial Statements for the year ended 31 March 2022, conforming to the requirements of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards. The report also includes certain disclosures required to be made under Listing Rules of the Colombo Stock Exchange and are guided by the recommended best practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Colombo Stock Exchange.

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

The principal activity of the company is to operate as an Investment Holding and Management Company. As at 31 March 2022 the company had investments in various sectors such as manufacturing, real estate, information technology and Financial Services. A review of the operations of the company during the twelve months period and the results of those operations are contained on pages 53 to 139 of this Annual Report.

Group Structure

The Group Structure is demonstrated on pages 4 to 5 of the Annual Report.

Review of Performance

A review of the Company and its subsidiaries performance during the Financial Year together with the Future outlook is available in the Chairman's message and Executive Directors Review on pages 6 to 11.

Financial Statements

The Financial Statements of the Company for the year ended 31 March 2022 are duly certified by the General Manager - Finance and approved by the Board of Directors and signed on behalf of the Board by two Directors in compliance with the Companies Act No. 07 of 2007 and are given on pages 53 to 139 of this Annual Report.

Summarized Financial Statements

LKR Mn	Group		Company	
	2021/2022	2020/2021	2021/2022	2020/2021
Revenue	14,156	9,596	851	679
Profit/(Loss) Before Tax from Continuing Operations	1,271	(1,674)	1,435	(2,151)
Income Tax Reversal/(Expenses)	(336)	(184)	156	27
Profit/(Loss) After Tax from Continuing Operations	935	(1,859)	1,591	(2,124)
Profit/(Loss) after Tax from Discontinued Operations	1,584	(244)	-	-
Profit/(Loss) for the year	2,519	(2,103)	1,591	(2,124)

Accounting Policies and Changes

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 64 to 80 as required by Section 168 (1) (d) of the Companies Act.

Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company and the Group which reflect a true and fair view of the financial position and the performance of the Company and the Group.

Board of Directors

The names of the Directors who held office during the financial year and as at date are given below;

Mr. Sanjeev Gardiner – Chairman/Non-Executive Director

Mr. Ajith Devasurendra – Deputy Chairman/Non-Executive Director

Mr. Ranil Pathirana - Non-Executive Director

Mr. A G Weerasinghe – Independent, Non-Executive Director

Mr. Ruwan Sugathadasa – Non-Executive Director (retired w.e.f. 29 September 2021)

Mr. Mangala Boyagoda – Independent Non-Executive Director

Dr. Sajeeva Narangoda – Executive Director (appointed w.e.f. 10 January 2022)

Mr. Revantha Devasurendra – Alternate Director to Mr. Ajith Devasurendra

The Directors have recommended the re-appointment of Mr. A. G. Weerasinghe and Mr. Mangala Boyagoda, who have reached the age of 70 years, as Directors of the Company; and accordingly, a resolution will be placed before the shareholders in terms of Section 211 of the Companies Act with regard to the said re-appointments.

The present Directors of the Company and their profiles are shown on pages 12 to 14 of the Annual Report.

Board Sub Committees

The Board, while assuming overall responsibility and accountability for the management of the Company, has appointed three Board Sub-Committees; Audit Committee, Related Party Transactions Review Committee and the Remuneration Committee, to ensure oversight and control over certain affairs of the Company.

The Board approved Terms of References of these Sub Committees conform to the recommendations made by various regulatory bodies such as the Institute of Chartered

Accountants of Sri Lanka, The Securities and Exchange Commission of Sri Lanka and the Colombo Stock Exchange.

Interests Register

Directors' Interest in Transactions

The Directors have made general disclosures as provided for in Section 192 (2) of the Companies Act No. 07 of 2007. Arising from this, details of contracts in which they have an interest are disclosed in Note 34 to the Financial Statements on pages 129 to 130.

Directors' Remuneration

The Directors' Remuneration is disclosed in Note 29 to the Financial Statements on page 125.

Directors' Interest in Shares

The Directors of the Company who have an interest in the shares of the Company have disclosed their shareholdings in compliance with Section 200 of the Companies Act No. 07 of 2007.

Corporate Governance

The Board is committed to maintaining high standards of governance, the process by which the Company is directed and managed. Risks are identified and controlled, and effective accountability assured. The Board of Directors is of the view that it has put in place the resources and processes to ensure that the Company is substantially compliant with the code of best practices on corporate governance issued by Institute of Chartered Accountants of Sri Lanka and the Colombo Stock Exchange. The Corporate Governance Report is given on pages 34 to 40 of the Annual Report.

Risk Management and Internal Controls

The Board of Directors, through the involvement of the internal audit, have taken steps to ensure and have obtained reasonable assurance, that an effective and comprehensive system of internal controls are in place that cover the financial, operational and compliance controls required to carry on the business in an orderly manner, safeguarding the Company's and Group's assets and secure, as far as possible, the accuracy and reliability of the financial records.

The Board is satisfied with the effectiveness of the system of internal controls that were in place during the year under review.

The Directors periodically review and evaluate the risks that are faced by the Company. The various exposures to risks by the Company and specific steps taken by the Company in managing risks are detailed under the "Risk Management" on pages 41 to 44 of this Annual Report.

Donations

The Group has made donations, amounting to LKR 667,550/- during the year under review.

Taxation

The Company's liability to taxation has been computed according to the provisions of the Inland Revenue Act. No. 24 of 2017 and subsequent amendments thereto and details are given in note 28 to the Financial Statements on pages 123 to 124.

Property, Plant and Equipment

Capital expenditure during the year under review on Property, Plant and Equipment by the Group was LKR 113 Mn and the Company hasn't spent on any capital expenditure during the year under review.

Extents, locations, number of buildings and the valuation of the properties of the Group are given in note 6.8 to the Financial Statements on pages 89 to 90 of the Annual Report.

All freehold land of the Group was revalued by professionally independent valuers and brought into the Financial Statements. The investment properties are accounted using fair value method.

Details of fair values of investment properties are given on note 7 to the Financial Statements. Details of revaluation of land are given in note 7.3 and note 7.4 to the Financial Statements.

Employment

The Company's and Group's strength of manpower as at 31 March 2022 is 18 and 1,950 respectively.

There were no material issues pertaining to employees and industrial relations during the year under review.

Employee Share Ownership plans

The Company did not have any employee share ownership/option plans during the year.

Stated Capital

The stated capital of the Company as at 31 March 2022 was LKR 5,331,775,177/- represented by 356,869,666 fully paid Ordinary Shares.

Share Information

There were 4,420 registered shareholders as at 31 March 2022.

Distribution schedule of shareholders

The distribution of shareholdings is shown on pages 140 to 142 of the Annual Report.

Information on Ratios and Market Price Information

Disclosures under section 7.6 (xi) of the Listing Rules of the Colombo Stock Exchange is indicated on pages 3 and page 140.

Substantial Shareholdings and Other Share Information

The names of the twenty largest Shareholders, the number of shares held, and the percentages are given on pages 140 to 142 of the Annual Report.

Disclosures required under section 7.6 (iv) of the Listing Rules of the Colombo Stock Exchange is indicated on page 140 of the Annual Report.

Equitable Treatment of Shareholders

The Company has made all endeavours to ensure that all shareholders are treated equitably.

Related Party Transactions

The identified Related Parties as well as the Related Party Transactions undertaken during the year are set out in note 34 to the Financial Statements on pages 129 to 130.

The members of the Board have been identified as "Key Management Personnel" of the Company. There were no Related Party Transactions by the Key Management Personnel with the Company.

As required by the Listing Rules, the Board confirms that the Company has complied with all requirements as per Section 9 of the Listing Rules.

Statutory Payments

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments due in relation to employees and the Government have been made promptly up to date.

Events occurring after the Balance Sheet date

Circumstances have arisen since the balance sheet date which would require adjustments to or disclosure in the accounts as disclosed in the note 35 to the Financial Statements.

Going Concern

The Board is satisfied that the company will have adequate resources to continue its operations into the foreseeable future. Therefore, the Company has continued to adopt the going concern basis in preparing the Financial Statements.

Independent Auditors' Report, Remuneration and Appointment

The Financial Statements of the Company for the twelve months ended 31 March 2022 have been audited by M/s. Ernst & Young, Chartered Accountants and the Independent Auditors' Report thereon is given on pages 53 to 56 of the Annual Report as required by the Section 168 (1) (c) of the Companies Act No. 07 of 2007.

A sum of LKR 1,175,000/- was paid to them as audit fee during the period

under review. Based on the declaration from M/s. Ernst & Young, Chartered Accountants and as far as the Directors are aware, the Auditors do not have any relationship or interest in the Company other than that disclosed herein.

In accordance with the Companies Act No. 07 of 2007 a resolution proposing the re-appointment of M/s Ernst & Young, Chartered Accountants as Auditors to the Company will be tabled at the forthcoming Annual General Meeting of the Company.

Annual General Meeting

The Annual General Meeting of the company will be held on 27 September 2022. The notice of the Annual General Meeting appears on page 148

Acknowledgement of the contents of the Annual Report

As required by the Companies Act No. 07 of 2007, the Board of Directors hereby acknowledge the contents of this Annual Report.

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

Sgd.

Sanjeev Gardiner

Chairman

Sgd.

A L Devasurendra

Deputy Chairman

Sgd.

P W Corporate Secretarial (Private) Limited

Secretaries

26 August 2022

STATEMENT OF DIRECTORS RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Consolidated Financial Statements in accordance with the Companies Act, No. 7 of 2007 and Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and are required to prepare the Financial Statements for each financial year, which gives a true and fair view of the state of affairs of the Company and its subsidiaries as at the reporting date and the income and expenditure of the Company for the accounting year ending on that reporting date.

The Directors are also responsible in ensuring that the Financial Statements comply with any regulations made under the Companies Act, which specifies the form and content of Financial Statements and any other requirements which apply to the Company's Financial Statements under any other law.

The Directors have ensured that the Financial Statements presented in this Annual Report have been prepared using appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements' and estimates and in compliance with the Sri Lanka Financial Reporting Standards, Companies Act, No. 7 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

The Directors are responsible for keeping sufficient accounting records, which disclose with reasonable accuracy the financial position of the Company and its subsidiaries, which will enable them to have the Financial Statements prepared and presented as aforesaid.

They are also responsible for taking measures to safeguard the assets of the Company and its subsidiaries and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to prevention and detection of fraud and other irregularities.

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

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

By order of the Board of
Ambeon Holdings PLC

Sgd.
P W Corporate Secretarial (Pvt) Ltd
Secretaries
Colombo
26 August 2022

FINANCIAL STATEMENTS

Financial Calendar

1st Quarter Interim Report	-	12th August 2021
2nd Quarter Interim Report	-	10th November 2021
3rd Quarter Interim Report	-	14th February 2022
4th Quarter Interim Report	-	31st May 2022
Annual Report 2021/2022	-	30th August 2022
Annual General Meeting	-	27th September 2022

INDEPENDENT AUDITORS' REPORT



Ernst & Young
Chartered Accountants
201, De Saram Place
P.O. Box 101
Colombo 10, Sri Lanka

Tel: +94 11 246 3500
Fax (Gen): +94 11 269 7369
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TO THE SHAREHOLDERS OF AMBEON HOLDINGS PLC

Report on the audit of the consolidated financial statements

Opinion

We have audited the financial statements of Ambeon Holdings PLC (the "Company"), and the consolidated financial statements of the Company and its subsidiaries (the "Group"), which comprise the statement of financial position as at 31 March 2022, and the income statement and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuS). Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of

Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter

How our audit addressed the key audit matter

Assessment of fair value of land & buildings

Property, Plant and Equipment and Investment Property include land and buildings carried at fair value in accordance with its accounting policy disclosed in Notes 2.10.4 and 2.10.6.

This was a key audit matter due to:

- Materiality of the reported land & buildings balances which amounted to LKR 4.2Bn and represent 18% of the total assets of the Group.
- The degree of assumptions, judgements and estimation uncertainties associated with the fair valuation of Land and Buildings such as reliance on comparable market transactions, and current market conditions

Key areas of significant judgments, estimates and assumptions used in assessing the fair value of the land and buildings as disclosed in Note 06 and 07 included judgements involved in ascertaining the appropriate valuation techniques and estimates such as per perch value of the land, per square foot value of the buildings, rent per square foot and yield rate.

Our audit procedures included the following

- We assessed the competency, capability and objectivity of the external valuer engaged by the Group
- We read the external valuer's report and understood the key estimates made and the valuation approaches taken by the valuer in determining the valuation of each property
- We assessed the reasonableness of the significant judgements, estimates and assumptions made by the valuer such as valuation techniques, per perch price, value per square foot, market rent per square foot and yield rate used by the valuer in assessing the fair valuation of each property

We have also assessed the adequacy of the disclosures made in notes 06 and 07 to the financial statements

Partners: H M A Jayasinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekera FCA FCMA, A Herath FCA, D K Hulangamuwa FCA FCMA LLB (London), Ms. G G S Manalunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sajeewani FCA, N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

Principals: W S J De Silva BSc (Hons)-MIS MSc-IT, G B Goudan ACA, D L B Karunathilaka ACA, Ms. P S Paranavilane ACA ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited



Key audit matter

How our audit addressed the key audit matter

Annual impairment assessment of intangible assets with infinite useful life

The Group's statement of financial position includes an amount of LKR. 1.2Bn relating to goodwill and brand name acquired as disclosed in Note 8 to the financial statements.

The CGUs with goodwill and brand name is tested annually for impairment based on its recoverable amount. The recoverable amount is the higher of value in use (VIU) and fair value less costs of disposal. A deficit between the recoverable amounts and the carrying values of the CGUs would result in an impairment.

VIU calculations were based on discounted cashflows of the CGUs with goodwill & brand name.

Assessment of impairment of the CGUs with goodwill and brand name was a key audit matter due to:

- the degree of assumptions, judgements and estimates associated with deriving the estimated future cashflows used for value in use calculations considering current economic conditions

As disclosed in note 08, key areas of significant judgments, estimates and assumptions included key inputs and assumptions related to the VIU computations of future cash flows, discount rate, growth rates over forecast period and terminal growth rate including the potential impact of the current economic conditions prevailing in the country

Our audit procedures included the following:

- Gained an understanding of how management has forecasted its discounted future cash flows which included consideration of the impacts of the current economic conditions prevailing in the country on its operation
- Checked the calculations of the discounted future cash flows and tested the completeness and accuracy of the underlying data used by management to relevant accounting records.
- Based on the best available information up to the date of our report, we assessed the reasonableness of significant assumptions used by the Group, including the discount rate and growth rates of the estimated future cashflows

We assessed the adequacy of the disclosures made in Note 08 in the financial statements

Divestment of subsidiary and accounting for the gain on disposal

As disclosed in note 04 to the financial statements, the Group divested its 97.67% equity stake in a subsidiary for a consideration of LKR 3.6Bn during the year. This resulted in a gain of LKR 1.6 Bn recognized in the consolidated financial statements representing 63 % of profits after tax of the Group

This was considered a key audit matter due to the significance of the transaction and related amounts reported in the Group's financial statements

Our audit procedures included the following:

- Understood the key terms and conditions that are relevant to accounting for the divestment.
- Checked the sales consideration arising on the transaction to relevant supporting documents.
- We checked the mathematical accuracy of the recognized gain by cross checking the carrying value of assets and liabilities of the investee to the underlying records.

We assessed the adequacy of the disclosures made in note 04 to the financial statements.



Other information included in the Group's 2022 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditors' report thereon. Management is responsible for the other information.

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

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

Responsibilities of management and those charged with governance

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

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

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

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

As part of an audit in accordance with Sri Lanka Auditing Standards, 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 internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with 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 auditors' 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 Group.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditors' report is 1697.

26 August 2022
Colombo

INCOME STATEMENT

Year ended 31 March	Note	Group		Company	
		2022	2021	2022	2021
		LKR	LKR	LKR	LKR
Continuing Operations					
Revenue	5	14,155,889,834	9,595,760,665	850,852,994	679,519,658
Cost of Sales		(10,259,650,773)	(6,576,593,085)	-	-
Gross Profit		3,896,239,061	3,019,167,580	850,852,994	679,519,658
Other Income	25	218,981,179	21,747,938	158,500,000	-
Selling & Distribution Expenses		(673,161,467)	(580,078,775)	-	-
Administrative Expenses		(1,790,354,591)	(2,578,456,776)	(425,774,689)	(563,021,089)
Change in Fair Value of Financial Assets Measured at Fair Value Through Profit or Loss		(275,687,353)	(5,400,685)	(200,387,260)	(5,410,666)
Operating Profit/(Loss)		1,376,016,831	(123,020,718)	383,191,045	111,087,903
Finance Cost	26	(318,813,347)	(425,175,705)	(133,240,987)	(358,896,595)
Finance Income	27	207,181,753	121,189,536	-	-
Change in Fair Value of Investment Property	7	4,400,000	(1,247,597,313)	-	-
Change in Fair Value of Investment in Subsidiaries	10	-	-	1,536,047,042	(1,903,837,280)
Share of Results of Equity Accounted Investee	12	2,589,886	229,296	-	-
Loss associated with the Loss of control attributed to Subsidiary	4	-	-	(350,745,170)	-
Profit/(Loss) before Tax from Continuing Operations	29	1,271,375,123	(1,674,374,904)	1,435,251,930	(2,151,645,972)
Income Tax Reversal/(Expense)	28	(335,858,523)	(184,364,579)	155,613,319	27,102,534
Profit / (Loss) for the year from Continuing Operations		935,516,600	(1,858,739,484)	1,590,865,249	(2,124,543,438)
Discontinued Operations					
Profit / (Loss) after Tax from Discontinued Operations for the year	4	1,583,608,276	(244,297,635)	-	-
Profit / (Loss) for the year		2,519,124,876	(2,103,037,119)	1,590,865,249	(2,124,543,438)
Attributable to:					
Equity Holders of the Parent		2,335,303,722	(2,142,899,813)		
Non-Controlling Interests		183,821,154	39,862,694		
		2,519,124,876	(2,103,037,119)		
Earnings/ (Loss) per share					
	30				
Basic (LKR)		6.54	(6.00)	4.46	(5.95)
Diluted (LKR)		6.54	(6.00)	4.46	(5.95)
Earnings/ (Loss) per share from Continuing Operations					
	30				
Basic (LKR)		2.11	(5.34)		
Diluted (LKR)		2.11	(5.34)		

Figures in brackets indicate deductions.

The accounting policies and notes on pages 64 through 139 form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March	Note	Group		Company	
		2022 LKR	2021 LKR	2022 LKR	2021 LKR
Profit/(Loss) for the Year		2,519,124,876	(2,103,037,119)	1,590,865,249	(2,124,543,438)
Other Comprehensive Income					
<i>Other Comprehensive Income to be Reclassified to Profit or Loss in subsequent period</i>					
Functional/Foreign Currency translation difference	18	21,180,331	(149,629)	-	-
Effect of Cashflow Hedge Accounting	18	54,670,437	(14,271,328)	-	-
Tax on Cashflow Hedge Accounting	20.2	(8,969,368)	2,858,556	-	-
Net Other Comprehensive Income from Discontinued Operation		-	74,125,362	-	-
Reclassification adjustment made to Foreign Currency Revaluation Reserve due to the Disposal of Subsidiary		114,254,956	-	-	-
Net Other Comprehensive Income to be Reclassified to Profit or Loss		181,136,356	62,562,961	-	-
<i>Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods</i>					
Revaluation Gain of Land and Building	6	202,138,005	109,302,256	-	-
Tax on Revaluation Gain	20.2	(28,775,245)	154,100,824	-	-
Change in Fair Value of FVOCI Financial Assets		(55,470,180)	56,809,833	(55,470,180)	56,809,833
Actuarial Gain /(Loss) on Defined Benefit Plans	21	65,921,632	(61,273,436)	(881,679)	781,527
Tax on Actuarial Gain /(loss) on Defined Benefit Plans	20.2	(13,869,058)	10,349,335	211,603	(187,566)
Net Other Comprehensive Income from Discontinued Operation		-	(12,784,968)	-	-
Net Other Comprehensive Income not to be Reclassified to Profit or Loss		169,945,152	256,503,844	(56,140,256)	57,403,794
Total Other Comprehensive Income for the year, net of tax		351,081,508	319,066,805	(56,140,256)	57,403,794
Total Comprehensive Income for the year , net of tax		2,870,206,384	(1,783,970,314)	1,534,724,993	(2,067,139,644)
Attributable to:					
Equity Holders of the Parent		2,612,045,822	(1,857,375,582)		
Non-Controlling Interest		258,160,562	73,405,268		
		2,870,206,384	(1,783,970,314)		

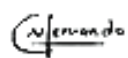
Figures in brackets indicate deductions.

The accounting policies and notes on pages 64 through 139 form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION

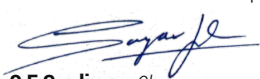
As at 31 March	Note	Group		Company	
		2022	2021	2022	2021
		LKR	LKR	LKR	LKR
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	6	2,534,299,058	4,667,238,431	8,291,169	13,941,626
Investment Property	7	2,011,743,212	2,007,343,212	-	-
Intangible Assets	8	1,267,379,716	1,596,499,686	6,173,283	7,198,290
Right-of-Use Assets	9	521,897,643	147,919,042	-	-
Investment in Subsidiaries	10	-	-	8,006,536,733	10,768,503,000
Other Non-Current Financial Assets	11	651,376,050	1,548,355,033	552,744,523	477,024,388
Investment in Equity Accounted Investee	12	35,928,948	12,158,840	-	-
Deferred Tax Asset	20	132,224,820	122,748,598	-	-
		7,154,849,447	10,102,262,842	8,573,745,708	11,266,667,304
Current Assets					
Inventories	13	2,904,384,507	3,997,481,882	-	-
Trade and Other Receivables	14	9,091,338,143	5,249,186,279	2,364,618,615	414,590,781
Other Financial Investments	15	1,564,368,370	977,052,255	710,566,691	737,123,390
Income Tax Receivables		35,698,460	88,672,733	23,331,335	-
Cash in Hand and at Bank	31	2,141,766,680	833,186,197	19,455,889	7,765,494
		15,737,556,160	11,145,579,346	3,117,972,530	1,159,479,665
Investment Property held for sale	4	-	575,000,000	-	-
		15,737,556,160	11,720,579,346	3,117,972,530	1,159,479,665
Total Assets		22,892,405,607	21,822,842,188	11,691,718,238	12,426,146,969
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Stated Capital	16	5,331,775,177	5,331,775,177	5,331,775,177	5,331,775,177
Other Components of Equity	18	1,084,908,587	1,021,744,243	(210,635,618)	(205,544,860)
Retained Earnings		2,502,523,198	(46,358,279)	5,081,297,900	3,541,482,149
Equity attributable to equity holders of the parent		8,919,206,962	6,307,161,141	10,202,437,459	8,667,712,466
Non-Controlling Interests		1,704,148,545	1,601,598,090	-	-
Total Equity		10,623,355,507	7,908,759,231	10,202,437,459	8,667,712,466
Non-Current Liabilities					
Other Financial Liabilities	24	968,906	968,906	968,906	968,906
Interest Bearing Borrowings	19	1,028,919,137	1,156,854,645	301,634,150	1,801,037,815
Deferred Tax Liability	20	637,363,358	588,977,461	191,105,632	305,096,678
Employee Benefit Liabilities	21	382,816,683	571,285,686	7,227,592	5,997,418
		2,050,068,084	2,318,086,698	500,936,280	2,113,100,817
Current Liabilities					
Trade and Other Payables	23	4,800,113,545	6,004,948,082	48,421,570	181,629,746
Income Tax Payable		265,545,561	284,481,984	-	18,502,524
Contract Liability	22	2,079,003,258	1,132,288,807	-	-
Interest Bearing Borrowings	19	3,074,319,652	4,171,021,586	939,922,929	1,445,201,416
		10,218,982,016	11,592,740,459	988,344,499	1,645,333,686
Liabilities Directly Associated with Investment Property Held For Sale	4	-	3,255,800	-	-
Total Equity and Liabilities		22,892,405,607	21,822,842,188	11,691,718,238	12,426,146,969

I certify that these financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

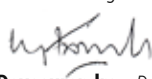


Chamika Fernando - General Manager - Finance

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of the board by:



S E Gardiner - Chairman



A L Devasurendra - Deputy Chairman

Figures in brackets indicate deductions.

The accounting policies and notes on pages 64 through 139 form an integral part of the financial statements.

26 August 2022
Colombo

STATEMENT OF CHANGES IN EQUITY

GROUP	Attributable to equity holders of the parent											
	Stated Capital	Revaluation Reserve	Other Reserves	Foreign Functional currency translation Reserve	Revenue Reserve	Fair Value through OCI Reserve	Currency/Exchange Hedge Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity	
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	
Balance as at 01 April 2020	5,331,775,177	1,151,519,742	3,100,000	(187,013,363)	220,140	(265,674,833)	(23,431,854)	2,154,041,714	8,164,536,723	1,610,303,097	9,774,839,820	
Profit/(Loss) for the Year	-	-	-	-	-	-	-	(2,142,899,813)	(2,142,899,813)	39,862,694	(2,103,037,119)	
Other Comprehensive Income	-	223,103,665	-	72,230,269	-	56,809,833	(9,119,356)	(57,500,180)	285,524,231	33,542,574	319,066,805	
Total Comprehensive Income	-	223,103,665	-	72,230,269	-	56,809,833	(9,119,356)	(2,200,399,993)	(1,857,375,582)	73,405,268	(1,783,970,314)	
Subsidiary Dividend to Minority Shareholders	-	-	-	-	-	-	-	-	-	(82,110,275)	(82,110,275)	
Balance as at 31 March 2021	5,331,775,177	1,374,623,407	3,100,000	(114,783,094)	220,140	(208,865,000)	(32,551,210)	(46,358,279)	6,307,161,141	1,601,598,090	7,908,759,231	
Profit/(Loss) for the Year	-	-	-	-	-	-	-	2,335,303,722	2,335,303,722	183,821,154	2,519,124,876	
Other Comprehensive Income	-	142,537,817	-	13,000,019	-	(55,470,180)	32,551,210	29,868,277	162,487,143	74,339,408	236,826,552	
Reclassification adjustment made to Foreign Currency Revaluation Reserve	-	-	-	114,254,956	-	-	-	-	114,254,956	-	114,254,956	
Total Comprehensive Income	-	142,537,817	-	127,254,975	-	(55,470,180)	32,551,210	2,365,171,999	2,612,045,821	258,160,562	2,870,206,384	
Realization of Revaluation Reserve due to the Disposal of Subsidiary	-	(234,088,900)	-	-	-	-	-	234,088,900	-	-	-	
Impact Due to Disposal of Subsidiary	-	-	-	-	-	-	-	-	-	(48,384,053)	(48,384,053)	
Transfer from FVTOCI to Retained Earnings	-	-	-	-	-	50,379,422	-	(50,379,422)	-	-	-	
Subsidiary Dividend to Minority Shareholders	-	-	-	-	-	-	-	-	-	(107,226,054)	(107,226,054)	
Balance as at 31 March 2022	5,331,775,177	1,283,072,324	3,100,000	12,471,881	220,140	(213,955,758)	-	2,502,523,198	8,919,206,962	1,704,148,545	10,623,355,507	

Figures in brackets indicate deductions.
The accounting policies and notes on pages 64 through 139 form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

COMPANY	Stated Capital	Revenue Reserves	Other Reserves	Fair Value Through OCI Reserve	Retained Earnings/ (Losses)	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Balance as at 01 April 2020	5,331,775,177	220,140	3,100,000	(265,674,833)	5,665,431,626	10,734,852,110
Loss for the Year	-	-	-	-	(2,124,543,438)	(2,124,543,438)
Other Comprehensive income	-	-	-	56,809,833	593,961	57,403,794
Total comprehensive income	-	-	-	56,809,833	(2,123,949,477)	(2,067,139,644)
Balance as at 31 March 2021	5,331,775,177	220,140	3,100,000	(208,865,000)	3,541,482,149	8,667,712,466
Profit for the Year	-	-	-	-	1,590,865,249	1,590,865,249
Other Comprehensive income	-	-	-	(55,470,180)	(670,076)	(56,140,256)
Total comprehensive income	-	-	-	(55,470,180)	1,590,195,173	1,534,724,993
Transfer from FVTOCI to Retained Earnings	-	-	-	50,379,422	(50,379,422)	-
Balance as at 31 March 2022	5,331,775,177	220,140	3,100,000	(213,955,758)	5,081,297,900	10,202,437,459

Figures in brackets indicate deductions.

The accounting policies and notes on pages 64 through 139 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

Year ended 31 March	Note	Group		Company	
		2022	2021	2022	2021
		LKR	LKR	LKR	LKR
Operating Activities					
Profit/(Loss) before tax from Continuing Operations		1,271,375,122	(1,674,374,904)	1,435,251,930	(2,151,645,972)
Profit/(Loss) before tax from Discontinuing Operations		1,583,608,276	(251,170,293)	-	-
Non - Cash Adjustments to Reconcile Profit Before Tax to Net Cash Flows:					
Depreciation of Property, Plant Equipment	6	158,421,807	365,166,926	5,650,457	5,852,088
Impairment of Property, Plant Equipment	6	-	46,110,921	-	-
Amortization of Intangible Assets	8	167,542,725	105,480,761	1,025,007	1,089,467
Amortization of Right of use Assets	9	63,498,922	52,815,483	-	-
Change in Fair Value of Financial Assets Measured at Fair Value Through Profit or Loss		275,687,353	5,400,685	200,387,260	5,410,666
Allowance/ (Reversal) for Obsolete and Slow Moving Inventories	13	(19,009,687)	185,105,769	-	-
Provision for Employee Benefit Liabilities	21	62,063,186	102,794,508	1,485,995	1,984,057
Impairment of Trade/Other Receivables	14	61,770,766	72,155,412	293,154,395	95,115,987
Profit from Disposal of Current Investment		(471,778,068)	(3,707,363)	(439,014,373)	(3,707,363)
(Gain)/ Loss from Disposal of Property Plant & Equipment	25	(5,500,000)	3,527,639	(5,500,000)	-
Change in Fair Value Adjustment of Investment Property	7	(4,400,000)	1,247,597,313	-	-
Share of Results of Equity Accounted Investee	12	(2,589,886)	(229,296)	-	-
Finance Income	27	(207,181,753)	(184,298,958)	-	-
Interest on other Financial Liabilities		-	23,940	-	23,940
Finance Cost	26	318,813,347	525,159,128	133,240,987	358,872,655
Script Dividend		-	(399,984)	-	(399,984)
(Gain)/ Loss on Disposal of Subsidiary	4	(1,583,829,828)	-	350,745,170	-
Provision for Corporate Guarantee		(153,000,000)	153,000,000	(153,000,000)	153,000,000
(Gain)/Loss on fair valuation of investment in subsidiaries	10	-	-	(1,536,047,042)	1,903,837,280
Impairment of Intangible Assets	8	-	1,082,500	-	1,082,500
Impairment Provision for Non Current Financial Assets		-	180,000,000	-	180,000,000
Impairment of Other Financial Investments		-	35,555,213	-	-
		1,515,492,282	966,795,399	287,379,786	550,515,321
Working Capital adjustments:					
Increase in Inventories		(463,620,971)	(87,653,689)	-	-
(Increase)/Decrease in Trade and Other Receivables		(2,300,065,963)	960,439,441	106,632,880	(48,701,615)
Increase/(Decrease) in Trade and Other Payables		1,300,353,502	1,933,961,349	19,791,824	5,325,638
Increase in Deferred Income		946,714,451	208,115,847	-	-
Cash Generated/ (Used) from Operations		998,873,300	3,981,658,347	413,804,490	507,139,344
Defined Benefit Plan Costs paid	21	(44,001,286)	(62,927,126)	(1,137,500)	(945,000)
Interest Paid	26	(220,244,496)	(380,287,313)	(133,240,987)	(358,872,655)
Income Tax Paid		(229,001,698)	(230,093,586)	-	-
Net Cash Flows Generated/ (Used) from Operating Activities		505,625,820	3,308,350,322	279,426,003	147,321,689

STATEMENT OF CASH FLOWS (Contd...)

Year ended 31 March	Note	Group		Company	
		2022	2021	2022	2021
		LKR	LKR	LKR	LKR
Investing Activities					
Acquisition of Property, Plant & Equipment	6	(113,287,332)	(89,999,803)	-	(9,170,751)
Acquisition of Intangible Assets	8	(7,084,896)	(1,412,029)	-	-
Proceeds from Sale of Investments		1,460,294,128	30,801,468	1,430,831,155	30,801,468
Net cash inflow from disposal of subsidiary	4	3,678,476,673	-	3,563,622,831	-
Net payments of Loans to Parent and Subsidiaries	14	(2,151,907,334)	11,237,323	(2,349,815,094)	91,776,981
Proceeds from Assets Held for Sale		571,744,200	-	-	-
Proceeds on Disposal of Property, Plant and Equipment	6	6,893,848	-	5,500,000	-
Investment in Other Financial Investments		(1,904,473,893)	(32,746,359)	(1,296,837,657)	(50,000,000)
Investment in Equity Account Investee	12	(20,000,000)	-	-	-
Proceeds from Capital Reduction in Subsidiaries	10	-	-	383,645,309	-
Interest Income from Investment	27	207,181,753	184,298,958	-	-
Net Cash Flows Generated /(Used) from Investing Activities		1,727,837,148	102,179,558	1,736,946,543	63,407,697
Financing Activities					
Dividend Paid to Non-Controlling Interest	37	(107,226,054)	(82,110,275)	-	-
Proceeds From Interest Bearing Loans & Borrowings	19	10,077,735,838	7,522,936,849	191,376,059	795,587,070
Repayment of Interest Bearing Loans & Borrowings	19	(10,228,343,542)	(10,400,723,454)	(1,767,815,208)	(1,026,919,964)
Repayment of Lease Obligations	19	(60,297,081)	(68,261,888)	-	-
Net Cash Flows Generated /(Used) from Financing Activities		(318,130,838)	(3,028,158,768)	(1,576,439,150)	(231,332,894)
Net foreign Exchange Difference	18	21,180,331	86,042,561	-	-
Net Increase / (Decrease) in Cash & Cash Equivalents		1,936,512,464	468,413,673	439,933,397	(20,603,508)
Cash and Short Term Deposits at the beginning of the year		(286,262,514)	(754,676,187)	(420,477,508)	(399,874,000)
Cash and Short Term Deposits at the end of the year	31	1,650,249,950	(286,262,514)	19,455,889	(420,477,508)
Analysis of cash and cash equivalents					
Cash in hand and at bank		2,141,766,680	833,186,197	19,455,889	7,765,494
Bank Overdraft		(491,516,730)	(1,119,448,711)	-	(428,243,002)
Cash and cash equivalents at the end, for the purpose of statement of cash flow		1,650,249,950	(286,262,514)	19,455,889	(420,477,508)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 64 through 139 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2022

1. CORPORATE INFORMATION

1.1 Reporting Entity

Ambeon Holdings PLC is a Public Limited Liability Company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office and the principal place of business is located at 5th Floor, No 10, Gothami Road, Colombo 08.

1.2 Consolidated Financial Statements

The Financial Statements for the year ended 31 March 2022, comprise "the Company" referring to Ambeon Holdings PLC as the holding Company and "the Group" referring to the companies whose accounts have been consolidated therein.

1.3 Parent Entity

The Company's parent entity is Ambeon Capital PLC ("Ambeon Capital"); a Public Limited Liability Company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange.

The Company's ultimate parent undertaking is CHC Investment (Private) Limited; a Private Limited Liability Company incorporated and domiciled in Sri Lanka.

1.4 Approvals of Financial Statements

The Financial Statements for the year ended 31 March 2022 were authorized for issue in accordance with a resolution by the Board of Directors on 26 August 2022.

1.5 Principal Activities & Nature of Operations

Holding Company

Ambeon Holdings PLC the Group's Holding Company manages a portfolio of investments consisting of a range of diverse business operations, which together constitute the Ambeon Group, and provides function based services to its subsidiaries.

Subsidiary – Ceylon Leather Products Limited

During the period, the principal activities of the Company were selling of Leather Footwear and Leather Goods.

Subsidiary – South Asia Textiles Limited

During the year, the principal activity of the Company was manufacturing and sale of knitted fabrics for the export and local markets. On 23 April 2021 the company was disposed to Hayleys Fabric PLC.

Subsidiary – Palla & Company (Pvt) Limited

The principal activity of the Company was manufacturing shoes for exports and the Company ceased operations with effect from 31 August 2015.

Subsidiary – Dankotuwa Porcelain PLC

During the period, the principal activity of the company was to manufacture porcelain tableware to export and domestic market.

Sub-subsidiary through Dankotuwa Porcelain PLC – Royal Fernwood Porcelain Limited

During the period, the principal activity of the company was to manufacture porcelain tableware to export and domestic market.

Sub-subsidiary through Dankotuwa Porcelain PLC - DPL Trading (Private) Limited

The principal activity of the Company was retail selling of porcelain tableware domestic market. However, there were no operations during the year

Sub-subsidiary through Dankotuwa Porcelain PLC – Lanka Decals (Pvt) Limited

The principal activity of the Company was to manufacture Decals. However, there were no operations during the year.

Sub-subsidiary through Dankotuwa Porcelain PLC – Fernwood Lanka (Pvt) Limited

The principal activity of the Company was the sale of porcelain tableware to domestic market. However, there were no operations during the year.

Subsidiary – Colombo City Holdings PLC

During the period, the principal activity of the Company was to engage in Real Estate.

Sub-subsidiary through Colombo City Holdings PLC – Lexinton Holdings (Private) Ltd

During the period, the principal activity of the Company was lending and maintaining commercial property, dwelling flats for lease.

Subsidiary – Olancom (Pvt) Limited

The Company was the Investment Holding Company of Roomsnet International Limited with the liquidation of the Roomsnet International Limited. The company is dormant.

Subsidiary - Eon Tec (Pvt) Limited

The Company was incorporated to acquire shares of Millennium I.T.E.S.P. (Private) Limited.

Sub-subsidiary through EON Tech (Pvt) Limited – Millennium I.T.E.S.P. (Private) Limited (formerly know as Millennium Information Technologies (Pvt) Limited)

During the period, the principal activity of the Company was specialising in the Integration Business providing a host of specialised, scalable solutions ranging from Core Infrastructure, Information Security, Business

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2022

Collaboration, Near-Field Communications, Business Productivity, Managed Solutions and Customer Relationship Management.

Sub- Subsidiary Entity - Millennium I.T.E.S.P. Singapore Pte. Limited

Millennium I.T.E.S.P. Singapore Pte. Limited is a systems integration business provides a host of specialised, scalable solutions ranging from core infrastructure, information security, business collaboration, near-field communications, business productivity, managed solutions and customer relationship management located at Singapore.

Associate Entity – Infoseek (Private) Limited

Principal activity of the company is development of software and other IT related activities. The Company has developed an innovative Cloud based Human Resource Information System named as MintHRM where the investment was a strategic fit for Millennium I.T.E.S.P (Pvt) Ltd and it was a future potential for cloud based "Internal CRM" platforms.

Subsidiary - Taprobane Capital Plus (Pvt) Limited

Taprobane Capital Plus (Private) Limited was incorporated on 9 October 2017 to hold the investments Taprobane Securities (Private) Limited, Taprobane Investments (Private) Limited and Taprobane Wealth Plus (Private) Limited.

Sub-subsidiary through Taprobane Capital Plus (Pvt) Limited - Taprobane Securities (Private) Limited

The principal activity of the company is functioning as a stockbroker in the Colombo Stock Exchange.

Sub-subsidiary through Taprobane Capital Plus (Pvt) Limited - Taprobane Investments (Private) Limited

The principal activity of the company is the provision of services in the money market.

Sub-subsidiary through Taprobane Capital Plus (Pvt) Limited - Taprobane Wealth Plus (Private) limited

The principal activity of the company is conducting Corporate Finance activities.

Sub-subsidiary through Taprobane Capital Plus (Pvt) Limited – Lexinton Financial Services (Private) Ltd

The principal activity of the company was conducting Margin Trading activities. However, there were no operations during the year.

1.6 Responsibility for Financial Statements

The responsibility of the Directors in relation to the Financial Statements is set out in the Statement of Directors' Responsibility report in the Annual report.

2. BASIS OF PREPARATION

2.1 Basis of Measurement

The consolidated Financial Statements have been prepared on an accrual basis and under the historical cost convention except for investment properties, land and buildings, fair value through profit or loss financial assets, fair value through OCI financial assets that have been measured at fair value.

2.2 Statement of Compliance

The Financial Statements which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the Statement of Cash Flows together with the Accounting Policies and notes (the "Financial Statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act No. 7 of 2007.

2.3 Comparative Information

The presentation and classification of the Financial Statements of the previous years have been amended, where relevant for better presentation and to be comparable with those of the current year.

2.4 Going Concern

In determining the basis of preparing the financial statements for the year ended 31 March 2022, based on available information, the management has assessed the prevailing and anticipated effects of the current economic conditions on the company and the appropriateness of the use of the going concern basis.

It is the view of the management there are no material uncertainties that may cast significant doubt on the company's ability to continue to operate as going concern due to the improved operating environment despite the ongoing effects of the current economic conditions and the operationalisation of risk mitigation initiatives and continuous monitoring of business continuity and response plans along with the financial strength of the company. The management has formed a judgment that the company has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements.

2.5 Presentation and Functional Currency

The consolidated Financial Statements are presented in Sri Lankan Rupees, the Group's functional and presentation currency, which is the primary economic environment in which the Holding Company operates. Each entity in the Group uses the currency of the primary economic environment in which they operate as their functional currency.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2022

The subsidiaries mentioned below is using functional currency other than Sri Lankan Rupees (LKR).s

Name of the Subsidiary	Functional Currency
South Asia Textile Limited (Disposed during the year)	United States Dollar (USD)
Millennium I.T.E.S.P. Singapore Pte. Limited	United States Dollar (USD)

2.6 Basis of Consolidation

The consolidated Financial Statements comprise the Financial Statements of the Company and its subsidiaries as at 31 March 2022. The Financial Statements of the subsidiaries are prepared in compliance with the Group's accounting policies.

All intra-Group balances, income and expenses, unrealized gains and losses resulting from intra-Group transactions and dividends are eliminated in full.

2.7 Subsidiary

Control over an investee is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-

controlling interests, even if this results in the non-controlling interests having a deficit balance. The Financial Statements of the subsidiaries are prepared for the same reporting period as the parent Company, which is 12 months ending 31 March, using consistent accounting policies.

- a. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.
- b. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.
- c. If the Group loses control over a subsidiary, it:
 - Derecognizes the assets (including goodwill) and liabilities of the subsidiary
 - Derecognizes the carrying amount of any non-controlling interest
 - Derecognizes the cumulative translation differences, recorded in equity
 - Recognizes the fair value of the consideration received
 - Recognizes the fair value of any investment retained
 - Recognizes any surplus or deficit in profit or loss
 - Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

The total profits and losses for the year of the Company and of its subsidiaries included in consolidation are shown in the consolidated income statement and statement of comprehensive income and all assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the statement of financial position.

Non-controlling interest which represents the portion of profit or loss and net assets not held by the Group, are shown as a component of profit for the year in the consolidated income statement and statement of comprehensive income and as a component of equity in the consolidated statement of financial position, separately from parent's shareholders' equity.

The consolidated statement of cash flow includes the cash flows of the Company and its subsidiaries.

2.8 Transactions with Non-Controlling Interests

The profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the parent, directly or indirectly through subsidiaries, is disclosed separately under the heading 'Non- Controlling Interest'.

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group.

Losses within a subsidiary are attributed to the non-controlling interest even if

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2022

that results in a deficit balance.

2.9 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Financial Statements of the Group requires the management to make judgments, estimates and assumptions, which may affect the amounts of income, expenditure, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period. In the process of applying the Group's accounting policies, the key assumptions made relating to the future and the sources of estimation at the reporting date together with the related judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are discussed below.

Estimates and Assumptions

Revaluation of property, plant and equipment and fair valuation of investment properties

The Group measures land and buildings at revalued amounts with changes in fair value being recognized in Other Comprehensive Income and in the Statement of Equity. In addition, it carries its investment properties at fair value, with changes in fair value being recognized in the income statement. The Group engaged independent valuation specialists to determine fair value of investment property and land and buildings as of 31 March 2022.

The valuer has used valuation techniques such as market approach, cost approach and income approach.

The methods used to determine the fair value of the investment property are further explained in Notes 6 and 7.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The key assumptions used to determine the value in use (VIU) are further explained in Note 8.5.1 and Note 10.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible. Where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Deferred Tax Assets/ Liabilities

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further details on taxes are disclosed in Note 20 and 28.2.

Employee benefit liability

The employee benefit liability of the Group determines using actuarial valuation carried out by an independent actuarial specialist. The actuarial valuations involve making assumptions about discount rates and future salary increases. The complexity of the valuation, the underlying assumptions and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Details of the key assumptions used in the estimates are contained in Note 21.

Cash flow Hedge

The hedging type is designated as cash flow hedge since the Company is expecting to hedge the variability arise from exchange rate risk, where the USD term loan, USD packing credit loans and USD import loan can be identified as the hedging instrument, the USD revenue can be identified as the hedge item and exchange rate risk can be identified as the hedged risk". Accordingly the Group is expecting to hedge the variability in the cash flows corresponding to the repayment of the term loan capital, packing credit loans and import loan capital attributable to changes in exchange rates over the period. The Group apply the hedge accounting prospectively.

Details of the key assumptions used in the estimates are contained in Note 18.5.

Judgments

Revenue from IT related Services

Our contracts with customers often include promises to transfer multiple products and services to a customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment.

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When a multiple element arrangement includes hardware, software and integration component, judgment is required to determine whether the performance obligation is considered distinct and accounted for separately, or not distinct and accounted for together with the other components and recognized over the time. Revenue from long term services and maintenance services is recognized rateably over the period in which the long-term services and maintenance services are provided.

2.10 Summary of Significant Accounting Policies

Except for the Changes in Significant Accounting Policies given below the accounting policies have been applied consistently for all periods presented in the Financial Statements by the Group and the Company.

Amendments to SLFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021

In 4 December 2020, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued Covid-19-Related Rent Concessions - amendment to SLFRS 16 Leases. The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under SLFRS 16, if the change were not a lease modification

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, in 28 June 2021, CA Sri Lanka extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021

Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 - Interest Rate Benchmark Reform Phase 1 and 2

IBOR reform Phase 1

In 15 January 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to SLFRS 9, LKAS 39 and SLFRS 7 due to Interest Rate Benchmark Reform (Phase 1). A summary of Phase 1 amendments are as follows:

- **Highly Probable Requirement:** when determining whether a forecast transaction is highly probable to be designated as a hedged item, an entity shall assume that the interest rate benchmark on which the hedged cashflows are based is not altered as a result of the reform
- **Prospective assessments:** when performing prospective assessments to evaluate whether a hedging relationship qualifies for hedge accounting, an entity shall assume that the interest rate benchmark on which the

hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform

- **LKAS 39 retrospective assessment:** an entity is not required to undertake the 'LKAS 39 retrospective assessment' for hedging relationships directly affected by the reform. However, the entity must comply with all other LKAS 39 hedge accounting requirements, including the prospective assessment
- **Separately identifiable risk components:** For hedges of non-contractually specified benchmark component of interest rate risk, an entity shall apply the requirement of risk component (or a portion) to be separately identifiable to be eligible for hedge accounting, only at the inception of such hedging relationships

IBOR reform Phase 2

In addition to Phase 1 amendments, CA Sri Lanka also issued amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 due to Interest Rate Benchmark Reform. The Phase 2 amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include several practical expedients

The effective date of both IBOR reform Phase 1 and Phase 2 amendments is for annual reporting periods beginning on or after 1 January 2021 in the Sri Lankan context

None of the amendments have a material impact on the Financial Statements of the Group.

2.10.1 Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group, and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and value added taxes, after eliminating sales within the Group.

The following specific criteria are used for recognition of revenue:

a. Revenue from contract with customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services

b. Goods transferred at a point in time

Under SLFRS 15, revenue is recognised upon satisfaction of a performance obligation. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally, on delivery of the goods.

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c. Rendering of Services

Under SLFRS 15, the Group determines, at contract inception, whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied over time, the Group recognizes the revenue over time by measuring the progress towards complete satisfaction of that performance obligation

d. Revenue recognition on multiple element arrangements

The Group recognizes revenue on multiple element arrangements and design and build software contracts. Multiple element arrangements require management judgment in determining performance obligation for such arrangements. Design and build software contracts uses percentage of completion method relies on output method, which is the contract milestones, supported by user acceptance confirmation.

e. Dividend

Dividend income is recognized when the Group's right to receive the payment is established.

f. Finance income

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, fair value gains on financial assets at fair value through profit or loss, gains on the re-measurement to fair value of any pre-existing interest in an acquire that are recognized in income statement.

Interest income or expense is recorded as it accrues using the Effective Interest Rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

g. Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

h. Gains and losses

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other noncurrent assets, including investments, are accounted for in the income statement, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

i. Other income

Other income is recognized on an accrual basis.

association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the income statement.

For the purpose of presentation of the income statement, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Company and Group's performance.

2.10.3 Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and impairment losses recognized on financial assets (other than trade receivables) that are recognized in the income statement.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

2.10.4 Property, plant and equipment

Basis of recognition

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

Basis of measurement

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

Such cost includes the cost of replacing component parts of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group derecognizes the replaced part, and recognizes the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the income statement as incurred.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment charged subsequent to the date of the revaluation.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

2.10.2 Expenditure recognition

Expenses are recognized in the income statement on the basis of a direct

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Any revaluation surplus is recognized in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the income statement, in which case the increase is recognized in the income statement. A revaluation deficit is recognized in the income statement, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

The Group has adopted a policy of revaluing assets by professional valuers at least every 5 years,

Derecognition

An item of property, plant and equipment are derecognized upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognized.

Depreciation

Depreciation is calculated by using a straight-line method on the cost or valuation of all property, plant and equipment, other than freehold land, in order to write off such amounts over the estimated useful economic life of such assets.

2.10.5 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration as per SLFRS 16 and recognize right of use assets and lease liability.

Company as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group companies recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use

assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are presented within Note 9 and are subject to impairment in line with the Group's policy for Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event of condition that trigger the payment occurs.

Determination of the lease term for lease contracts with renewal and termination options (Company as a lessee)

The Group companies determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group companies applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization of the leased asset).

Estimating the incremental borrowing rate

The Group companies cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments.

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2.10.6 Investment Property

Investment properties are measured initially at cost, including transaction costs. The carrying value of an investment property includes the cost of replacing part of an existing investment property, at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of the investment property. Subsequent to initial recognition, the investment properties are stated at fair values, which reflect market conditions at the reporting date. (Refer Note 07)

Gains or losses arising from changes in fair value are included in the income statement the year in which they arise. Fair values are evaluated at frequent intervals by an accredited external, independent valuer.

Investment properties are derecognized when disposed, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognized in the income statement in the year of retirement or disposal.

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

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

2.10.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a Business Combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is recognized in the income statement when it is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits

embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

2.10.8 Business combinations and goodwill

Acquisition of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree at the fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration which is deemed to be an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value in profit or loss. If the contingent consideration is not within the scope of SLFRS 9, it is measured in accordance with the appropriate SLFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

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After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates as further explained in Note 2.10.12.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion the cash-generating unit retained.

2.10.9 Investments in Subsidiaries (Company)

Investment in Subsidiary are those entities that is controlled by the Company. Investment in subsidiaries are accounted at fair value through profit or loss in accordance with LKAS 27 and SLFRS 9. They are initially recognized at fair value. Subsequent to initial recognition, the fair value gains or losses are recognized in the statement of profit or loss in the separate financial statements until the date on which the control is lost. The dividends received from the Subsidiaries are treated as income in the statement of profit or loss of the separate financial statements.

2.10.10 Investment in Associate

Associates are those investments over which the Group has significant influence and holds 20% to 50% of the equity and which are neither subsidiaries nor joint ventures of the Group. The Group's investments in its associates are accounted for using the equity method and ceases to use the equity method of accounting on the date from which, it no longer has significant influence in the associate. Under the equity method, the investment is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of associate since acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the Group's share of results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of the profit or loss of an associate is shown on the face of the income statement and represents profit or loss after tax and non-

controlling interests in the subsidiaries of the associate.

The Financial Statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate impaired. If this is the case, the Group calculates

the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in 'share of losses of an associate' in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

Group has one associate and details given in note 12.

2.10.11 Foreign currencies

Foreign currency transactions and balances

The Group's consolidated Financial Statements are presented in Sri Lankan Rupees, which is also the parent Company's functional currency. For each entity the Group determines the functional currency and items included in the Financial Statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle the gain or loss arises from this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e., the translation differences on items whose fair value

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gain or loss is recognized in other comprehensive income (OCI) or profit or loss are also recognized in OCI or profit or loss, respectively).

Foreign operations

The statement of financial position and income statement of overseas subsidiaries and joint ventures which are deemed to be foreign operations are translated to Sri Lanka rupees at the rate of exchange prevailing as at the reporting date and at the average annual rate of exchange for the period respectively.

The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognized in other comprehensive income relating to that particular foreign operation is recognized in the income statement.

The Group treated goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition as assets and liabilities of the parent. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

Foreign Currency Translation and Change in Functional Currency

South Asia Textiles Ltd (Company) - Disposed during the year

The Company's functional and presentation currency was Sri Lanka Rupees (LKR). At present, the Company having considered the underlying significant changes in transactions, events and conditions that mainly influences the Revenue sales prices and the cost of the products, determined that the functional currency of the Company is United States Dollars (USD). Based on the above facts the Management of the company has decided to use United States Dollars as the functional currency and presentation currency in the preparation and presentation of the Financial Statements of the Company. Group's functional currency and the presentation currency remained unchanged which is Sri Lankan Rupees.

Millennium I.T.E.S.P. Singapore Pte. Limited (Company)

The Company's based in Singapore and the functional and presentation currency is United States Dollar (USD).

2.10.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is higher of asset's or cash generating unit's (CGU) fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the

asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

2.10.13 Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual installments.

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When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant.

2.10.14 Taxes

a. Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b. Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with

investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

c. Sales Tax

Revenues, expenses and assets are recognized net of the amount of sales tax except:

- where the sales tax incurred on a purchase of asset or service is not recoverable from the taxation authorities in which case the sales tax is recognized as a part of the cost of the asset or part of the expense item as applicable and
- receivable and payable that are stated with the amount of sales tax included.

The net amount of sales tax recoverable and payable in respect of taxation authorities is included as a part of receivables and payables in the Statement of Financial Position.

2.10.15 Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal Groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Non-current assets and disposal Groups are

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measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded met only when the sale is highly probable, and the asset or disposal Group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement.

Property, plant and equipment and intangible assets once classified as held for sale/distribution to owners are not depreciated or amortized.

Additional disclosures are provided in Note 4. All other notes to the Financial Statements mainly include amounts for continuing operations, unless otherwise mentioned.

2.10.16 Inventories

Inventories are valued at the lower of cost and net realizable value, after making due allowances for obsolete and slow-moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition is accounted using the following cost formula :-

Raw Materials	- At purchase cost on weighted average basis
Finished Goods & Work-in-Progress	- At the cost of direct materials, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity, but excluding borrowing Costs.
Consumables & Spares	- At purchase cost on weighted average basis
Goods in Transit	- At purchase price
Real Estate – Land	- At purchase cost

2.10.17 Financial instruments - Initial recognition and subsequent measurement

Initial recognition and measurement

Financial assets within the scope of SLFRS 9 are classified as amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's

business model for managing them. This assessment is referred to as the SPPI test and is performed at an instrument level. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

At initial recognition, the Group 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.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The Group measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and short term investments.

Financial assets at fair value through OCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

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- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.

and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the income statement.

Financial assets designated at fair value through OCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with

net changes in fair value recognised in the statement of profit or loss. This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets -

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9.

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Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions;
- Reference to the current fair value of another instrument that is substantially the same;
- A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how

they are measured are provided in Note 36.

The effective portion of the gain or loss on the hedging instrument is recognised directly in Other Comprehensive Income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Statement of Profit or Loss as other operating expenses. Amounts recognised as Other Comprehensive Income are transferred to Statement of Profit or Loss when the hedged transaction occurs (when the forecast revenue realises).

If the forecast transaction is no longer expected to occur, the cumulative gain or loss previously recognised in Other Comprehensive Income is transferred to the Statement of Profit or Loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in Other Comprehensive Income remains in equity until the forecast transaction occurs as per the hedge agreement.

2.10.18 Hedge accounting

At the inception of a hedge relationship, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The Company designated its identified foreign currency loans as a hedging instrument against its highly probable, specifically identified future revenue in foreign currency, through which the Company hedged the risk of changes in value of the identified foreign currency loans, caused by the fluctuations in foreign exchange rates.

2.10.19 Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement cash flows, cash and cash

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equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

2.10.20 Employee benefits liabilities

Defined Benefit Plan - Gratuity:

Gratuity is a defined benefit plan. The Group is liable to pay gratuity in terms of Payment of Gratuity Act no 12 of 1983.

The Group measures the present value of the promised retirement benefits for gratuity, which is a defined benefit plan with the advice of an independent professional actuary using the Projected Unit Credit Method (PUC) as required by LKAS 19, Employee Benefits.

The item is stated under Defined Benefit Liability in the Statement of Financial Position

Recognition of Actuarial Gains and Losses

Any actuarial gains and losses arising are recognized immediately in Other Comprehensive Income.

Defined Contribution Plans:

The Group also operates a defined contribution plan. The contribution payable to a defined contribution plan is in proportion to the services rendered to Group by the employees and is recorded as an expense. Unpaid contributions are recorded as a liability.

Employees' Provident Fund and Employee' Trust Fund Employees are eligible for Employees' Provident Fund and Employee' Trust Fund contributions, in line with respective statute and regulations. The Group and employee contribute 12% and 8% respectively of the employee's month gross salary (excluding overtime) to the provident fund.

The Group contributes 3% of the employee's monthly salary excluding overtime to the Employees' Trust Fund maintained by Employees Trust Fund Board.

2.10.21 Provisions, contingent assets and contingent liabilities

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

If the effect of the time value of money is material, provisions are discounted

using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

All contingent liabilities are disclosed as a note to the Financial Statements unless the outflow of resources is remote. A contingent liability recognized in a business combination is initially measured at its fair value.

Subsequently, it is measured at the higher of:

- The amount that would be recognized in accordance with the general guidance for provisions above (LKAS 37) or
- The amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with the guidance for revenue recognition (SLFRS 15)

Contingent assets are disclosed, where inflow of economic benefit is probable.

2.10.22 Contract assets

Contract assets are the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer, with rights that are conditional on some criteria other than the passage of time. Upon satisfaction of the conditions, the amounts recognized as contract assets are reclassified to trade receivables.

The group have disclosed the contractual assets as wip in the inventory in the note 13.

2.10.23 Contract liabilities

Contract liabilities are the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or the amount is due) from the customer. Contract liabilities include long-term advances received to deliver goods and services, short-term advances received to render certain services as well as transaction price allocated to unexpired service warranties, and loyalty points not yet redeemed.

Contract liabilities of the Group have been disclosed in current liabilities in note 22.2.

2.10.24 Segmental Information

The Group's internal organization and management is structured based on individual products and services which are similar in nature and process and where the risk and return are similar. The primary segments represent this business structure.

In addition, segments are determined based on the Group's geographical spread of operations as well. The geographical analysis of turnover and profits are based on location of customers and assets respectively.

As such for management purposes, the Group is organized into business units

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based on their products and services and has six reportable operating segments as follows:

Manufacturing Textile	: South Asia Textiles Limited (Disposed during the year)
Manufacturing Porcelain	: Dankotuwa Porcelain PLC and Royal Fernwood Porcelain Limited and its Subsidiaries
Property	: Colombo City Holdings PLC
IT and related Services	: Eon Tec (Pvt) Limited, Millennium I.T.E.S.P (Pvt) Limited, Millennium I.T.E.S.P. Singapore Pte. Limited
Investments	: Ambeon Holdings PLC and Olancom (Pvt) Limited,
Financial Services	: Taprobane Securities (Private) Limited, Taprobane Investments (Private) Limited, Taprobane Wealth Plus (Private) limited, Taprobane Capital Plus (Private) Limited and Lexinton Financial Services (Pvt) Ltd
Footwear retailing	: Ceylon Leather Products Limited and Palla & Company (Pvt) Limited (Discontinued in 2016)

The principal activities of the cash generating units (Companies) related to each segment have been discussed under "Principal activities and nature of operations" section to the Financial Statements.

The accounting policies adopted for segment reporting are the same accounting policies adopted for preparing and presenting consolidated Financial Statements of the Group.

3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

3.1.1 Amendments to LKAS 37 - Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Costs of Fulfilling a Contract

The amendment specifies which costs an entity needs to include when assessing whether a contract is onerous or loss-making. This applies a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1st January 2022. Earlier application is permitted.

3.1.2 Amendments to LKAS 16 - Property, Plant & Equipment: Proceeds before Intended Use

The amendment prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1st January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

3.1.3 Amendments to SLFRS 3 - Business Combinations: Updating a reference to conceptual framework

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting without significantly changing its requirements. An exception was also added to the recognition principle of SLFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of LKAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, it was decided to clarify existing guidance in SLFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1st January 2022 and apply prospectively.

3.1.4 SLFRS 1 First-time Adoption of Sri Lanka Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of SLFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to SLFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of SLFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

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3.1.5 SLFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

4. DISCONTINUED OPERATIONS AND ASSETS CLASSIFIED AS HELD FOR SALE

- 4.1** Palla and Company (Pvt) Limited (Palla) is a subsidiary of Ambeon Holdings PLC and a major line of business under the "footwear manufacturing" segment. The Company suspended its operations with effect from 31 August 2015.
- 4.2** During the Financial year 2021/2022 (22nd April 2021), South Asia Textile Ltd 97.67% owned subsidiary of Ambeon Holdings PLC was classified as a disposal Group held for sale and as a discontinued operation. On 23rd April 2021 the company Ambeon Holdings PLC disposed the South Asia Textile Ltd to Hayleys Fabric PLC for a sale consideration of 3,564 Million. (Refer the note 4.4) The business of South Asia Textile Ltd represented the entirety of the Group's Textile segment until 31 March 2021. With South Asia Textile Ltd being classified as discontinued operations, results of Textile segment is no longer presented in the segment note and comparative Income Statement. Thus the comparative Income Statement has been represented to show the discontinued Operations separately from continuing operations. The results of South Asia Textile Ltd for the previous year are presented below.

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4.3 The results of the subsidiaries in the “Manufacturing footwear and Textile” after intercompany eliminations are presented below;

	FOOTWEAR 2022	TEXTILE 2022	TOTAL 2022	FOOTWEAR 2021	TEXTILE 2021	TOTAL 2021
	Palla LKR	SAT LKR	LKR	Palla LKR	SAT LKR	LKR
Revenue	-	-	-	-	8,321,809,111	8,321,809,111
Cost of Sales	-	-	-	-	(7,420,307,922)	(7,420,307,922)
Other Income	8,110	-	8,110	-	50,265,093	50,265,093
Administrative Expenses	(229,661)	-	(229,661)	(346,804)	(795,814,002)	(796,160,806)
Selling and Distribution Expenses	-	-	-	-	(369,901,767)	(369,901,767)
Finance Cost	-	-	-	-	(99,983,424)	(99,983,424)
Finance Income	-	-	-	-	63,109,422	63,109,422
Loss before tax from discontinued operations	(221,551)	-	(221,551)	(346,804)	(250,823,489)	(251,170,293)
Income tax Reversal	-	-	-	-	6,872,658	6,872,658
Loss for the year from discontinued operations	(221,551)	-	(221,551)	(346,804)	(243,950,831)	(244,297,635)
Gain associated with the Loss of control attributed to Subsidiary	-	1,583,829,828	1,583,829,828	-	-	-
	(221,551)	1,583,829,828	1,583,608,276	(346,804)	(243,950,831)	(244,297,635)
Attributable to:						
Equity Holders of the Parent	(221,551)	1,583,829,828	1,583,608,276	(346,804)	(238,266,777)	(244,297,635)
Non Controlling Interest	-	-	-	-	(5,684,054)	-
Basic Earnings/ (Loss) per share from Discontinued Operation	(0.001)	4.44	4.44	(0.001)	(0.684)	(0.685)
Diluted Earnings/ (Loss) per share from Discontinued Operation	(0.001)	4.44	4.44	(0.001)	(0.684)	(0.685)
Summary of Statement of Cash Flows						
Net Cash Flows Generated/(Used) Operating Activities	-	-	-	(1,200)	1,700,081,188	1,700,079,988
Net Cash Flows Generated/(Used) in Investing Activities	-	-	-	-	153,828,191	153,828,191
Net Cash Flows used in Investing Activities	-	-	-	-	(1,578,157,163)	(1,578,157,163)
	-	-	-	(1,200)	275,752,216	275,751,016

NOTES TO THE FINANCIAL STATEMENTS

4.4 Disposal of Equity Stake in South Asia Textiles Ltd by Ambeon Holdings PLC

Fair values of the identifiable assets and liabilities of the disposed Subsidiary;

	LKR
Non-Current Assets	
Property, Plant & Equipments	2,288,728,340
Intangible Assets	72,420,179
Right to use Asset	19,887,189
Loans & Receivables	441,774,888
Total Non-Current Assets	2,822,810,596
Current Assets	
Inventories	1,575,728,035
Trade & Other Receivables	1,055,321,736
Income Tax Receivable	69,448,662
Cash & Bank	13,436,709
Total Current Assets	2,713,935,142
Total Assets	5,536,745,737
Non-Current Liabilities	
Interest Bearing Loans & Borrowings	168,937,738
Deferred Tax Liabilities	154,971,634
Retirement benefit obligations	140,609,271
Total Non-Current Liabilities	464,518,642
Current Liabilities	
Trade & Other Payables	2,352,188,045
Interest Bearing Loans & Borrowings	774,068,361
Overdrafts	128,290,552
Total Current Liabilities	3,254,546,959
Total Liabilities	3,719,065,601
Fair value of Net Assets Disposed	1,817,680,136
Gain on disposal of subsidiary - Group	
Total consideration received	3,563,622,830
Net Assets Attributable to Parent	
Fair value of net assets disposed	1,817,680,136
Goodwill on Acquisition of South Asia Textiles Ltd	96,241,963
De-recognition of non-controlling interests	(48,384,053)
Gain on disposal of subsidiary	1,698,084,784
Reclassification adjustment made to foreign currency revaluation reserve due to the disposal of subsidiary	(114,254,956)
Net Gain from Disposal of subsidiary	1,583,829,828
Loss on disposal of subsidiary - Company	
Total consideration received	3,563,622,830
Fair Value of Subsidiary	3,914,368,000
Loss associated with the Loss of control attributed to Subsidiary	(350,745,170)

NOTES TO THE FINANCIAL STATEMENTS

4.5 INVESTMENT PROPERTY HELD FOR SALE

Board of Directors has decided to sell the Investment Property of Colombo City Holdings PLC during the year ended 31 March 2021 and an agreement was entered in to with an agent to locate a suitable buyer on 30th March 2021. Property was classified as held for sale as at 31 March 2021. Accordingly, the said property, Union place premises Lot No.01 was sold to Vision Care Optical Services (Pvt) Ltd for a consideration of Rs.575Mn on 03 August 2021. Extent of the land marked as Lot 01 in survey plan No.12342 dated 01st March 2017 drawn by Mr. Gamini B.Dodanwela Licensed Surveyor is 47.2 Perches.

	2022 LKR	2021 LKR		2022 LKR	2021 LKR
Assets			Liabilities		
Investment Property (Note 7)	-	575,000,000	Income tax liability	-	3,255,800
	-	575,000,000		-	3,255,800
			Net Assets directly associated with the disposal	-	571,744,200

5. REVENUE

	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
5.1 Summary				
Revenue From Contracts with customers				
Gross Revenue	14,155,889,834	9,595,760,665	850,852,994	679,519,658
	14,155,889,834	9,595,760,665	850,852,994	679,519,658

5.1.1 Company

Rendering of Services	133,541,360	120,050,344
Investment Income	439,014,373	3,707,362
Dividend Income	111,226,574	441,360,599
Interest Income	167,070,687	114,401,353
	850,852,994	679,519,658

The presentation of previous year has been amended for better presentation and to be comparable with those of the current year.

NOTES TO THE FINANCIAL STATEMENTS

5.2 Segment Information

Group	Footwear/Retail		Manufacturing Porcelain		Manufacturing Textile	
	2022	2021	2022	2021	2022	2021
	LKR	LKR	LKR	LKR	LKR	LKR
Total Revenue	2,223,888	11,155,088	3,762,106,289	2,435,236,411	-	-
Segment Results Gross Profit/(Loss)	(20,170,318)	(279,265)	1,204,716,172	636,421,415	-	-
Finance Cost	(7,821,653)	(13,963,070)	(108,110,622)	(123,997,275)	-	-
Finance Income	-	-	19,990,614	19,265,383	-	-
Change in Fair value of Investment Property	4,400,000	(878,104,375)	-	14,307,062	-	-
Net Results of the Associate	-	-	-	-	-	-
Impairment of intangible assets - Continuing Operations	-	-	-	-	-	-
Profit /(Loss) before Income Tax	(12,361,536)	(1,107,260,519)	257,285,294	(336,248,285)	-	-
Income Tax (Expense)/Reversal	-	18,382,281	(37,747,759)	(1,944,786)	-	-
Profit/(Loss) after tax for the year from continuing operations	(12,361,536)	(1,088,878,238)	219,537,535	(338,193,071)	-	-
Profit/(Loss) after tax for the year from discontinued operations	(221,551)	(346,804)	-	-	-	(243,950,831)
Profit/(Loss) for the year	(12,583,088)	(1,089,225,042)	219,537,535	(338,193,071)	-	(243,950,831)
Purchase and construction of Property Plant and Equipment	-	16,750	115,502,705	40,793,130	-	239,600,135
Additions to intangible assets	-	-	7,084,896	-	-	1,412,029
Depreciation of Property Plant and Equipment	-	6,251,657	101,858,567	96,652,885	-	211,834,303
Amortization of intangible assets	-	-	7,334,945	6,990,670	-	10,613,158
Gratuity provision and related costs	74,316	(27,955)	23,612,026	29,619,136	-	27,781,781
Impairment of Property Plant and Equipment	-	39,887,354	-	6,223,567	-	-
Impairment of intangible assets - continuing Operations	-	-	-	-	-	-
Assets and Liabilities						
Non-Current Assets	1,225,000,000	1,220,600,000	2,773,713,164	2,648,891,487	-	2,485,079,191
Current Assets	12,316,592	11,961,315	2,137,246,732	2,052,488,811	-	2,700,017,459
Investment Property Classified as Held For Sale	-	-	-	-	-	-
Total Assets *	1,237,316,592	1,232,561,315	4,910,959,896	4,701,380,298	-	5,185,096,650
Non-Current Liabilities	294,239,909	293,152,950	634,385,388	494,824,773	-	464,518,642
Current Liabilities	66,412,930	300,832,028	1,592,346,098	1,805,006,442	-	3,217,595,910
Liabilities Directly Associated with Investment Property Classified as Held For Sale	-	-	-	-	-	-
Total Liabilities **	360,652,839	593,984,978	2,226,731,486	2,299,831,215	-	3,682,114,552

*Segment Non current Assets do not include investment in subsidiary and intercompany receivables.

**Segment Liabilities do not include intercompany payables including loans.

NOTES TO THE FINANCIAL STATEMENTS

Investment		Property		IT and related Services		Financial Services		Group	
2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
606,487,811	88,942,186	25,657,081	32,758,652	9,254,607,641	6,722,385,161	504,807,123	305,283,167	14,155,889,834	9,595,760,665
606,487,811	88,942,186	22,830,467	28,755,722	1,578,623,570	1,960,723,283	503,751,359	304,604,239	3,896,239,061	3,019,167,580
(59,324,222)	(173,887,377)	(2,632,083)	(10,061,031)	(138,188,269)	(99,812,307)	(2,736,498)	(3,454,644)	(318,813,347)	(425,175,705)
-	-	52,343,732	34,512,079	37,308,169	30,470,091	97,539,237	77,434,666	207,181,753	161,682,219
-	-	-	(383,800,000)	-	-	-	-	4,400,000	(1,247,597,313)
-	-	-	-	2,589,886	229,296	-	-	2,589,886	229,296
-	(1,082,500)	-	-	-	-	-	-	-	(1,082,500)
337,153,113	(581,159,687)	5,549,182	(415,933,605)	346,026,910	549,347,609	337,722,160	216,879,583	1,271,375,123	(1,674,374,904)
42,197,076	(43,514,067)	(28,055,116)	3,352,773	(236,083,715)	(97,174,211)	(76,169,009)	(63,466,569)	(335,858,523)	(184,364,579)
379,350,189	(624,673,754)	(22,505,934)	(412,580,832)	109,943,195	452,173,398	261,553,150	153,413,014	935,516,600	(1,858,739,484)
1,583,829,828	-	-	-	-	-	-	-	1,583,608,276	(244,297,635)
1,963,180,017	(624,673,754)	(22,505,934)	(412,580,832)	109,943,195	452,173,398	261,553,150	153,413,014	2,519,124,876	(2,103,037,119)
-	9,170,751	57,600	1,117,474	41,638,911	17,708,297	1,833,596	170,500	159,032,812	308,577,037
-	-	-	-	-	-	-	-	7,084,896	1,412,031
5,650,456	5,852,087	1,153,831	6,766,043	42,243,582	37,003,170	7,515,371	806,781	158,421,807	365,166,926
1,025,007	1,089,467	-	-	159,182,774	86,787,466	-	-	167,542,725	105,480,762
1,485,995	1,984,057	205,397	189,900	34,657,305	39,939,624	2,028,147	3,307,965	62,063,186	102,794,508
-	-	-	-	-	-	-	-	-	46,110,921
-	1,082,500	-	-	-	-	-	-	-	1,082,500
1,236,719,586	1,842,090,558	361,954,884	621,535,398	952,278,874	679,787,451	605,182,940	604,278,757	7,154,849,447	10,102,262,842
2,864,286,889	821,061,920	1,210,480,539	306,981,317	8,743,990,433	4,871,996,965	769,234,975	381,071,559	15,737,556,160	11,145,579,346
-	-	-	575,000,000	-	-	-	-	-	575,000,000
4,101,006,475	2,663,152,478	1,572,435,423	1,503,516,715	9,696,269,307	5,551,784,416	1,374,417,915	985,350,316	22,892,405,607	21,822,842,188
292,310,167	753,300,645	31,860,093	15,277,453	784,549,590	276,139,473	12,722,936	20,872,762	2,050,068,084	2,318,086,698
494,164,440	999,106,963	49,480,480	179,816,685	7,721,396,542	4,946,728,411	295,181,525	143,654,020	10,218,982,016	11,592,740,459
-	-	-	3,255,800	-	-	-	-	-	3,255,800
786,474,607	1,752,407,608	81,340,573	198,349,938	8,505,946,132	5,222,867,884	307,904,462	164,526,782	12,269,050,100	13,914,082,957

NOTES TO THE FINANCIAL STATEMENTS

6. PROPERTY, PLANT & EQUIPMENT

6.1 Gross Carrying Amounts

GROUP	Balance As at 01 April 2021	Additions	Disposals	Disposal of subsidiary	Transfers	Revaluation	Carrying Value As at 31 March 2022
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
At Cost or Valuation							
Freehold Land	1,167,223,151	-	-	-	-	3,924,849	1,171,148,000
Freehold Buildings	870,540,001	2,666,904	-	-	-	143,665,098	1,016,872,002
Furniture & Fittings	150,768,672	1,089,187	(631,793)	(25,792,562)	-	-	125,433,503
Computer Equipment	361,934,749	49,757,658	(12,053,637)	(81,137,399)	-	-	318,501,371
Motor Vehicle	76,343,952	-	(13,362,500)	(55,560,575)	-	-	7,420,877
Plant & Machinery	3,983,442,519	39,458,206	(333,320)	(2,399,408,467)	-	-	1,623,158,939
Office Equipment	282,049,373	20,651,727	(3,822,876)	(144,726,031)	-	-	154,152,193
Shop Assets	20,763,421	-	-	-	-	-	20,763,421
Roadways and Fence	2,687,404	-	-	-	-	-	2,687,404
Other Equipment	11,527,376	-	-	(3,598,950)	-	-	7,928,426
Network Hardware	618,031	108,648	-	-	-	-	726,679
Land Development Cost	22,481,507	-	-	(22,481,507)	-	-	-
Factory Equipment	110,300,088	-	-	(100,804,025)	-	-	9,496,062
Kumarimulla River Embankment Project	49,040,050	-	-	(49,040,050)	-	-	-
Water Purification Project	59,648,335	-	-	(44,572,345)	-	-	15,075,990
Waste Water Project	265,406,782	-	-	(265,406,782)	-	-	-
	7,434,775,411	113,732,329	(30,204,126)	(3,192,528,692)	-	147,589,947	4,473,364,868
Assets on Finance Leases							
At Cost or Valuation							
Building on Leasehold land	928,231,422	-	(3,927,811)	(871,425,101)	-	-	52,878,510
	928,231,422	-	(3,927,811)	(871,425,101)	-	-	52,878,510
In the Course of Construction							
Capital Working Progress	10,580,101	45,300,484	-	-	(45,745,482)	-	10,135,103
Machinery Installation	16,918,887	-	-	(16,918,887)	-	-	-
	27,498,988	45,300,484	-	(16,918,887)	(45,745,482)	-	10,135,103
Total	8,390,505,821	159,032,812	(34,131,937)	(4,080,872,680)	(45,745,482)	147,589,947	4,536,378,481

NOTES TO THE FINANCIAL STATEMENTS

6.2 Accumulated Depreciation

At Cost or Valuation	Balance As at 01 April 2021	Charge for the Year	Disposals	Disposal of Subsidiary	Revaluation	Carrying Value As at 31 March 2022
	LKR	LKR	LKR	LKR	LKR	LKR
Freehold Building	13,376,313	41,171,744	-	-	(54,548,057)	-
Furniture & Fittings	97,603,913	12,852,775	(29,774)	(23,100,807)	-	87,326,107
Computer Equipment	265,409,626	40,032,797	(11,899,588)	(74,398,789)	-	219,144,047
Motor Vehicle	73,889,228	14,236	(13,362,500)	(55,351,018)	-	5,189,946
Plant & Machinery	2,740,442,223	45,830,352	-	(1,289,353,357)	-	1,496,919,218
Office Equipment	245,462,246	8,649,655	(3,518,417)	(141,146,116)	-	109,447,368
Shop Assets	20,763,421	-	-	-	-	20,763,421
Roadways and Fence	2,085,741	73,164	-	-	-	2,158,905
Other Equipment	8,605,958	1,146,830	-	(3,598,948)	-	6,153,840
Network Hardware	618,032	11,318	-	-	-	629,350
Land Development Cost	22,329,499	-	-	(22,329,499)	-	-
Factory Equipment	72,217,417	-	-	(62,721,355)	-	9,496,062
Kumarimulla River Embankment Project	42,535,963	-	-	(42,535,963)	-	-
Water Purification Project	53,574,245	-	-	(38,498,255)	-	15,075,990
Waste Water Project	39,289,518	-	-	(39,289,518)	-	-
	3,698,203,343	149,782,871	(28,810,279)	(1,792,323,626)	(54,548,057)	1,972,304,253
Assets on Finance Leases						
Building on Leasehold land	25,064,047	8,638,936	(3,927,811)	-	-	29,775,172
	25,064,047	8,638,936	(3,927,811)	-	-	29,775,172
Total	3,723,267,390	158,421,807	(32,738,090)	(1,792,323,626)	(54,548,057)	2,002,079,425

NOTES TO THE FINANCIAL STATEMENTS

6.3 Net Book Values

		As at 31 March 2022	As at 31 March 2021
	Note	LKR	LKR
At Cost			
Furniture & Fittings		38,107,397	53,164,759
Computer Equipment		99,357,324	96,525,124
Motor Vehicle		2,230,932	2,454,723
Plant & Machinery		126,239,720	1,243,000,296
Office Equipment		44,704,826	36,587,128
Roadways and Fence		528,499	601,663
Other Equipment		1,774,586	2,921,418
Network Hardware		97,330	-
Land Development Cost		-	152,008
Factory Equipment		-	38,082,672
Kumarimulla River Embankment Project		-	6,504,086
Water Purification Project		-	6,074,090
Waste Water Project		-	226,117,263
		313,040,614	1,712,185,230
At Valuation			
Freehold Land		1,171,148,000	1,167,223,151
Freehold Building		1,016,872,002	857,163,687
		2,188,020,002	2,024,386,838
Assets on Leasehold Land			
Cost or Valuation			
Building on Leasehold land	6.7	23,103,339	903,167,375
		23,103,339	903,167,375
In the Course of Construction			
Capital Working Progress		10,135,103	10,580,101
Machinery Installation		-	16,918,887
		10,135,103	27,498,988
		2,534,299,058	4,667,238,431

6.4 During the financial year, the Group acquired Property, Plant & Equipment to the aggregate value of LKR 113,287,330/- (2021- LKR 89,999,803/-).

6.5 During the previous financial year, the Group impaired the assets which are not in the useable condition and no recoverable value amounting to LKR 46,110,921. (2022 Nil)

6.6 Details of Property, Plant and Equipment pledged for borrowings are disclosed in Note 33.

6.7 Leasehold rights over the buildings and subsequent improvement.

NOTES TO THE FINANCIAL STATEMENTS

6.8 Revaluation of Land and Building

6.8.1 The Group uses the revaluation model of measurement of land and buildings. The Group engaged independent expert valuers to determine the fair value of its land and buildings.

6.8.1.1 Summary description of valuation methodologies.

- Market Approach / Open market value method (OMV)

Open market value method uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities, such as a business

- Cost Approach / Contractors method (CM)

The replacement cost (contractor's) method is used to value properties which do not generally exchange on the open market and for which comparable evidence therefore does not exist.

- Investment Method

The investment method is used to value properties which are let to produce an income for the investor. Conventionally, investment value is a product of rent and yield. Each of these elements is derived using comparison techniques

Details of Group's land and building stated at valuation are indicated below;

Company	Property	Method of Valuation	Value		Valuers Details	Effective Date of Valuation
			2022 LKR	2021 LKR		
Dankotuwa Porcelain PLC	Land at Dankotuwa	Market Approach	788,350,000	788,350,000	F. R. T. Valuation Services (Pvt) Limited	31 March 2022
	Buildings at Dankotuwa	Cost Approach	498,028,000	417,548,000		
South Asia Textile Limited	Buildings on Leasehold	Cost Approach	-	868,000,000	F. R. T. Valuation Services (Pvt) Limited	31 March 2021
	Land at Pugoda					
Royal Fernwood Porcelain Limited	Land at Kosgama	Market Approach	237,023,000	237,023,150	F. R. T. Valuation Services (Pvt) Limited	31 March 2022
	Buildings at Kosgama	Cost Approach	364,119,000	309,042,000		
Lexinton Holdings (Pvt) Limited	Land at Rajagiriya	Investment Method	145,775,000	144,050,002	F. R. T. Valuation Services (Pvt) Limited	31 March 2022
	Buildings at Rajagiriya	Investment Method	154,725,000	143,957,100		

6.8.2 Description of Significant Unobservable Inputs to Valuation

The significant assumptions used by the valuer for valuations are follows;

Property		Method of Valuation	Inputs used for measurement	Area	Range	Sensitivity of Fair value to unobservable inputs
Royal Fernwood Porcelain Limited						
2022						
Freehold Land	Kosgama	Market Approach	Per perch rate	2,161.05 Perches	LKR 105,000 - 175,000	Positively correlated
Freehold Buildings	Kosgama	Cost Approach	Per sq.ft. rate	141,168 sq.feet	LKR 1,000/- to 5,000/-	Positively correlated
2021						
Freehold Land	Kosgama	Market Approach	Per perch rate	2,161.05 Perches	LKR 105,000- 175,000	Positively correlated
Freehold Buildings	Kosgama	Cost Approach	Per sq.ft. rate	141,168 sq.feet	LKR 1,000 - 5,000	Positively correlated

NOTES TO THE FINANCIAL STATEMENTS

Property		Method of Valuation	Inputs used for measurement	Area	Range	Sensitivity of Fair value to unobservable inputs	
Dankotuwa Porcelain PLC							
2022							
Freehold Land	Dankotuwa	Market Approach	Per perch rate	3,153.40 perches	LKR 250,000/-	Positively correlated	
Freehold Buildings	Dankotuwa	Cost Approach	Per sq.ft. rate	260,015 Sq feet	LKR 1,500/- LKR 4,500/-	Positively correlated	
2021							
Freehold Land	Dankotuwa	Market Approach	Per perch rate	3,153.40 perches	LKR 250,000/-	Positively correlated	
Freehold Buildings	Dankotuwa	Cost Approach	Per sq.ft. rate	260,015 Sq feet	LKR 1,500/- LKR 4,500/-	Positively correlated	
Lexinton Holdings (Pvt) Limited							
2022							
Freehold Land	Colombo 08	Investment	Market Rent per	17.15 Perches	LKR. 2400 - 2600	Positively correlated	
Freehold Buildings	Colombo 08	Method	sq. ft	17,150 sq feet		Positively correlated	
Yield rate used for 2022 valuation was 7%							
2021							
Freehold Land	Colombo 08	Market Approach	Per perch rate	17.15 Perches	LKR 8,399,417	Positively correlated	
Freehold Buildings	Colombo 08	Cost Approach	Per sq.ft. rate	17,150 sq feet	LKR 8,394	Positively correlated	
South Asia Textiles Limited							
2021							
Buildings on Leasehold Land	Pugoda	Cost Approach	Per sq.ft. rate	405,430 sq. feet	LKR 12 - 50	Positively correlated	
(Remaining leasehold period - 33 years)							
The carrying amount of revalued assets of the Group that would have been included in the financial statements had that been carried at cost less depreciation is as follows:							
				Cost	Cumulative Depreciation If assets were carried at cost	Net Carrying Amount 2022	Net Carrying Amount 2021
Class of Asset				LKR	LKR	LKR	LKR
Dankotuwa Porcelain PLC							
Freehold Land				250,000	-	250,000	250,000
Freehold Buildings				165,081,657	128,466,853	36,614,804	45,775,725
				165,331,657	128,466,853	36,864,804	46,025,725
Royal Fernwood Porcelain Limited							
Freehold Land				3,462,294	-	3,462,294	3,462,294
Freehold Buildings				15,849,645	2,060,454	13,789,191	14,423,177
				19,311,939	2,060,454	17,251,485	17,885,471
Lexinton Holdings (Pvt) Limited							
Freehold Land				60,000,000	-	60,000,000	60,000,000
Freehold Buildings				115,000,000	69,000,000	46,000,000	50,600,000
				175,000,000	69,000,000	106,000,000	110,600,000

NOTES TO THE FINANCIAL STATEMENTS

6.9 Company

	As at 01.04.2021	Additions	Disposals	As at 31.03.2022
At Cost	LKR	LKR	LKR	LKR
Furniture, Fixtures & Other Equipment	7,391,122	-	-	7,391,122
Computer	29,833,393	-	-	29,833,393
Motor Vehicle	13,549,904	-	(13,362,500)	187,404
Total assets	50,774,419	-	(13,362,500)	37,411,919

Depreciation	Balance As at 01.04.2021	Charge for the Year	Disposals	Balance As at 31.03.2022
At Cost	LKR	LKR	LKR	LKR
Furniture, Fixtures & Other Equipment	3,213,488	1,208,219	-	4,421,707
Computer	20,083,638	4,428,001	-	24,511,639
Motor Vehicle	13,535,667	14,237	(13,362,500)	187,404
Total depreciation	36,832,793	5,650,457	(13,362,500)	29,120,750

Net Book Values	2022	2021
	LKR	LKR
At Cost		
Furniture, Fixtures & Other Equipment	2,969,415	4,177,634
Computer	5,321,754	9,749,755
Motor Vehicles	-	14,237
Total Carrying Amount of Property, Plant & Equipment	8,291,169	13,941,626

6.10 During the financial year the Company acquired Property, Plant & Equipment to the aggregate value of LKR NIL (2021 - LKR 9,170,751 /-).

NOTES TO THE FINANCIAL STATEMENTS

6.11 The useful lives of the assets of the companies in the group is estimated as follows.

	2022	2021
Group		
Building on Leasehold Land - under B0I agreement	50 Years	50 Years
Building on Leasehold Land - Other	5 Years	5 Years
Building on freehold land	10-40 Years	10-40 Years
Furniture & Fittings	4-10 Years	4-10 Years
Computer Equipment	1-4 Years	1-4 Years
Motor Vehicles	4-6 Years	4-6 Years
Plant & Machinery		
Plant & Machinery	10 Years	10 Years
Kiln Furniture	3 Years	3 Years
Kilns	15 Years	15 Years
Office Equipment	4-5 Years	4-5 Years
Shop Assets	10 Years	10 Years
Roadways & Fence	40 Years	40 Years
Other Equipment	8-18 Years	8-18 Years
Land Development Cost	10 Years	10 Years
Factory Equipment	8-18 Years	8-18 Years
Kumarimulla River Embankment Project	10 Years	10 Years
Water Purification Project	10 Years	10 Years
Waste Water Project	10 Years	10 Years
Company		
The useful lives of the assets of the companies in the group is estimated as follows.		
Furniture, Fixtures & Other Equipment	4 Years	4 Years
Computer	4 Years	4 Years
Motor Vehicle	6 Years	6 Years

7. INVESTMENT PROPERTY

	Note	2022 LKR	2021 LKR
Balance as at the beginning of the year		2,007,343,212	3,829,940,525
Change in Fair value of investment Property		4,400,000	(1,247,597,313)
		2,011,743,212	2,582,343,212
Asset classified to held for sale	4	-	(575,000,000)
Balance as at the end of the year		2,011,743,212	2,007,343,212

NOTES TO THE FINANCIAL STATEMENTS

7.1 Group's Investment Properties are stated at fair value, fair value has been determined on the basis of market value of land and buildings. Investment Properties are appraised in accordance with SLFRS 13, LKAS 40 and International Valuation Standards.

The Valuation of group's investment properties were carried out by FRT Valuation Service (Pvt) Ltd professional valuer as at 31 March 2022. FRT Valuation Services (Pvt) Ltd is a specialist in valuing these types of investment properties

The Investment Property of Colombo City Holdings PLC has been classified as Held for Sale as at 31 March 2021. The fair value of the Investment Property of Colombo City Holdings PLC had been determined based on the subsequently transacted price received from the buyer. During the year company has sold the property and the gain or loss from disposal has been recorded under the Other Income.

7.2 The Group has reported rental income amounting to LKR 3,818,100 (2021 - LKR 28,651,064/-) from this investment property and incurred direct operating expenses (including repairs and maintenance) amounting to LKR 1,446,890 (2021 - LKR 4,179,992/-).

7.3 The significant assumptions used by the valuer in the years 2022 and 2021 are as follows.

Company	Property	Method of Valuation	Inputs used for measurement	2022	2021
				LKR	LKR
Dankotuwa Porcelain PLC	Land (Dankotuwa)	Open Market Value	Per perch rate	175,000	175,000
Royal Fernwood Porcelain Ltd	Land (Kosgama)	Open Market Value	Per perch rate	70,000	70,000
Taprobane Securities (Pvt) Ltd	Land (Kosgama)	Open Market Value	Per perch rate	72,500	72,500
Ceylon Leather Products Limited	Land (Mattakkuliya)	Open Market value	Per perch rate	1,650,000	1,600,000
	Buildings (Mattakkuliya)	Replacement Cost	Per sq.ft. rate	580 - 2,300	500 - 2000

NOTES TO THE FINANCIAL STATEMENTS

7.4 Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2022 and 2021 are as shown below;

Investment Property	Valuation technique	Significant unobservable inputs	Rate	Sensitivity of input to Fair value
Dankotuwa Porcelain PLC				
As at 31 March 2022				
Land 3,899.35 perches	Open Market value	Per perch rate	LKR 175,000	Positively Correlated
As at 31 March 2021				
Land 3,899.35 perches	Open Market value	Per perch rate	LKR 175,000	Positively Correlated
Royal Fernwood Porcelain Ltd				
As at 31 March 2022				
Land 1,753.07 perches	Open Market value	Per perch rate	LKR 70,000	Positively Correlated
As at 31 March 2021				
Land 1,753.07 perches	Open Market value	Per perch rate	LKR 70,000	Positively Correlated
Taprobane Securities (Pvt) Ltd				
As at 31 March 2022				
Land 1,162.37 perches	Open Market value	Per perch rate	LKR 72,500	Positively Correlated
As at 31 March 2021				
Land 1,162.37 perches	Open Market value	Per perch rate	LKR 72,500	Positively Correlated
Ceylon Leather Products Limited				
As at 31 March 2022				
Land 721.62 perches	Open Market value	Per perch rate	LKR 1,650,000	Positively correlated
Buildings 81,428 sq.ft	Replacement Cost	Per sq.ft. rate	LKR 580 - 2,300	Positively correlated
As at 31 March 2021				
Land 721.62 perches	Open Market value	Per perch rate	LKR 1,650,000	Positively correlated
Buildings 81,428 sq.ft	Contractors Cost	Per sq.ft. rate	LKR 500 - 2,000	Positively correlated

NOTES TO THE FINANCIAL STATEMENTS

8. INTANGIBLE ASSETS

		2022	2021
	Note	LKR	LKR
Goodwill	8.1	888,519,950	984,761,910
Computer Software	8.2	32,053,734	264,931,744
Brand Name	8.3	324,644,574	324,644,574
License Fees	8.4	22,161,458	22,161,458
		1,267,379,716	1,596,499,686

8.1 Goodwill

Balance at the beginning of the year		984,761,910	984,761,910
Disposal of Subsidiary	4	(96,241,960)	-
Balance at the end of the year		888,519,950	984,761,910

8.1.1 Goodwill represents the excess of an acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities as at the date of acquisition, and is carried at cost less accumulated impairment losses.

Goodwill is not amortized, but is reviewed for impairment annually and if there is an indication Goodwill may be impaired. For the purpose of testing goodwill for impairment, goodwill is allocated to the operating entity level, which is the lowest level at which the goodwill is monitored for internal management purpose.

8.2 Software

	Note	2022	2021
		LKR	LKR
Balance at the beginning of the year		264,931,744	425,814,937
Additions during the period		7,084,896	1,412,029
Disposal of Subsidiary		(72,420,180)	-
Amortization during the period		(167,542,725)	(105,480,761)
Deffered Amortisation		-	(60,329,433)
Exchange Adjustment		-	3,514,972
Balance at the end of the year	8.2.1	32,053,734	264,931,744

8.2.1 Software of the Group represents the ERP system and project related software.

8.3 Brand Names

	Note	2022	2021
		LKR	LKR
Balance at the beginning of the year		324,644,574	324,644,574
Balance at the end of the year	8.5	324,644,574	324,644,574

8.3.1 The management identified the brand names of Royal Fernwood Porcelain Ltd and Millennium I.T.E.S.P (Pvt) Limited as an intangible asset with an indefinite useful life arising from business combination. The management is of the view that the brand name will be a key attraction in the Porcelain Sector and Information Technology Sector. The brand name has been tested for impairment along with other intangible assets of the Royal Fernwood Porcelain Ltd and Millennium I.T.E.S.P (Pvt) Ltd as further explained under note 8.5.

NOTES TO THE FINANCIAL STATEMENTS

8. INTANGIBLE ASSETS (Contd...)

8.4 License Fees

	2022 LKR	2021 LKR
Balance at the beginning of the year	22,161,458	23,243,958
Impairment	-	(1,082,500)
Balance at the end of the year	22,161,458	22,161,458

- 8.4.1 License fee represents license fee paid for solar power project through sustainable energy authority (Which has been fully impaired during the previous year) and license cost pertaining to the share broking business license which have an infinite useful life time.

8.5 Impairment Testing of Goodwill and Brand Name with Indefinite Lives

The aggregate carrying amount of Goodwill and Brand Name allocated to each CGU is as follows;

	At the Beginning of the year LKR	Disposed during the period LKR	Impairment Provision LKR	At the End of the year LKR
Goodwill				
Textiles	96,241,963	(96,241,963)	-	-
Porcelain	41,478,108	-	-	41,478,108
IT and Related Services	847,041,839	-	-	847,041,839
	984,761,910	(96,241,963)	-	888,519,950
Brand Name				
Porcelain	9,723,614	-	-	9,723,614
IT and Related Services	314,920,960	-	-	314,920,960
	324,644,574	-	-	324,644,574

8.5.1 Impairment of goodwill

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, are as follows;

Gross margins

The basis used to determine the value assigned to the budgeted gross margins/contributions is the gross margins/contributions achieved in the year preceding the budgeted year adjusted for projected market conditions.

Discount rates (Weighted Average Cost of Capital)

The discount rate used is the risk free rate which is the long term bond rate as published by Central Bank of Sri Lanka, adjusted by the addition of an appropriate risk premium. (Refer Note 10)

NOTES TO THE FINANCIAL STATEMENTS

Inflation

The basis used to determine the value assigned to the budgeted cost inflation, is the inflation rate, based on projected economic conditions as published by Central Bank of Sri Lanka.

Terminal growth rate

Volume growth has been budgeted on a reasonable and realistic basis by taking into account the growth rates of one to four years immediately subsequent to the budgeted year based on Industry growth rates. Cash flows beyond the five year period are extrapolated using 3.5% growth rate.

* Details of Assumptions and related disclosures are further described in the Note 10 of this financial statements.

8.5.2 The Group has not determined the impairment of goodwill as at the reporting date due to the Economic turmoil. In light of current operational and economic conditions due to the ongoing COVID-19 pandemic and Global Market Conditions, The Group has taken the necessary steps to ensure business continuity, weighing the risks and benefits in the context of the prevalent environment. Accordingly the management has concluded that the recoverable value of CGUs exceeds its carrying values.

8.6 Company

	Note	2022 LKR	2021 LKR
Computer Software	8.6.1	6,173,283	7,198,290
License Fees	8.6.2	-	-
		6,173,283	7,198,290

8.6.1 Software

Balance at the beginning of the year	7,198,290	8,287,757
Amortization during the period	(1,025,007)	(1,089,467)
Balance at the end of the year	6,173,283	7,198,290

8.6.2 License Fees

Balance at the beginning of the year	-	1,082,500
Impairment	-	(1,082,500)
Balance at the end of the year	-	-

NOTES TO THE FINANCIAL STATEMENTS

9. RIGHT OF USE ASSETS

Right of use assets

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

* Notes and disclosures relating to Lease Liability are described in the Note 19.

9.1 Right to Use Assets

	As At 01.04.2021	Adjustments & Reassessment	Transfers	Amortization	Disposal of Subsidiary	Additions	As At 31.03.2022
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Right to Use Asset - Building	121,025,656	(25,968,238)	(6,456,109)	(61,344,527)	-	489,789,048	517,045,830
Right to Use Asset - Land	19,887,178	-	-	-	(19,887,178)	-	-
	140,912,834	(25,968,238)	(6,456,109)	(61,344,527)	(19,887,178)	489,789,048	517,045,830
Right to Use Asset Motor Vehicle	7,006,208	-	-	(2,154,395)	-	-	4,851,813
	147,919,042	(25,968,238)	(6,456,109)	(63,498,922)	(19,887,178)	489,789,048	521,897,643

Security: Absolute ownership of the assets under lease will be with the lessor until the expiration of the lease period.

9.2 This represents the lease arrangement for rented showrooms and office premises as per the SLFRS 16.

9.3 In determining the Right of Use Assets, the Group has assessed the impact of the Pandemic and current economic conditions. Accordingly the Group does not foresee any impairment of right of use assets. Further Group does not anticipate discontinuation of any Right-of-Use Assets as at the reporting date and the lease liability is not reassessed as there are no known moratoriums received for the lease payments so far.

NOTES TO THE FINANCIAL STATEMENTS

10. INVESTMENT IN SUBSIDIARIES

Company

10.1 Investments - Quoted

	Holding		Fair Value	
	2022 %	2021 %	2022 LKR	2021 LKR
Colombo City Holdings PLC	77.63%	77.63%	1,502,594,636	1,477,133,000
Dankotuwa Porcelain PLC	77.51%	77.51%	2,764,897,190	1,947,812,000
			4,267,491,826	3,424,945,000
10.2 Investments - Unquoted				
Ceylon Leather Products Ltd	99.90%	99.90%	538,277,184	560,149,000
Olancom (Pvt) Ltd	93.15%	93.15%	-	-
South Asia Textiles Ltd	-	97.67%	-	3,914,368,000
Millennium I.T.E.S.P. (Pvt) Ltd	0.51%	0.51%	23,421,143	19,469,000
Palla & Company (Pvt) Ltd	99.90%	99.90%	-	-
Taprobane Capital Plus (Pvt) Ltd	100.00%	100.00%	508,958,000	705,258,000
Eon Tec (Pvt) Ltd	78.00%	78.00%	2,668,388,580	2,144,314,000
			3,739,044,907	7,343,558,000
Total Carrying Value of Investments			8,006,536,733	10,768,503,000

10.2.1 Investment in Subsidiary Movement

	At the Beginning of the Year LKR	Net Investment/ (Disposal) LKR	*Capital Reduction LKR	Change in Fair Value LKR	At the end of the Year LKR
2022	10,768,503,000	(3,914,368,000)	(383,645,309)	1,536,047,042	8,006,536,733
2021	12,672,340,280	-	-	(1,903,837,280)	10,768,503,000

Investment in Subsidiaries are stated at fair value, fair value has been determined in accordance with SLFRS 13. Professional valuation was performed by KPMG for the year ended 31 March 2022 and for 31 March 2021.

* During the year Taprobane Capital Plus (Pvt) Ltd has repurchased 38,364,500 shares of it from Ambeon Holdings PLC. The value of the consideration for the capital reduction of one share was agreed at Rs. 10. The total repurchase value was LKR 384 Mn.

NOTES TO THE FINANCIAL STATEMENTS

10.2.2 Investments Details

Effective Holding %					
Company	Investor	2022	2021	Principal Activity	Place of Principal Business
Lexinton Financial Services (Pvt) Ltd	Taprobane Capital Plus (Pvt) Ltd	100.00	100.00	Carrying out Margin Trading - No operation during the year.	No. 10, Gothami Road, Colombo 08
Ceylon Leather Products Ltd	Ambeon Holdings PLC	99.91	99.91	Manufacturing and selling of Leather, Leather Footwear and Leather Goods	115/1, Kelanigaga Mill Road, Mattakkuliya, Colombo 15
South Asia Textiles Ltd	Ambeon Holdings PLC	-	97.67	Manufacturing and selling of knitted fabrics for the export and local markets	No.70, Felix Dias Bandaranayake Mawatha, Pugoda, Sri Lanka
Palla & Company (Pvt) Ltd	Ambeon Holdings PLC	99.99	99.99	Manufacturing shoes for export market - Ceased Operations	No. 10, Gothami Road, Colombo 08
Dankotuwa Porcelain PLC	Ambeon Holdings PLC	77.51	77.51	Manufacturing and selling of porcelain tableware to export and local markets	Factory and the showroom, Kurunegala Road, Dankotuwa
Royal Fernwood Porcelain Ltd	Dankotuwa Porcelain PLC	74.17	74.17	Manufacturing and selling of porcelain tableware to export and local markets	Werelamandiya Estate, Police station road, Kosgama
Lanka Decals (Pvt) Ltd	Royal Fernwood Porcelain Ltd	74.17	74.17	Manufacturing Decals - No operations during the period	Werelamandiya Estate, Police station road, Kosgama
Fernwood Lanka (Pvt) Ltd	Royal Fernwood Porcelain Ltd	74.17	74.17	Selling of porcelain tableware to domestic market - operations during the period	No Werelamandiya Estate, Police station road, Kosgama
Colombo City Holdings PLC	Ambeon Holdings PLC	77.63	77.63	Real estate Management	No.505, Union Place, Colombo 02
Olancom (Pvt) Ltd	Ambeon Holdings PLC	93.15	93.15	Engage in networking business solutions - during the period	No 10, Gothami Road, Colombo 08
Taprobane Investments (Pvt) Ltd	Taprobane Capital Plus (Pvt) Ltd	100.00	100.00	Money Broking	No. 10, Gothami Road, Colombo 08
Taprobane Securities (Pvt) Ltd	Taprobane Capital Plus (Pvt) Ltd	100.00	100.00	Share Broking	No. 10, Gothami Road, Colombo 08
Taprobane Wealth Plus (Pvt) Ltd	Taprobane Capital Plus (Pvt) Ltd	100.00	100.00	Corporate Finance	No. 10, Gothami Road, Colombo 08
Taprobane Capital Plus (Pvt) Ltd	Ambeon Holdings PLC	100.00	100.00	Investment Management	No. 10, Gothami Road, Colombo 08
Eon Tech (Pvt) Ltd	Ambeon Holdings PLC	78.00	78.00	Investment Holding	No. 10, Gothami Road, Colombo 08
Lexinton Holdings (Pvt) Ltd	Colombo City Holdings PLC	77.63	77.63	Real estate Management	No. 10, Gothami Road, Colombo 08
Millennium I.T.E.S.P (Pvt) Ltd	Eon Tech (Pvt) Ltd	60.75	60.75	IT Solutions	48 Sir Marcus Fernando Road, Colombo 07
Millennium I.T.E.S.P. Singapore Pte. Limited	Millennium I.T.E.S.P (Pvt) Ltd	60.75	-	IT Solutions	531a Upper Cross Street #04-95 Hong Lim Complex Singapore 051531
DPL Trading (Pvt) Ltd	Dankotuwa Porcelain PLC	77.51	77.51	Retail selling of porcelain tableware to the domestic market.	Kurunegala Road, Dankotuwa
Infoseek (Private) Ltd	Millennium I.T.E.S.P (Pvt) Ltd	39.00	24.90	An innovative Cloud based Human Resource Information System named as MinHRM	No 48 Chitra Lane, Colombo 05
Dankotuwa Singapore Pte Limited	Dankotuwa Porcelain PLC	77.51	77.51	Dormant	No. 3, Shenton Way, # 10 - 05, Shenton House, Singapore

NOTES TO THE FINANCIAL STATEMENTS

10.3 The company uses fair valuation model of measurement for investment in subsidiaries

Details of investment in subsidiaries stated at fair value included below Fair value Techniques, basis and assumption.

Company	Valuation Techniques	Significant Inputs	Significant Assumption	FV Level	2022	2021	Effective date
Dankotuwa Porcelain PLC	Discounted Cashflow Method	Cash Flow Forecast	WACC * Terminal Growth Rate	Level 3	17.60% 3.50%	12.20% 3.50%	31-Mar
Royal Fernwood porcelain Ltd	Discounted Cashflow Method	Cash Flow Forecast	WACC * Terminal Growth Rate	Level 3	17.10% 3.50%	11.60% 3.50%	31-Mar
Millennium I.T.E.S.P. (Pvt) Ltd	Discounted Cashflow Method	Cash Flow Forecast	WACC * Terminal Growth Rate	Level 3	14.60% 3.50%	11.50% 3.50%	31-Mar
South Asia Textiles Ltd	Discounted Cashflow Method	Cash Flow Forecast	WACC * Terminal Growth Rate	Level 3	- -	11.00% 3.50%	31-Mar
Colombo City Holdings PLC	Net Assets Value	-	-	Level 3	-	-	31-Mar
Ceylon Leather Products Ltd	Net Assets Value	-	-	Level 3	-	-	31-Mar
Palla & Company (Pvt) Ltd	Net Assets Value	-	-	Level 3	-	-	31-Mar
Taprobane Capital Plus (Pvt) Ltd	Net Assets Value	-	-	Level 3	-	-	31-Mar
Olancom (Pvt) Ltd	Net Assets Value	-	-	Level 3	-	-	31-Mar

* Weighted Average Cost of Capital

10.4. Sensitivity Analysis

Company	Weighted Average Cost of Capital	Terminal Growth Rate	2022		2021	
			Effect on Income Statement	Effect on Statement of Financial Position	Effect on Income Statement	Effect on Statement of Financial Position
			LKR	LKR	LKR	LKR
Dankotuwa Porcelain PLC	1%		(176,636,190)	(176,636,190)	(181,981,078)	(181,981,078)
	-1%		207,520,810	207,520,810	230,594,575	230,594,575
		1%	145,977,810	145,977,810	171,100,225	171,100,225
		-1%	(126,652,190)	(126,652,190)	(135,746,363)	(135,746,363)
Royal Fernwood Porcelain Ltd	1%		(148,136,643)	(148,136,643)	(129,417,358)	(129,417,358)
	-1%		174,972,357	174,972,357	165,881,830	165,881,830
		1%	124,112,357	124,112,357	123,148,613	123,148,613
		-1%	(107,071,643)	(107,071,643)	(96,180,329)	(96,180,329)
Millennium I.T.E.S.P (Pvt) Ltd	1%		(419,023,143)	(419,023,143)	(181,981,078)	(181,981,078)
	-1%		510,527,857	510,527,857	230,594,575	230,594,575
		1%	377,444,857	377,444,857	171,100,225	171,100,225
		-1%	(315,136,143)	(315,136,143)	(135,746,363)	(135,746,363)
South Asia Textiles Ltd	1%		-	-	(1,034,869,322)	(1,034,869,322)
	-1%		-	-	1,364,849,370	1,364,849,370
		1%	-	-	1,065,506,448	1,065,506,448
		-1%	-	-	(815,660,727)	(815,660,727)

In light of current operational and economic conditions due to the ongoing Economic turmoil, the Group has reassessed the expected future business performance relating to cash generating units where the management has concluded that the recoverable value of subsidiaries exceeds its carrying values. Accordingly, the valuer has confirmed in report that the value reflected as of 31 March 2022 represents the best estimate of fair value as of the reporting date, which in the valuer's opinion meets the requirements in SLFRS 13 Fair Value Measurement.

NOTES TO THE FINANCIAL STATEMENTS

11. OTHER NON-CURRENT FINANCIAL ASSETS

11.1 Non Current Investments

	Note	Group		Company	
		2022	2021	2022	2021
		LKR	LKR	LKR	LKR
Financial Assets at Amortized Cost					
Deposit with Colombo Stock Exchange		1,000,000	2,250,000	-	-
Investments in Government Securities		9,154,942	14,304,886	-	-
Loans and Receivables	14.3	821,221,108	1,711,800,147	732,744,523	657,024,388
Impairment For Loans and Receivable *		(180,000,000)	(180,000,000)	(180,000,000)	(180,000,000)
		651,376,050	1,548,355,033	552,744,523	477,024,388

*As at the Reporting date loan receivable balance from Ceylon Leather Products Manufacturers (Pvt) Ltd has been fully provided based on the recoverability assessment carried out by the Ambeon Holdings PLC.

12. INVESTMENT IN EQUITY ACCOUNTED INVESTEE

Group

Group has invested in Infoseek (Private) Limited, a company with an innovative cloud based Human Resource Information System named as MintHRM where the investment was a strategic fit for Millennium I.T.E.S.P. (Private) Limited and it was a future potential of the cloud based "Internal CRM" platform. The ultimate effective holding of Millennium I.T.E.S.P. (Pvt) Ltd will be 39% for 39 shares in Infoseek (Private) Limited as of 31 March 2022.

The Group's interest in Infoseek (Private) Limited is accounted for using the equity method in the Consolidated Financial Statements upto the disposal date. The following table illustrates the summarised Financial Information of the Group's investment in Infoseek (Private) Limited.

	2022	2021
	LKR	LKR
Opening Balance	12,158,840	11,929,544
Investment in Ordinary Shares	21,180,222	-
Share of result of equity accounted investee	2,589,886	229,296
	35,928,948	12,158,840
Summarized Financial Information		
The Associate's Statement of Financial Position		
Total Assets	56,787,058	28,007,420
Total Liabilities	(52,017,216)	(35,703,483)
Equity	4,769,842	(7,696,063)
Carrying amount of the investment	1,192,451	(1,924,015)
Share of Revenue, Profit/(Loss) of the Equity Accounted investee		
Revenue	52,975,277	36,854,089
Profit for the Year	10,359,627	917,184
Share of Profit for the Year	2,589,886	229,296

NOTES TO THE FINANCIAL STATEMENTS

12.1 Equity Reconciliation

	Group	
	2022 LKR	2021 LKR
Un-Quoted		
	39.0%	24.9%
Carrying amount as at the beginning of the year	12,158,840	11,929,544
Investment Made During the Year	21,180,222	-
Share of Profit of Equity accounted Investee After Tax	2,589,886	229,296
Carrying amount as at the end of the year	35,928,948	12,158,840

13. INVENTORIES

	Note	Group	
		2022 LKR	2021 LKR
Raw Material		419,506,603	993,734,167
Work in Progress/ Project in Progress		2,122,934,121	2,232,506,165
Finished Goods		475,881,177	1,064,759,198
Indirect Material		24,594,451	29,391,726
Spare Stock		32,339,419	35,881,876
General Stock		14,300,924	15,033,659
Consumables		33,662,815	17,961,055
Semi Finished Goods		159,532,247	160,252,210
Packing Material		35,165,755	30,895,039
Consumables and Spares		-	157,872,907
Goods Held for Resale		-	14,245,007
Maintenance Inventory		143,374,060	138,715,720
Goods-In-Transit		8,703,538	55,421,923
Others		32,804,100	35,488,360
Less : Allowance for Obsolete & Slow Moving Inventories	13.1	(598,414,703)	(984,677,130)
		2,904,384,507	3,997,481,882

13.1 Allowance for Obsolete & Slow Moving Inventories

	Group	
	2022 LKR	2021 LKR
Balance at the beginning of the year	984,677,130	799,571,361
Provision made during the year	172,213,939	185,105,769
Disposal of Subsidiary	(367,252,740)	-
Inventory Write-off	(191,223,626)	-
Balance at the End of the year	598,414,703	984,677,130

13.2 Details of inventories pledged for borrowings are disclosed in Note 33.

NOTES TO THE FINANCIAL STATEMENTS

14. TRADE AND OTHER RECEIVABLES

14.1 Summary

	Note	Group		Company	
		2022	2021	2022	2021
		LKR	LKR	LKR	LKR
Trade Debtors - Other		7,300,490,190	5,934,420,298	-	-
Less: Allowance for Bad & Doubtful Debtors	14.1.1	(1,246,598,619)	(1,255,164,729)	-	-
		6,053,891,572	4,679,255,569	-	-
Other Receivables - Related Party	14.2	3,165,282	37,309,689	356,324,800	462,817,152
- Other		290,894,116	403,271,492	134,081,892	134,746,478
Loan Receivables	14.3	2,702,193,765	101,482,279	3,220,989,831	871,174,737
Less: Allowance for Bad & Doubtful Debtors	14.1.1	(353,729,518)	(307,727,340)	(1,351,146,680)	(1,057,992,285)
		8,696,415,216	4,913,591,689	2,360,249,843	410,746,082
Advances and Prepayments		394,922,927	335,594,590	4,368,772	3,844,699
		9,091,338,143	5,249,186,279	2,364,618,615	414,590,781

*Details of trade debtors pledged for borrowing are disclosed in Note 33.

14.1.1 Allowance for Bad & Doubtful Debtors

	Note	Group		Company	
		2022	2021	2022	2021
		LKR	LKR	LKR	LKR
Balance at the beginning of the year		1,562,892,069	1,490,736,657	1,057,992,285	962,876,298
Provision/(Reversal) made during the year		61,770,766	72,155,412	293,154,395	95,115,987
Disposal of Subsidiary		(24,334,698)	-	-	-
Balance at the End of the year		1,600,328,137	1,562,892,069	1,351,146,680	1,057,992,285

14.2 Other Receivables - Related Party

	Relationship	Group		Company	
		2022	2021	2022	2021
		LKR	LKR	LKR	LKR
Ceylon Leather Products Ltd	Subsidiary	-	-	37,769,947	36,852,111
South Asia Textiles Ltd*	Subsidiary	-	-	-	27,826,461
Palla & Co. (Pvt) Ltd	Subsidiary	-	-	1,538,599	1,309,288
Dankotuwa Porcelain PLC	Subsidiary	-	-	-	104,109,854
Royal Fernwood Porcelain (Pvt) Ltd	Sub-Subsidiary	-	-	67,653,771	48,741,388
Colombo City Holdings PLC	Subsidiary	-	-	976,543	2,186,873
Olancom (Pvt) Ltd	Subsidiary	-	-	195,537,603	195,380,195
Ambeon Capital PLC	Immediate Parent	-	34,364,945	-	-
Millennium I.T.E.S.P (Pvt) Ltd	Sub-Subsidiary	-	-	4,325,991	24,350,922
Eon Tec (Pvt) Ltd	Subsidiary	-	-	394,986	384,186
Taprobane Securities (Pvt) Ltd	Sub-Subsidiary	-	-	48,057,921	21,625,874
Lexinton Resorts (Pvt) Ltd	Affiliate	3,095,842	2,944,744	-	50,000
ARRC Capital (Pvt) Ltd	Ultimate Parent	19,440	-	19,440	-
Eon Investments (Pvt) Ltd	Affiliate	50,000	-	50,000	-
		3,165,282	37,309,689	356,324,800	462,817,152

* Disposed during the year refer Note 4

NOTES TO THE FINANCIAL STATEMENTS

14.3 Loan Receivables - Group

	Relationship	2022 Amount Receivable Within 1 Year	2022 Amount Receivable After 1 Year	2022 Total	2021 Amount Receivable Within 1 Year	2021 Amount Receivable After 1 Year	2021 Total
		LKR	LKR	LKR	LKR	LKR	LKR
Group Companies							
CHC Investments (Pvt) Ltd	Ultimate Parent	45,222,773	251,221,108	296,443,881	-	286,257,900	286,257,900
Ambeon Capital PLC	Immediate Parent	2,609,332,899	390,000,000	2,999,332,899	67,890,585	1,245,542,247	1,313,432,832
Loans to Company Officers (Note 14.3.2)	Employees	2,900,988	-	2,900,988	3,963,013	-	3,963,013
Infoseek (Pvt) Ltd	Associate	-	-	-	689,363	-	689,363
Others							
D.B. Exim (Pvt) Ltd		19,307,143	-	19,307,143	19,307,143	-	19,307,143
Ceylon Leather Products Manufactures (Pvt) Ltd *		25,429,962	180,000,000	205,429,962	9,632,175	180,000,000	189,632,175
		2,702,193,765	821,221,108	3,523,414,872	101,482,279	1,711,800,147	1,813,282,426

*The Company formally known as Ceylon Leather Products Distributors (Pvt) Ltd. Terms and Conditions : Rate of interest at AWPLR+2% per annum. loan receivable within 31 Months . As at the Reporting date loan receivable balance has been fully provided considering the recoverability assessment carried out by the management.

*Terms & Condition

Company Loan Obtained	Company Loan Granted	Rate	Period	Amount
				LKR
CHC Investment (Pvt) Ltd	Ambeon Holdings PLC	AWPLR + 1.5%	36 Months	162,744,522
	Colombo City Holdings PLC	AWPLR + 1.5%	36 Months	133,699,358
				296,443,880
Ambeon Capital PLC	Ambeon Holdings PLC	AWPLR + 0.5%	12 Months	2,131,257,701
	Ambeon Holdings PLC	AWPLR + 1.5%	36 months	390,000,000
	Taprobane Wealth Plus (Pvt)Ltd	AWPLR + 0.5%	12 Months	4,676,618
	Lexinton Holdings (Pvt) Ltd	AWPLR + 1.5%	12 Months	265,598,183
	Millennium I.T.E.S.P.(Pvt) Ltd	AWPLR + 1.5%	12 Months	207,800,397
				2,999,332,899

NOTES TO THE FINANCIAL STATEMENTS

14.3.1 Loan Receivables - Company

Relationship		2022			2021		
		Amount Receivable Within 1 Year	Amount Receivable After 1 Year	Total	Amount Receivable Within 1 Year	Amount Receivable After 1 Year	Total
		LKR	LKR	LKR	LKR	LKR	LKR
Group Companies							
Olancom (Pvt) Ltd	Subsidiary	648,667,204	-	648,667,204	648,667,204	-	648,667,204
Ceylon Leather Products Ltd*	Subsidiary	290,539,758	-	290,539,758	33,337,302	-	33,337,302
Ambeon Capital PLC	Immediate Parent	2,131,592,737	390,000,000	2,521,592,737	67,890,585	322,731,902	390,622,487
Dankotuwa Porcelain PLC	Subsidiary	78,998,952	-	78,998,952	92,340,328	-	92,340,328
Royal Fernwood Porcelain (Pvt) Ltd	Sub-Subsidiary	26,454,076	-	26,454,076	-	-	-
CHC investments (Pvt) Ltd	Ultimate Parent	-	162,744,522	162,744,522	-	154,292,486	154,292,486
Others							
D.B. Exim (Pvt) Ltd**		19,307,143	-	19,307,143	19,307,143	-	19,307,143
Ceylon Leather Products Manufactures (Pvt) Ltd***		25,429,962	180,000,000	205,429,962	9,632,175	180,000,000	189,632,175
		3,220,989,831	732,744,523	3,953,734,354	871,174,737	657,024,388	1,528,199,125

*During the year, the Loan Balance Receivable from Ceylon Leather Products Ltd has been fully provided considering the recoverability assessment carried out by the management.

**In the High Court of the Western Province, it was agreed that the outstanding amount be settled on or before 15 September 2018. However, the Company (D.B. Exim (Pvt) Limited) requested further 6 months to settle the outstanding. The Borrower has not settled the liability as at 31 March 2022.

***The Company formally known as Ceylon Leather Products Distributors (Pvt) Ltd. Terms and Conditions : Rate of interest at AWPLR+2% per annum. loan receivable within 31 Months . As at the Reporting date loan receivable balance has been fully provided considering the recoverability assessment carried out by the management.

	Payment on or Before	Interest Rate	As at 01 April 2021	Loans Granted	Loans Settled	Interest Accrued During the year	As at 31 March 2022
			LKR	LKR	LKR	LKR	LKR
Group Companies							
Olancom (Pvt) Ltd	28 Sep 2015	AWPLR + 1%	648,667,204	-	-	-	648,667,204
Ceylon Leather Products Ltd	Within 1 Year	12% - 14.2% and AWPLR+2%	33,337,302	246,400,000	-	10,802,456	290,539,758
Ambeon Capital PLC	36 Months	AWPLR+0.5% to 1.5%	390,622,487	2,014,000,000	-	116,970,250	2,521,592,737
Dankotuwa Porcelain PLC	Within 1 Year	AWPLR+1.5%	92,340,328	350,000,000	(373,487,007)	10,145,630	78,998,952
CHC investments (pvt) Ltd	27 Months	AWPLR+1.5%	154,292,486	-	(5,393,943)	13,845,980	162,744,523
Royal Fernwood Porcelain (Pvt) Ltd	Within 1 Year	AWPLR+1.5%	-	25,000,000	-	1,454,076	26,454,076
Taprobane Securities (Pvt) Ltd	Within 1 Year	AWPLR+0.5%	-	150,000,000	(151,401,370)	1,401,370	-
Others							
D.B. Exim (Pvt) Ltd	15 September 2018	N/A	19,307,143	-	-	-	19,307,143
Ceylon Leather Products Manufactures (Pvt) Ltd	Within 31 Months	AWPLR+2%	189,632,175	-	-	15,797,787	205,429,962
			1,528,199,125	2,785,400,000	(530,282,320)	170,417,548	3,953,734,354

NOTES TO THE FINANCIAL STATEMENTS

14.3.2 Loans to Company Officers

	Group	
	2022 LKR	2021 LKR
Balance at the beginning of the year	3,963,013	4,953,766
Loans granted during the year	156,315	-
Less : Repayments during the year	(1,218,340)	(990,753)
Balance at the end of the year	2,900,988	3,963,013

15. OTHER FINANCIAL INVESTMENTS

		Group		Company	
		2022	2021	2022	2021
Note		LKR	LKR	LKR	LKR
Fair Value through Profits or Loss					
Quoted Equities at Market Value	15.1 & 15.2	564,410,113	26,257,756	419,851,007	26,235,611
Fair Value through OCI					
Quoted Equities at Market Value	15.1	290,656,879	610,828,974	290,656,879	610,828,974
Financial Instrument - at Amortized cost					
Bank Deposits & Government Securities		709,301,378	339,965,525	58,805	100,058,805
		1,564,368,370	977,052,256	710,566,691	737,123,390

As at the Reporting date Commercial Paper receivable balance from Ceylon Leather Products Manufactures (Pvt) Ltd has been fully provided considering the recoverability assessment carried out by the Management.

NOTES TO THE FINANCIAL STATEMENTS

15.1 Investments in Equity Securities - Group

	No of Shares		Cost	Market Value	Cost	Market Value
	2022	2021	2022	2022	2021	2021
			LKR	LKR	LKR	LKR
Fair Value through Profits or Losses						
B P P L Holdings PLC	461,281	461,281	5,377,997	9,018,207	5,419,162	6,227,294
Seylan Bank PLC	20,342	408,333	1,926,628	642,807	38,673,959	20,008,317
CIC Holdings PLC	1,649,116	-	80,977,899	62,831,320	-	-
Hayleys PLC	2,115,283	-	236,544,299	162,665,263	-	-
Royal Ceramics Lanka PLC-	500,000	-	25,661,490	20,350,000	-	-
Access Engineering PLC	5,075,000	-	150,584,557	76,125,000	-	-
Swisstec (Ceylon) PLC	553,419	-	24,215,091	14,746,154	-	-
Melstacorp PLC	1,600,000	-	88,544,753	65,760,000	-	-
Resus Energy PLC	378,898	-	13,335,870	7,388,511	-	-
Hela Apparel Holdings PLC	551,600	-	8,274,000	7,115,640	-	-
Printcare PLC	100,000	-	4,900,000	2,700,000	-	-
Aitken Spence PLC	-	399	-	-	88,785	22,145
Total Carrying Value of Investment			787,858,641	564,410,114	44,181,906	26,257,756

Fair Value through OCI - Group & Company

Pan Asia Banking Corporation PLC	26,912,674	43,630,641	504,612,638	290,656,879	817,969,694	610,828,974
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15.2 Investments in Equity Securities - Company

B P P L Holdings PLC	457,777	461,281	5,377,997	9,018,207	5,419,162	6,227,294
Seylan Bank PLC	20,342	408,333	1,926,628	642,807	38,673,959	20,008,317
CIC Holdings PLC	1,649,116	-	80,977,899	62,831,320	-	-
Expo Lanka PLC	500,000	-	97,881,773	103,875,000	-	-
Hayleys PLC	1,545,283	-	176,827,817	118,832,263	-	-
Royal Ceramics Lanka PLC-	500,000	-	25,661,490	20,350,000	-	-
Access Engineering PLC	3,325,000	-	97,919,830	49,875,000	-	-
Swisstec (Ceylon) PLC	553,419	-	24,215,091	12,230,560	-	-
Melstacorp PLC	850,000	-	48,802,186	34,935,000	-	-
Resus Energy PLC	189,899	-	6,720,905	3,703,031	-	-
Hela Apparel Holdings PLC	275,800	-	4,137,000	3,557,820	-	-
Total Carrying Value of Investment			570,448,616	419,851,007	44,093,121	26,235,611

NOTES TO THE FINANCIAL STATEMENTS

16. STATED CAPITAL

	2022		2021	
	Number	LKR	Number	LKR
Fully Paid Ordinary Shares beginning of the year	356,869,666	5,331,775,177	356,869,666	5,331,775,177
Fully Paid Ordinary Shares end of the year	356,869,666	5,331,775,177	356,869,666	5,331,775,177

17. DIVIDEND PER SHARE

	Company			
	2022		2021	
	LKR	LKR	LKR	LKR
Equity dividend on ordinary shares declared and paid during the year				
Interim dividends	-	-	-	-
Total Dividend	-	-	-	-

18. OTHER COMPONENTS OF EQUITY

	Note	Group		Company	
		2022 LKR	2021 LKR	2022 LKR	2021 LKR
Revaluation Reserves	18.1	1,283,072,324	1,374,623,407	-	-
General Reserve	18.2	220,140	220,140	220,140	220,140
Foreign Currency Translation Reserve	18.1	12,471,881	(114,783,094)	-	-
Fair Value Through Other comprehensive Income		(213,955,758)	(208,865,000)	(213,955,758)	(208,865,000)
Other Reserves	18.4	3,100,000	3,100,000	3,100,000	3,100,000
Currency/Exchange Hedge	18.5	-	(32,551,210)	-	-
		1,084,908,587	1,021,744,243	(210,635,618)	(205,544,860)

18.1 Revaluation Reserves

	Attributable to Equity Holders of Parent		
	Revaluation Reserves LKR	Foreign Currency Translation Reserve LKR	Cashflow Hedge Reserves LKR
Beginning of the year	1,374,623,407	(114,783,094)	(32,551,210)
Disposal of Subsidiary	(234,088,900)	114,254,956	-
During the year change	142,537,817	13,000,019	32,551,210
End of the year	1,283,072,324	12,471,881	-

NOTES TO THE FINANCIAL STATEMENTS

Land & Buildings of subsidiaries have been revalued during the year by independent incorporated valuers, FRT Valuation (Pvt) Ltd. The said land and buildings were valued based on Market Approach, Cost Approach and Income Approach as further explained in Note 6.8. The result of such valuations were incorporated in the financial statements by transferring the surplus arisen thereon to the revaluation reserve.

18.2 General Reserve represents amounts set aside by the Directors for general application.

18.3 As at the reporting date, the assets and liabilities of the Indian Branch Operated by Dankotuwa Porcelain PLC, Millenium ITESP (Pvt)Ltd were translated into the presentation currency at the exchange rate prevailing at the reporting date and the Profit or Loss is translated at the average exchange rate for the period. The exchange rate differences arising on the translation were taken directly in to Currency Conversion Reserve, which is classified as a part of equity. During the year South Asia Textiles Limited was disposed and the respective balances were reclassified to Income Statement.

	Group	
	2022	2021
	LKR	LKR
Gain /(Loss) from Foreign Currency Translation during the year	21,180,331	(149,629)
	21,180,331	(149,629)

18.4 Capital Reserve represents amounts set aside by the Directors for further expenditure to meet any contingencies.

18.5 Currency/Exchange Hedge

The Group hedge the variability in the cash flows corresponding to the repayment of the term loan capital, packing credit loans and import loan capital attributable to changes in exchange rates over the period.

	Group	
	2022	2021
	LKR	LKR
Balance as at beginning of the Year	(45,701,067)	(34,288,295)
Charge to the other comprehensive income	54,670,437	(14,271,328)
Tax effect on cashflow hedge	(8,969,370)	2,858,556
Balance as at end of the Year	-	(45,701,067)

NOTES TO THE FINANCIAL STATEMENTS

19. INTEREST BEARING LOANS AND BORROWINGS

Summary - Group

	Note	2022			2021		
		Amount Repayable Within 1 Year	Amount Repayable After 1 Year	Total	Amount Repayable Within 1 Year	Amount Repayable After 1 Year	Total
		LKR	LKR	LKR	LKR	LKR	LKR
Lease liabilities	19.1	18,948,264	510,036,425	528,984,689	62,534,231	113,390,288	175,924,519
Bank Loans	19.2	1,222,141,225	363,848,561	1,585,989,786	1,586,732,187	1,043,464,357	2,630,196,544
Short Term Loan	19.3	1,266,739,185	-	1,266,739,185	1,396,567,147	-	1,396,567,147
Bank Overdraft		491,516,730	-	491,516,730	1,119,448,711	-	1,119,448,711
Loans from Related Parties	19.4	5,739,310	-	5,739,310	5,739,310	-	5,739,310
Others*		69,234,938	155,034,151	224,269,088	-	-	-
		3,074,319,652	1,028,919,137	4,103,238,789	4,171,021,586	1,156,854,645	5,327,876,231

*South Asia Textiles Ltd which was a subsidiary of the Company was disposed during the year and loan balance LKR 224Mn. reflects the loan from South Asia Textiles Ltd. (2021 -LKR 337Mn.) LKR 112Mn was repaid during the year.

19.1 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Set out below are the carrying amounts of lease liabilities on leasehold properties and the movements for the year ended 31 March 2022.

Lease liabilities	01.04.2021	Impact of New/ Modification to the leases	Interest Cost	Repayment	Disposal of Subsidiary	31.03.2022
	LKR	LKR	LKR	LKR	LKR	LKR
Right to Use Liabilities	175,924,519	425,519,892	19,626,891	(60,297,081)	(31,790,034)	528,984,186
	175,924,519	425,519,892	19,626,891	(60,297,081)	(31,790,034)	528,984,186
Gross Liability	233,083,067					1,034,005,235
Finance Charges allocated to future periods	(57,158,548)					(505,020,545)
Net liability	175,924,519					528,984,689

	2022			2021		
	Within 1 Year	After 1 Year	Total	Within 1 Year	After 1 Year	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Gross Liability	91,215,727	942,789,508	1,034,005,235	78,110,928	154,972,139	233,083,067
Finance Charges allocated to future periods	(72,267,463)	(432,753,082)	(505,020,545)	(15,576,697)	(41,581,851)	(57,158,548)
Net liability	18,948,264	510,036,425	528,984,689	62,534,231	113,390,288	175,924,519

* Notes and disclosures relating to Lease Assets are described in the Note 9.

19.1.1 This represents the rented showrooms and office premises lease liabilities as per the SLFRS 16.

NOTES TO THE FINANCIAL STATEMENTS

19. INTEREST BEARING BORROWINGS (Contd...)

19.2 Bank Loans

	At the Beginning of the Year	Loans Obtained	Repayment	Exchange Gain/(Loss)	Accrued interest	Disposal of Subsidiary	At The End of the year
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
2022	2,630,196,544	4,799,034,618	(5,610,492,932)	33,420,739	22,227,510	(288,396,693)	1,585,989,786
2021	4,009,710,673	3,485,678,554	(5,021,221,190)	17,908,584	138,119,923	-	2,630,196,544

19.2.1 Terms and conditions

Company	Lender/rate of interest	2022 LKR	2021 LKR	Repayment	Security
Royal	Hatton National Bank PLC				
Fernwood	- Term loan USD (LIBOR + 4.5%)	-	180,995,312	83 Equal monthly Instalments of USD 20,833/-	Primary mortgage bond
Porcelain	- Term loan LKR (AWPLR + 3.0% p.a.)	8,678,000	12,674,000	83 Equal monthly Instalments of Rs. 333,000/-	over immovable property
Limited	- Term loan LKR (AWPLR + 1.5% p.a.)	162,000,000	-	41 equal monthly installments of Rs. 4.5Mn	in the factory at Kosgama
	- Packing Credit loan - USD(AWPLR+2%)	-	13,153,392	Settlements Through sales proceeds	
	- Import loan - USD (AWPLR +2%)	5,699,855	43,776,276	Settlements Through sales proceeds	
	- Import loan EUR (AWPLR +2%)	-	54,325	Settlements Through sales proceeds	Secondary mortgage bond
	- Packing Credit loan - LKR(AWPLR+2%)	79,000,000	-	Settlements Through sales proceeds	over land & building at
	- Import loan LKR (AWPLR+1.5% and LIBOR + 3.5%)	7,890,023	14,516,178	Settlements Through sales proceeds	Kosgama for Rs.40Mn
	People's Bank				Corporate guarantee of
	- Packing credit loan - USD	-	10,952,273	90 days from the loan granted	Parent company and Title
	- Packing Credit Loan - LKR	-	13,689,994	90 days from the loan granted	of goods shipped and
					indemnity of the company
	DFCC Bank PLC				Primary mortgage for
	- Import loan (AWPLR +1.5%)	-	16,973,286	120 days from the loan granted	Rs:200,000,000/- or
	- Packing Credit Loan - USD (LIBOR+3.5%)	-	6,020,792	120 days from the loan granted	dollars up to a limit of USD
	- Import loan Loan - USD	68,300,317	-	120 days from the loan granted	1,250,000 as the case may
	- STL Loan	-	112,958,911	120 days from the loan granted	be over stocks kept/ to and
	- Term Loan	10,362,328	20,000,000	24 Months	book debts of the company
	- Packing Credit Loan - LKR	208,743,755	7,868,728	120 days from the loan granted	together with in favour of
					the bank
South Asia	Sampath Bank PLC				
Textile	- Term loan - 1 (4 % p.a + 3 Months LIBOR	-	-	Monthly LKR 2,050,747	
Limited	with a Floor rate of 4.75% p.a.)				
	Nations Trust Bank PLC				
	Term loan - 3 (3 .5% p.a + 3 Months	-	125,637,883	Monthly LKR 4,910,848	Machineries, Leasehold
	LIBOR with a Floor rate of 4.5% p.a.)				Building and Inventory
	Term loan - 3 (3 .5% p.a + 3 Months	-	134,078,390	Monthly LKR 3,858,535	
	LIBOR with a Floor rate of 4.5% p.a.)				
	People's Bank				
	- Term loan - 2 (4 .5% p.a + 6 Months	-	28,375,860	Monthly LKR 12,291,010	
	LIBOR with a Floor rate of 5.25% p.a.)				

NOTES TO THE FINANCIAL STATEMENTS

19. INTEREST BEARING BORROWINGS (Contd...)

Company	Lender/rate of interest	2022 LKR	2021 LKR	Repayment	Security
Dankotuwa Porcelain PLC	Bank of Ceylon				Floating hypothecation over stocks and book debts of the company
	- Packing credit loan (AWPLR+2.0% p.a)	-	-	Maximum 3 Months	
	People's Bank				
	- Term loan - (4 % p.a.)	13,763,361	25,000,000	24 months	Corporate Gurantee of Ambeon Holdings PLC
	Sampath Bank PLC				
	Packing credit loan (AWPLR+2.0% p.a)	-	-	Maximum 3 months	Hypothecation Bond for Rs:100Mn over stocks and book debts of the company
	Packing credit loan (LIBOR+2% subject to minimum of 5.25%)	-	-		
	-Overdraft facility (AWPLR +2.0% p.a)	25,000,000	105,000,000		
	Pan Asia Banking Corporation PLC				
	Packing credit loan (3 months LIBOR+4.% subject to minium	-	79,163,315	Maximum 4 months	Mortagage bond for US \$ 1,000,000 over stocks and book debts for the value of 1.5 times of the facility.
	Short term loan (16.5% p.a)	-			
	Term Loan	-	26,675,112	Maximum 4 months	
	National Development Bank PLC				Primary Mortgage over Factory premises Situated in Dankotuwa for LKR 400,000,000/-
	- STL Loan (AWPLR+1.25% p.a.)	71,391,358	196,561,940	Maximum 3 months	
	DFCC Bank PLC				
	Short term loan (AWPLR+1.25%p.a)	-	40,487,920	Maximum 3 months	Mortagage bond for Rs 80,000,000 over stocks and shares over 350,319,254 of Royal Fernwood Porcelain Ltd.
	Packing Credit loans (3 months LIBOR+3.25% subject to minimum	-	-	Maximum 4 months	
	Nation Trust Bank PLC				Unquoted shares 1,080,697,674 of Royal Fernwood Porcelain Ltd.
	- Short Term Loan (AWPLR+1.5% p.a)	164,110,929	-	60 Months	
Ambeon Holdings PLC	Seylan Bank PLC				
	Term loan 1 (1 month AWPLR + 2.5%)	-	400,000,000	12 quarterly equal installments of LKR 100 Mn each	Quoted Shares
	Term loan - 2 (1 monthAWPLR + 3.0%)	-	175,000,000	12 quarterly equal installments of LKR 25 Mn each	
	People's Bank				
	Term Loan (1W AWPLR+2.5%)	-	312,360,000	36 Monthly installements	UnQuoted Shares
	Sampath Bank PLC				
	Term Loan (1W AWPLR+2.5%)	211,400,000	257,800,000	60 Monthly installements	Property lot B plan no 184/2001

NOTES TO THE FINANCIAL STATEMENTS

19. INTEREST BEARING BORROWINGS (Contd...)

Company	Lender/rate of interest	2022 LKR	2021 LKR	Repayment	Security
Millennium I.T.E.S.P (Pvt) Limited	The Hongkong and Shanghai Banking Corporation Limited				
	- Long Term loan (Tenure linked COF+2.5% per annum)	-	130,798,327	Within 180 Days	Mortgage over inventory and debtors
	- Import Finance loan (Tenure linked COF+2.5% per annum)	93,587,609	51,924,328	Within 180 Days	
	Seylan Bank PLC				Corporate Guarantee of Ambeon Holdings PLC for LKR 2.0 Bn
	- Import Finance loan (Month AWPLR+ 1% p.a)	55,643,099	87,700,000	Within 180 Days	
	DFCC Bank PLC				
	- Import Finance loan (Weekly AWPLR+ 1.5% p.a)	400,419,153	-	Within 180 Days	-
		1,585,989,786	2,630,196,544		

19.3 Short Term Loan

	At the Beginning of the Year	Loans Obtained	Repayment	Disposal of Subsidiary	Exchange Gain/(Loss)	Accrued Interest	At The End of the year
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
2022	1,396,567,147	5,054,432,132	(4,617,850,610)	(623,123,934)	-	56,714,450	1,266,739,185
2021	2,710,875,981	4,037,258,295	(5,379,502,264)	-	21,183,243	6,751,892	1,396,567,147

NOTES TO THE FINANCIAL STATEMENTS

19. INTEREST BEARING BORROWINGS (Contd...)

19.3.1 Terms and Conditions

Company	Lender/rate of interest (p.a.)	2022 LKR	2021 LKR	Repayment	Security
South Asia Textiles Limited	People's Bank - Trust Receipt Loans (2.75% p.a + 3 months LIBOR with a Floor rate of 4.25% p.a.)	-	-	Within a period of 90 days	Machineries, Leasehold Building and Inventory were pledged as security.
	Sampath Bank PLC Import/Export Finance Loan (3 months LIBOR +3.25%)	-	2,118,997.32		
	Seylan Bank PLC - Revolving Import Loans (3 months LIBOR + 2.8% p.a with a floor rate of 4% p.a)	-	223,700,751	Within a period of 60 days	Machineries, Leasehold Building and Inventory were pledged as security.
	Nations Trust Bank PLC - Import finance loan (3.% p.a + 3 months LIBOR with a Floor rate of 3.25% p.a.)	-	19,814,371	Within a period of 90 days	Machineries, Leasehold Building and Inventory were pledged as security.
	DFCC Vardhana Bank - Import/Export Finance Loan (1 months LIBOR + 2.75% p.a)	-	377,489,815	Within a period of 120 days	Machineries, Leasehold Building and Inventory were pledged as security.
Ceylon Leather Products Limited	Bank of Ceylon - Term Loan - AWPLR + 1.75% - 3.0%	-	118,250,000	- Repayment period – 120 Days	Mortgage over stocks and book debts and loan agreement
Millennium I.T.E.S.P (Pvt) Limited	Seylan Bank PLC STL-One month AWPLR + 2% per annum - Short Term Loan (Month AWPLR+ 2.35% p.a)	729,538,659 -	501,622,269 -	Bullet Payment (interest to be serviced monthly)	Corporate Guarantee from Ambeon Holdings PLC
	National Development Bank PLC - Short Term Loan - 13% p.a.	200,071,233	-		
Ambeon Holdings PLC	Seylan Bank PLC - Short term loan	211,800,000	-	Within 30 days and settled over at the bank's direction /up to a maximum duration of 180days	Quoted Shares
	Nation Trust Bank PLC - Short Term loan	108,100,000	-	Maximum duration of 90 days	Quoted Shares
Colombo City Holdings PLC	Standard Chartered Bank - Term Loan (Rate 4.89% p.a.)	-	153,570,945	Repayment period – 175 Days	Fixed Deposit Rs.240Mn
	Seylan Bank PLC Reverse Repo	17,229,294	-	One week	Treasury bill - Rs: 695,727,593/-
		1,266,739,185	1,396,567,147		

NOTES TO THE FINANCIAL STATEMENTS

19. INTEREST BEARING BORROWINGS (Contd...)

19.4 Loans from Related Parties

19.4.1 Loans granted by Related Parties

Group		2022	2021
	Relationship	LKR	LKR
Mr. Eric Wikramanayake	Former Director	5,739,310	5,739,310
		5,739,310	5,739,310

* The above loans were granted by the former Director of Olancom (Pvt) Ltd to Olancom (Pvt) Ltd.

Terms and conditions : Rate of interest at 13.5% P.a.

19.5 Summary - Company

19.5.1 Interest Bearing Loans and Borrowings

	Note	Amount Repayable Within 1 Year 2022	Amount Repayable After 1 year 2022	Total 2022	Amount Repayable Within 1 Year 2021	Amount Repayable After 1 year 2021	Total 2021
		LKR	LKR	LKR	LKR	LKR	LKR
Bank Loan	19.5.2	384,700,000	146,600,000	531,300,000	381,880,000	763,280,000	1,145,160,000
Related Party - Commercial Paper	19.5.3	-	-	-	286,520,758	-	286,520,758
Related Party - Loan **	19.5.3	405,710,045	80,277,716	485,987,760	348,557,656	1,037,757,815	1,386,315,471
Bank Overdraft*		-	-	-	428,243,002	-	428,243,002
Others **		149,512,884	74,756,435	224,269,319	-	-	-
		939,922,929	301,634,150	1,241,557,079	1,445,201,416	1,801,037,815	3,246,239,231

*Bank Overdraft Facility and Revolving Loan facility are secured on Financial Investments as further described under Assets Pledged (Note 33)

** South Asia Textiles Ltd which is a subsidiary of the Company was disposed during the year and loan balance LKR 224Mn. reflects the loan from South Asia Textiles Ltd. (2021 -LKR 337Mn.) LKR 112Mn was repaid during the year.

19.5.2 Bank Loan

	As at Beginning of the Year	Loan Obtained	Repayments	Accrued Interest	As at End of the Year
	LKR	LKR	LKR	LKR	LKR
Term Loan 1 - Seylan Bank PLC	400,000,000	-	(402,793,644)	2,793,644	-
Term Loan 2 - Seylan Bank PLC	175,000,000	-	(176,296,534)	1,296,534	-
Term Loan - Peoples bank	312,360,000	-	(314,563,685)	2,203,685	-
Term Loan - Sampath bank PLC	257,800,000	-	(49,292,455)	2,892,455	211,400,000
Short term Loan -Seylan Bank PLC	-	1,549,355,000	(1,337,555,000)	-	211,800,000
Short term Loan - Nations Trust Bank PLC	-	326,700,000	(270,500,000)	51,900,000	108,100,000
	1,145,160,000	1,876,055,000	(2,551,001,318)	61,086,318	531,300,000

NOTES TO THE FINANCIAL STATEMENTS

19. INTEREST BEARING BORROWINGS (Contd...)

19.5.3 Related Party - Loan /Commercial Paper

	Rate	As at Beginning of the year	Loan Obtained/ Converted	Repayments	Accrued Interest	Disposal of Subsidiary	As at End of the year
			LKR	LKR	LKR	LKR	LKR
2022	Variable AWPLR+1.5%	1,672,836,229	753,776,440	(1,684,678,941)	80,458,014	(336,403,982)	485,987,760
2021	9% - 12.5%	1,648,489,124	475,343,750	(636,005,877)	185,009,232	-	1,672,836,229

19.5.4 Related party loan and commercial paper details

Company	Rate	Period	Amount 2022 LKR	Amount 2021 LKR
Loan Payable				
Colombo City Holdings PLC	AWPLR+1.5%	3 years	405,710,046	547,001,562
Millennium I.T E.S.P (Pvt) Ltd.	Cost of Funds	3 years	80,277,714	781,250,139
Eon tec (Pvt) Ltd.	9.00%	withn 1 year	-	8,180,546
South Asia Textiles Ltd.	N/A	3 years	-	336,403,982
			485,987,760	1,672,836,229

* No Collateral has been provided for the Related Party Loans

20. DEFERRED TAX LIABILITY/(ASSET)

20.1 Group

	Asset		Liability	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
At the beginning of the year	(122,748,598)	(81,878,408)	588,977,461	782,776,317
Exchange Equalization Reserve	-	-	-	(7,620,837)
Disposal of Subsidiary	-	-	(154,971,634)	-
Charge/(Reversal) to the Income Statement	(42,644,371)	(33,260,146)	184,912,007	(33,476,551)
Charge/(Reversal) to Other Comprehensive Income	33,168,150	(7,610,044)	18,445,523	(152,701,468)
At the end of the year	(132,224,820)	(122,748,598)	637,363,358	588,977,461

NOTES TO THE FINANCIAL STATEMENTS

20.2 Charge/(Reversal) to the Income Statement

	Note	2022 LKR	2021 LKR
Transfer from accelerated depreciation and others	28	142,267,636	(66,736,697)
		142,267,636	(66,736,697)
Charge/(Reversal) to Other Comprehensive Income			
Tax on Revaluation Gain		28,775,245	(154,100,824)
Employee Benefit Liability		13,869,058	(10,349,335)
Effect of Cash flow Hedge Accounting		8,969,368	(2,858,556)
Discontinued operations		-	6,997,203
		51,613,672	(160,311,512)
Foreign currency Translation impact		-	(7,620,837)

20.3 The Closing Net Deferred Tax (Asset) and Liability Balances Relate to the following:

	Asset		Liability	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Fair Valuation of Land and Buildings	51,400,661	450,000	269,141,776	293,261,191
Accelerated depreciation and amortization for tax purposes	42,858,822	2,385,693	476,575,623	657,840,287
Employee Benefit Liability	(43,242,006)	(46,480,214)	(29,346,808)	(52,080,072)
Losses available for offset against future taxable income	(60,959,560)	-	(49,661,981)	(142,264,131)
Provision for Debtors	(60,776,404)	(44,829,354)	(5,511,914)	(11,675,246)
Provision for Inventory	(59,956,677)	(24,523,493)	(23,402,950)	(109,027,876)
Others*	(1,549,656)	(9,751,230)	(430,388)	(47,076,692)
	(132,224,820)	(122,748,598)	637,363,358	588,977,461

The above deferred tax asset arising from carried forward tax losses has been determined based on a financial budget approved by management to the extent of sufficient taxable profit are available. The Group has computed deferred tax at the rates based on enacted rate, as of the reporting date.

The above deferred tax arises from timing difference of depreciation, impairment of debtors, unutilized portion of carried forward tax losses and gratuity. The deferred tax arising from the unused tax losses amounting to LKR 790 million has not been recognised as the management is not certain whether there will be sufficient taxable profit to utilized.

*"Others" represent Deferred Tax Asset/Liability recognised on provision for other claims and liabilities related provisions and exchange reserve.

20.4 Company

	Statement of Financial Position		Statement of Income Statement		Other Comprehensive Income	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Deferred Tax Liability						
Accelerated depreciation for tax purposes	1,214,144	1,493,705	(279,561)	(213,623)	-	-
Fair Valuation of investment in subsidiaries	208,626,110	322,042,353	(113,416,243)	(70,616,600)	-	-
Deferred Tax Assets						
Defined Benefit Plans	(1,734,622)	(1,439,380)	(83,639)	(19,777)	(211,603)	187,566
Losses available to offset against future Taxable Income	(17,000,000)	(17,000,000)	-	-	-	-
Deferred Tax (Reversal)/Expense			(113,779,443)	(70,850,000)	(211,603)	187,566
Net Deferred Tax Liability/(Asset)	191,105,632	305,096,678				

NOTES TO THE FINANCIAL STATEMENTS

21. EMPLOYEE BENEFIT LIABILITIES

	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Current/Past Service Cost	32,137,339	58,520,193	1,066,176	1,410,068
Interest Cost on Benefit Obligation	29,925,847	44,274,315	419,819	573,989
	62,063,186	102,794,508	1,485,995	1,984,057
Net Actuarial (Gain) / Loss	(65,921,632)	88,306,536	881,679	(781,527)
Total Expenses	(3,858,446)	191,101,044	2,367,674	1,202,530
Balance as at 1 April	571,285,686	442,357,447	5,997,418	5,739,888
Current/Past Service Cost	32,137,339	58,520,193	1,066,176	1,410,068
Interest Cost on Benefit Obligation	29,925,847	44,274,315	419,819	573,989
Actuarial Losses / (Gain) on Obligation	(65,921,632)	88,306,536	881,679	(781,527)
Benefit Paid	(44,001,286)	(62,927,126)	(1,137,500)	(945,000)
Exchange Adjustment	-	754,321	-	-
Disposal of Subsidiary	(140,609,271)	-	-	-
Balance as at 31 March	382,816,683	571,285,686	7,227,592	5,997,418

21.1 The cost of gratuity is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, staff withdrawals, and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. An actuarial valuation of the retirement gratuity payable was carried out as at March 31, 2022 by Messrs. Actuarial & Management Consultants (Pvt) Ltd Actuaries.

	Group		Company	
	2022	2021	2022	2021
Discount Rate	15%	7%	15%	7%
Salary Increment rates used	12%	7%	12%	7%
Staff Turnover Rate	10%	5%	10%	5%
Retirement Age	60 Years	55 Years	60 Years	55 Years

Under the Minimum Retirement Age of Workers Act No 28 of 2021, retirement benefit plan of the Group and the Company was amended due to the increase in retirement age.

21.2 Maturity Profile of the Defined Benefit Plan

	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Within Next 12 Months	71,976,877	59,494,526	1,511,787	205,823
Between 1 - 2 Years	115,362,196	102,557,910	1,293,423	541,110
Between 2 - 5 Years	91,253,096	125,696,879	1,435,401	534,680
Between 5- 10 Years	64,269,089	125,921,439	1,057,997	2,905,863
Beyond 10 years	39,955,426	157,614,932	1,928,985	1,809,942
	382,816,683	571,285,686	7,227,592	5,997,418

NOTES TO THE FINANCIAL STATEMENTS

21.3 Break up of the Actuarial (Gain)/ Loss

	Group		Company	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
Actuarial (Gain)/ Loss Resulting from Changes in Financial Assumptions	(41,363,749)	84,707,410	(1,183,574)	(781,527)
Actuarial (Gain)/ Loss Resulting from Changes in Demographic Assumptions	19,208,052	(392,258)	433,958	-
Actuarial (Gain)/ Loss Resulting from Changes in Experience Adjustments	(43,765,935)	3,991,384	1,631,295	-
	(65,921,632)	88,306,536	881,679	(781,527)

21.4 Sensitivity Analysis

If one percentage point changes in the assumptions, the change in present value of the defined benefit obligation would be as follows;

	Group			
	2022		2021	
	1% Increase	1% Decrease	1% Increase	1% Decrease
	LKR	LKR	LKR	LKR
Discount Rate	(13,644,121)	14,781,818	(38,342,225)	43,791,141
Salary Increment Rate	15,469,232	(14,496,697)	44,351,184	(39,573,010)

	Company			
	2022		2021	
	1% Increase	1% Decrease	1% Increase	1% Decrease
	LKR	LKR	LKR	LKR
Discount Rate	(384,034)	428,210	(521,548)	595,704
Salary Increment Rate	437,967	(398,631)	591,724	(527,556)

22. CONTRACT LIABILITY - SERVICE AGREEMENTS

	2022	2021
	LKR	LKR
Balance at the beginning of the year	1,132,288,807	924,172,960
Deferred During the year	1,976,206,201	1,114,781,310
Transferred to revenue during the year	(1,029,491,750)	(906,665,463)
Balance at the end of the year	2,079,003,258	1,132,288,807

Revenue from deferred income is recognized periodically throughout the service agreement period entered between Millennium I.T.E.S.P (Pvt) Ltd Group and service clients and expected to be completed in year 2022/23.

NOTES TO THE FINANCIAL STATEMENTS

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Trade Payable - Other	1,885,185,556	3,829,818,403	-	-
Other Payables - Other	474,087,918	816,921,991	47,161,097	169,482,740
- Related Parties (Note 23.1)	18,930,231	15,602,832	1,260,473	12,147,006
Payable Related to On going Project	2,138,734,645	938,175,186	-	-
Sundry Creditors Including Accrued Expenses	283,175,195	404,429,670	-	-
	4,800,113,545	6,004,948,082	48,421,570	181,629,746

Sundry creditors including accrued expenses : includes statutory payments, other payable, accrual expenses and other creditors.

23.1 Other Payables -Related Parties

	Relationship	Group		Company	
		2022 LKR	2021 LKR	2022 LKR	2021 LKR
Colombo City Holdings PLC	Subsidiary	-	-	-	3,201,100
Ceylon Leather Products Ltd	Subsidiary	-	-	18,289	18,291
Dankotuwa Porcelain PLC	Subsidiary	-	-	-	4,196,864
South Asia Textiles Ltd	Subsidiary*	-	-	-	101,088
Lexinton Holdings (pvt) Ltd	Sub-Subsidiary	-	-	893,506	3,321,365
Ambeon Capital PLC	Immediate Parent	18,930,231	15,602,832	-	-
Taprobane Investments (Pvt) Ltd	Sub-Subsidiary	-	-	51,337	141,898
Millenium IT ESP (pvt) Ltd	Sub-Subsidiary	-	-	297,342	1,166,400
		18,930,231	15,602,832	1,260,473	12,147,007

* Disposed during the year refer Note 4

NOTES TO THE FINANCIAL STATEMENTS

24. OTHER FINANCIAL LIABILITIES

	Note	No. of Shares	Group		Company	
			Carrying Value	Carrying Value	Carrying Value	Carrying Value
			2022	2021	2022	2021
			LKR	LKR	LKR	LKR
Financial Liabilities at amortised cost						
Preference Shares	24.1	170,625	968,906	968,906	968,906	968,906
			968,906	968,906	968,906	968,906

24.1 Shareholders of the Non Cumulative Preference Shares are entitled for a mandatory preference dividend annually. They are not entitled to vote at a meeting of the company.

25. OTHER INCOME

	Group		Company	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
Other miscellaneous Income	27,762,084	18,383,288	5,500,000	-
Dividend Income	5,455,399	499	-	-
Gain on Disposal of Investment	32,763,695	-	-	-
Creditors Write back	153,000,000	3,364,151	153,000,000	-
	218,981,179	21,747,938	158,500,000	-

26. FINANCE COST

	Group		Company	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
Bank Overdraft/ Loan Interest	33,476,539	92,011,400	2,731,227	38,758,117
Bank Charges	13,974,072	5,142,684	7,016,376	100,346
Lease Interest	19,626,588	19,449,940	-	-
Loan Interest	243,948,059	308,055,249	42,778,255	135,000,756
Interest on Preference Shares	23,940	23,940	23,940	23,940
Interest on Related Party Loan	895,649	254,843	74,064,974	137,446,208
Interest Expense on Staff welfare fund	242,285	237,649	-	-
Interest on Commercial Paper	6,626,215	-	6,626,215	47,567,228
	318,813,347	425,175,705	133,240,987	358,896,595

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCE INCOME

	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Interest on;				
- FCBU Accounts	1,297,783	1,979,469	-	-
- Short Term Investments	42,638,488	19,494,805	-	-
- Staff Loan	324,793	630,333	-	-
- Commercial Paper	9,714,701	3,120,108	-	-
- Repo Investment	9,344,442	251,501	-	-
- Parent and ultimate parent	39,380,716	45,587,895	-	-
Interest income on delayed settlement	61,666,549	30,651,771	-	-
Interest Income on Fixed Deposits/bank deposits	42,814,282	19,473,654	-	-
	207,181,753	121,189,536	-	-

28. INCOME TAX EXPENSE / (REVERSAL)

		Group		Company	
	Note	2022	2021	2022	2021
		LKR	LKR	LKR	LKR
Current Income Tax					
Current Tax Expense on Ordinary Activities for the Year	28.1	235,621,471	250,085,494	-	43,747,466
Deemed Dividend Tax Charge for the year		3,059,091	-	-	-
Under / (Over) Provision of current taxes in respect of prior years		(45,089,675)	1,015,782	(41,833,875)	-
Deferred Tax					
Deferred Taxation Charge / (Reversal)	20	142,267,636	(113,509,775)	(113,779,444)	(73,034,667)
Relating to the tax rate change		-	46,773,078	-	2,184,667
Income tax charge / (Reversal) reported in the Profit or Loss statement		335,858,523	184,364,579	(155,613,319)	(27,102,534)

NOTES TO THE FINANCIAL STATEMENTS

28.1 Reconciliation between Current Tax Expense and the product of Accounting Profit.

	Note	Group		Company	
		2022 LKR	2021 LKR	2022 LKR	2021 LKR
Accounting Profit / (Loss) before Tax from Operations		1,271,375,123	(1,674,374,904)	1,435,251,930	(2,151,645,972)
Profit / (Loss) before Tax from Discontinuing Operations		1,583,608,276	(251,170,293)	-	-
		2,854,983,399	(1,925,545,197)	1,435,251,930	(2,151,645,972)
Income Exempt from Tax		(314,769,585)	(561,994,441)		(127,492,635)
Aggregate Disallowed items		(317,394,968)	3,248,493,580	(1,383,349,125)	2,347,491,357
Aggregate Allowable credits		399,842,744	(649,393,071)	(6,633,892)	(20,217,914)
Other income included in profit from operation		(122,956,251)	(231,021,509)	-	-
Consolidated Adjustment		(1,359,050,157)	1,136,444,570	-	-
Business/Investment Profit / (Loss)		1,140,655,182	1,016,983,932	45,268,913	48,134,836
Interest Income		114,997,054	372,989,491	-	8,529,067
Less : Net of Tax Loss utilized	28.2	(134,742,606)	(151,384,548)	(45,268,913)	(56,663,903)
Taxable Income		1,120,909,630	1,238,588,875	-	-
Applicable Rate - 14%		20,336,850	1,946,475	-	-
Applicable Rate - 18%		-	32,960	-	-
Applicable Tax Rate - 24%		188,865,893	184,021,745	-	-
Income tax on dividend Income		26,418,728	64,084,314	-	43,747,466
Income Tax Attributable to Continuing Operations		235,621,471	250,085,494	-	43,747,466
Income Tax Expense		235,621,471	250,085,494	-	43,747,466

28.2 Tax Losses Carried Forward

	Note	Group		Company	
		2022 LKR	2021 LKR	2022 LKR	2021 LKR
Tax losses brought forward		2,387,892,011	2,187,502,311	765,208,276	871,939,723
Tax losses arising during the year		155,259,309	277,665,869	-	-
Utilization of tax losses		(290,001,916)	(151,384,548)	(45,268,913)	(56,663,903)
Adjustment in respect of prior years		(201,581,133)	74,108,379	-	(50,067,544)
Tax losses carried forward		2,051,568,272	2,387,892,011	719,939,363	765,208,276

28.2.1 Group Tax rates

Group Companies are taxed at 14% to 24% .

NOTES TO THE FINANCIAL STATEMENTS

29. PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS

	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Stated after Charging/(Crediting)				
- Included under Cost of Sales				
- Depreciation & Amortization	131,153,818	137,152,717	-	-
- Salaries	319,384,951	357,400,808	-	-
- Employee Benefits Liability	18,071,984	22,791,757	-	-
- Defined Contribution Plan Costs - EPF & ETF	49,456,403	47,698,357	-	-
- Bonus	1,850,625	1,639,955	-	-
- Other Staff Costs	96,564,043	33,706,121	-	-
- Allowance for Obsolete & Slow Moving Inventories	-	(32,374,899)	-	-
- Reserch and Development	23,700	-	-	-
- Included under Administration Expenses				
- Depreciation & Amortization	15,288,298	163,069,558	5,650,455	5,852,087
- Directors' Remuneration	30,765,000	17,606,373	10,200,000	-
- Salaries	535,056,110	780,632,315	25,996,227	37,063,987
- Bonus	58,237,709	61,364,729	2,708,500	-
- Employee Benefits Liability	40,511,835	49,096,782	1,485,995	1,984,057
- Defined Contribution Plan Costs - EPF & ETF	160,001,365	112,422,836	7,838,638	12,837,939
- Other Staff Costs	50,912,759	15,572,403	-	-
- Auditors Remuneration	7,738,524	7,034,562	1,514,500	1,109,391
- Legal fees	830,818	1,357,882	-	-
- Included under Selling & Distribution Expenses				
- Depreciation & Amortization	11,979,691	11,406,540	-	-
- Salaries	49,018,977	30,741,095	-	-
- Employee Benefits Liability	2,267,128	3,124,188	-	-
- Defined Contribution Plan Costs - EPF & ETF	5,598,042	3,407,703	-	-
- Other Staff Costs	27,528,191	9,629,463	-	-
- Rent	1,139,389	18,134,322	-	-
Allowances for Obsolete & Slow Moving Inventories	598,414,703	984,677,130	-	-
Impairment Goodwill	33,448,710	-	-	-
Impairment of Property Plant & Equipment	-	46,110,921	-	-
Loss from disposal of Property, Plant & Equipment	-	3,527,639	-	-
Impairment of Trade and Other receivable	248,320,842	72,155,412	266,596,794	96,198,487
Provision for Corporate Guarantee	-	153,000,000	-	153,000,000
Impairment Provision for Non Current Financial Assets	-	180,000,000	-	180,000,000
Impairment of Other Financial Investments	-	35,555,213	-	-

NOTES TO THE FINANCIAL STATEMENTS

30. EARNINGS PER SHARE

30.1 Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

30.2 The following reflects the income and share data used in the basic Earnings Per Share computations.

	Group	
	2022	2021
	LKR	LKR
Amount Used as the Numerator:		
Net Profit/(Loss) for the year attributable to equity holders of the parent for basic Earnings per share	2,335,303,722	(2,142,899,813)
Net Profit/(Loss) from the continuing operations attributable to equity holders of the parent for basic Earnings per share	751,695,445	(1,904,286,232)
Number of Ordinary Shares Used as Denominator:		
Ordinary shares at the beginning of the year	356,869,666	356,869,666
Weighted Average number of shares Issued during the year	-	-
Weighted average number of ordinary shares adjusted for the Basic EPS	356,869,666	356,869,666
Weighted average number of ordinary shares adjusted for the effect of dilution	356,869,666	356,869,666

31. CASH AND SHORT TERM DEPOSITS

	Group		Company	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
31.1 Favourable Cash and Short term Deposits				
Cash and Bank Balances	1,655,357,707	508,228,015	19,455,889	7,765,494
Short Term Investments	486,408,973	324,958,182	-	-
	2,141,766,680	833,186,197	19,455,889	7,765,494
31.2 Unfavourable Cash and Cash Equivalent				
Bank Overdraft (Note 19)	(491,516,730)	(1,119,448,711)	-	(428,243,002)
Cash & Short term Deposits at the end of the year for the Purpose of Statement of Cash Flow	1,650,249,950	(286,262,514)	19,455,889	(420,477,508)

NOTES TO THE FINANCIAL STATEMENTS

32. CONTINGENT LIABILITIES AND COMMITMENTS

	2022	2021
	LKR Mn	LKR Mn
32.1 Ambeon Holdings PLC		
Bank Guarantees		
Guarantees given to following facility on behalf of Royal Fernwood Porcelain Ltd;		
People's Bank PLC	65	65
DFCC Bank PLC	20	20
Guarantees given to following facility on behalf of Millennium I.T.E.S.P (Pvt) Ltd;		
Seylan Bank PLC	2,000	2,000
Guarantees given to following facility on behalf of Dankotuwa PLC		
People's Bank PLC	25	25

32.2 Millennium I.T.E.S.P (Pvt) Ltd

Performance Bonds	505	244
Tender Bonds	128	84
Advance payments guarantees	111	72
Custom Guarantee	66	11

	2022	2021
	USD Mn	USD Mn
Performance Bonds	-	0.99
Advance payments guarantees	-	0.33

32.3 Taprobane Securities (Pvt) Ltd

Bank guarantee given to Central Depository System (CDS) on behalf of the company (LKR 10 Mn).

32.4 Taprobane Capital Plus (Pvt) Ltd

Corporate Guarantee Bond given by the company to Taprobane Securities (Pvt) Ltd amounted to LKR. 75,000,000/-.

32.5 There are no material issues pertaining to the Employee and Industrial Relations of the Group.

32.6 Tax Assessments

The Ambeon Holdings PLC and Lexinton Holdings (Pvt) Limited has received tax assessment for the period 2017/18 and 2011/12 respectively, the management has appeal against the assessment. The Group is of the view that the above assessments will not have any material impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

33. ASSETS PLEDGED

Nature of Assets	Nature of Liability	Carrying Amount Pledged		Included under
		2022 LKR Mn	2021 LKR Mn	
33.1 Assets Pledged by Ambeon Holdings PLC				
Quoted Equity Investments	Overdraft Facility	4,267	2,125	Investments in Subsidiaries and Other Current Financial Assets
	Revolving Loan for Loans and Borrowings			
Un-Quoted Equity Investments	Term loan	-	560	Investments in subsidiaries and other current financial assets
Property - Lexinton - lot B plan no 184/2001	Term loan	301	288	Property,Plant & Equipment (Group)
		4,568	2,973	
33.2 Assets Pledged by Colombo City Holdings PLC				
Government Securities	Repurchase Agreements (REPOs)	696	-	Other Financial Investments
33.3 Assets Pledged by Dankotuwa Porcelain PLC				
Inventory and Trade Debtors	Loans and Borrowings	926	747	Inventory and Trade Debtors
Factory premises in Dankotuwa	Loans and Borrowings	1,286	-	Property,Plant & Equipment (Group)
		2,212	747	
33.4 Royal Fernwood Porcelain Limited				
Land and Buildings & Immovable Machinery	Term Loans and Short Term Borrowings	724	546	Property, plant and equipment and Investment Property
		724	546	

NOTES TO THE FINANCIAL STATEMENTS

34. RELATED PARTY DISCLOSURES

34.1 Transaction with related entities

Nature of transactions	Group		Company	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
34.1.1 Ultimate Parent				
Loan Granted	41,519,868	1,500,000	-	1,500,000
Loan Settled	(10,184,028)	-	(5,393,943)	-
Interest on Loans	25,708,152	30,958,114	13,845,980	17,739,900
34.1.2 Immediate Parent				
Loan Granted	2,261,882,514	87,011,149	2,014,000,000	75,000,000
Loan Settled	-	(279,409,577)	-	(70,209,577)
Interest on Loans	152,776,509	148,702,991	116,970,250	41,594,486
Refer Note 14.3 for Terms and Conditions				

	Group		Company	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
34.1.3 Transaction with subsidiaries				
Balance as at 01st April	-	-	(447,871,252)	(287,071,635)
Interest Income on Loans	-	-	53,447,298	30,660,298
Staff Support & Server Utilisation fees	-	-	132,641,360	129,740,894
Settlement Current Account Balance	-	-	239,133,712	(182,224,497)
Reimbursement of Expenses	-	-	5,496,585	34,558,744
Cost sharing arrangement	-	-	5,253,166	40,781,051
Loans / Financial Assistance provided	-	-	771,400,000	10,031,000
Commercial papers interest	-	-	(6,569,170)	(47,567,227)
Commercial Paper Interest settlement / Capitalization	-	-	-	22,575,007
Loan obtained/obtained through Commercial Paper Conversion	-	-	-	(475,343,750)
Loan Interest	-	-	(80,458,014)	(137,442,006)
Net Loan (Settlement)/Obtained	-	-	(186,771,521)	413,430,870
Balance as at 31 March	-	-	485,702,165	(447,871,252)

	Group		Company	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
34.1.4 Other Related Parties				
Sale of Goods	263,352	1,136,148,147	-	-
(Receipts) / Payments for Goods / Services	(263,352)	(1,191,811,417)	-	-

Transaction, arrangements and agreements involving Key Management Personnel (KMPs) and their Close Family Members (CFMs), and Entities which are controlled, jointly controlled or significantly influenced by the KMP's and their CFMs or shareholders who have either control, jointly control or significant influence over the entity.

Other Related Parties include; Hirdaramani International Exports (Pvt) Ltd, United Hotels Company (Pvt) Ltd, Suisse Hotel Kandy (Pvt) Ltd and Ceylon Hotel Corporation Ltd.

NOTES TO THE FINANCIAL STATEMENTS

34. RELATED PARTY DISCLOSURES (Contd..)

34.2 Transactions with Key Management Personnel

Key Management Personnel include Members of the Board of directors of Ambeon Holdings PLC and its Subsidiary Companies.

	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Key Management Personnel Compensation				
Short-Term employee benefits	201,201,995	103,006,073	10,200,000	25,864,456
Post Employment Benefit	3,496,800	35,734,593	-	3,699,668
	204,698,795	138,740,666	10,200,000	29,564,124

34.3 Terms and conditions of transactions with related parties

Transactions with related parties are carried out at arms length in the ordinary course of the business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash. Interest bearing borrowings are at pre-determined interest rates and terms.

34.4 Disclosure in terms of Section 9.3.2 of the listing Rules of the Colombo Stock Exchange

Non Recurrent Related Party Transactions

Name of the Related Party	Relationship	Nature of the Transaction	Value of the related party Transaction (During the FY) LKR Mn	Value of the related party Transaction as a % of Equity and as a % of total Asset	Terms and Conditions of the related party Transaction	The Rationale for the Transaction
Ambeon Capital PLC	Immediate Parent	Term Loan	2,014	Total Assets - 9% Equity - 31.9%	12 to 36 Months	To reduce the external group borrowings by better utilization of excess funds

Recurrent Related Party Transactions

Name of the Related Party	Relationship	Nature of the Transaction	Value of the related party Transaction (During the FY) LKR Mn	Value of the related party Transaction as a % of Equity and as a % of total Asset	Terms and Conditions of the related party Transaction	The Rationale for the Transaction
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Aggregate value of recurrent related party transaction does not exceed 10% of the Group consolidated revenue.

NOTES TO THE FINANCIAL STATEMENTS

35. EVENTS OCCURRING AFTER THE REPORTING DATE

No circumstances have arisen since the reporting date which would require to be disclosed in the financial statements. Except for ;

Ambeon Holdings PLC

The Board of Directors of the Company has declared a Interim dividend of Rs.3 per share for the financial year ended 31 March 2022. As required by section 56 (2) of the Companies Act No. 07 of 2007, the Board of Directors has confirmed that the Company satisfies the solvency test in accordance with section 57 of the Companies Act No.07 of 2007, and has obtained a certificate from auditors, prior to declaring a interim dividend which is to be paid on or before 27 April 2022.

Colombo City Holdings PLC

On 08 August 2022, Colombo City Holdings PLC acquired the entire issued shares of Lexinton Resorts (Private) Limited held by Ambeon Capital PLC for a total consideration of LKR 575 million.

Group

As at reporting date inflation rate was 18.7%. However, it has been escalated up to 66.7% at latest Inflation rate before the financial statements is authorized for issue by the directors. Exchange rates also observed a notable fluctuation after the balance sheet date and has not adjusted in the current year financial statements since the conditions that gave rise to the gain/(loss) did not exist as of Reporting Date.

36. FINANCIAL ASSETS AND LIABILITIES

36.1 Fair values of Financial Assets and Liabilities -Group

The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 9.

Notes	Fair Value Hierarchy	2022		Fair Value Hierarchy	2021		
		Carrying Value	Fair Value		Carrying Value	Fair Value	
		LKR	LKR		LKR	LKR	
Assets Measured at Fair value							
Investment Properties	Level 3	2,011,743,212	2,011,743,212	Level 3	2,007,343,212	2,007,343,212	
Financial Instrument at Amortised Cost	Level 2	9,154,942	9,154,942	Level 2	14,304,886	14,304,886	
Land	Level 3	1,171,148,000	1,171,148,000	Level 3	1,169,423,152	1,169,423,152	
Freehold Buildings	Level 3	1,016,872,000	1,016,872,000	Level 3	870,547,100	870,547,100	
Building on Lease Hold Land	Level 3	-	-	Level 3	868,000,000	868,000,000	
Fair Value through Profit and Loss							
Other Financial Investment	15	Level 1	564,410,113	564,410,113	Level 1	26,257,756	26,257,756
Fair Value through OCI							
Other Financial Investment	15	Level 1	290,656,879	290,656,879	Level 1	610,828,974	610,828,974
Total		855,066,992	855,066,992		637,086,730	637,086,730	

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL ASSETS AND LIABILITIES (Contd...)

36.2 Categories of Financial Assets and Liabilities - Company

Financial assets and liabilities in the tables below are split into categories in accordance SLFRS 9.

	Notes	Fair Value Hierarchy	2022		Fair Value Hierarchy	2021	
			Carrying Value	Fair Value		Carrying Value	Fair Value
			LKR	LKR		LKR	LKR
Assets Measured at Fair value							
Fair Value Through Profit and Loss							
Other Financial Investment	15	Level 1	419,851,007	419,851,007	Level 1	26,235,611	26,235,611
Fair Value Through OCI							
Other Financial Investment	15	Level 1	290,656,879	290,656,879	Level 1	610,828,974	610,828,974
Investment in subsidiaries	10	Level 3	8,006,536,733	8,006,536,733	Level 3	10,768,503,000	10,768,503,000
Total			8,717,044,619	8,717,044,619		11,405,567,585	11,405,567,585

Financial Assets and Liabilities measured or disclosed at Fair Value

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- The fair values of the quoted equities are based on market prices reported at March 2022 and prior year based on market value at the reporting date.
- Long-term fixed-rate borrowings are evaluated by the Group based on interest rates.

Those assumptions for assets categorised as Level 3 has been described under respective note numbers.

36.3 Financial Risk Management - Objectives and Policies

The Group has loans and other receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Group also holds financial assets at a fair value through profit or loss and OCI

The Group's principal financial liabilities comprise of loans and borrowings, trade and other payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations.

The Group's risk management is overlooked by the Company, in close corporation with the board of directors and focuses on actively securing the group's short to medium term cash flows by minimizing the exposure to financial markets. Long term financial investments are managed to generate lasting returns. The group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the group is exposed are described below.

The Group is exposed to market risk, credit risk and liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS

36.3.1 Credit Risk

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

The Group trades only with recognized, credit worthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, such as cash and cash equivalents, available-for-sale financial investments and other financial investments, the Group's exposure to credit risk arises from default of the counter party. The Group manages its operations to avoid any excessive concentration of counterparty risk and the Group takes all reasonable steps to ensure the counter parties fulfil their obligations.

Risk exposure

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts (without consideration of collateral, if available). Following table shows the maximum risk positions.

Risk Exposure - Group	Notes	2022 LKR	% of allocation	2021 LKR	% of allocation
Bank Deposits	15	709,301,378	6%	339,965,525	6%
Trade and Other receivables	14	8,696,415,216	75%	4,909,692,401	81%
Cash and Short term Deposits	31	2,141,766,680	19%	833,186,197	14%
Total credit risk exposure		11,547,483,274	100%	6,082,844,123	100%
Financial assets at fair value through profit & loss	15	564,410,113	66%	26,257,756	4%
Financial assets at fair value through OCI	15	290,656,879	34%	610,828,974	96%
Total equity risk exposure		855,066,992	100%	637,086,730	100%
Total		12,402,550,266		6,719,930,853	

Risk Exposure - Company	Notes	2022 LKR	% of allocation	2021 LKR	% of allocation
Bank Deposits	15	58,805	0%	100,058,805	19%
Trade and other receivables	14	2,360,249,843	99%	410,746,082	79%
Cash in hand and at bank	31	19,455,889	1%	7,765,494	1%
Total credit risk exposure		2,379,764,537	100%	518,570,381	100%
Financial assets at fair value through profit & loss	15	419,851,007	59%	26,235,611	4%
Financial assets at fair value through OCI	15	290,656,879	41%	610,828,974	96%
Total equity risk exposure		710,507,886	100%	637,064,585	100%
Total		3,090,272,423		1,155,634,966	

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL ASSETS AND LIABILITIES (Contd...)

Trade and Other receivables

Customers credit risk is managed by each business unit subject to the Group's established policies and procedures relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with the assessment.

Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letter of credit or other forms of credit insurance.

The requirement for an impairment is analysed at each reporting date on an individual basis for major customers. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data.

Credit quality of trade receivables that are neither past due or impaired is explained below.

Trade receivables	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Neither past due, not impaired	3,657,563,199	2,752,833,523	-	-
Past due but not impaired				
31-60 days	1,037,967,687	648,724,030	-	-
61-90 days	276,679,666	523,567,091	-	-
>90 days	1,302,677,276	1,000,189,315	-	-
Allowance for Bad & Doubtful Debtors	1,025,602,363	1,009,106,339	-	-
Gross Carrying Value	7,300,490,190	5,934,420,298	-	-
Less: Allowance for Bad & Doubtful Debtors	(1,246,598,619)	(1,255,164,729)	-	-
Total	6,053,891,572	4,679,255,569	-	-

Cash and Short term Deposits

In order to mitigate settlement and Operational risk related to cash and Short term deposits, the group uses several banks with acceptable ratings for its deposits.

The Group held cash & short term deposits of LKR 2,142 Million as at 31 March 2022 (2021 - LKR 833 Million)

Financial Assets and Liabilities for which Fair Value Approximates Carrying Value

The following describes the methodologies and assumptions used to determine the fair values for those financial assets & Liabilities which are not already recorded at fair value in the Financial Statements.

The Following is a list of financial assets and liabilities whose carrying amount is a reasonable approximation of fair value due to short-term maturities of these instruments.

Assets

Other Non-Current Financial Assets
Trade and Other Receivables
Other Financial Investments
Cash in Hand and at Bank

Liabilities

Other Financial Liabilities
Interest Bearing Borrowings (Current)
Trade and Other Payables

NOTES TO THE FINANCIAL STATEMENTS

36.3.2 Liquidity Risk

The Group's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the Group has available funds to meet its medium term capital and funding obligations, including organic growth and acquisition activities, and to meet any unforeseen obligations and opportunities. The Group holds cash and undrawn committed facilities to enable the Group to manage its liquidity risk.

The Group monitors its risk to a shortage of funds using a daily cash management process. This process considers the maturity of both the Group's financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of multiple sources of funding including bank loans and overdrafts.

Liquidity risk management

The business units attempt to match contracted cash outflows in each time bucket using a combination of operational cash inflows and other inflows that can be generated through the liquidation of short term investments, repurchase agreements or other secured borrowings.

Contractual maturity analysis

The table below summarizes the maturity profile of the Group's financial liabilities at 31 March 2022 based on contractual undiscounted payments.

Group	Less than 3 months LKR	3 to 12 months LKR	1 to 5 years LKR	> 5 Years LKR	Total LKR
Other Financial Liabilities	-	-	-	968,906	968,906
Interest Bearing Borrowings	1,824,607,196	1,982,849,717	1,543,466,008	-	5,350,922,921
Trade and Other Payables	2,778,470,432	1,926,987,640	94,023,473	632,000	4,800,113,546
	4,603,077,628	3,909,837,357	1,637,489,481	1,600,906	10,152,005,373

The table below summarizes the maturity profile of the Company's financial liabilities at 31 March 2022 based on contractual undiscounted payments.

Company	Less than 3 months LKR	3 to 12 months LKR	1 to 5 years LKR	> 5 Years LKR	Total LKR
Other Financial Liabilities	-	-	-	968,906	968,906
Interest Bearing Borrowings	23,410,000	941,950,928	325,763,150	-	1,291,124,078
Trade and Other Payables	-	1,257,267	47,164,303	-	48,421,570
	23,410,000	943,208,195	372,927,453	968,906	1,340,514,554

NOTES TO THE FINANCIAL STATEMENTS

The table below summarizes the maturity profile of the Group's financial liabilities at 31 March 2021 based on contractual undiscounted payments.

Group	Less than 3 months	3 to 12 months	1 to 5 years	> 5 Years	Total
	LKR	LKR	LKR	LKR	LKR
Other Financial Liabilities	-	-	-	968,906	968,906
Interest Bearing Borrowings	2,135,823,330	2,460,411,013	1,370,793,509	-	5,967,027,852
Trade and Other Payables	2,922,060,072	3,003,168,759	71,912,563	7,806,688	6,004,948,082
	5,057,883,402	5,463,579,772	1,442,706,072	8,775,594	11,972,944,840

The table below summarizes the maturity profile of the Company's financial liabilities at 31 March 2021 based on contractual undiscounted payments.

Company	Less than 3 months	3 to 12 months	1 to 5 years	> 5 Years	Total
	LKR	LKR	LKR	LKR	LKR
Other Financial Liabilities	-	-	-	968,908	968,908
Interest Bearing Borrowings	1,101,808,480	1,242,171,859	1,231,629,390	-	3,575,609,729
Trade and Other Payables	181,629,746	-	-	-	181,629,746
	1,283,438,226	1,242,171,859	1,231,629,390	968,908	3,758,208,383

Capital Management

Capital includes equity attributable to the equity holders of the parent.

The primary objective of the Group's capital management is to ensure shareholder value is maximized.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2022.

The Group monitors capital using a gearing ratio,

	Group		Company	
	2022	2021	2022	2021
Interest Bearing Borrowings	4,103,238,789	5,327,876,231	1,241,557,079	3,246,239,231
Equity Attributable to Equity Holder of the Parent	8,919,206,962	6,307,161,141	10,202,437,459	8,667,712,466
Non-Controlling Interests	1,704,148,545	1,601,598,090	-	-
Total Equity	10,623,355,507	7,908,759,231	10,202,437,459	8,667,712,466
Equity and Debt	14,726,594,296	13,236,635,462	11,443,994,538	11,913,951,697
Gearing Ratio	28%	40%	11%	27%

NOTES TO THE FINANCIAL STATEMENTS

36.3.3 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (specially due to currency risk and interest rate risk)

The objective of market risk management is to manage and control market risk exposures within the acceptable parameters while optimising the return.

The sensitivity analysis in the following sections related to the position as at 31 March 2022 and 2021.

The analysis excludes the impact of movements in market variables on the carrying value of other post-retirement obligations, provisions and the non-financial assets and liabilities.

The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held as at 31 March 2022 and 2021.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the profit before tax (through the impact on floating rate borrowings)

	Increase/(Decrease) in basis points	Effect on Profit before Tax (LKR)	
		Group	Company
2022	+100	(38,739,356)	(18,542,335)
	-100	38,739,356	18,542,335
2021	+100	(14,238,227)	(34,037,244)
	-100	14,238,227	34,037,244

The assumed spread of the interest rate is based on the current observable market environment.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has exposure to foreign currency risk where it has cash flows in overseas operations and foreign currency transactions which are affected by foreign exchange movements.

During the year the Group applied the cashflow hedge the Group is expecting to hedge the variability in the cash flows corresponding to the repayment of the term loan capital, packing credit loans and import loan capital attributable to changes in exchange rates over the period.

The following table demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the profit before tax

	Increase/(Decrease) in basis points	Effect on Profit before Tax (LKR)	
		Group	Company
2022	40%	609,980,361	-
	-40%	(609,980,361)	-
2021	5%	(69,487,906)	-
	-5%	69,487,906	-

The assumed spread of the interest rate is based on the current observable market environment.

The spot exchange rate used for value the USD denominated Assets and Liabilities as at the reprting period Rs.288/USD and 299/USD repectively.

NOTES TO THE FINANCIAL STATEMENTS

Other Price Risk

The Group is exposed to equity price risk in respect of its listed equity securities. The Group manages those risks by monitoring the markets closely. According to Group policies amounts invested in volatile assets such as shares are restricted by limits set by Group management.

37. MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below;

37.1 Proportion of equity interest held by non-controlling interests:

Name	Proportion of NCI		Accumulated Balances of NCI		Profit allocated to NCI	
	2022	2021	2022	2021	2022	2021
	%	%	LKR	LKR	LKR	LKR
Non-Controlling Interests material individually						
Dankotuwa Porcelain PLC	22.49%	22.49%	605,563,943	521,517,069	42,621,874	(89,479,619)
Colombo City Holdings PLC	22.37%	22.37%	432,977,579	425,638,733	7,295,932	(68,382,626)
Millennium I.T.E.S.P (Private) Limited	39.25%	39.25%	489,616,465	440,200,520	101,831,611	197,070,043
Non-controlling interest material in aggregate			175,990,559	214,241,767	189,320,401	654,896
Total			1,704,148,545	1,601,598,090	341,069,818	39,862,694

	2022	2021
	LKR	LKR
Dividend Paid to NCI Shareholders		-
Colombo City Holdings PLC	-	14,239,850
EonTec (Pvt) Ltd	25,089,804	15,013,436
Millennium I.T.E.S.P (Private) Limited	82,136,250	48,895,856
Others	-	3,961,133
	107,226,054	82,110,275

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

37.2 Summarised statement of Profit or Loss for the period ending 31 March

	Dankotuwa Porcelain PLC		Colombo City Holdings PLC		Millennium I.T.E.S.P (Private) Limited	
	2022	2021	2022	2021	2022	2021
	LKR	LKR	LKR	LKR	LKR	LKR
Revenue	3,762,106,290	2,432,418,285	38,466,551	56,024,234	9,254,607,641	6,722,385,161
Operating Income/(Costs)	(3,458,473,303)	(2,701,303,295)	(67,927,178)	(444,940,236)	(8,856,484,811)	(6,146,357,770)
Finance Costs	(112,931,774)	(146,335,050)	(2,632,084)	(10,061,030)	(138,188,269)	(99,812,307)
Finance Income	19,990,615	19,265,384	89,527,418	89,942,610	73,125,601	108,780,600
Share of result of equity account investee	-	-	-	-	2,589,907	229,297
Tax Expense	(21,210,159)	(1,839,835)	(24,819,900)	3,345,435	(76,206,473)	(83,135,700)
Profit or Loss from Continuing Operations	189,481,670	(397,794,511)	32,614,806	(305,688,987)	259,443,595	502,089,281
Other Comprehensive Income	184,160,790	174,376,964	191,840	46,643	75,721,231	(25,726,215)
Total Comprehensive Income	373,642,459	(223,417,547)	32,806,646	(305,642,344)	335,164,826	476,363,066

*Fair valuation gain from investment in subsidiaries and respective deferred tax impact has been eliminated from company profitability.

NOTES TO THE FINANCIAL STATEMENTS

37.3 Summarised Statement of Financial Position for the period 31 March

	Dankotuwa Porcelain PLC		Colombo City Holdings PLC		Millennium I.T.E.S.P (Private) Limited	
	2022	2021	2022	2021	2022	2021
	LKR	LKR	LKR	LKR	LKR	LKR
Current Assets	2,137,246,733	2,064,222,453	1,620,755,956	1,153,319,930	8,595,016,530	5,381,464,429
Non-current Assets	2,887,049,930	2,765,164,265	392,473,647	954,512,706	839,356,451	974,190,963
Total Assets	5,024,296,662	4,829,386,718	2,013,229,603	2,107,832,636	9,434,372,981	6,355,655,392
Current Liabilities	1,772,883,094	2,071,702,614	51,807,836	189,752,294	7,690,033,361	4,966,259,930
Non-current Liabilities	614,911,777	494,824,773	25,836,702	15,301,923	664,852,209	276,139,475
Total Liabilities	2,387,794,871	2,566,527,387	77,644,538	205,054,217	8,354,885,570	5,242,399,405

*Cumulative impact of fair valuation gain from investment in subsidiaries and respective deferred tax impact has been eliminated from non current asset and non current liabilities.

37.4 Summarised Cash Flow Information for the year ending 31 March

	Dankotuwa Porcelain PLC		Colombo City Holdings PLC		Millennium I.T.E.S.P (Private) Limited	
	2022	2021	2022	2021	2022	2021
	LKR	LKR	LKR	LKR	LKR	LKR
Operating	206,998,856	482,444,466	24,070,161	(25,049,198)	252,192,819	1,266,065,365
Investing	(49,766,609)	(20,838,653)	127,881,616	(51,851,203)	(61,638,912)	(17,600,248)
Financing	(178,894,419)	(296,655,359)	(134,317,391)	86,357,150	1,021,604,426	(1,357,119,220)
Net increase/(decrease) in cash and cash equivalents	(21,662,172)	164,950,454	17,634,386	9,456,749	1,212,158,333	(108,654,103)

38. FUTURE OUTLOOK

The continued impact of the pandemic on Sri Lanka's economy, global demand and supply cannot be accurately forecasted at this time due to the global economy turmoil. The recovery period and the ordinary industry activities depends on the market conditions and precautionary measures. Hence, recovery period cannot be established at this point in time. Thereby overall future impact for the Group operations cannot be immediately predictable. Multiple risks that have persisted including increased exchange rate volatility, foreign currency availability, Interest Rates and import restrictions.

INVESTOR INFORMATION

The issued ordinary shares of Ambeon Holdings PLC (GREG) are listed with the Colombo Stock Exchange (CSE). The trading of GREG ordinary shares commenced on 01 January 1970.

Ordinary Shareholders

Analysis of shareholders according to the number of shares as at 31 March 2022.

Range of Shareholding	Number of Shareholders	No. of Shares	%
1 to 1,000 shares	2,814	817,092	0.23
1,001 to 10,000 shares	1,323	4,415,207	1.24
10,001 to 100,000 shares	254	6,527,547	1.83
100,001 to 1,000,000 shares	20	5,025,718	1.40
Over 1,000,000 shares	9	340,084,102	95.30
TOTAL	4,420	356,869,666	100.00

Public Shareholding

Information pertaining to public shareholding is as follows;

	31 March 2022	31 March 2021
Number of public shares	66,187,289	65,401,748
Public holding percentage	18.55%	18.33%
Number of public shareholders	4,416	4,828
Float adjusted market capitalization (LKR)	2,568,533,734.07	1,112,041,566.22

The Company is compliant with the Minimum Public Holding requirement under option 2 of rule 7.13.1 (b) of the Listing Rules of the Colombo Stock Exchange.

Market Price per share (traded dates)

Ordinary Shares	2021/2022	2020/2021
Highest value per share recorded during the period (LKR)	55.10 (16.12.2021)	26.70 (15.01.2021)
Lowest value per share recorded during the period (LKR)	16.00 (07.04.2021)	7.30 (14.05.2020)
Market value per share as at last traded date (LKR)	38.80 (31.03.2022)	17.00 (31.03.2021)

Share Trading

	2021/2022	2020/2021
No. of transactions	33,132	13,163
No. of shares traded	97,948,159	81,057,052
Value of shares traded (LKR)	3,702,313,092.50	1,616,034,910.30

There were 4,420 registered shareholders as at 31 March 2022 (4,833 as at 31 March 2021).

Director's Shareholdings as at

Name	31 March 2022	31 March 2021
1. Mr. S E Gardiner	Nil	Nil
2. Mr. A L Devasurendra	Nil	Nil
3. Mr. R P Pathirana	Nil	Nil
4. Mr. A G Weerasinghe	Nil	Nil
5. Mr. E M M Boyagoda	Nil	Nil
6. Dr. K S Narangoda (appointed on 10 January 2022)	Nil	N/A
7. Mr. R T Devasurendra	Nil	Nil

Twenty Major Ordinary Shareholders as at

Name of Shareholder	31 March 2022		31 March 2021	
	No. of shares	%	No. of shares	%
1 National Development Bank PLC/Ambeon Capital PLC	145,000,000	40.63	145,000,000	40.63
Seylan Bank PLC/Ambeon Capital PLC (Collateral)	112,790,122	31.61	112,790,122	31.61
Pan Asia Banking Corporation PLC/Ambeon Capital PLC	32,807,255	9.19	32,807,255	9.19
TOTAL	290,597,377	81.43	290,597,377	81.43
2 Hatton National Bank PLC/Almas Organisation (Private) Limited	29,839,063	8.36	11,947,292	3.35
Amana Bank PLC/Almas Organisation (Private) Limited	8,560,465	2.40	5,239,134	1.47
Almas Organisation (Private) Limited	2,808,804	0.79	2,202,051	0.62
TOTAL	41,208,332	11.55	19,388,477	5.44
3 Hatton National Bank PLC/Carlines Holdings (Private) Limited	4,216,907	1.18	6,110,772	1.71
4 Hotel International (Private) Limited	2,154,986	0.60	2,154,986	0.60
5 Mr. N Balasingam	1,906,500	0.53	1,906,500	0.53
6 People's Leasing & Finance PLC/L.P. Hapangama	955,836	0.27	965,836	0.27
7 Dr. S Yaddehige	557,127	0.16	557,127	0.16
8 Hatton National Bank PLC/Mohotti Withanage Ajantha Lakmal	488,441	0.14	-	-
9 Bank of Ceylon No. 1 Account	385,000	0.11	385,000	0.11
10 Mr. P D Salpitikoralala	350,000	0.10	-	-
11 Flyasia Sdn. Bhd	267,458	0.07	267,458	0.07
12 Seylan Bank PLC/A. M. Nimesha Anuruddha Abeykoon	212,939	0.06	125,193	0.03
13 Merchant Bank of Sri Lanka & Finance PLC/W. Sriyani	205,532	0.06	-	-
14 Seylan Bank PLC/Jasuriya Mudiyanse Indika Jayaweera	200,000	0.06	-	-
15 Mr. H A S Madanayake	181,512	0.05	181,512	0.05
16 Mrs. R M N Wijesekara	150,000	0.04	-	-
17 Mr. B W Kundanmal	137,100	0.04	137,100	0.04
18 ACL Cables PLC	130,700	0.04	130,700	0.04
19 Mr. R E Rambukwelle	124,000	0.03	123,000	0.03
20 Arrow International (Pvt) Ltd A/C No. 1	120,300	0.03	120,300	0.03

Preference Share

Analysis of Shareholders according to the number of shares as at 31 March 2022

Shareholdings	Number of Shareholders	No. of Shares	%
1 to 1,000 shares	50	27,310	16.01
1,001 to 10,000 shares	38	124,699	73.08
10,001 to 100,000 shares	1	18,616	10.91
100,001 to 1,000,000 shares	-	-	-
Over 1,000,000 shares	-	-	-
TOTAL	89	170,625	100.00

Twenty Major Preference Shareholders as at

Name of Shareholder	31 March 2022		31 March 2021	
	No. of shares	%	No. of shares	%
1. Standard Finance Ltd	18,616	10.91	18,616	10.91
2. Mr. G C W De Silva	9,484	5.56	9,484	5.56
3. Mr. M V Theagarajah	8,744	5.12	8,744	5.12
4. Life Insurance Corporation of India	8,146	4.77	8,146	4.77
5. Mr. K Theagarajah	8,000	4.69	8,000	4.69
6. Mrs. B L Macrae	6,658	3.90	6,658	3.90
7. Mr. A L Clare	6,658	3.90	6,658	3.90
8. Mr. M V Theagarajah	6,447	3.78	6,447	3.78
9. Shalsri Investment Ltd	5,000	2.93	5,000	2.93
10. The Land & House Property Company Ltd	4,500	2.64	4,500	2.64
11. The Administratrix of The Estate of Pietro Fernando	4,000	2.34	4,000	2.34
12. Mr. S Sivalingam Attorney for Mrs R Sivaraman	3,672	2.15	3,672	2.15
13. Mr. M B Muthunayagam Mahesweri Brito	3,500	2.05	3,500	2.05
14. Mr. B Selvanayagam	3,000	1.76	3,000	1.76
15. Ms. A M Felsinger	2,684	1.57	2,684	1.57
16. Ms. K N Woutersz	2,684	1.57	2,684	1.57
17. Mr. Navarathnam Sumanathiran	2,682	1.57	2,682	1.57
18. Mr. M G Sabaratnam	2,500	1.47	2,500	1.47
19. Mr. S A Scharenguivel	2,450	1.44	2,450	1.44
20. Mr. P S Wijewardenephipilip Seevali	2,194	1.29	2,194	1.29

DECADE AT A GLANCE

LKR "000"	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Operating Results**										
Revenue	14,155,890	9,595,761	10,553,588	9,438,347	4,528,009	3,867,824	3,098,234	3,535,280	3,798,891	3,314,177
Profit/(Loss) before taxation	1,271,375	(1,674,375)	541,562	1,246,604	584,885	480,384	(1,657,676)	(14,645)	(618,543)	(184,252)
Profit/(Loss) after taxation	935,517	(1,858,739)	409,020	864,468	680,818	394,104	(1,641,605)	(58,090)	(677,790)	(226,104)
Attributable to:										
Equity Holders of the Parents	2,335,304	(2,142,900)	155,801	528,310	540,941	271,698	(1,698,267)	22,539	(662,873)	(237,172)
Non-Controlling Interest	183,821	39,863	253,219	336,158	139,878	122,406	56,662	(80,629)	(14,917)	11,068
	2,519,125	(2,103,037)	409,020	864,468	680,819	394,104	(1,641,605)	(58,090)	(677,790)	(226,104)
Capital Employed										
Stated Capital	5,331,775	5,331,775	5,331,775	5,331,775	7,871,564	7,724,139	7,724,139	7,724,139	7,724,139	7,724,139
Reserves	1,084,909	1,021,744	678,720	761,355	930,399	515,619	449,281	143,133	7,957	59,474
Retained Earnings/(Losses)	2,502,523	(46,358)	2,154,042	1,650,091	(963,749)	(1,369,019)	(1,463,267)	12,037	(401,648)	241,242
Non-Controlling Interest	1,704,149	1,601,598	1,610,303	1,610,057	1,055,156	988,420	682,124	433,400	1,025,477	1,097,935
	10,623,356	7,908,759	9,774,840	9,353,278	8,893,370	7,859,159	7,392,276	8,312,709	8,355,925	9,122,790
Assets Employed										
Non Current Assets Excluding Deferred Tax	7,022,625	9,979,514	12,177,586	10,367,516	8,149,191	5,709,160	6,607,653	8,291,740	7,677,501	8,037,152
Current Assets	15,737,556	11,720,579	12,202,483	12,075,674	11,781,223	8,019,309	6,380,048	5,060,516	4,638,518	3,994,455
Deferred Tax	132,225	122,749	81,878	143,559	256,090	68,974	75,646	24,342	15,558	14,138
	22,892,406	21,822,842	24,461,948	22,586,749	20,186,504	13,797,443	13,063,347	13,376,598	12,331,577	12,045,745
Liabilities										
Non Current Liabilities	2,050,068	2,318,087	3,025,479	2,036,469	2,530,592	1,403,367	1,090,278	1,018,061	1,075,072	502,599
Current Liabilities	10,218,982	11,595,996	11,661,629	11,197,002	8,762,542	4,534,918	4,580,793	4,045,828	2,900,581	2,603,615
	12,269,050	13,914,083	14,687,108	13,233,471	11,293,134	5,938,285	5,671,071	5,063,889	3,975,653	3,106,214
Key Indicators										
Basic Earnings/(Loss) Per Share (LKR)	6.54	(6.00)	0.44	1.48	1.54	0.78	(4.86)	0	(1.90)	(0.68)
Net Assets Per Share (LKR)	24.99	17.67	22.88	21.70	21.96	19.67	19.21	23	20.98	22.97

Details of the Group Properties 2021/ 22

Company	Property	Location	Extent	No of Buildings	Cost/Valuation
Lexinton Holdings (Pvt) Limited	Freehold Land	Colombo 08	17.15 Perches	1	145,775,000
	Freehold Buildings	Colombo 08	17,150 sq feet		154,725,000
Ceylon Leather Products Limited	Freehold Land	Mattakkuliya	721.62 perches	-	1,190,674,000
	Freehold Buildings	Mattakkuliya	81,428 sq.ft	16	34,388,000
Dankotuwa Porcelain PLC	Freehold Land	Dankotuwa	3,153.40 perches	-	788,350,000
	Freehold Buildings	Dankotuwa	260,015 Sq feet	34	498,028,000
	Freehold Land	Dankotuwa	Land 3,899.35 perches	-	580,000,000
Royal Fernwood Porcelain Limited	Freehold Land	Kosgama	2,161.05 Perches	-	237,023,150
	Freehold Buildings	Kosgama	141,168 sq.feet	25	364,119,000
	Freehold Land	Kosgama	1,753.07 perches	-	122,715,000
Taprobane Securities (Pvt) Ltd	Freehold Land	Kosgama	Land 1,162.37 perches	-	84,000,000

GLOSSARY OF FINANCIAL TERMINOLOGY

ACCRUAL BASIS

Recording revenues and expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

CAPITAL EMPLOYED

Shareholders' funds plus minority interest and total debt

CONTINGENT LIABILITIES

A condition or situation existing at the reporting date due to past events, where the financial effect is not recognised, because:

1. The obligation is crystallised by the occurrence or non-occurrence of one or more future events, or
2. A probable outflow of economic resources is not expected, or
3. It is unable to be measured with sufficient reliability.

CURRENT RATIO

Current assets divided by current liabilities.

DEBT-EQUITY RATIO

Debt as a percentage of shareholders' funds, including minority interest.

Diluted Earnings/(Loss) Per Share (DPS) Profit/(Loss) attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue during the period adjusted for options granted but not exercised

EBIT

Earnings before interest and tax (includes other operating income).

EARNINGS/(LOSS) PER SHARE

Net profit/(Loss) attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue during the period.

INTEREST COVER

Consolidated profit before interest and tax over finance expenses.

MARKET CAPITALISATION

Number of shares in issue at the end of period multiplied by the market price at end of period.

NET ASSETS

Total assets minus current liabilities, minus long-term liabilities, minus minority interest.

NET ASSETS PER SHARE

Net assets as at the particular financial year divided by the number of shares in issue as at the current financial year end.

NET PROFIT MARGIN

Profit after tax divided by turnover inclusive of share of associate company turnover.

NET WORKING CAPITAL

Current assets minus current liabilities

OPERATING MARGIN

Operating profit as a percentage of total sales.

QUICK RATIO

Cash plus short-term investments plus receivables divided by current liabilities.

RETURN ON ASSETS

Profit after tax divided by the total assets.

RETURN ON CAPITAL EMPLOYED

Consolidated profit before interest and tax as a percentage of capital employed.

RETURN ON EQUITY

Profit/(Loss) attributable to shareholders as a percentage of shareholder's funds including minority interest.

SHAREHOLDERS' FUNDS

Total of stated capital, capital reserves and revenue reserves.

TOTAL DEBT

Long-term loans plus short-term loans and overdrafts.

TOTAL EQUITY

Shareholders' funds plus minority interest.

SUBSIDIARIES OF AMBEON HOLDINGS PLC

Subsidiary Companies	Directors
Ceylon Leather Products Limited No. 10, 5th Floor, Gothami Road, Colombo 8 Tel: 011 5 700 700 Fax: 033 2 258 751 E-mail: info@ambeongroup.com	Mr. N C Peiris (Chairman) Mr. A G Weerasinghe Mr. P D J Fernando
Colombo City Holdings PLC No. 10, 5th Floor, Gothami Road Colombo 8 Tel: 011 5 700 000 Fax: 011 2 680 225 E-mail: info@ambeongroup.com	Mr. A G Weerasinghe (Chairman) Mr. A W Atukorala Mr. C S Devasurendra Dr. K S Narangoda Mr. Y Kanagasabai Mr. D R Abeysuriya
Dankotuwa Porcelain PLC No. 10, 5th Floor, Gothami Road Colombo 8 Tel: 011 5 700 700 Fax: 011 2 680 225 Email: info@dankotuwa.com	Mr. Y Kanagasabai (Chairman) Mr. R P Pathirana (Deputy Chairman) Mr. R T Devasurendra Mr. N S Wijesekera Mr. R P Peris Mr. C S Karunasena Dr. K S Narangoda
Eon Tec (Private) Limited No. 10, 5th Floor, Gothami Road Colombo 8 Tel: 011 5 700 700 Fax: 011 2 680 225 Email: info@eontec.lk	Mr. S E Gardiner (Chairman) Mr. A L Devasurendra Mr. R P Pathirana Dr. K S Narangoda Mr. M S Hamzadeen Mr. P P Maddumage Mr. F A Azhar (Alternate Director to Mr. M S Hamzadeen) Mr. C S Karunasena (Alternate Director to Mr. P P Maddumage)
Olancom (Private) Limited No. 10, 5th Floor, Gothami Road Colombo 8 Tel: 011 5 700 700 Fax: 011 2 680 225	Company Under Liquidation
Palla & Company (Private) Limited No. 10, 5th Floor, Gothami Road Colombo 8 Tel: 011 5 700 700 Fax: 011 2 680 225	Mr. A G Weerasinghe Mr. H C P Goonetilleke
Taprobane Capital Plus (Private) Limited No. 10, 5th Floor, Gothami Road Colombo 8 Tel: 011 5 328 100 Fax: 011 5 328 109 Email: contact@taprobane.lk	Mr. Y Kanagasabai (Chairman) Mr. A G Weerasinghe Mr. E M M Boyagoda Dr. K S Narangoda

Sub-Subsidiary Companies	Director
Millennium I.T.E.S.P. (Private) Limited No. 48, Sir Marcus Fernando Mawatha Colombo 7 Tel: 011 7 484 000 Fax: 011 2 691 322 Email: info@millenniumitesp.com	Mr. S E Gardiner (Chairman) Mr. N M Prakash Mr. P D J Fernando Mr. Y Kanagasabai Mr. G S M Goonetilleke Mr. S R Wijetilaka Mr. M I Wijenayake Mr. Y I S Premarathne Dr. K S Narangoda
Dankotuwa Singapore Pte Limited No. 3, Shenton Way # 10 – 05, Shenton House Singapore (068805)	Mr. N S Wijesekera Mr. R P Peris Mr. S Pasupathy
Millennium I. T. E. S. P. Singapore Pte Limited 531 A, Upper Cross Street # 04-95, Hong Lim Complex Singapore (051531)	Mr. N M Prakash Mr. G S M Goonetilleke Mr. Y I S Premarathne Mr. L Hao
Taprobane Investments (Private) Limited No. 10, Gothami Road Colombo 8 Tel: 011 5 328 100 Fax: 011 5 328 109 E-mail: contact@taprobane.lk	Mr. H C P Goonetilleke Mr. K D H C J Perera Mr. Lashika Weerasinghe
Taprobane Wealth Plus (Private) Limited No. 10, Gothami Road Colombo 8 Tel: 011 5 328 100 Fax: 011 5 328 109	Mr. A G Weerasinghe
Taprobane Securities (Private) Limited No. 10, Gothami Road Colombo 8 Tel: 011 5 328 100 Fax: 011 5 328 177 Email: contact@taprobane.lk	Dr. K S Narangoda (Chairman) Mr. N S Niles Mr. C A Kamaladasa
Lexinton Holdings (Private) Limited No. 10, Gothami Road Colombo 8 Tel: 011 5 328 100 Fax: 011 5 328 177 Email: contact@taprobane.lk	Mr. A G Weerasinghe

Sub-Subsidiary Companies	Director
Lexinton Financial Services (Private) Limited No. 10, Gothami Road Colombo 8 Tel: 011 5 328 100 Fax: 011 5 328 177 Email: contact@taprobane.lk	Mr. A G Weerasinghe
Royal Fernwood Porcelain Limited No. 10, 5th Floor, Gothami Road Colombo 8 Tel: 011 5 700 700 Fax: 011 2 680 225 Email: fernwood@fernwoodporcelain.com	Mr. A G Weerasinghe (Chairman) Dr. L J A Peiris Mr. E M M Boyagoda Dr. K S Narangoda
Fernwood Lanka (Private) Limited No. 10, 5th Floor, Gothami Road Colombo 8 Tel: 011 5 700 700 Fax: 011 2 680 225	Mr. A G Weerasinghe Dr. L J A Peiris
Lanka Decals (Private) Limited No. 10, 5th Floor, Gothami Road Colombo 8 Tel: 011 5 700 700 Fax: 011 2 680 225	Mr. A G Weerasinghe Dr. L J A Peiris

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held by way of electronic means on Tuesday, 27 September 2022 at 12.00 noon centered at the Boardroom of the Company at No. 10, Gothami Road, Colombo 8, Sri Lanka, for the following business:

1. To receive and consider the Report of the Directors and the Statement of Accounts for the year ended 31 March 2022 together with the Report of the Auditors thereon (Resolution 1).
2. To re-appoint Mr. R P Pathirana, Director who retires by rotation in terms of Article 27 (8) of the Articles of Association (Resolution 2).
3. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. A G Weerasinghe who has reached the age of 80 years (Resolution 3).

"IT IS HEREBY RESOLVED that the age limit referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. A G Weerasinghe, who has reached the age of 80 years prior to the Annual General Meeting and that he shall accordingly be re-appointed."

4. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. E M M Boyagoda who has reached the age of 71 years (Resolution 4).

"IT IS HEREBY RESOLVED that the age limit referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. E M M Boyagoda, who has reached the age of 71 years prior to the Annual General Meeting and that he shall accordingly be re-appointed."

5. To re-appoint M/s. Ernst & Young, Chartered Accountants, the retiring auditors and to authorize the Directors to determine their remuneration (Resolution 5).
6. To authorise the Directors to determine donations for charitable and other purposes for the year 2022/2023 as set out in the Companies' Donation Act [CAP147] (Resolution 6).

By Order of the Board

Sgd.

P W Corporate Secretarial (Pvt) Ltd
Secretaries

Colombo
26 August 2022

Notes:

1. A shareholder entitled to participate and vote at the above virtual meeting is entitled to appoint a proxy to participate and vote in his/her place by completing the Form of Proxy enclosed herewith.
2. A proxy need not be a shareholder of the Company.
3. Shareholders who are unable to participate in the above virtual meeting are also encouraged to submit a duly completed Form of Proxy appointing the Chairman or any other Member of the Board to participate and vote on their behalf.

FORM OF PROXY

I/We.....
holder of NIC No of
being a Shareholder/Shareholders of Ambeon Holdings PLC, do hereby appoint
..... holder of NIC No. of
..... or failing him/her

Mr. S E Gardiner.....or failing him
Mr. A L Devasurendra..... or failing him
Mr. R P Pathiranaor failing him
Mr. A G Weerasingheor failing him
Mr. E M M Boyagodaor failing him
Dr. K S Narangoda

as *my/our proxy to represent me/us and to speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 27 September 2022 and any adjournment thereof and at every poll which may be taken in consequence thereof.

Resolutions	For	Against
1. To adopt the Audited Accounts for the year ended 31 March 2022	☐	☐
2. To re-appoint Mr. R P Pathirana	☐	☐
3. To re-appoint Mr. A G Weerasinghe	☐	☐
4. To re-appoint Mr. E M M Boyagoda	☐	☐
5. To re-appoint auditors	☐	☐
6. To authorize Directors to make donations	☐	☐

Mark your preference with "X"

Signed on this day of 2022.

.....
Signature

- a) * Please delete the inappropriate words.
b) Instructions as to completion are noted on the reverse thereof

Instructions as to the completion of the Form of Proxy

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 Proxy shall –
 - a. In the case of an individual be signed by the shareholder or by his/her 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).
3. Please indicate with a "X" how the Proxy should vote on each resolution. If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.
4. To be valid, the completed Form of Proxy must be deposited with the Registered Office of the Company at No. 10, 5th Floor, Gothami Road, Colombo 8, Sri Lanka or must be emailed to agm2022@ambeongroup.com or by facsimile to +94 11 2680225 by 12.00 noon on Sunday, 25 September 2022.

CORPORATE INFORMATION

Name of the Company

Ambeon Holdings PLC

Company Registration Number

PQ 26

Nature of Business

Investment Holding & Management Company

Legal Form

A Public Quoted Company with Limited Liability
Company incorporated in Sri Lanka on 29
December 1910 and listed on the Colombo Stock
Exchange on 01 January 1970.

Registered Office

No. 10, 5th Floor, Gothami Road, Colombo 8.
Sri Lanka
Telephone: +94 11 5700700
Fax: +94 11 2680225
Email: info@ambeongroup.com
Web: www.ambeongroup.com

Secretaries

P W Corporate Secretarial (Private) Limited
3/17, Kynsey Road
Colombo 8
Sri Lanka
Telephone: +94 11 4640360
Fax: +94 11 4740588

Registrars

SSP Corporate Services (Private) Limited
No. 101, Inner Flower Road
Colombo 3
Sri Lanka
Telephone: +94 11 2573894

Auditors

Ernst & Young
Chartered Accountants
201, De Saram Place
Colombo 10
Telephone: +94 11 2463500

Bankers

National Development Bank PLC
Nations Trust Bank PLC
Pan Asia Banking Corporation PLC
People's Bank
Sampath Bank PLC
Seylan Bank PLC
Standard Chartered Bank

