AMBEON
CAPITAL PLC

Annual Report
2020 - 2021

AMBEON
CAPITAL PLC

With the right strategic direction, we are now well positioned to create synergies that would generate sustainable value in a challenging business landscape. Moving ahead with focus, we continue to explore new realms of opportunities in the 'new normal' with future-fit strategies, thus generating sustainable results to our stakeholders.

Contents

THE VISION

Re-Engineering Success

THE MISSION

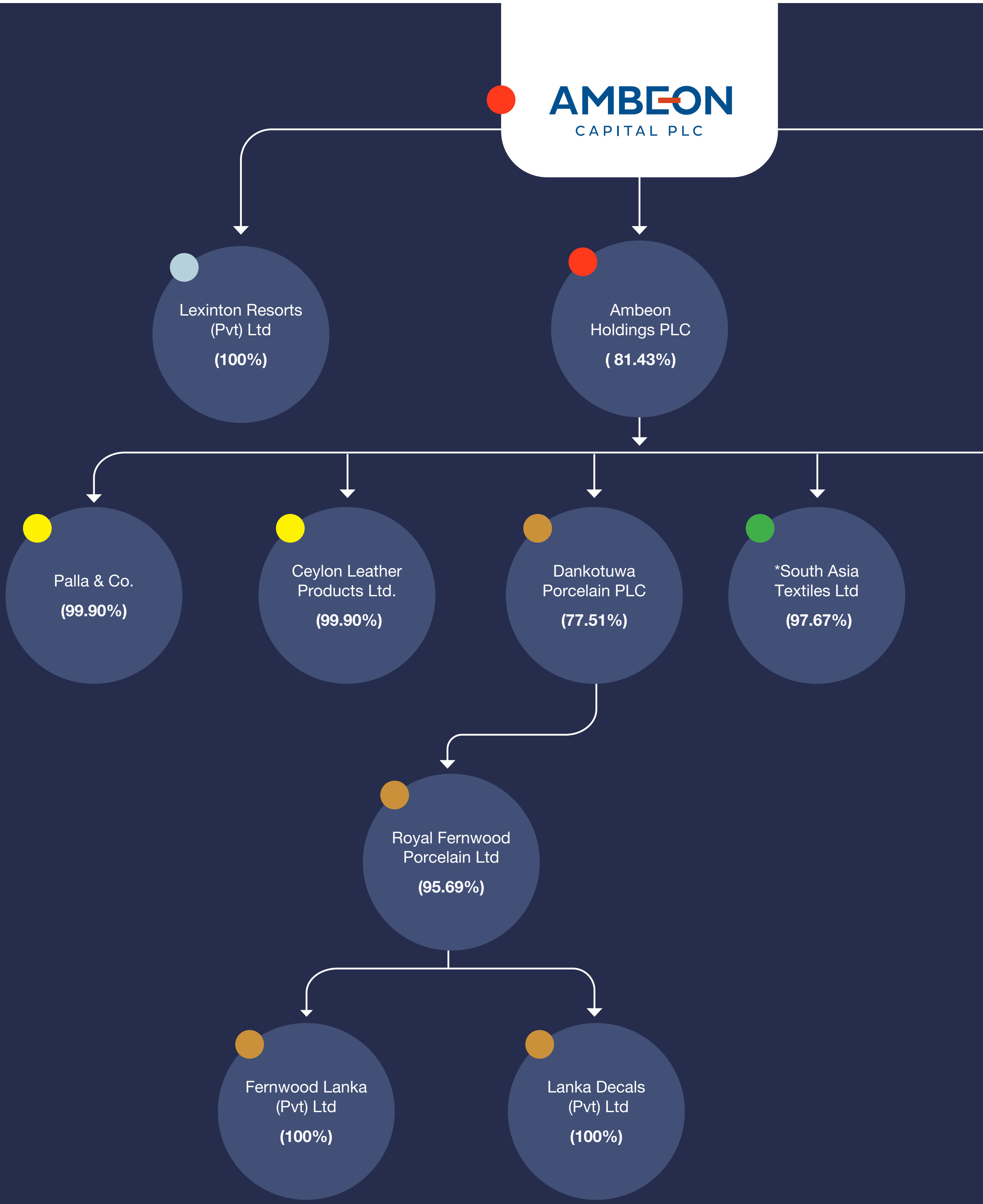
To Take the Leap that Transforms Latent Opportunities

CORPORATE VALUES

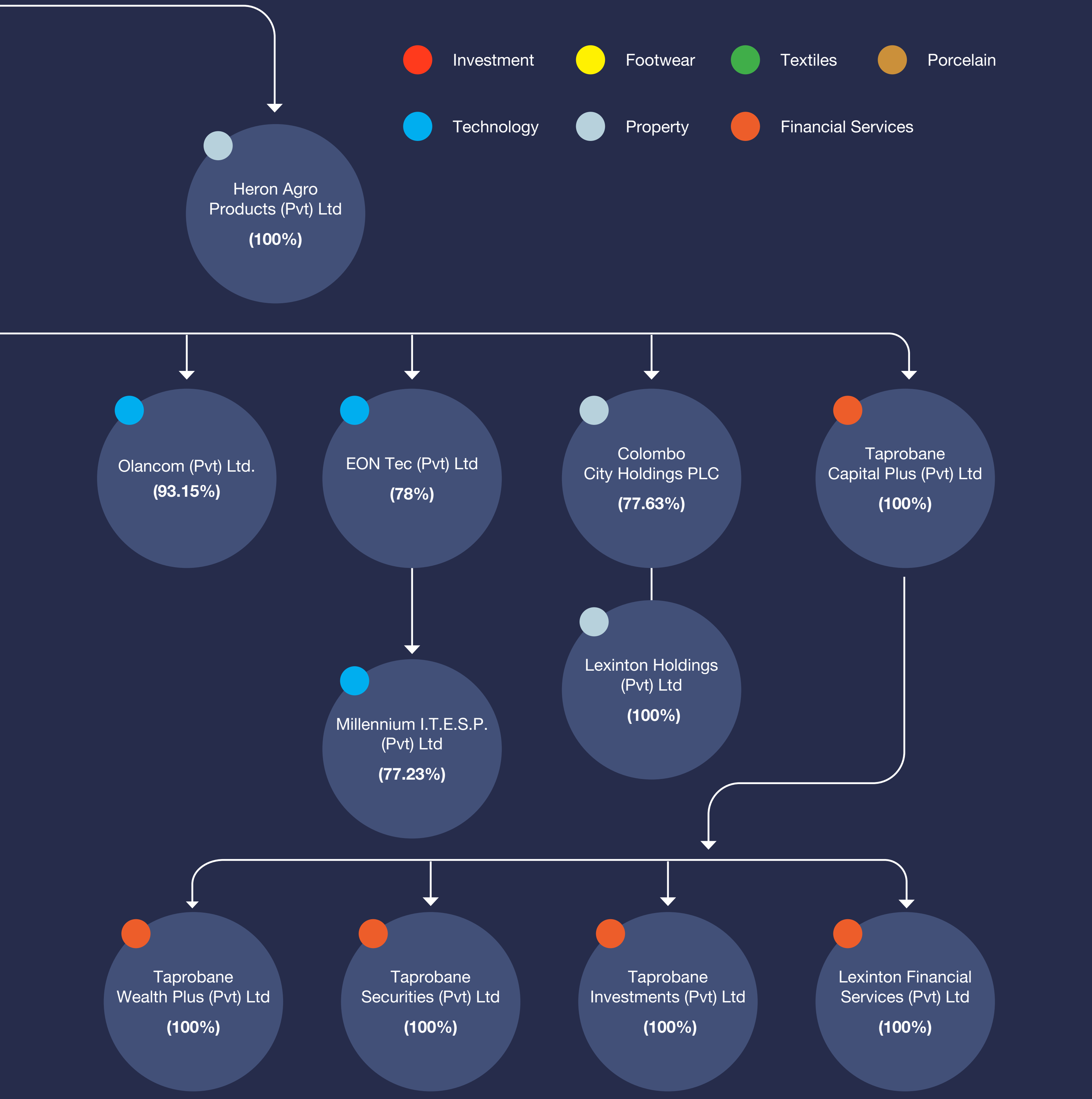
- **MOVING FIRST**
  Catalyzing opportunities through readiness
- **CHANNELING TEAMWORK**
  Harnessing the collective strength of our diverse minds
- **ACTIONING RESULTS**
  Mind, body and soul, we are committed to our investments
- **SEEING BEYOND**
  Constantly challenging ourselves to look beyond
- **INSPIRING EACH OTHER**
  Encouraging each other's success

AMBEON
CAPITAL PLC

AMBEON GROUP OF COMPANIES



*Disposed on 23 April 2021


Investment
Footwear
Textiles
Porcelain
Technology
Property
Financial Services
Heron Agro Products (Pvt) Ltd (100%)
Olancom (Pvt) Ltd. (93.15%)
EON Tec (Pvt) Ltd (78%)
Colombo City Holdings PLC (77.63%)
Taprobane Capital Plus (Pvt) Ltd (100%)
Millennium I.T.E.S.P. (Pvt) Ltd (77.23%)
Lexinton Holdings (Pvt) Ltd (100%)
Taprobane Wealth Plus (Pvt) Ltd (100%)
Taprobane Securities (Pvt) Ltd (100%)
Taprobane Investments (Pvt) Ltd (100%)
Lexinton Financial Services (Pvt) Ltd (100%)

ABOUT THIS REPORT

Welcome to Our Annual Report

Ambeon Capital PLC welcomes you the Annual Report for the financial year 2020/21. This Annual Report provides our stakeholders with a comprehensive analysis of the performance of the Company during the period. We have continued our commitment to building efficiencies across the operational value chain, with a special focus on cost and efficiency centered operational restructuring whilst upholding our best practices and values.

Reporting Standards & Principles

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. In addition, all information disclosed in this Annual Report complies with the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange (CSE). Corporate Governance related disclosures adhere to 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.

Scope and Boundary

This Report covers the segmental performance of the Company's main subsidiary, Ambeon Holdings PLC (Refer pages 19 to 25) by setting out a comprehensive analysis of the financial position and future outlook.

All the information and data presented in this Annual Report is principally connected to business operations from 1st April 2020 to 31st March 2021.

Reporting Changes

There have been no reporting changes or re-statement of information pertaining to the financial year 2020/21 included in this Annual Report, apart from those clearly stated in the Financial Statements.

Combined Assurance

We follow a combined assurance approach to establish the credibility of this report, ensuring that there are no material misstatements. Accordingly, the overall reporting process and the reliability and quality of the content are assured internally, by the Senior Management and the Board of Directors. The financial reporting including the financial statements and related notes as well as sustainability reporting have been assured by external and independent auditors, Messrs. Ernst & Young, Chartered Accountants, as set out in page 40 and 43 respectively.

Forward Looking Statements

The Annual Report herein contains forward looking statements and information.

Navigating this Report

- Message by Chairman and Directors' Review
- Segmental Performance
- Corporate Governance disclosures and a brief overview of Enterprise Risk Management.
- Detailed analysis of our financial results, with audited financial statements prepared in accordance with SLFRSs / LKASs and supplementary information.

However, the operational landscape may require the Company to change its business expectations, outlook, plans and forecasts. Shareholders and other stakeholders are advised to be cautious in placing too much emphasis on such statements, as the reality may materially differ with the projected and anticipated information. The Company does not undertake to update publicly the forward-looking statements to reflect the changes after the date of this report, except, in compliance with the applicable rules and regulations set by the relevant statutory and regulatory bodies.

Feedback and Queries

We value feedback from our stakeholders and use it to ensure that we responsibly address their challenges and report on material topics that encapsulate their key concerns.

Please contact the undermentioned for any queries on the information provided in this Annual Report or for providing any constructive feedback.

Haritha C. Perera

Chief Financial Officer

PERFORMANCE HIGHLIGHTS

	Group		Company	
Key Ratios - Ratio Analysis	2020/21	2019/20	2020/21	2019/20
Balance Sheet - LKR				
Cash	**833,891,200**	782,950,232	**524,702**	29,277,252
Other financial assets	**1,627,156,578**	1,998,572,652	**650,104,323**	1,043,426,486
Trade & other receivables	**5,146,778,472**	6,392,014,130	**64,532,027**	112,539,745
Total current assets	**11,693,980,864**	13,314,437,431	**715,161,052**	1,185,243,483
Total long-term assets	**9,365,582,207**	11,411,778,741	**7,641,665,186**	9,226,768,701
Total current liabilities	**12,577,895,272**	12,866,888,101	**1,102,915,877**	1,236,490,903
Total long-term liabilities	**4,242,895,732**	5,002,151,831	**3,157,851,312**	3,326,304,432
Total shareholders' equity	**4,810,516,267**	6,857,176,243	**4,096,059,047**	5,849,216,849
Income Statement - LKR				
Revenue	**18,177,971,017**	19,957,341,124	**361,742,772**	325,498,392
Gross profit	**4,181,041,590**	4,390,777,949	**361,742,772**	325,498,392
EBITDA	**(725,215,851)**	1,468,567,982	**(1,293,846,843)**	986,286,280
Income (loss) before taxes	**(2,102,634,550)**	693,229,057	**(1,753,063,923)**	250,000,918
Net income (loss)	**(2,283,182,374)**	545,563,152	**(1,753,157,802)**	232,469,056
KEY RATIOS				
Profitability Ratios				
Return on equity	**(47.46%)**	7.96%	**(43%)**	4%
Return on assets	**(10.84%)**	2.21%	**(21%)**	2%
Return on sales	**(12.56%)**	2.73%	**(485%)**	71%
Gross profit margin	**23%**	22%	**100%**	100%
Asset turnover ratio	**86%**	81%	**4%**	3%
EPS	**(1.92)**	(0.04)	**(1.75)**	0.23
Leverage and Liquidity Ratios				
Current ratio	**0.93**	1.03	**0.65**	0.96
Quick or acid test ratio	**0.60**	0.71	**0.65**	0.96
Long-term debt ratio	**0.47**	0.42	**0.44**	0.36
Debt to equity ratio	**3.50**	2.61	**1.04**	0.78
NAV per share	**1.98**	3.67	**4.08**	5.83
Interest coverage ratio	**(1.48)**	1.62	**(2.87)**	1.44

Glossary of Terms.

NAV - Net Asset Value per share
EPS - Earnings Per Share
EBITDA - Earnings Before Interest Tax Depreciation & Amortization.

CHAIRMAN'S MESSAGE

Sanjeev Gardiner
Chairman

THE CHALLENGING BUSINESS ENVIRONMENT MADE US REFLECT, RE - ASSESS AND RE - STRATEGIZE OUR PRIORITIES. IN RESPONSE, WE DECIDED TO CONSOLIDATE OUR BUSINESSES WITHIN THE MAIN SUBSIDIARY AMBEON HOLDINGS PLC.

Dear Shareholders,

On behalf of the Board of Directors, it is my privilege to present to you the Annual Report of Ambeon Capital PLC for the financial year ended 31st March 2021.

Operating Context

The global pandemic, together with related restrictions imposed to contain the spread of infections, impacted the performance of the global economy and Sri Lanka, with no exception. The Sri Lankan economy contracted by 3.6% in 2020 on a year-on-year basis in this challenging business landscape. The pandemic and consequent lockdowns severely hampered almost all economic activities of the country, and thus directly affected the livelihoods of many.

Investment expenditure contracted both locally and globally in 2020, due to the uncertainty on the recovery timeline of the pandemic, whilst consumption expenditure recorded a slower growth. Several initiatives, such as the rationalization of non-essential

WE WILL CONTINUE TO FOCUS ON FURTHER CONSOLIDATING OUR MARKET PRESENCE BY LEVERAGING OUR UNIQUE DOMAIN KNOWLEDGE, BRAND VALUE AND SYNERGIES WITHIN THE GROUP. THROUGH OUR VARIOUS SUBSIDIARIES, WE WILL ALSO EXPAND OUR GEOGRAPHICAL REACH ACROSS COUNTRIES AND CONTINENTS.

imports during the year, partly contributed to creating a safety buffer against further deterioration in net external demand amidst the contraction in exports.

The economy could not reap the benefits of the tax reliefs and positive policy stimuli introduced at the latter part of 2019. The effects of the second wave of the pandemic, which commenced in October 2020, along with the sovereign rating downgrade by Fitch Ratings, added pressure on the exchange rate. This caused a further depreciation of the Sri Lankan Rupee against the US Dollar. By December 2020 the depreciation of the Sri Lanka Rupee against the US Dollar rose to 2.6%.

The Central Bank introduced several measures to infuse stability to the financial system during 2020. The objective was to reduce the overall cost of funds whilst ensuring adequate liquidity in the money market. Thereby, key policy interest rates were reduced along with the reduction of the Statutory Reserve Ratio (SRR) applicable on rupee deposit liabilities of licensed commercial banks (LCBs). Policy stimuli initiatives were introduced to export and local manufacturing sectors with the aim of bolstering foreign exchange income while preserving forex outflows with import restrictions imposed on non-essential items. These measures supported the revival of the economy to a certain extent.

Transitioning to the ‘New Normal’

With the first wave of COVID -19 infections surging in March 2020, the Group implemented operational, health and safety protocols to ensure business continuity whilst safeguarding the health and wellbeing of employees. It was a challenging phase where traditional norms and the ability to respond with agility and speed to the evolving dynamics of the external environment were severely tested.

Ambeon Capital PLC acted in a proactive manner, by swiftly enabling a transition towards a work from home arrangement thereby ensuring the safety and wellbeing of our employees across the Group whilst maintaining business continuity. However, certain subsidiaries that engaged in manufacturing could not transition to this arrangement due to the nature of the industry.

Performance

Ambeon Capital, as a Group, recorded revenue of LKR 18 Bn during the FY2020/21 marking a 9% decline from LKR 20 Bn recorded in the preceding financial year. The Group also made a loss of LKR 2.3 Bn, as a result of a decline in the market prices of the various investment properties (as indicated by independent professional valuers) and provisions made for irrecoverable receivables and obsolete inventory within its main subsidiary Ambeon Holdings PLC. Most of these, with the excepting of changes in the market value of investment properties, are one-time events and will not have an impact on future operations of the business.

The losses generated collectively by the subsidiaries in the manufacturing cluster were greatly offset by the significant profit contribution made by the technology cluster (MillenniumIT ESP) and the financial services cluster (Taprobane Capital Plus (Pvt) Ltd). Moreover, MillenniumIT ESP was able to capitalize on the business environment of the ‘new normal’, by introducing new products and services, and improving internal efficiencies when executing projects. In addition, Taprobane Capital Plus was driven by the exceptional performance of the stock broking and money broking segments, and this was attributable to the buoyant turnover witnessed in the stock exchange during the latter part of 2020. A synopsis of the performances of the various subsidiaries are detailed in the Director’s Review and can be referred.

Ambeon Capital as a Company, recorded revenue of LKR 361.7 Mn, an increase of LKR 36 Mn for the reporting year. However, the Company reported a net loss of LKR 1.8 Bn for the Financial Year 2020/21 – due to a change in the fair value of investment in subsidiary of its main subsidiary, Ambeon Holdings PLC.

Strategic Orientation

The challenging business environment made us reflect, re - assess and re - strategize our priorities. In response, we decided to consolidate our businesses within the main subsidiary Ambeon Holdings PLC. In order to manage the portfolio better and increase value to shareholders, a strategic decision was made to divest South Asia Textiles Limited. This move will enable us to focus more on technology, financial services and porcelain clusters. Overall, value integrations in all sectors through the three-tiered strategic structure from corporate, business to operational will enable the Group to build synergies and infuse efficiencies across all businesses.

Corporate Governance

The robust governance structure and practices followed by the Group is a strong pillar of support which has helped us navigate our way through the complexities of the challenging operating landscape. In this regard, we strictly adhere to industry best practices, government policies, rules

CHAIRMAN'S MESSAGE

and regulations. Moreover, we voluntarily adopted the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka. The Group has a clearly defined audit, remuneration and related party governance structure which cascaded down to the entire Group through the Main Board, its sub-committees and the management teams.

Furthermore, our robust risk management framework ensures effective and consistent identification and management of risks across functions, operations and processes, which we believe is a vital element in the execution of our strategy. In this endeavor, I am well supported by my colleagues on the Board who infuse balance, diversity and a wealth of experience. Together, we relentlessly continue to maintain oversight of the Group's strategic, operational and tactical risk framework.

Way Forward

Despite the uncertainty prevalent in the macroeconomic environment, we are cautiously confident of moving ahead whilst seizing opportunities and executing the sustained initiatives for driving business growth across all our core business verticals. As a Group, we have always remained receptive to new opportunities. As such, we will continue to focus on further consolidating our market presence by leveraging our unique domain knowledge, brand value and synergies within the Group. Through our various subsidiaries, we will also expand our geographical reach across countries and continents.

With the present vaccination drive gaining momentum, we are optimistic that the country will be back on track very soon. However, the many variants of the virus certainly pose a threat to normalcy. With the insights gained in navigating the pandemic thus far, the Group is well placed to face the norms of the new normal as an agile and unified organisation.

A Note of Appreciation

I extend my sincere gratitude to the Shareholders for their unwavering support. I wish to express my appreciation to my fellow Board of Directors for their strategic direction and guidance. My sincere appreciation is also extended to the Group management teams and Group staff who have performed amidst many challenges with dedication, resilience and commitment to spearhead the transformation process.

I believe that through our corporate transformation process, Ambeon is now well-positioned to propel through its strategic path by leveraging the future-centric synergies of its subsidiaries and charting its course in the 'new normal' to be relevant and resilient, on behalf of our stakeholders.

Sgd.
Sanjeev Gardiner
Chairman
Ambeon Capital PLC

30th August 2021

DIRECTORS' REVIEW

DURING THE PERIOD UNDER REVIEW, AMBEON CAPITAL PLC WAS FOCUSED ON UNLEASHING THE COLLECTIVE POTENTIAL OF ITS DIVERSE PORTFOLIO OF BUSINESS INTERESTS. ANCHORED STRONGLY TO OUR CORE BUSINESS IDEOLOGY OF 'RE-ENGINEERING' WE CONTINUED TO EXPLORE LUCRATIVE BUSINESS OPPORTUNITIES IN FUTURE-CENTRIC INDUSTRIES.

Dear Stakeholders,

It is our pleasure to present to you the Annual Report for the year ended 31st March 2021. The Financial Year 2020/21 proved to be an exceptionally volatile year with unprecedented challenges. However, the subsidiaries, under the Ambeon conglomerate weathered through unprecedented adversity demonstrating commitment and resilience.

Strategic Focus

Ambeon Capital PLC as an investment management company with a portfolio of diverse businesses was successful in navigating its way through considerable disruptions and varying challenges. The review herein seeks to outline how the Group delivered against uncertainties whilst planning, steering and aligning towards long-term stability. Our focus, during the year, was to achieve sustainable growth within the more resilient sectors whilst carefully traversing through the sectors affected by business externalities. In this background, we took prudent and decisive action of rationalizing discretionary costs and reducing our gearing levels. With a strong focus on governance, risk and compliance we proved our resilience as an investment management group with a well-defined group corporate strategy that powered business verticals across technology, manufacturing, real estate and financial services.

The Group made a strategic decision to divest its equity stake of the textile arm - South Asia Textiles Ltd., in the FY 2020/21 in a concerted effort to stabilize core businesses and focus on other business verticals. This was finalized in April 2021.

Consolidated Performance

During the year under review, Group revenue decreased marginally by 9% to record LKR 18 Bn from LKR 20 Bn recorded in the preceding year. Despite this decrease in the revenue, The Gross Profit Margin (GP) was maintained at a stable level of 23% in comparison to the GP margin of 22% in the previous year. The Group recorded a loss of LKR 2.3 Bn during the year under review. This was mainly due to the declining market prices of the various investment properties (as indicated by independent professional valuers) the Group owned and provisions made within its main subsidiary Ambeon Holdings PLC for irrecoverable receivables and obsolete inventory. Most of these, with the excepting of changes in the market value of investment properties, are one-time events and thus will not have an impact on the future operations of the business.

At Company level, Ambeon Capital reported an increase in revenue by 11% to LKR 362 Mn. This increase was mainly derived from enhanced revenue received from the capital market activities. Despite rationalization of financial and other costs, the Company reported a loss of LKR 1,753 Mn compared to a profit of LKR 232 Mn generated in the last financial year. Collective fair value adjustments to the value of LKR 1,572 Mn of investments in subsidiary companies eroded profitability levels of the Company.

Aligning Our Strengths

During the period under review, Ambeon Capital PLC was focused on unleashing the collective potential of its diverse portfolio of business interests. Anchored strongly to our core business ideology of 'Re-engineering' we continued to explore lucrative business opportunities in future-centric industries.

We have taken constructive strides towards strengthening our positioning within the respective business verticals by enhancing capacities and capabilities. Guided strongly by our values of moving first, actioning results, channeling teamwork, seeing beyond and inspiring each other we are confident of moving ahead with agility to capture business opportunities.

MillenniumIT ESP stepped into its 25th year milestone by defining its formidable presence in the technology landscape of Sri Lanka. The Company has evolved over the years and is now positioned as a 'Complete Enterprise Solutions Provider' offering a wide spectrum of IT solutions paving the way for the Company's next phase of transformative growth. The Company is well poised to conquer

DIRECTORS' REVIEW

business opportunities in an IT driven post pandemic business landscape by pursuing IT enabled developments within the education, healthcare, retail, education and financial services spheres. The Company hopes to expand its footprint regionally to SAARC countries to enhance its global presence.

The extended periods of lockdowns disrupted the manufacturing operations of the porcelain cluster resulting in delays in meeting delivery timelines due to loss of productive hours. Nevertheless, the Group was successful in enhancing its top-line revenue through new customer acquisitions by transitioning to online sales platforms. The porcelain cluster focused on building its momentum by pursuing product diversification strategies towards the non-table wear segments in a bid to capture increased global and local market share. This will be a stepping-stone towards capturing new market segments which will enable the Company to position itself as a complete giftware provider in the backdrop of new emerging lifestyle trends. At present, the Company's products are sold online in shared retail platforms. The Company hopes to venture into its own online sales portal which will be a platform for improved market share. Developing its production and operational activities by harnessing technology for greater productivity is another tech-driven initiative spearheaded by the Company.

This Financial Services cluster performed admirably buoyed by the strong performance of the Colombo Stock Exchange which witnessed exponential growth levels due to the low interest rate regime coupled with a notable increase in domestic participation. With the renewed interest in capital and debt markets due to the low interest rate regime the Company is focused on revamping its corporate advisory services. With the increased demand for online based services the Company hopes to pursue digitalization of its business activities to enhance its customer service proposition to derive greater efficiencies.

The real estate segment of the Group, Colombo City Holdings PLC (CCH) strengthened its position in the FY2020/21. The strategic move of consolidating Lexinton Holdings (Pvt) Limited in the preceding financial year resulted in the revenue streams being reinforced thereby positioning the Company as the real estate arm of the Group. We hope to consolidate our operations to strategize, invest and digitize to further strengthen our foothold in the property market and build a stronger foundation to capture the emerging opportunities within this sector.

Way Forward

The pandemic highlighted the need for businesses to position themselves to be future-proof and agile, by shifting towards digitization and futuristic technologies aimed at remote working practices and related arrangements. We hope to create greater equilibrium within our portfolio of investments and businesses by focusing on viable strategies to create sustainable growth and ensure that the conglomerate is 'future-proof'. We will pursue growth across our financial services and technological sector backed with regional expansion being envisioned within the 2021 calendar year.

We will, therefore, harness our capabilities in the tech industry through MillenniumIT ESP by infusing future-centric, tech-enabled platforms and services. Equipping ourselves with strong research and development capabilities and capacity we hope to align ourselves with a strong focus towards innovation within the manufacturing cluster, enhancing product innovations and diversifying our range of products. We hope to actively explore fin-tech based opportunities within the financial services business vertical. Furthermore, the Group will harness eCommerce-based opportunities to enhance market share in the porcelain cluster by leveraging on digital trade platforms

The Group will continue to monitor macro-economic and industry developments to ensure we remain agile and proactive to the dynamic changes in the evolving business environment.

Pursuing operational efficiencies and cost control measures will be a strategic priority. Corporate governance, risk management, and compliance with regulations will remain a key aspect of competitive advantage for the Group as we continue our journey to create value for our business and our stakeholders in the long term.

With the recent spike in COVID infection rates and the emergence of new mutations of the virus, health and safety will remain a primary focus - thus ensuring the health and wellbeing of our employees by maintaining consistent health and safety standards will continue to be a key priority.

Appreciation

Overcoming the formidable challenges of the past year was a tremendous task. This was achieved by the collective effort of our resolute and determined team who moved forward with a pragmatic mindset while dealing with extraordinary challenges. This thinking was instilled across the Group, as we set out to remain stable amidst disrupted operations, declining revenue streams and profit erosions. As the investment management arm of Ambeon Group, we are grateful to the Management and team of Ambeon Holdings PLC for remaining steadfast with a clear and shared vision. I am also thankful to our valued stakeholders for their unwavering confidence and trust placed .

We wish to extend our appreciation to the Board of Directors for their continued advice and support in traversing through the new normal. We wish to assure our stakeholders that Ambeon Capital PLC will continue to build upon our strong foundation to support future growth and to reinvent new ways to be relevant and agile.

Sgd.
The Board of Directors
Ambeon Capital PLC

30th August 2021

BOARD OF DIRECTORS

Mr. Sanjeev Gardiner
Chairman/Non-Independent, Non-Executive Director

Mr. Ajith Devasurendra
Deputy Chairman/Non-Independent, Non-Executive Director

Mr. Ranil Pathirana
Non-Independent, Non-Executive Director

Mr. Priyantha Fernando
Independent Non-Executive Director

Mr. Harsha Amarasekera P.C.
Non-Independent, Non-Executive Director

Mr. Sarinda Unamboowe
Independent Non-Executive Director

Mr. Yudhishtran (Yudy) Kanagasabai
Independent Non-Executive Director

Mr. Revantha Devasurendra
Alternate Director to Mr. Ajith Devasurendra

BOARD OF DIRECTORS

Mr. Sanjeev Gardiner

Chairman/Non-Independent, 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 Co of Ceylon Hotels Corporation PLC) Kandy Hotels Company (1938) PLC (which owns the Queens and Suisse Hotels in Kandy) and United Hotels Co (Pvt) Limited which owns The Surf (Bentota), The Safari (Tissa) and The Lake (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-Independent, Non-Executive Director

Mr. Ajith Devasurendra is a veteran in the financial services industry in Sri Lanka and counts over 35 years of experience both in Sri Lanka and overseas.

Mr. Devasurendra is the Deputy Chairman of Ambeon Holdings PLC and Dankotuwa Porcelain PLC and Director of Ceylon Hotels Corporation PLC.

Mr. Ranil Pathirana

Non-Independent, 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 of Hirdaramani International Exports (Pvt) Limited.

Mr. Pathirana is the Chairman of Windforce PLC and a Non-Executive Director of Ambeon Holdings PLC, Ceylon Hotels Corporation PLC, BPPL Holdings PLC, ODEL PLC & Alumex PLC. 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. Priyantha Fernando

Independent Non-Executive Director

Mr. Priyantha Fernando holds a B.Sc degree from the University of Peradeniya and an M.Sc degree in Statistics from the University of Birmingham, England. He has over 35 years of experience in the banking and finance sectors, as a regulator and Independent Non-Executive Director.

He was attached to the Central Bank of Sri Lanka serving in senior and diverse capacities. He was the Deputy Governor of the Central Bank of Sri Lanka, from January 2010 to September 2011 in charge of the Financial System Stability and the Corporate Services clusters. Mr. Fernando has extensive experience and expertise in the fields of Banking and Financial Sector regulation, Information Technology, National Accounting and Statistics, Fund Management, Risk Management, Restructuring, and stabilization of financial distressed companies. At the Central Bank he was the Chairman of the Financial Stability Committee, Member of the Monetary Policy Committee, Member of the Risk Management Committee and the Chairman of the National Payment Council.

He was an Ex-Officio Board Member in several regulatory organizations namely Securities and Exchange Commission of Sri Lanka, the Insurance Board of Sri Lanka, the Chairman of the Credit Information Bureau of Sri Lanka, Chairman of Institute of Bankers – Sri Lanka and Board Member at Employer's Trust Fund, LankaClear (Pvt) Ltd and Lanka Financial Services Bureau. During his career he has initiated and spearheaded several key projects of national importance, especially in the area of the advancement of the national payments and settlement system, infrastructure.

Mr. Fernando has served in a number of committees at national level covering a range of subjects representing the Central Bank. Presently, Mr. Fernando is the Chairman of Golden Key Hospitals (Private) Limited and Golden Key Credit Card Company Limited and holds directorships in Millennium I.T.E.S.P. (Private) Limited, Ceylon Leather Products PLC, Thomas Cook Travels Sri Lanka (Private) Limited and Imperial Institute of Higher Education and a Council Member of Institute of Applied Statistics of Sri Lanka (IASSL).

Mr. Harsha Amarasekera P.C.

Non-Independent Non-Executive Director

Mr. Harsha Amarasekera, President's Counsel is a leading luminary in the legal profession in Sri Lanka having a wide practice in the Original Courts as well as in the Appellate Courts. His fields of expertise include Commercial Law, Business Law, Securities Law, Banking Law and Intellectual Property Law.

He also serves as an Independent Director in several listed companies in the Colombo Stock Exchange including Sampath Bank PLC, CIC Holding PLC, Swisstek Ceylon PLC, Swisstek Aluminium Limited as Chairman. He also serves as an Independent Non-Executive Deputy Chairman of Vallibel Power Erathna PLC and Independent Non-Executive Director of Royal Ceramics Lanka PLC, Vallibel One PLC, Expolanka Holdings PLC and Amaya Leisure PLC. He is also the Chairman of CIC Agri Businesses (Private) Limited.

Mr. Sarinda Unamboowe

Independent Non-Executive Director

A Director of MAS' Apparel Board, Sarinda joined MAS in 2001, as CEO of Linea Aqua, and is currently the CEO & Managing Director of MAS Kreeda, the Nike division of MAS Holdings. He is an advisor on Environmental Sustainability to the Group.

An alumnus of Ithaca College, New York, Sarinda has received Executive education at the INSEAD School of Business and Tuck School of Business at Dartmouth. He is also a recipient of the Humanitarian Alumni Award 2016 conferred by his alma mater - Ithaca College for his humanitarian efforts and is a Trustee of two separate charities namely - The Colours of Courage Trust and The Wheels for Wheels Foundation.

Mr. Yudhishtran (Yudy) Kanagasabai

Independent Non-Executive Director

Mr. Yudy Kanagasabai currently serves as the Chairman of the Board Audit Committee of Ceylon Tobacco Company PLC, Eswaran Brothers Exports (Private) Limited and MillenniumIT ESP (Pvt) Limited, and as an Independent Non-Executive Director of Cargills Ceylon PLC, Hunter & Company PLC and Lanka Canneries Limited. He is also a Non – Executive Director of Cargills Food Company Limited, Cargills Bank Limited and Dankotuwa Porcelain PLC, and Chairman of South Asia Textiles Limited.

He was the Chairman of the Audit Committee of Union Bank PLC from August 2016 to 31 December 2018, and a Commissioner of the Insurance Regulatory Commission of Sri Lanka from May 2018 to November 2018 and from December 2018 to November 2019.

Prior to taking up several board positions post retirement, he served as the Senior Partner of PricewaterhouseCoopers, Sri Lanka and Maldives. Having joined the Firm in 1981, he held progressively responsible positions before being admitted as a Partner in 1991, following a secondment to the Singapore Firm from June 1988 to May 1990 for training in Information Security.

Mr. Kanagasabai is a Fellow of the Institute of Chartered Accountants of Sri Lanka.

Mr. Revantha Devasurendra

Alternate Director to Mr. Ajith Devasurendra

Mr. Revantha Devasurendra 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.

Presently, Mr. Devasurendra is the Managing Director of British Ceylon Capital (Private) Limited and holds directorships in Cyril Rodrigo Restaurants (Private) Limited, Navitas Investments (Private) Limited, C H C Investments (Private) Limited, Ceylon Hotels Investments (Private) Limited, Eon Tec (Private) Limited, United Hotels Company (Private) Limited, Live is to travel (Private) Limited, Wild Ceylon (Private) Limited and Nidanwala Watta (Private) Limited.

Our Path to Progress

Delivering value through 'future-fit' strategies

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION & ANALYSIS

OUR PATH TO PROGRESS

Ambeon Capital PLC, an investment holding Company, continues to function as the parent of its main subsidiary Ambeon Holdings PLC. While Ambeon Capital's focus revolved around financial services, the acquisition of Ambeon Holdings PLC transformed the Company into a diversified conglomerate.

Corporate Strategy: Aimed towards meeting stakeholder expectations and creating sustainable business value thus facilitating greater value creation to all stakeholder groups.

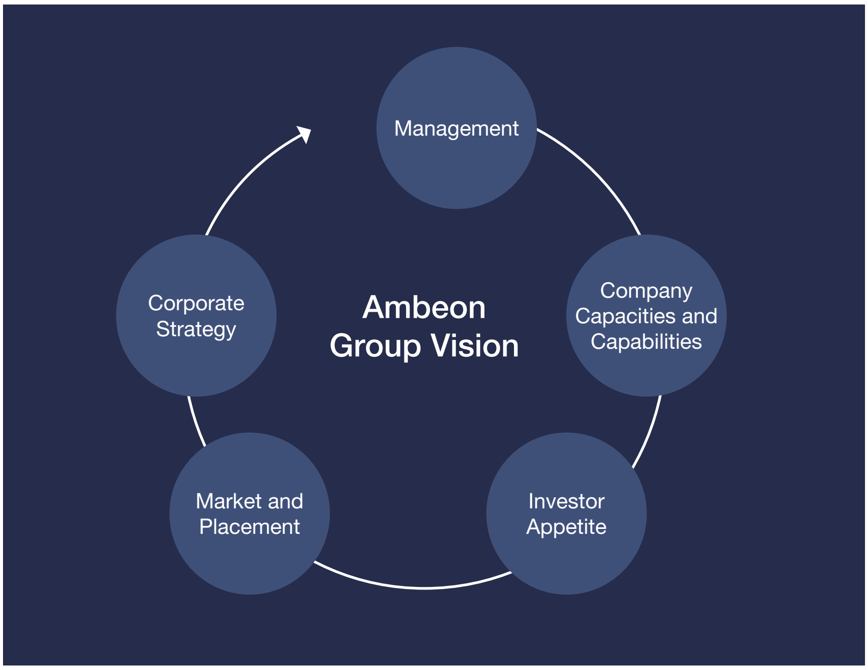
Market Space and Placement: This involves differentiating between active and passive investments and identifying potential business opportunities that the Group can embark on thus enabling the segments to increase their business visibility and presence in the local and global arena.

Management: The Group has in place a clearly defined governance and risk framework backed by a robust management structure when conducting business operations.

Company Capacities and Capabilities: Building capacities and capabilities encapsulating people, processes,

The Group's Vision

The Group's vision is built on five futuristic pillars.



systems and related resources while identifying and filling gaps through quality skilled acquisitions and upgrades, thus enhancing the business capabilities and adapting to changing business dynamics.

Investor Appetite: This involves the creation of sustainable value aimed towards meeting and exceeding the expectations and aspirations of investors.

OUR PATH TO PROGRESS

Our Strategic Business Units

The strategic subsidiaries are aligned under the main subsidiary - Ambeon Holdings PLC, an Investment Holding and Management Company listed on the Colombo Stock Exchange. Through its many acquisitions it has evolved to a medium sized conglomerate currently operating in diverse industries catering to the local and international markets. A snapshot of the strategic business units of Ambeon Holdings is given below:

Technology

Company
Millennium I.T.E.S.P (Pvt) Ltd (MillenniumIT ESP)

Business focus

MillenniumIT ESP (MIT ESP) is a complete Enterprise Solutions Provider with a proven track record of serving global customers for over 25 years. MIT ESP has a strong presence across a variety of industry sectors including Telecommunications and Media, Banking and Financial Services, Manufacturing and Retail, Government and the Commercial Sector which focuses on Healthcare, Transportation, Hospitality, IT and BPO Companies, and other Conglomerates.

Financial Services

Company
Taprobane Capital Plus (Pvt) Ltd

Business focus

A leading financial services provider with a wealth of experience in capital markets in Sri Lanka.

Real Estate

Company
Colombo City Holdings PLC

Business focus

A Company with a rich heritage of over 100 years with ownership of property in strategic locations.

Porcelain

Company
Dankotuwa Porcelain PLC

Business focus

Sri Lanka's premier manufacturer of porcelain tableware, the Company is known across the world for achieving a remarkable whiteness, that radiates a sense of pristine beauty. The Company prides itself as being amongst the best in Asia, Europe, the Southern Hemisphere, US and the UAE as it continues to maintain a broad global client base for brands such as- Macy's, Jashanmal, Country Road, CMT, Migross, Caskata, Kashida, Michael Wainwright, Witz, Nishita Design, Bergoff, Narumi, Porsgrund

Compan
Royal Fernwood Porcelain Limited

Business focus

A large-scale manufacturer of high quality white and decorated porcelain tableware and figurine ornaments that enjoys a global reputation in the porcelain tableware industry as a reliable supplier to many premium brands. A subsidiary of Dankotuwa Porcelain PLC., the Company manufactures products for most of the prestigious ceramic dinnerware manufacturers in Europe, Japan, Australia, Scandinavia the USA and over 50 countries worldwide.

Ambeon Holdings PLC

AMBEON
HOLDINGS PLC

Current Positioning

As the main subsidiary, Ambeon Holdings, through its various subsidiaries continued its journey towards building efficiencies across all its investments while enhancing its market presence. The COVID-19 outbreak in Sri Lanka and the subsequent adjustment to a change in lifestyle amidst the pandemic imparted valuable lessons and experiences for the Group to better navigate through current and future operational challenges.

The mobility restrictions which were implemented during the year accelerated the need for technology driven business solutions and flexible work practices aimed towards building business resilience. Careful planning and analysis helped Ambeon assess the potential risks of the ongoing economic uncertainties and adapt efficiently to changing business dynamics and consumer behaviour. This proved to be a major strength as the Group was able to capitalize on emerging market opportunities especially in the information technology and financial services sphere.

Performance

The Company recorded a revenue of LKR 680 Mn compared to LKR 207 Mn of the previous year marking an increase of 228%. This was mainly as a result of the dividend income obtained from subsidiaries. While operational expenses recorded an increase, finance costs declined in line with the market interest rates and higher loan settlements. However, as at the year end, the Company recorded a net loss of LKR 2.1 Bn compared to the profit of LKR 562 Mn generated during the previous year. The main reason for this was investment in subsidiary fair valuation impact of LKR 1,904 Mn and provision for irrecoverable receivables.

Details of these are stated in the Chairman and Director's Review respectively.

Group Outlook

The recent outbreak of the COVID-19 pandemic in Sri Lanka has resulted in short-term uncertainty in the market. However, subsequent to overcoming the hurdles presented by the first wave, the Group was better prepared to ensure resilience and business continuity, should any further restrictions arise. With the technology and financial services industries performing up to expectation, the Group is now well poised to maintain its growth momentum and remains vigilant towards potential investments.

Ambeon Holdings, as a Group, continued its efforts in all its businesses aimed towards generating greater results in the year. Given the diverse nature of the Group's operations and the changes and developments in the regulatory and external environment, continued focus was placed on ensuring high standards of governance and compliance, while proactively assessing the potential business risks. While it is still too early to assess the possible economic impacts of further waves of the pandemic, the Group remains positive regarding the fundamentals of the industry groups it operates in and expects to sustain and build on the performance displayed during the second half of the year 2021/21. As a conglomerate with a balanced portfolio, the Group will continue its pursuit of conquering new markets, improving business efficiencies and building sustainable business models that will create greater value for its stakeholders.

The segmental review in the ensuing section provides an overview of the performance, strategies and future focus of the individual business verticals.

OUR PATH TO PROGRESS
Technology Cluster

MillenniumIT ESP

LKR 6.2 Bn
Group Asset Value

400+
Employees

The technology cluster of Ambeon Holdings comprises of EON Tec (Pvt) Ltd and its subsidiary Millennium I.T.E.S.P (Pvt) Ltd (MillenniumIT ESP) which was acquired in 2017. MillenniumIT ESP has been in operation since 1996 and is a pioneer in the country's ICT industry.

The Company has built a diverse clientele across a wide range of industries including banks and finance companies, telecommunications, manufacturing and apparel, public sector, healthcare, real estate, transportation and other conglomerates. The Company has also built several global partnerships with leading firms including Oracle, Microsoft, Amazon, IBM, Dell-EMC, Hitachi, Cisco, Google, and Infosys. It has also received numerous awards of excellence and innovation across various markets for its solutions around the globe.

Key solutions provided by MillenniumIT ESP include Core Infrastructure, Cloud, Cyber Security, Enterprise Applications, Smart Buildings, Intelligent Automation & Data, and Managed Services.

Strategic focus

The Company's main strategic focus for the year under review was on rebranding itself as a 'Complete Enterprise Solutions Provider', building on its previous proposition as a 'Systems Integrator'. Accordingly, MillenniumIT ESP's expertise was restructured into seven separate technology units – Core Infrastructure, Cloud, Cyber Security, Enterprise Applications, Smart Buildings, Intelligent Automation and Data, and Managed Services.

Recognizing the emerging market insights, the Company expanded its industry outreach to include media, manufacturing and retail, government, and commercial sector which includes clients from healthcare, transportation, hospitality, IT and BPO companies and other conglomerates. Actions were also taken to further expand the Company's footprint in the global arena with immediate focus in Singapore and Maldives.

Along with these key strategic changes and plans, MillenniumIT ESP restructured their organization to better reflect the new focus areas and enable more effective and faster decision-making.

Performance

The segment performed commendably, given the prevalent operating conditions of the pandemic, generating a substantial Profit after tax LKR 502Mn. MillenniumIT ESP recorded a total revenue of LKR 6.7Bn with the Telecommunications sector being the key contributor.

Operating costs were well controlled with stringent measures taken to manage overheads and collect debts aggressively. These increased settlements along with reduced market interest rates, resulted in the company recording a decline in overall finance costs leading to a satisfactory profit before tax (PBT) of LKR 585 Mn.

Strengths

- An established presence in the Sri Lankan IT sector for over two decades.
- Highly experienced staff with skilled professional expertise, including in emerging technology areas such as Robotic Process Automation, Artificial Intelligence, Machine Learning, Internet of Things, etc.
- Global partnerships with leading IT firms.

Opportunities

- Create market positioning within the fast-developing regional markets.
- Emphasis on Managed Services and its facilities of Network Operations Center (NOC) and Security Operations Center (SOC) which are areas with unlimited global potential.
- Rapid acceleration in technology-based business solutions in a post-pandemic landscape.

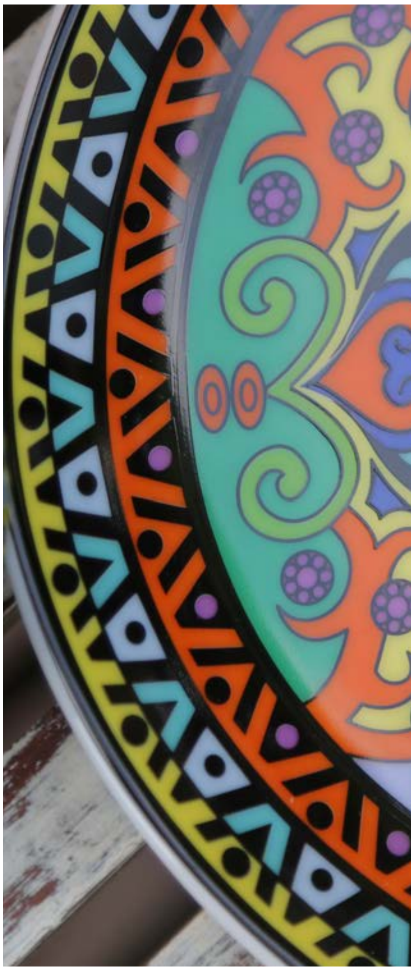
Future Outlook

The Company's success is built on the three pillars of innovation, 'customer first' philosophy and operational excellence. Accordingly, it will continue to pursue new opportunities emerging in the market and provide superior and transformational solutions to its clients. With accelerated digitalization and automation of businesses across many sectors such as media, education, retail, healthcare, etc., the market holds great promise. Fortified by this boost in demand for ICT solutions, coupled with the learnings obtained during the current year, the Company is poised to deliver stronger and better performance in the future.

Manufacturing Cluster

The Manufacturing Segment of Ambeon Holdings PLC comprises of the Porcelain Segments which includes Dankotuwa Porcelain PLC (DPL) and its subsidiary Royal Fernwood Porcelain Limited (RFPL).

Dankotuwa Porcelain PLC



LKR 4.2 Bn
Company asset value

650+
Employees

Commencing operations in 1984, Dankotuwa Porcelain PLC (DPL) has gained recognition as a premier porcelain manufacturer in Sri Lanka. Known for its pristine whiteness and its range of elegant and timeless products, Dankotuwa has flourished over the years building a reputation that extends well beyond the local market. Known for its high quality and versatility, DPL continues to manufacture customized products for global giants such as Macy's, Country Road, Lenox, John Lewis, Crate & Barrel, Portmerion and many more.

Catering to diverse consumer tastes, DPL has on numerous occasions been voted as one of Sri Lanka's Super Brands, recipient of the Presidential Export Awards and the Most Oustanding Exporter award from the Natinal Chamber of Exporters (NCE).

Strategic focus

- The Company continued to form strategic partnerships with retailers and dealers, increasing its product presence across the island.
- Additional focus was placed on enhancing operational efficiencies including better management of working capital and inventory.
- Accordingly, the Company was able to achieve significant reductions in waste and better manage its inventory cycles.
- DPL continued with its automation drive aimed towards improved productivity of its key processes and optimizing costs.
- Increased focus was placed on enhancing the Company's online market presence and sales channels, thereby adapting to changing market dynamics.

Performance

Factory operations were limited during the first quarter of the year and production experienced a notable slowdown. However, with the travel restrictions gradually being lifted, production went back on track with the export market picking up sooner than anticipated. The Company achieved a topline of LKR 1.5Bn depicting a 14% growth. Revenue from export sales contributed mainly towards this growth with a 45% y-o-y increase. Operational expenses increased by 10% during the year with commission costs rising in relation with the increase in export sales. Despite better sales, the Company ended its financial year with a net loss of LKR 170Mn mainly due to inventory provisioning and the decline in the fair value gain of investment property and subsidiary valuation.

Strengths

- Global client base of leading brands and supplier to international retailers with the requisite production capacity to handle large orders.
- Pristine whiteness of porcelain ware – a key differentiator.
- Track record of meeting and delivering international quality standards. All products comply with ISO 9001:2015 and CTPAT certification requirements.
- Island-wide presence via showrooms and dealer network.
- Cruelty-free and environmentally friendly products.

Opportunities

- Growing domestic demand for lifestyle products in the long term.
- Expanding further into international markets.
- Expanding the product line with new innovative products such as porcelain inspired jewellery, steam inhalers,
- Leverage new technologies and automation solutions to increase efficiency.

Future outlook

The Company's main strategic priority for the future would be to increase its market share both domestically and globally. In support of this goal, the Company plans to enhance its online market presence via third party e-commerce platforms, adapting to evolving consumer buying trends. The Company's own e-commerce channel is expected to be launched in the third quarter of 2021. Additionally, DPL aims to adopt new technologies to improve its internal processes and create a digitally driven workforce under its theme 'Digital Dankotuwa'.

Leveraging the skills and experiences gained over its 35+ years in operation, DPL holds an ambitious target of becoming a giftware solutions provider over the long term.

OUR PATH TO PROGRESS

Royal Fernwood Porcelain

LKR 1.5 Bn
Company asset value

450+
Employees

Incorporated in 1994, Royal Fernwood Porcelain Limited (RFPL) operates with the core focus of manufacturing high quality porcelain tableware and figurines to the export market. With nearly 70% of its revenue generated from exports, the Company caters to a range of distinguished international retail brands and manufacturers across over 55 countries including Japan, Australia, Scandinavia and the USA.

The Company produces a diverse range of porcelainware aimed predominantly towards the young and contemporary millennials who place greater emphasis on high-quality, fashionable products and value-for-money. Featuring superior techniques such as hand glazing, hand painting, platinum, silver and gold-laced decals, as well as intricate patterns such as blooms, nature based and geometric designs, the Company demonstrates its passion for innovation and intricate craftmanship that helps sustain its global appeal.

Strategic focus

- ➪ The Company maintained its focus on expanding its local as well as global presence. Stemming from these efforts the Company was able to create new partnerships with clients across UK, Belgium, UAE, Italy, Malaysia, Australia and Sweden.
- ➪ Adopting a business approach aimed towards building a multi-skilled workforce. Operating with limited staff during the early stages of the year the Company placed greater emphasis on rewarding employees based on their extra commitment and contribution.
- ➪ Building on its expertise and creativity RFPL introduced several new products to the market including;

  - The Heater insulator, which was manufactured to precision for Rakon Limited, New Zealand
  - New matt glazes in organic shape was developed for Country Road which gives an artisanal look for fine porcelain.
  - The Company is currently developing products based on the raise-decal technique.
  - In addition, the Company is innovating new products such the tea infuser, exclusive candle holders, niche ornamental products and other innovative tableware

Performance

The Company commenced the year under lockdown with factories remaining closed during April 2020. Fortunately, the Company experienced minimal cancellations of orders during this period with most orders being renegotiated and rescheduled. Since May 2020 operations recommenced with limited staff gradually scaling up operations to meet the growing

demand. Therefore, despite the drop in production during the first quarter, the Company achieved a positive resurgence throughout the remainder of the year.

Revenue for the year stood at LKR 922Mn compared to LKR 919Mn reported during the prior year. This 0.3% increase demonstrates the Company's resilience amidst challenging conditions. Export revenue contributed mainly towards the Company's topline performance being 60% from total revenue. Performance of local sales has increased by 40% mainly due to special mobile sales. Gross profits however declined by 46% recording LKR 200Mn as at year end.

Strengths

- Contemporary vibrant designs with an expansive product range of porcelain ware and figurines.
- Enhanced capabilities resulting in the ability to expand its offering by producing non-tableware related products Eg: heater insulator.
- Ability to innovate products with different shapes, colours, glazes, designs and decal techniques.
- Large scale manufacturing capacity geared to produce quality products.
- Established relationships with key brands and well-developed departmental stores worldwide.
- Distribution capacity which is built on the Dankotuwa Porcelain local footprint.

Opportunities

- Leverage new technologies and automotive solutions to increase production efficiency gains.
- Ability to respond to market needs with new innovative products.
- Expand to un-chartered business territories globally.
- Capture a niche in the local market for lifestyle products which would expand with envisaged improvements in the market.

Future outlook

The Company boldly and optimistically traversed through an unprecedented business landscape during the year. Learning from these experiences, the Company is now poised to deliver stronger growth and seize emerging market opportunities to sustain its position as a leading porcelain manufacturer. RFPL will increase its focus on technological advancements channeled towards improving production capabilities, as these investments were kept on hold during the current year amidst economic uncertainties. RFPL will also continue to implement new strategies aimed towards improving the capabilities of the workforce which will in turn generate higher yields and reduce the dependence on outsourced labour.

OUR PATH TO PROGRESS
Financial Services Cluster

Taprobane Capital Plus

LKR 589 Mn
Group asset value

35
Employees

The Financial Services Segment of Ambeon Holdings PLC comprises of its wholly owned subsidiary, Taprobane Capital Plus (Pvt) Ltd (TCP) with a range of business interests in financial and investment services. TCP is the holding company for two subsidiary companies - Taprobane Investments (Pvt) Ltd and Taprobane Securities (Pvt) Ltd.

The Company offers a range of financial and investment services to select clientele. The Company's financial services business offers money brokering services for B2B clients mainly in the banking and financial services industry, while the stockbroking services arm mainly operates within the retail marketspace. The investment services segment of the Company concentrates on bond investments for third parties and strategic investments for the Ambeon Group. The Company also provides treasury and strategic financial services to the Ambeon Group of companies.

Strategic focus

The Company increased its focus on strengthening its research arm with the view of identifying new technologies that would support business growth. With an increasing number of companies adopting cutting edge technological and digital solutions and with the growing demand for online services among customers the Company placed more emphasis on advancing its digital capabilities.

Performance

Being a part of the financial services industry, which recorded remarkable growth in a post-Covid backdrop, the Company too recorded commendable performance during the year. Conducive monetary policy measures introduced by the Central Bank of Sri Lanka coupled with more effective customer and portfolio management emerged as key reasons behind the growth in Company performance.

The segment recorded a revenue of LKR 272 Mn during the year marking a growth of 107% against the previous year. The Company ended the year with a profit after tax of LKR 153.4Mn compared to LKR 52.4Mn recorded during the previous year. The stock broking Business recorded an increase of 488% in revenue during the year with increase in market share to 2.64%. The money broking business experienced a challenging year due to an inactive forex market. However the company remained resilient claiming an average market share of 30% in the bond trading segment and positioned itself as one of the top three players in the overall market.

Strengths

- Inherited knowledge and know-how from Taprobane Financial Services with the expertise of over 20 years of capital market experience.
- Renowned as a pioneer in the Sri Lankan bond market and credited to have managed Sri Lanka's largest non-bank listed debt issue;
- Being ranked among the top three money brokers in Sri Lanka and emerging as one of the few profitable stockbrokers operating on a lean structure within the Country.

Opportunities

- Opportunity to diversify its business interests and optimize synergies across the Ambeon Group of companies.

Future outlook

With technology redefining living standards and customer expectations, the Company will continue to upgrade its technological capabilities to ensure business continuity and offer a secure and efficient business. Additionally, the Company will closely monitor the developments in the equity market and align its strategies to harness emerging opportunities. Amidst these positive sentiments the Company also plans to explore new opportunities in the Fintech industry.

The Company will aim to drive sustainable business growth through stronger relationships and new customer acquisitions while strengthening its regulatory and governance framework.

Real Estate Cluster

Colombo City Holdings PLC

LKR 2.1 Bn
Group Asset Value

4
Employees

The real estate segment of the Group comprises of Colombo City Holdings PLC (CCH) and its subsidiary Lexinton Holdings (Pvt) Ltd.

CCH holds a rich history spanning over 100 years in the ownership of prime property situated at strategic locations in Colombo. Formerly known as the Colombo Pharmacy, the organization ventured into real-estate management in July 2013 and was subsequently renamed Colombo City Holdings PLC. The Company acquired Lexington Holdings (Pvt) Ltd in 2019, further expanding its portfolio.

Strategic focus

CCH took on a prudent approach during the year under review. While being open to future opportunities it did not pursue any investments due to the uncertainty prevailing in the country.

It also focused on maintaining regular engagement with its tenants thereby strengthening relationships during these challenging times.

In addition to its rental income, the Group also earns interest income through commercial papers and fixed deposits. During the year under review, the group invested prudently in high return interest bearing instruments, which added to its revenue streams.

Performance

CCH as a Company recorded a 15% increase in revenue, ending the financial year with a topline of LKR 12 Mn. However, the Company reported a loss of 308 Mn mainly due to the fair value erosion experienced in the investment property.

Direct operating expenses recorded a reduction of 11% during the year. A notable decline was also seen in finance income. This was mainly due to the reduction in fixed deposit interest income based on the revised policy rate ceilings introduced by the Central Bank of Sri Lanka. Further the intercompany borrowing rates were also reduced in line with the declining market interest rates which resulted in lower interest income from lending.

As a Group, CCH concluded the year with an 8% decline in revenue recording LKR 56 Mn compared to the LKR 61 Mn reported in the previous financial year. The Covid-19 pandemic and the 'Work from Home' mechanisms adapted by organiations was the main contributing factor towards this. The Group also reported a loss of LKR 306 Mn due to the fair value erosion of the investment property. The Company was successful in disposing the said investment property for a consideration of LKR 575Mn which will be invested for higher returns when opportunity arises.

Future outlook

The recovery of the real estate sector is intertwined with the present COVID -19 pandemic as well as low demand for office space. In this context, most organizations are rethinking their workspace strategies, moved towards remote working arrangements, implemented shared workspace concept and introduced the use of technology to operate businesses. In addition, Sri Lanka is also experiencing a boom in infrastructure with the advent of the Port City and related infrastructure. CCH stands prepared to relook at its existing business portfolio, explore such opportunities and implement strategies for future business growth.

In addition to its rental business, the Group is also dependent on the interest income. While the present low interest regime is certainly a positive factor for the Group to expand its business within the property sector, it does result in a substantial decline in interest income, which will erode a steam of revenue.

CCH understands the dynamics of the current landscape and is observant of the emerging trends which are being shaped by the 'new normal', while venturing ahead to keep abreast with these new developments. CCH will continue to identify new investments opportunities which are in line with its business strategy, anticipate the most opportune moment and pursue those for an optimistic future. These opportunities and investments, as they unfold will enhance shareholder wealth and returns.

CORPORATE GOVERNANCE

Good corporate governance facilitates operational efficiency, improves access to capital, mitigates risk and enhances transparency in both processes and reporting. These serve to reassure regulators about the Company's compliance, which in turn increases stakeholder confidence.

Apart from the regulatory requirements, the Company's, and the Group's, policies also take into consideration industry best practices and sustainable business methods – all of which are inculcated across all levels of the Group. Good corporate governance is thereby embedded in every company under the Ambeon umbrella. An internal control system monitors conformance with Company policies and framework. Further, systems and procedures of all business activities are regularly reviewed. This enables proactive amending, when and where necessary, and thus helps to further strengthen internal control and the governance structure.

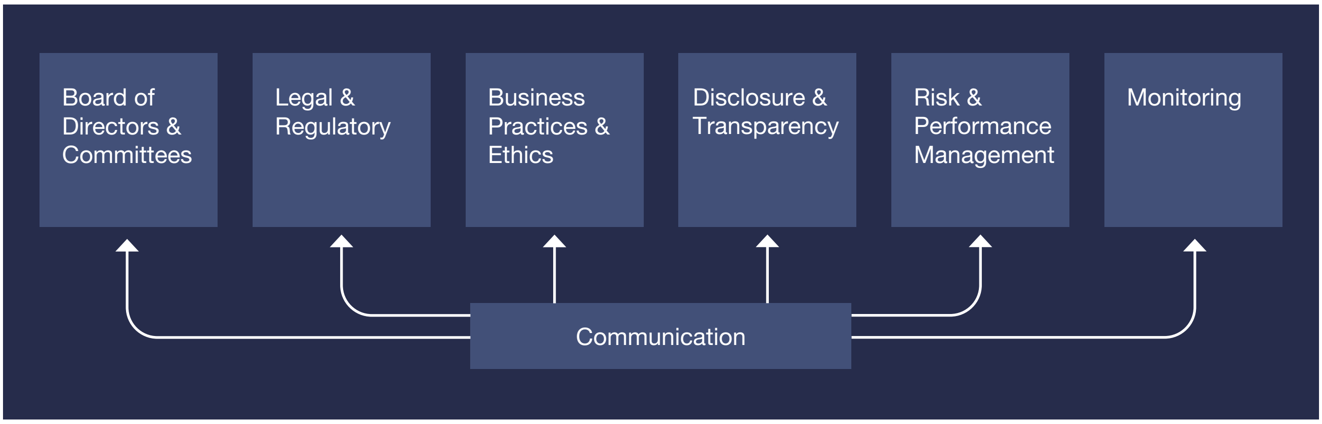
In order to ensure a high level of good governance, the group complies fully with all the mandatory provisions of the Companies Act No. 7 of 2007, the Listing Rules of the Colombo Stock Exchange (CSE) and the Securities and Exchange Commission (SEC) of Sri Lanka Act, except for the rules on minimum public holding percentage. The Group also complies with all other legislation and rules applicable to the businesses of the respective companies within the Group and practices voluntary compliance with the Code of Best Practices on Corporate Governance jointly advocated by the SEC and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

Governance Framework

The Board

The Board is in control of the affairs of the Company and remains committed to improving governance practices to protect the best interests of shareholders and other stakeholders. The role of the Board includes:

- Providing entrepreneurial leadership to the Group;
- Giving strategic guidance and evaluating, reviewing and approving corporate strategy and the performance objectives of the Group;
- Approving and monitoring financial and other reporting practices adopted by the Group;
- Reviewing management performance in meeting the agreed goals, monitoring the reporting of performance and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives.
- Assessing HR processes with emphasis on succession planning for the top management of the Group of Companies.
- Appointing and reviewing the performance of the CEOs of the Group Companies.
- Monitoring the systems of governance and compliance of the Group.
- Overseeing systems of internal control and risk management of the Group.
- Determining discretions/authorities delegated from the Board to the executive levels.
- Evaluating and approving major acquisitions, disposals, and capital expenditure.



Governance Framework

The Board Composition and Board Balance

The Board composition is in compliance with the relevant regulatory requirement and ensures a well balanced mix of Executive, Non-Executive and Independent Directors. This enables the Group to benefit from in-depth business knowledge, multiple years of experience, objectivity and independent oversight.

The Board comprises of seven (07) Directors of whom all are Non-Executive Directors. The Non-Executive Directors provide a significant depth of knowledge and expertise, collectively gained from having worked across a variety of public and private enterprises in various industries. The Board includes a qualified Chartered Accountant and a Management Accountant who provides the Board with the required financial acumen and knowledge on financial matters.

Board Skills

The Board collectively embodies a wealth of knowledge gained from diverse experience in the fields of business, finance, economics and marketing, providing the Company with extensive expertise to develop strategies and interpret market trends. Further details of their qualifications and experience are provided under the Board Profiles section of this Annual Report in pages from 13 to 15. The Board considers that the composition and expertise of the Board is sufficient to meet the present requirements of the Group. In any event, the Board composition is reviewed regularly to ensure that it aligns with the necessary business needs and intricacies of the Group's operations.

Board of Directors

The Composition - Non-Executive Directors - 7

Tenure

5 Years	5 – 10 Years	More than 10 Years
14.2%	71.4	14.2%

Age Diversity

50 -59	60-69	Over 70 years
4	2	1

The composition of Board of the Directors during the financial year and as at to date are as follows:

Mr. Sanjeev Gardiner	Chairman/Non-Independent/ Non- Executive Director
Mr. Ajith Devasurendra	Deputy Chairman/Non-Independent/Non-Executive Director
Mr. Murali Prakash	Group Managing Director (resigned w.e.f. 31.01.2021)
Mr. Priyantha Fernando	Independent/Non-Executive director
Mr. Harsha Amarasekara	Non-Independent/Non-Executive Director
Mr. Ranil Pathirana	Non-Independent/Non-Executive Director
Mr. Sarinda Unamboowe	Independent/Non-Executive Director
Desamanya Deva Rodrigo	Independent/Non-Executive Director (retired w.e.f. 26.11.2020)
Mr. Yudhishtran Kanagasabai	Independent/Non-Executive Director (appointed w.e.f. 26.11.2020)
Mr Revantha Devasurendra	Alternate Director to Mr. Ajith Devasurendra (appointed w.e.f. 22.07.2020)

Board Independence

The Board complies with the regulatory requirement for Independent Directors based on the annual declarations made by each of the non-executive directors in accordance with the requirements of the Listing Rules of the CSE. Mr. Sarinda Unamboowe and Mr Yudhishtran Kanagasabai are considered independent. Furthermore, the Board considers Mr. Priyantha Fernando who has served the Board continuously for more than nine years as 'independent', given his period of service do not compromise his independence and objectivity in discharging his duties.

The Board considers the other four non- executive directors, namely Mr. Sanjeev Gardiner, Mr Ajith Devasurendra, Mr. Harsha Amarasekera and Mr. Ranil Pathirana as non-independent, as they are nominees of CHC Investments (Pvt) Ltd and ARRC Capital (Pvt) Ltd, the major shareholders of the Company.

Responsibilities of the Chairman and the CEO

There is a clear distinction between the roles of the Chairman and the CEO which ensures that monitoring and oversight can be independently exercised on execution and implementation.

The Chairman, Mr. Sanjeev Gardiner, provides leadership to the Board and facilitates and encourages the Directors' active participation in discussion and decision making, the Group Managing Director/CEO, is tasked with implementing policies and strategies approved by the Board. It is also his responsibility to, develop and present to the Board the business plans and budgets that support the Group's long-term strategy and vision towards the maximization of shareholder value.

CORPORATE GOVERNANCE

Chairman	Managing Director/CEO
Responsibility for Board	Executive responsibility for running the Group's business
Provide leadership to the Board	Implement policies, strategies approved by the board
Efficient organization and conduct board functions	Develop business plans, budgets
Encourage effective relations amongst Board members	Make recommendations to the Board

Mr. Murali Prakash was the Group Managing Director/CEO until his resignation on 31 January 2021. At the time of compiling this report, the Company did not have a Managing Director/Chief Executive Officer. The Senior Management of the company provided the Board of Directors necessary information required for decision making and where necessary, the Board of Directors obtain independent opinions from legal and accounting professionals in order to bring in wider perspectives on matters of importance.

The Board Meetings and Attendance

The annual calendar of Board meetings is prepared and agreed upon in the final quarter of the preceding financial year. Adequate time is given to the discussion of each agenda item to ensure that well informed decisions are taken. Members of the Management and external advisors are invited when required to provide further clarity to the Board. Board meetings are held quarterly and additional Board meetings held whenever felt necessary, to deal with specific matters. A total of 3 meetings were held during the financial year.

In addition several Board circular resolutions were adopted by the Board during the year to adopt urgent resolutions.

The attendance of directors at these meetings is set out in the table below:

Name of Director	Position
Mr. Sanjeev Gardiner – Chairman	3/3
Mr. Ajith Devasurendra – Deputy Chairman	3/3
Mr. Priyantha Fernando – Director	3/3
Mr. Murali Prakash – Group Managing Director/CEO (resigned w.e.f. 31.01.2021)	3/3
Mr. Harsha Amarasekera – Director	2/3
Mr. Deva Rodrigo - (retired w.e.f. 26.11.2020)	2/2
Mr. Ranil Pathirana – Director	3/3
Mr. Sarinda Unamboowe – Director	3/3
Mr. Yudhishtran Kanagasabai – Director (appointed w.e.f. 26.11.2020)	1/1

Access to Information

The Board is provided with complete and adequate information in advance for each meeting to enable the Board to make informed decisions. These include the relevant agenda, minutes, financial and operational performance reports and comprehensive board papers supported by all necessary information.

The Board is also regularly presented with details of business development, risk management and new regulatory requirements. Directors can also call for any additional information they feel is required. While the Board has separate and independent access to the Group's Senior Management, all Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures and applicable rules and regulations are complied with.

The Directors, especially Non-executive Directors, may seek independent professional advice in the course of fulfilling their responsibilities, at the Company's expense.

Professional Development and Performance Evaluation

Regular trainings, conducted by both external and in-house facilitators, enable the Directors to update and enhance their existing skills and knowledge. Periodic briefings also keep the Directors aware of amendments or additions to any laws, regulations and accounting standards which impact the Group's business and the Directors. The Board's performance is evaluated by the Remuneration Committee, using objective criteria which the Committee has agreed upon.

Delegation of Authority and Board Committees

For operational efficiency, the Board has delegated certain authority to Board Sub Committees and to Management. Authority is delegated to Management through clearly defined limits and is supplemented by Board approved polices which specify the principles by which business is to be conducted. Controls to facilitate accountability are also built in.

Authority is delegated with the view to facilitating timely, effective, and quality decision making at the appropriate level. To enable this, the Board has also appointed the following Board Sub Committees for more effective oversight and control.

- Audit Committee
- Remuneration Committee
- Related Party Transactions Review Committee
- Group Investment Committee
- Group Nominations Committee
- Group Oversight Committee

All Board Sub Committees have written terms of reference approved by the Board and the Board is kept apprised of their discussions and decisions. Where any Committee feels an issue is outside its scope of authority, the issue will be forwarded to the Board for discussion and resolution.

The Chairpersons of each of the Board Sub Committees report to the Board on the matters discussed at the Sub Committee meeting, and the relevant decisions are incorporated in the minutes of the Board meetings. M/s Managers & Secretaries (Private) Limited act as the secretary to all Board Sub Committees.

Audit Committee

The Audit Committee ensures that the Company and the Group complies with applicable accounting standards, laws and regulations. The Committee aims to ensure that the financial statements, together with relevant corporate disclosures not only provide all stakeholders with an accurate picture of the Company and Group, but also convey the high standards of corporate responsibility, transparency and accountability that the Board wishes to maintain appropriate standards of corporate responsibility, integrity and accountability to the shareholders.
The appointed members of the Audit Committee are required to exercise independent judgment in carrying out their functions.

The activities conducted by the Audit Committee are set out in the Audit Committee Report is on pages 32 and 33.

Remuneration Committee

The Remuneration Committee is responsible for reviewing the remuneration of the Executive and Non-Executive Directors and the key management personnel within the senior management and for making recommendations to the Board. The Remuneration Committee also calls for quarterly reports from the HR Division on staff related matters.

Related Party Transactions Review Committee

The Related Party Transactions Review Committee has been appointed in compliance with Listing Rules of the CSE and reviews and approves any such transactions.

In addition to monitoring conformance, these Sub Committees also monitor performance which is supported by a comprehensive and effective internal control and reporting system. This is headed by the Group Managing Director/ CEO, to whom the Chief Executive Officers of the subsidiaries report to. They in turn oversee the effective management of the respective subsidiary.

Group Investment Committee

The Group Investment Committee operates across the group and serves as the Investment Committee (IC) of all the boards of the subsidiary companies. The Committee operates as a Sub Committee of the Board of Ambeon Capital PLC. The purpose of this Committee is to oversee the Group's investment transactions, management, policies and guidelines of all capital projects of the Group.

The IC assists the Ultimate Holding Company Board in fulfilling its responsibilities towards the evaluation of capital expenditure (CAPEX).

Group Nominations Committee

The Group Nominations Committee operates across the group and serve as the Group Nomination Committees for all boards in the subsidiary companies. The Committee assists the Board in exercising their responsibilities, particularly in fulfilling its fiduciary duties to appoint the best-qualified candidates to the Board, CEO positions and Key Management Personnel (KMP).

Group Oversight Committee

The Group Oversight Committee (GOC) will operate across the group and serve as the GOC for all boards.

Board Committee	Responsibilities
Audit Committee	• Ensure compliance with applicable accounting standards and laws. • Ensures high standards of transparency and corporate disclosure. • Maintain appropriate standards of corporate responsibility, integrity and accountability to the shareholders. • Exercise independent judgment in carrying out their function.
Remuneration Committee	• Formulate, review, approve and make recommendations to the Board regarding remuneration. • Obtain quarterly updates from the HR Division on staff related matters.
Related Party Transactions Review Committee	• Review related party transactions as prescribed by Section 09 of the Listing Rules of the CSE.
Group Investment Committee	• Develop the Group's investment objectives and corporate policies on investing.
Group Nominations Committee	• Assess the skills required on the Board given the needs of the businesses. • Prepare a clear description of the role and capabilities required for a particular appointment. • Identify and recommend suitable candidates for appointments to the Board.
Group Oversight Committee	• The Group Oversight Committee operates across the group and serve as the oversight committee for all boards.

CORPORATE GOVERNANCE

Retirement of Directors by rotation and Re-election

In line with the Company's Articles of Association, Directors who were appointed during the year submit themselves to the shareholders for re-election at the first AGM following their appointment.

In addition, at each Annual General Meeting, one of the Directors for the time being shall retire from office. The Director to retire at each Annual General Meeting will be that Director who, being subject to retirement by rotation has been the longest in office since his last election or appointment. Accordingly, Mr. S.E. Gardiner retires by rotation in terms of Article 87 of the Articles of Association of the Company and being eligible, offers himself for re-election as a Director.

Mr. Yudhishtran Kanagasabai who was appointed subsequent to the last Annual General Meeting as a Director of the company in terms of Article 93 of the Articles of Association of the Company and being eligible, offers himself for re-election as a Director.

Mr. Priyantha Fernando who has reached the age of 70 years vacates office in terms of Section 210 of the Companies Act No. 07 of 2007 and a resolution will be tabled for his re-appointment as per Section 211 of the Act with the unanimous support of the Board.

Remuneration

The remuneration policy of the Company is designed to recognize the skills and expertise of the Directors. It also acknowledges the responsibility the directors undertake in leading a Company of this stature and operational complexity. The remuneration policy for directors is proposed and periodically, reviewed by the Remuneration Committee, in keeping with the criteria of reasonability.

Accountability and Audit Financial Reporting

The Board aims to provide stakeholders with a balanced and understandable assessment of the Group's position and potential. Believing that independent verification ensures the integrity of the Group's accounting process and financial reporting, the Board has established a formal and transparent process to facilitate this verification. This process, together with internal control systems are periodically reviewed and monitored to ensure effectiveness.

Confirmation that the financial statements are prepared in accordance with Sri Lanka Accounting Standards and other applicable laws is found on page 52. The auditors' independent opinion is found on page 40.

Recognize and Manage Risk & Internal Controls

Recognizing its responsibility to ensure the safeguarding of shareholders' investment and Group's assets, the Board has approved a system of internal controls which takes into account all regulatory requirements and also industry best practices. The effectiveness of the Group's system of internal controls is reviewed by the Audit Committee which reports its findings to the Board. The review includes all material control lapses, including financial, operational and compliance controls and risk management systems.

The Audit Committee also quarterly calls for a certificate confirming compliance with all applicable statutory and regulatory requirements. This is provided by the Head of Finance and also covers all subsidiary companies.

Enterprise Risk Management System

An Enterprise Risk Management system has been implemented for identifying, assessing, monitoring, and managing material risk throughout the Organization, which includes:

- Oversight of the risk management system;
- Examination of the Company's risk profile and identification of the material risks faced by the Company, both financial and non-financial;
- Assessment of compliance and control measures;
- Assessment of the effectiveness of the Company's risk management system is itself reviewed at least once a year;

Enterprise Risk Management Framework

Internal Audit

To facilitate the internal audit function and ensure independence and objectivity, internal audits are conducted by a reputed audit firm which is independent of Management. This independence is further strengthened by the internal auditors reporting directly to the Audit Committee. The Internal Auditor has access to the Management and has the authority to seek information and review any relevant records. On completion of the audit review, a report is submitted to the Audit Committee.

The Audit Committee oversees the scope of the internal audit and can meet with the internal auditors without any of the Management personnel being present.

Further details are in in the Audit Committee Report on pages 32 and 33.

Responsible Decision-Making

The Board is keenly aware of their responsibilities as Directors and act with prudent responsibility when making decisions relating to the activities of the Company or Group. Ethical and responsible decision making is encouraged at all levels of decision making within the Group and are supported by the Group's Code of Business Ethics and Employee Code of Conduct. The Board believes strongly that these will promote stakeholder confidence in the Group's integrity and to demonstrate the commitment of the Group to ethical business practices.

Respect for the Rights of Shareholders

The Company demonstrates its respect of the rights of shareholders and other investors by ensuring they have access to regular information about the Company's position and progress.

Communication with Shareholders

The Company communicates with the shareholders through the following means of communication:

Annual General Meeting	The AGM is one of the most significant ways by which shareholders can meet with the Board. This also provides them with opportunity to communicate their views on various matters affecting the Company. The AGM is also attended by the Management & External Auditors who can clarify or add to the information provided.
Announcements to the Colombo Stock Exchange (CSE)	In compliance with the Listing Rules of the CSE, announcements of quarterly financial results and announcements on corporate actions are disclosed to the CSE in a prompt and timely manner.
Media Releases	Media releases are made to the media on all significant Group developments and business initiatives through the Group Companies.

Investor Relations

The Group Investor Relations (IR) Team is responsible for disseminating information to the investor community, which includes the institutional fund managers and analysts. The IR team maintains close contact with the investor community through personal meetings, tele-conferences and emails to ensure that the Group's strategies, operational activities and financial performance are well understood and that such information is made available in a timely manner.

Major Transactions

During the financial year, there were no transactions which could be deemed "major transactions" as defined in the Companies Act No. 7 of 2007.

REPORT OF THE AUDIT COMMITTEE

COMPOSITION

The Board Audit Committee ("the Committee") appointed by and responsible to the Board of Directors continued to review and report to the Board on the Company's financial reporting, internal control and risk management processes, and the performance, independence and effectiveness of External Auditors. The Committee also reviews and reports to the Board on Group financial reporting and the risk management process.

The Committee consisted of two (2) Independent Non-Executive Directors and a Non independent Non-Executive Director. The members of the Board Audit Committee are:

Mr. Yudhishtran Kanagasabai – Chairman

Mr. P.D.J. Fernando and

Mr. Ranil Pathirana

The Chairman of the Committee is a Fellow of the Institute of Chartered Accountants of Sri Lanka and a former Territory Senior Partner of PricewaterhouseCoopers, Sri Lanka and the Maldives. The Board is satisfied that the Committee has an adequate blend of accounting, auditing, legal and commercial experience to carry out their duties. Brief profiles of the Committee members are given in pages 13 to 15 of this Report.

The Company Secretary serves as the Secretary to the Committee.

MEETINGS

The Board Audit Committee held five meetings during the period under review.

Name of Director	Attendance
Mr. Yudy Kanagasabai	1/1
Desamanya P D Rodrigo	4/4
Mr. Ranil Pathirana	4/5
Mr. P.D.J. Fernando	4/5

The Managing Director and Chief Executive Officer, other members of the Executive Committee and External Auditors attended the meetings by invitation.

TERMS OF REFERENCE

The Charter of the Committee, which is approved and adopted by the Board of Directors, clearly defines the terms of reference governing the Committee. The 'Rules on Corporate Governance under Listing Rules' and the 'Code of Best Practice on Corporate Governance', issued jointly by The Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka, further regulate the composition, roles and functions of the Committee. It also assists the Board of Directors in its general oversight of financial reporting, internal controls and functions relating to internal and external audit.

THE ROLE OF THE AUDIT COMMITTEE

The role of the Audit Committee, which has specific terms of reference, is described in the corporate governance report on page 29. The Committee's role is to review on behalf of the Board, the Company's internal financial controls. It is also responsible for oversight and advice to the Board on financial reporting related matters and internal controls over financial reporting and has overseen the work undertaken by the Group's Internal Audit and External Auditors.

KEY RESPONSIBILITIES OF THE BOARD AUDIT COMMITTEE

Financial Reporting: The primary role of the Committee in relation to financial reporting is to monitor the integrity of the Company's financial statements and formal announcements if any, relating to the Company financial performance. The Committee reviewed and discussed the Company's quarterly and annual financial statements prior to publication. The Committee also reviewed matters communicated to the Committee by the External Auditors in their reports to the Audit Committee on the audit for the year. The scope of the review included ascertaining compliance with relevant disclosures with the Sri Lanka Accounting Standards, including new Accounting Standards which came into effect during the year, the appropriateness of accounting policies, material judgement matters, alternative accounting treatments, material audit adjustments, going concern assumption, financial reporting controls and compliance with applicable laws and regulations that could impact the integrity of the Company's financial statements, its annual report and its quarterly financial statements prepared for publication.

Internal Control:

The Directors are responsible for maintaining and reviewing the effectiveness of risk management and internal control systems, and for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The Committee has noted the findings from the compliance reviews, their root causes and management responses, and status of implementing remediation. This process assesses the adequacy and effectiveness of the internal controls and the processes for controlling business risks to ensure compliance with laws and regulations.

Internal Audit:

The establishment and maintenance of appropriate systems of risk management and internal control is primarily the responsibility of the Management. The Group Internal Audit function provides independent and objective assurance in respect of the adequacy of the design and operating effectiveness of the framework of risk management, control and governance processes across the Group, while focusing on the areas of greatest risk.

Executive Management is responsible for ensuring that recommendations made by the Groups' Internal Audit function are implemented within an appropriate and agreed timetable.

External Audit:

The External Auditor's Letter of Engagement, including the scope of the audit, was reviewed and discussed by the Committee with the External Auditors and Management prior to commencement of the audit. The Auditors were also provided with the opportunity to discuss and express their opinions on any matter and for the Committee to have the assurance that the Management has fully - provided all information and explanations requested by the Auditors. The Committee reviewed areas for improvement, which were observed during the audit and the Letter of Representation issued to the External Auditor to ensure that the representations made were consistent with the understanding of the Committee, as to the Company's operations and plans. The Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest. The Committee has recommended to the Board of Directors that Messrs. Ernst & Young, Chartered Accountants, be reappointed for the financial year ending 31 March 2022, subject to the approval of shareholders at the next Annual General Meeting.

POTENTIAL FINANCIAL IMPLICATION ARISING FROM COVID-19 PANDEMIC

The Committee regularly monitored the Company's known and emerging exposures in relation to the changes in the external regulatory and political environment, including the possible impact on the Company's risk management activities and the global spread of COVID-19. The Committee reviewed the risk management actions and going concern assessment carried out by the Management, after considering the existing and potential financial impact of COVID-19 and is satisfied that the Company is able to continue as a going concern and adequate disclosures have been made in these Financial Statements.

CONCLUSION

The Committee is satisfied that the Company's internal controls, risk management processes and accounting policies provide reasonable assurance, that the affairs of the Company are managed in accordance with Company policies, and that Company assets are properly accounted for and adequately safeguarded. The Committee believes that the Company's accounting policies are appropriate and have been applied consistently.

Sgd.
Yudhishtran Kanagasabai
Chairman
Audit Committee

30th August 2021

REPORT OF THE REMUNERATION COMMITTEE

Role of the Remuneration Committee

The Committee reviews the performance of the executive staff against the set objectives and goals and determines the remuneration policy of the company for all levels of employees. The Committee supports and advises the Board on remuneration related matters and makes decisions under delegated authority with a view to aligning the interests of employees and shareholders.

Composition of the Remuneration Committee

The Remuneration Committee is a sub - committee of the main Board, to which it is accountable. The present Remuneration Committee comprises of the following Directors.

Mr. R.P. Pathirana - Chairman

Mr. P.D.J. Fernando

Mr. S.W. Unamboowe

The Chief Executive Officer attends the Committee meeting by invitation and the company secretary serves as the Secretary of the Committee.

The Committee members possess wide experience in the fields of business management, human resources management & labour relations. Hence the Committee has adequate expertise in remuneration policy and management to deliberate and propose necessary changes, improvements to meet the roles and responsibility of the Committee.

Responsibility

During the period under review, the committee continued its responsibility of formulating & recommending to the Board, a remuneration policy which would help the organization to attract, retain and to motivate its staff taking into consideration industrial norms.

Details of executive remuneration are included under key management personnel compensation as disclosed in Page 124 of Annual report.

The committee has reviewed the remuneration policy of the company and made its recommendations and has also advised on structuring remuneration packages in order to attract, motivate and retain quality staff personnel.

Sgd.
Ranil Pathirana
Chairman
Remuneration Committee

30th August 2021

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Purpose of the Committee

The Board established the Related Party Transactions Review Committee on 04 December 2015 as per Listing Rules of the Colombo Stock Exchange (CSE). The purpose of the Related Party Transactions Review Committee (the Committee) is to conduct an appropriate review of the Company's Related Party Transactions (RPTs) and to ensure that the Company complies with the Listing Rules of the CSE. The primary objectives of the said rules are 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 with a combination of Independent Non-Executive Director and Non-Independent Non-Executive Director. Mr. N.M. Prakash the Managing Director/ CEO of the Company resigned from the Board on 31.01.2021. The members of the Committee are;

Mr. P. D. J. Fernando - Chairman/ Independent Non-Executive Director

Mr. Ranil Pathirana - Non Independent Non-Executive Director

The above composition is in compliance with the provisions of the Listing Rules. Brief profiles of the members are given on pages 13 and 15 of the Annual Report.

M/s. Managers & Secretaries (Private) Limited functions as the Secretary to the Committee.

Role and Responsibilities

The mandate of the committee, derived from the Rules includes the following;

- To develop and recommend a related party transaction policy
- To ensure that the Company complies with the Rules
- To review in advance all proposed RPTs to ensure compliance with the Rules
- To update the Board of Directors on the related party transactions of the Company on a quarterly basis
- Define and establish the threshold values in setting a benchmark for related party transactions, RPTs which have to be pre-approved by the Board, RPTs which require to be reviewed in advance and annually and similar issues relating to listed Companies.
- To make immediate market disclosures on applicable RPTs as required by the Rules
- To include appropriate disclosures on RPTs in the annual report as required by the Rules

Policies and procedures in related party transactions are being reviewed and strengthened on an ongoing basis.

Necessary steps have been taken by the Committee to avoid any conflicts of interests that may arise in transacting with related parties.

The Policies and Procedures Adopted by the Committee for Reviewing Related Party Transactions.

The Committee formulated and recommended a process for adoption on RPTs for the Company, which is consistent with the operating model and the delegated decision rights.

The Committee in discharging its functions introduced processes and periodic reporting by the relevant entities with a view to ensure that;

- There is compliance with the Rules
- Shareholder interests are protected and
- Fairness and transparency are maintained

Any member of the Committee, who has an interest in RPTs under discussion, shall abstain from voting on the approval of such transaction. A RPT entered into without pre-approval of the committee, shall not be deemed to violate this policy, be invalid or unenforceable so long as the transaction is brought to the notice of the Committee as promptly as reasonably practical, after it is entered into or after it becomes apparent that the transaction is covered by the policy. As such all RPTs, other than the exempted transactions, will be reviewed either prior to the transaction is entered into or if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

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 32 to the Financial Statements, on pages 121 to 124 of this Annual Report.

Meetings

The Committee met four times during the financial year which consisted of a combination of physical meetings and Circular Resolutions.

Name of Director	Attendance
Mr. P.D.J. Fernando	4/4
Mr. Ranil Pathirana	4/4
Mr. N.M. Prakash	2/2

Proceedings of the Committee meetings are reported to the Board of Directors.

Sgd.
P D J Fernando
Chairman

30th August 2021

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY – 2020/21

The Directors of Ambeon Capital PLC have pleasure in presenting to the Shareholders their Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2021.

GENERAL

Ambeon Capital PLC is a public limited liability Company incorporated and domiciled in Sri Lanka. The registered office and the principal place of business of the company is located at No 10, Gothami Road, Colombo 08.

PRINCIPAL ACTIVITIES

During the year the principal activities of the group were money broking, stock broking, manufacturing of footwear, porcelain, textiles and managing property, IT solutions and investments.

REVIEW OF OPERATIONS

The Chairman's Review on Pages 8 and 10 which forms an integral part of these reports provides an overall assessment of the financial performance and the financial position of the company.

FINANCIAL STATEMENTS

The financial statements of the Group and Company are given on Page Nos. 44 to 133.

	Group (Rs'000)		Company (Rs'000)	
Y/E 31 March	2021	2020	2021	2020
Revenue	18,177,971	19,957,341	361,743	325,498
Profit/ (Loss) before tax for the year	(2,102,634)	693,229	(1,753,064)	250,000

Summarized Financial Results

Auditors' Report

The Independent Auditors' Report on the financial statements is given on Page 40.

Accounting Policies

The accounting policies adopted by the Company in the preparation of financial statements are given on Pages from 52 to 70 which are consistent with those of the previous period.

DIRECTORS

The names of the Directors who held office as at the end of the accounting period are given below and their brief profiles appear on Pages from. 13 to 15.

Non-Executive Directors

Mr. S.E. Gardiner – Chairman

*Mr. A. L. Devasurendra - Deputy Chairman

Mr. P. D. J. Fernando

Mr. S.H. Amarasekera

Mr. R.P. Pathirana

Mr. S.W. Unamboowe

**Mr. Y. Kanagasabai

*Mr. Revantha Thashan Devasurendra appointed as the Alternate Director to Mr. A. L. Devasurendra with effect from 22nd July 2020.

Mr. P. D. Rodrigo stepped down from the Board at the last Annual General Meeting.

Mr. N.M. Prakash – Group MD/CEO resigned from the Board during the year 2020/21.

**Mr. Yudhishtran Kanagasabai appointed as a Director with effect from 26.11.2020.

INTERESTS REGISTER

In terms of the Companies Act No. 7 of 2007 an Interests Register was maintained during the accounting period under review. This Annual Report also contains particulars of entries made in the Interests Register.

DIRECTORS' REMUNERATION

The Director's remuneration is disclosed in Note 9 to the financial statements on Page No 75.

THE AUDITORS

The financial statements for the year ended 31st March 2021 have been audited by Messrs Ernst & Young (Chartered Accountants). As far as Directors are aware the auditors do not have any relationship (other than that of an Auditor) with the Company except for those disclosed above. The auditors also do not have any interest in the Company.

The audit fee payable to the auditors for the year under review is LKR 440,738. (Group – LKR 9,149,318).

STATED CAPITAL

The Stated Capital of the Company as at 31st March 2021 was LKR 1,053,643,405 (1,002,724,815 Shares).

DIRECTORS' SHAREHOLDING

The shareholdings of the Directors of the Company are as follows.

As at	31.3.2021	31.3.2020
Mr. A.L. Devasurendra	138	138
Mr. R. P. Pathirana	500,000	500,000
Mr. S.W. Unamboowe	768,783	915,700

MAJOR SHAREHOLDERS, DISTRIBUTION SCHEDULE AND OTHER INFORMATION

Information on the twenty largest shareholders of the company, distribution schedule of the number of shareholders, percentage of shares held by the public as per the Listing Rules of the Colombo Stock Exchange are given on Page No 134 under Investor Information.

PUBLIC HOLDING

The percentage of public shareholding as at the 31st March 2021 was 2.62%.

CAPITAL COMMITMENTS

There were no material capital expenditure commitments as at 31st March 2021 other than those disclosed in Note 31.

STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief are satisfied that all statutory dues have been paid up to date, or have been provided for in the financial statements.

DONATIONS

There were no donations made by the Company during the year.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

No circumstances have arisen after the reporting period which would require adjustment to or disclosure in the financial statements other than those disclosed in Note 33 on Page No 124 of the financial statements.

GOING CONCERN

The Board of Directors is satisfied that the company has adequate resources to continue its operations in the foreseeable future. Accordingly, the financial statements are prepared based on the going concern concept.

CORPORATE GOVERNANCE

Corporate Governance practices and principles with respect to the management and operations of the Company are set out on Pages from 26 to 31.

An Audit Committee, Related Party Transactions Review Committee, Remuneration Committee, Nomination Committee, Investment Committee as well as a Group Oversight Committee function as sub-committees of the Board and they are composed of Directors with the requisite qualifications and experience. The composition of the said Committees is as follows:

AUDIT COMMITTEE

Mr. Y Kanagasabai - Chairman

Mr. P D J Fernando

Mr. R P Pathirana

REMUNERATION COMMITTEE

Mr. R P Pathirana - Chairman

Mr. P D J Fernando

Mr. S W Unamboowe

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Mr. P D J Fernando - Chairman

Mr. R P Pathirana

GROUP INVESTMENT COMMITTEE

Mr. S H Amarasekara - Chairman

Mr. S W Unamboowe

Mr. P D J Fernando

Mr. R P Sugathadasa

GROUP NOMINATIONS COMMITTEE

Mr. S E Gardiner - Chairman

Mr. A L Devasurendra

Mr. R P Pathirana

GROUP OVERSIGHT COMMITTEE

Mr. S E Gardiner - Chairman

Mr. A L Devasurendra

Mr. R P Pathirana

Mr. Y Kanagasabai

RE-ELECTION/RE-APPOINTMENT AND RETIREMENT OF DIRECTORS

In accordance with the provisions of Article 87 of the Articles of Association, Mr. S E Gardiner retires by rotation and being eligible offers himself for re-election as a director.

In accordance with the provisions of Article 93 of the Articles of Association, Mr. Yudy Kanagasabai, Director appointed since the last Annual General Meeting (AGM) retires from office at the conclusion of the forthcoming AGM and being eligible offers himself for election as a director.

In terms of Section 210 of the Companies Act No. 07 of 2007, Mr. P D J Fernando, Director who has reached the age of 70 vacates his office, at the conclusion of the Annual General Meeting. In compliance with Section 211 of the Companies Act No. 7 of 2007, a resolution will be tabled for the re-appointment of Mr. P D J Fernando with the unanimous support of the Board.

RELATED PARTY TRANSACTIONS

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

By order of the Board

Ambeon Capital PLC

Sgd.
Chairman

Sgd
Deputy Chairman

Sgd.
Managers & Secretaries (Pvt) Ltd
Secretaries

30th August 2021
Colombo

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act No. 7 of 2007 to prepare Financial Statements for each financial year, which give a true and fair view of the statement of affairs of the company as at the end of the financial year and the income and expenditure of the Company for the financial year.

The Directors are also required to ensure 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 consider that the financial statements presented in this annual report have been prepared using appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates and in compliance with the Sri Lanka Financial Reporting Standards (SLFRS) and Sri Lanka Accounting Standards (LKAS), Companies Act No. 7 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

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

The Directors continue to adopt the going concern basis in preparing the financial statements. The Directors, after making inquiries and review of the company's business plan for the financial year 2021/2022, including cash flows and borrowing facilities, consider that the Company has adequate resources to continue in operation.

By Order of the Board
Ambeon Capital PLC

Sgd.
Managers & Secretaries (Pvt) Ltd
Secretaries

30th August 2021

Delivering Value

A consistent strategy to deliver sustainable results

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

EY
Building a better working world

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

Tel : +94 11 2463500
Fax Gen : +94 11 2697369
Tax : +94 11 5578180
eysl@lk.ey.com
ey.com

TO THE SHAREHOLDERS OF AMBEON CAPITAL PLC

Report on the audit of the consolidated Financial Statements

Opinion

We have audited the Financial Statements of Ambeon Capital 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 2021, and the statement of profit or loss, 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 2021, 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 the auditors' 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.

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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 Rs. 1.2 Bn relating to Goodwill and Brand Name acquired on the business combination of Millennium I.T.E.S.P (Pvt) Ltd and Royal Fernwood Porcelain Ltd. Goodwill and Brand Name are tested annually for impairment based on the recoverable amount determined by Management using value in use computations (VIU).
 	
Such Management VIU calculations are based on the discounted future cash-flows of each Cash Generating Unit (CGU) to which Goodwill and Brand Name has been allocated. A deficit between the recoverable value and the carrying values of the CGUs including Goodwill would result in an impairment.
 	
Impairment testing of Goodwill was a key audit matter due to:
 	
• the degree of underlying Management assumptions coupled with inherent estimation uncertainties that arise when deriving the estimated future cashflows used for value in use calculations
 	
Key areas of significant judgments, estimates and assumptions included key inputs and assumptions related to the value in use computations of future cash flows, discount rates and terminal growth rates including the potential impacts of the prevailing COVID-19 pandemic.
	Our audit procedures included the following;
	
	• We gained an understanding of how Management has forecast its discounted future cash flows which included consideration of the impacts of the prevailing COVID-19 pandemic on its operations;
	
	• We checked the calculations of the discounted future cash flows and cross checked the data used by Management to relevant underlying accounting records, to evaluate their completeness and accuracy;
	
	• We engaged our internal specialized resources to assist us in:
	  – Assessing the reasonableness of significant assumptions used by the Group, in particular those relating to the forecast revenue growth, profit margins and discount rates of the CGUs of the Group; and
	  – evaluating the sensitivity of the discounted cash flows, by considering possible changes in key assumptions
	
	• We assessed the adequacy of the disclosures made in Note 13 in the financial statements.

Fair value of land and buildings	
Property, Plant and Equipment and Investment Properties include Land and Buildings carried at fair value. The fair values of land and buildings were determined by external valuers engaged by the Group Valuation of Land and Buildings was a key audit matters due to: • Materiality of the reported Land and Buildings and Investment property balances which amounted to Rs. 2.9 Bn and Rs. 3.1 Bn respectively and collectively account for 28% of Total Assets as at 31 March 2021. • The degree of significant assumptions, judgements and estimation uncertainties associated with such fair valuations which included consideration of the impact of COVID-19. The fair valuation this year contains higher estimation uncertainties as there were fewer market transactions (as a consequence of the prevailing pandemic), which are ordinarily a strong source of evidence regarding fair value. Key areas of significant judgments, estimates and assumptions included the following: • Estimate of per perch value of the land • Estimate of the per square foot value of the buildings	Our audit procedures included the following; • We evaluated the competence, capability and objectivity of the external valuers engaged by the Group; • We read the reports of the external valuers and understood the key estimates made and the approach taken by the valuers in determining the valuation of land & buildings; • We engaged our internal resources to assist us in assessing the appropriateness of the valuation techniques used and the reasonableness of the significant judgements and assumptions such as per perch price and value per square foot used by the valuers; and • We have also assessed the adequacy of the disclosures made in Note 12 and 15 to the financial statements.

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Revenue recognition of Information Technology and Related Services	
For the year ended 31 March 2021, reported revenue from providing Information Technology and related services amounts to Rs 6.7 Bn (Note 5) and represents approximately 37% of group revenue. The recognition of revenue from Information Technology and related services was a key audit matter due to: • significance of the amount involved • use of significant management judgements when determining performance obligations for multiple element arrangements with customers, whether such performance obligations are satisfied over time or at a point in time and considering other key contractual terms in the recognition of revenue.	Our audit procedures included, amongst others, the following: • Evaluating the design and operating effectiveness of relevant controls over revenue recognition; • Understanding the arrangements with customers and their key contractual terms relevant to revenue recognition; • Evaluating the reasonableness of significant management judgements used for multiple element arrangements when identifying performance obligations, determining their completion or delivery and transfer of control of the relevant good or services to the customer by reference to details of the contracts and relevant supporting documents; and • Evaluating the adequacy of disclosures relevant to significant judgments as set out in Note 2.11.1 to the financial statements.

Other information included in the Group's 2021 Annual Report

Other information consists of the information included in the Annual Report, other than the Financial Statements and our auditors' report thereon. The Management is responsible for the other information. Other information is expected to be made available to us after the date of this auditors' report.

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 identified above when it becomes available 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.

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 Group.

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- 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 Company.

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

30th August 2021
Colombo

STATEMENT OF PROFIT OR LOSS

Year ended 31 March	Notes	Group 2021 LKR	Group 2020 LKR	Company 2021 LKR	Company 2020 LKR
Continuing Operations					
Revenue	5	18,177,971,017	19,957,341,124	361,742,772	325,498,392
Cost of Sales	6	(13,996,929,427)	(15,566,563,175)	-	-
Gross Profit		4,181,041,590	4,390,777,949	361,742,772	325,498,392
Investment and Other Income	7	206,841,098	165,285,848	13,198,372	457,056
Selling and Distribution Expenses		(950,122,536)	(883,970,650)	-	(876,471)
Administrative Expenses		(3,439,877,245)	(2,677,248,334)	(97,167,727)	(43,425,466)
Change in Fair Value of Financial Assets Measured at Fair Value Though Profit or Loss		(11,213,513)	31,472,669	(5,812,828)	18,052,585
Changes in Fair Value of Investment Property	15	(1,240,771,813)	790,220,265	-	2,500,000
Change in Fair Value of Investment in Subsidiary	16	-	-	(1,572,141,891)	516,861,808
Finance Cost	8	(848,761,427)	(1,120,238,232)	(452,882,622)	(569,066,986)
Share of Results of Equity Accounted Investee	29	229,296	(3,070,457)	-	-
Profit/(Loss) Before Income Tax from Continuing Operations	9	(2,102,634,550)	693,229,058	(1,753,063,924)	250,000,918
Income Tax Expense	10	(180,547,824)	(147,665,905)	(93,878)	(17,531,861)
Profit/(Loss) for the Year from Continuing Operations		(2,283,182,374)	545,563,153	(1,753,157,802)	232,469,056
Discontinued Operations					
Loss After Tax from Discontinued Operations for the Year	4	(346,804)	(301,832,221)	-	-
Profit/(Loss) for the Year		(2,283,529,178)	243,730,932	(1,753,157,802)	232,469,056
Profit / (Loss) Attributable to:					
Equity Holders of the Company		(1,925,455,376)	(38,420,034)		
Non - Controlling Interests		(358,073,802)	282,150,966		
		(2,283,529,178)	243,730,932		
Basic Earnings / (Loss) Per Share	11	(1.92)	(0.04)	(1.75)	0.23
Basic Earnings / (Loss) Per Share from Continuing Operations	11	(1.92)	0.21	(1.75)	0.23

The Notes from pages 52 to 133 form an integral part of these Financial Statements.

Figures in bracket indicate deductions.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March	Notes	Group 2021 LKR	Group 2020 LKR	Company 2021 LKR	Company 2020 LKR
Profit/(Loss) for the Year		(2,283,529,178)	243,730,932	(1,753,157,802)	232,469,056
Other Comprehensive Income					
Items that will never be reclassified to profit or loss					
Retirement Benefit Obligations Actuarial Loss	23	(88,408,080)	(26,074,043)	-	-
Tax on Actuarial Loss on Retirement Benefit Plan	25	14,148,186	5,943,476	-	-
Change in Fair Value of Financial Assets FVOCI		56,809,833	(8,786,128)	-	-
Revaluation Gain on Land and Building		118,480,763	189,717,149	-	-
Tax on Revaluation Gain	25	155,385,816	(68,703,209)	-	-
		256,416,518	92,097,244	-	-
Items that are or may be reclassified to profit or loss					
Functional Currency Translation Difference		86,042,561	156,075,551	-	-
Tax on Functional Currency Translation Difference		(12,066,828)	(21,832,534)	-	-
Effect of Cashflow Hedge Accounting	21.2	(14,271,328)	(40,764,925)	-	-
Tax on Cashflow Hedge Accounting		2,858,556	6,476,630	-	-
		62,562,959	99,954,721	-	-
Total Other Comprehensive Income		318,979,477	192,051,965	-	-
Total Comprehensive Income for the Year		(1,964,549,701)	435,782,896	(1,753,157,802)	232,469,056
Total Comprehensive Income Attributable to:					
Equity Holders of the Company		(1,693,040,323)	104,924,284	-	-
Non - Controlling Interests		(271,509,378)	330,858,612	-	-
		(1,964,549,701)	435,782,896	-	-

The Notes from pages 52 to 133 form an integral part of these Financial Statements.

Figures in bracket indicate deductions.

STATEMENT OF FINANCIAL POSITION

		Group		Company	
		2021	2020	2021	2020
As at 31st March	Notes	LKR	LKR	LKR	LKR
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	12	4,667,582,294	4,773,222,618	193,157	11,476,105
Intangible Assets	13	1,458,779,618	1,620,745,310	-	-
Biological Assets	14	55,581,950	51,167,075	-	-
Investment Property	15	2,589,543,212	4,405,315,025	33,000,000	33,000,000
Investment in Subsidiaries	16	-	-	7,605,460,000	9,177,601,891
Investment in Equity Accounted Investee	29	12,158,840	11,929,544	-	-
Other Financial Assets	17	303,221,712	310,556,761	-	-
Right-of-Use Assets	28	155,965,980	156,964,002	3,012,029	4,690,705
Deferred Tax Asset	25	122,748,599	81,878,408	-	-
		9,365,582,205	11,411,778,743	7,641,665,186	9,226,768,701
Current Assets					
Inventories	18	3,997,481,882	4,094,933,962	-	-
Trade & Other Receivables	19	5,146,778,472	6,392,014,130	64,532,027	112,539,745
Other Financial Assets	17	1,627,156,578	1,998,572,652	650,104,323	1,043,426,486
Income Tax Recoverable		88,672,734	45,966,455	-	-
Cash & Cash Equivalents	20	833,891,200	782,950,232	524,702	29,277,252
		11,693,980,866	13,314,437,431	715,161,052	1,185,243,483
Invetment Property Held for Sale	4	575,000,000	-	-	-
Total Assets		21,634,563,071	24,726,216,174	8,356,826,238	10,412,012,184
EQUITY AND LIABILITIES					
Equity					
Stated Capital	21	1,053,643,405	1,053,643,405	1,053,643,405	1,053,643,405
Other Components of Equity	21.1	930,684,486	651,359,708	258,920,263	258,920,263
Retained Earnings		3,110,089	1,975,475,189	2,783,495,379	4,536,653,181
Equity Attributable to Equity Holders of the Company		1,987,437,980	3,680,478,302	4,096,059,047	5,849,216,849
Non Controlling Interests		2,823,078,288	3,176,697,941	-	-
Total Equity		4,810,516,268	6,857,176,243	4,096,059,047	5,849,216,849
Non-Current Liabilities					
Other Financial Liabilities	27	968,906	21,910,743	-	20,965,777
Interest Bearing Loans & Borrowings	22	3,074,630,346	3,751,269,536	3,155,806,243	3,303,387,464
Retirement Benefit Obligation	23	571,748,786	442,666,690	-	-

As at 31st March	Notes	Group 2021 LKR	Group 2020 LKR	Company 2021 LKR	Company 2020 LKR
Deferred Tax Liability	25	595,547,694	786,304,861	2,045,069	1,951,191
		4,242,895,732	5,002,151,830	3,157,851,312	3,326,304,432
Current Liabilities					
Trade and Other Payables	26	5,991,817,493	3,932,410,752	914,014	43,368,307
Income Tax Payable		284,481,985	212,399,006	-	-
Contract Liability	24	1,132,288,807	924,172,960	-	-
Interest Bearing Loans & Borrowings	22	5,169,306,986	7,797,905,383	1,102,001,865	1,193,122,596
		12,577,895,271	12,866,888,101	1,102,915,879	1,236,490,903
Liabilities Directly Associated with Investment Property Classified as Held For Sale	4	3,255,800	-	-	-
Total Equity and Liabilities		21,634,563,071	24,726,216,174	8,356,826,238	10,412,012,184
Net Assets Per Share (Rs.)	11	1.98	3.67	4.08	5.83

I certify that the Financial Statements have been prepared in compliance with the requirements of Companies Act No. 07 of 2007.

Haritha C. Perera
Chief Financial Officer

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

Sanjeev Gardiner
Chairman

Ajith Devasurendra
Deputy Chairman

The Notes from pages 52 to 133 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

30th August 2021
Colombo

STATEMENT OF CHANGES IN EQUITY

GROUP	Notes	Attributable to Equity Holders of the Group Stated Capital LKR	 Fair Value through OCI Reserve LKR	 Currency/ Exchange Hedge Reserve LKR
Balance as at 01 April 2019		1,053,643,405	(209,184,472)	-
Profit/(Loss) for the Year		-	-	-
Other Comprehensive Income		-	(7,154,544)	(19,080,559)
Total Comprehensive Income for the Year		-	(7,154,544)	(19,080,559)
Effect of Change in Percentage Holding in Subsidiary				
Subsidiary Dividend to Minority Shareholders	36.1	-	-	-
Revaluation transferred to Retained Earnings due to Disposal				
Balance as at 31 March 2020		1,053,643,405	(216,339,016)	(19,080,559)
Loss for the Year		-	-	-
Other Comprehensive Income		-	46,260,247	(7,425,891)
Total Comprehensive Income for the Year		-	46,260,247	(7,425,891)
Subsidiary Dividend to Minority Shareholders	36.1	-	-	-
Balance as at 31 March 2021		1,053,643,405	(170,078,769)	(26,506,450)

COMPANY	Notes	Stated Capital LKR	Amalgamation Reserve LKR	Retained Earnings LKR	Total Equity LKR
Balance as at 01 April 2019		1,053,643,405	258,920,263	4,304,184,125	5,616,747,793
Profit for the Year		-	-	232,469,056	232,469,056
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income for the Year		-	-	232,469,056	232,469,056
Balance as at 31 March 2020		1,053,643,405	258,920,263	4,536,653,181	5,849,216,849
Loss for the Year		-	-	(1,753,157,802)	(1,753,157,802)
Other Comprehensive Income		-	-	-	-
			-	-	-
Total Comprehensive Income for the Year		-	-	(1,753,157,802)	(1,753,157,802)
Balance as at 31 March 2021		1,053,643,405	258,920,263	2,783,495,379	4,096,059,047

The Notes from pages 52 to 133 form an integral part of these Financial Statements.

Figures in bracket indicate deductions.

Revaluation Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total	Non Controlling Interests	Total Equity
LKR	LKR	LKR	LKR	LKR	LKR
1,186,791,520	(258,957,376)	1,730,353,845	3,502,646,922	3,098,213,414	6,600,860,336
-	-	(38,420,034)	(38,420,034)	282,150,966	243,730,932
78,558,268	106,669,463	(15,648,310)	143,344,319	48,707,646	192,051,966
78,558,268	106,669,463	(54,068,344)	104,924,285	330,858,612	435,782,897
-	-	72,907,097	72,907,097	(224,373,137)	(151,466,040)
-	-	-	-	(28,000,949)	(28,000,949)
(226,282,591)	-	226,282,591	-	-	-
1,039,067,197	(152,287,913)	1,975,475,189	3,680,478,302	3,176,697,941	6,857,176,243
-	-	(1,925,455,376)	(1,925,455,376)	(358,073,801)	(2,283,529,178)
181,673,315	58,817,108	(46,909,725)	232,415,054	86,564,424	318,979,479
181,673,315	58,817,108	(1,972,365,101)	(1,693,040,322)	(271,509,378)	(1,964,549,699)
-	-	-	-	(82,110,275)	(82,110,275)
1,220,740,511	(93,470,806)	3,110,089	1,987,437,980	2,823,078,288	4,810,516,267

STATEMENT OF CASH FLOWS

Year ended 31st March	Notes	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Cash Flows From Operating Activities					
Profit/(Loss) before Tax from Continuing Operations		(2,102,634,550)	693,229,058	(1,753,063,924)	250,000,918
Loss Before Tax from Discontinuing Operations	4	(346,804)	(301,832,221)	-	-
Adjustment for					
Depreciation of Property, Plant & Equipment	12	369,858,095	342,772,316	4,655,782	5,086,813
Amortization of Right of Use Assets	28	53,318,417	39,012,579	1,678,677	1,655,543
Interest on Other Financial Liabilities		23,940	23,940	-	-
Amortization of Intangible Assets	13	105,480,761	133,803,341	-	-
Impairment of Intangible Assets	13	1,082,500	-	-	-
Change in Fair Value of Financial Assets		11,213,513	(31,472,669)	5,812,828	(18,052,585)
Gain on Disposal of Investment	7	-	(7,579,142)	-	-
Provision for Retirement Benefit Obligation	23	102,846,822	85,977,768	-	-
Change in Fair Value of Investment Property	15	1,240,771,813	(790,220,265)	-	(2,500,000)
Profit from Disposal of Current Investment		(3,707,362)	(13,537,873)	-	-
Change in Fair Value of Investment in Subsidiary	16	-	-	1,572,141,891	(516,861,808)
Impairment of Property, Plant Equipment	12	46,110,921	45,802,799	-	-
Impairment of Trade and Other Receivables	19.2	72,155,413	238,933,192	-	197,730
Change in Fair Value of Biological Assets	14	(4,414,875)	(785,125)	-	-
Provision for Corporate Guarantee		153,000,000	-	-	-
Provision / (Reversal) of Provision for Inventories	18	185,105,769	182,309,473	-	-
Provision for Non Current Financial Assets	17	180,000,000	-		
(Profit)/Loss from Disposal of Property Plant & Equipment		(6,405,694)	1,636,604	(9,933,333)	-
Interest Expense	8	848,761,427	1,120,238,232	452,882,622	-
Scrip Dividend Received		(399,984)	-	-	-
Loss on Disposal of Subsidiary		-	38,863,011	-	-
Share of Results of Equity Accounted Investee	29	(229,296)	3,070,456	-	-
Impairment of Other Financial Investments		35,555,213	-	-	-
Phanthom Stock Adjustment	27	(2,946,213)	-	(2,946,213)	-
Operating Profit before Working Capital Changes		1,284,199,824	1,780,245,475	(181,654,292)	(280,473,389)
Increase in Inventories		(87,653,689)	(264,772,350)	-	-
(Increase)/Decrease in Trade & Other Receivables		1,000,639,768	(691,378,129)	48,007,718	(28,764,634)
Increase in Contract Liability		208,115,847	217,308,881	-	-
Increase/(Decrease) in Trade & Other Payable		1,948,228,177	(502,445,881)	(632,857)	(301,016)
Cash Generated from Operations		4,353,529,928	538,957,994	(134,279,431)	(309,539,039)
Retirement Gratuity Paid/Transfers	23	(62,927,127)	(36,074,143)	-	-
Employee share Appreciation Rights	27	(59,841,000)	-	(59,841,000)	-
Interest Paid		(700,877,263)	(772,164,481)	301,420,069	-
Income Tax Paid		(230,093,586)	(175,427,887)	-	-
Net Cash Flow from/ (used in) Operating Activities		3,299,790,952	(444,708,517)	(194,120,431)	(309,539,039)

Year ended 31st March	Notes	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Cash Flow from Investing Activities					
Acquisition of Property, Plant & Equipment	12	(90,039,303)	(176,207,321)	(39,500)	(135,290)
Proceeds on disposal of Property, Plant & Equipment		16,600,000	-	16,600,000	-
Acquisition from Non Controlling Interest		-	(151,466,040)	-	-
Acquisition of Intangible Assets	13	(1,412,029)	(497,534,048)	-	-
Acquisition of Investment Properties	15	-	(2,243,110)	-	-
Proceeds from Disposal of Other Financial Assets		30,801,468	154,208,075	-	-
Acquisition of Other Financial Assets		(33,205,525)	(284,532,653)	-	-
Proceeds / (Investment) in Government Securities		387,509,335	(212,956,672)	387,509,335	(130,176,179)
Net cash inflow from disposal of subsidiary		-	72,076,736	-	-
Investment in Equity Account Investee	29	-	(15,000,000)	-	-
Net Cash Flow From / (Used) in Investing Activities		310,253,945	(1,113,655,032)	404,069,835	(130,311,469)
Cash Flow from Financing Activities					
Loan Received		289,877,542,025	269,898,161,703	282,636,595,118	257,415,970,576
Dividend Paid to Non-Controlling Interest	36.1	(82,110,275)	(28,000,949)	-	-
Lease Payments	22.2	(69,051,638)	(59,912,584)	(1,971,991)	(2,222,180)
Repayment of Loans		(293,121,634,198)	(268,428,624,434)	(283,163,670,321)	(257,017,846,988)
Net Cash Flow Used in Financing Activities		(3,395,254,087)	1,381,623,736	(377,628,988)	395,901,408
Net foreign Exchange Difference		86,042,561	156,075,551	-	-
Cash & Cash Equivalents					
Net movement during the year		300,833,372	(20,664,261)	(167,679,585)	(43,949,100)
At the beginning of the year		(832,302,547)	(811,638,286)	(77,707,378)	(33,758,278)
At the end of the year (Note A)	20	(531,469,175)	(832,302,547)	(245,386,963)	(77,707,378)
Note A-Cash and Equivalents are as follows					
Cash in Hand & Bank		833,891,200	782,950,232	524,702	29,277,252
Bank Overdraft		(1,365,360,376)	(1,615,252,778)	(245,911,665)	(106,984,630)
		(531,469,175)	(832,302,547)	(245,386,963)	(77,707,378)

The Notes from pages 52 to 133 form an integral part of these Financial Statements.

Figures in bracket indicate deductions.

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 Reporting Entity

Ambeon Capital 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 are located at 01st Floor, No 10, Gothami Road, Colombo 08.

1.2 Consolidated Financial Statements

The Financial Statements for the year ended 31 March 2021, comprise "the Company" referring to Ambeon Capital 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 ultimate parent is CHC Investment (Private) Limited, 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 2021 were authorized for issue in accordance with a resolution by the board of directors on 30th August 2021.

1.5 Principal Activities & Nature of Operations

Holding Company

Ambeon Capital PLC, the Group's holding Company, operated as the Investments holding company of the Group and is presently engaged in carrying out investment related activities.

Subsidiary – Ambeon Holdings PLC

Ambeon Holdings PLC, manages a portfolio of holdings consisting of a range of diverse business operations, which together constitute the Ambeon Group, and provides function-based services to its subsidiaries and associate. Subsidiaries of the group were engaged in manufacturing of porcelain, textiles and managing property, IT services, financial services, and investments.

Subsidiary- Lexinton Resorts (Pvt) Ltd

During the year, the principal activity of the Company was managing the real estate.

Subsidiary -Heron Agro Products (Pvt) Ltd

During the period, the principal activity of the company was involved in Estate Management.

Sub - subsidiary – through Ambeon Holdings PLC - Ceylon Leather Products Limited

During the period, the principal activity of the Company was selling of Leather Footwear and Leather Goods.

Sub -subsidiary – through Ambeon Holdings PLC - South Asia Textile Ltd

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 disposed to Hayleys Fabric PLC, (Note. 33)

Sub- Subsidiary – through Ambeon Holdings PLC - Palla & Company (Pvt) Ltd

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

Sub- subsidiary – through Ambeon Holdings PLC- 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 Ltd

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 – Lanka Decals (Pvt) Ltd

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) Ltd

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

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 Ambeon Holdings PLC - 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 (Pvt) Ltd

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

Sub -subsidiary – through Ambeon Holdings PLC - Olancom (Pvt) Ltd

The Company is the Investment Holding Company of Roomsnet International Limited. However, there were no operations during the year.

Sub -subsidiary – through Ambeon Holdings PLC - Millennium I.T.E.S.P. (Pvt) Limited

During the period, the principal activity of the Company was specializing in the Integration Business provides a host of specialized, scalable solutions ranging from Core Infrastructure, Information Security, Business Collaboration, Near-Field Communications, Business Productivity, Managed Solutions and Customer Relationship Management.

Sub - subsidiary – through Ambeon Holdings PLC - Eon Tec (Private) Limited

The Company is the Investment Holding Company of Millennium I.T.E.S.P. (Pvt) Limited

Sub - subsidiary - through Ambeon Holdings PLC - Taprobane Capital Plus (Pvt) Ltd

Taprobane Capital Plus (Private) Limited was incorporated to hold the investments of Taprobane Securities (Private) Limited, Taprobane Investments (Private) Limited, Taprobane Wealth Plus (Private) Limited & Lexinton Financial Services (Pvt) Ltd.

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

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

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

The principal activity of the company is conducting Money Broking transactions in the open market.

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

The principal activity of the company is conducting Corporate Finance activities. However, there were no operations during the year.

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

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 Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the Statement of Cash Flows together with the Accounting Polices 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

The Board of Directors have made an assessment of the Group's ability to continue as a going concern and they do not intent either to liquidate or cease trading.

In determining the basis of preparing the financial statements for the year ended 31 March 2021, based on available information, the management has assessed the existing and anticipated effects of COVID-19 on the Companies within the Group and the appropriateness of the use of the going concern basis. In March 2021, each business was evaluated for resilience considering a wide range of factors relating to expected revenue avenues, cost management, profitability, the ability to defer non-essential capital expenditure, debt repayment schedules, cash reserves and potential funding lines, if required, and the ability to continue businesses as least impacted as possible. Having presented the outlook for each industry to the holding company Board and after due consideration of the likelihood of outcomes, the Directors are satisfied that the Company, its subsidiaries, associates have 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. In determining the above significant management judgements, estimates and assumptions on the impact of the COVID 19 pandemic has been considered as of reporting date.

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.

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

Name of the Subsidiary	Functional Currency
South Asia Textile 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 2021. The Financial Statements of the subsidiaries are prepared in compliance with the Group's accounting policies unless otherwise stated.

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' shareholders' equity.

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

In the separate financial statement investment in subsidiaries are accounted at Fair Value.

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 that results in a deficit balance.

2.9 Summary of Changes in Significant Accounting policies

The accounting policies have been applied consistently for all periods presented in the financial statements by the Group and the Company.

2.10 Significant Judgments, estimates and assumptions

The preparation of the Financial Statements of the Group require 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.

- **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. 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 ratably over the period in which the long term services and maintenance services are provided.

- **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 Changes in Equity. In addition, it carries its investment properties at fair value, with changes in fair value being recognized in the statement of profit or loss. The Group engaged independent valuation specialists to determine fair value of investment property and land and buildings as at 31st March 2021.

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 and property plant and equipment's carried at fair value are further explained in Note 15 and Note 12.

- **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 13.2 & 16.

- **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. Refer Note No.30 for financial instrument classification and fair value hierarchy.

- **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 25.

- **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.

- **Accounting for investments in Subsidiaries**

Investment in Subsidiary are those entities that is controlled by the Company. Investment in subsidiary are accounted at fair value through profit or loss in accordance with 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 Subsidiary are treated as other income in the statement of profit or loss of the separate financial statements.

Details of the key assumptions used in the estimates are contained in Note 16 .

2.11 Summary of Significant Accounting Policies

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

These accounting policies have been applied consistently by Group's entities.

2.11.1 Revenue from contract with customers

Revenue from contracts with customers is recognized 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.

a. Goods transferred at a point in time

Under SLFRS 15, revenue is recognized 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.

b. Revenue recognition multiple element arrangements

The Group recognizes revenue on multiple element arrangements and design and build software contracts.

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

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. Dividend

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

e. Finance income

Finance income comprises interest income on funds invested, dividend income, value gains on the financial assets at fair value through profit or loss, gains on the re-measurement to fair value of any pre-existing interest in an acquiree 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.

f. Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

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.

2.11.2 Expenditure recognition

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

2.11.3 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.

2.11.4 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 losses, (except for land and building). 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.

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 fair valuation is performed with every 5 years to ensure that the carrying amount of the revalued assets do not differ materiality from their fair value.

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.

Depreciation methods, useful life values are assessed at the reporting date. The estimated useful lives for the current year are as follows.

Assets Category	2020/21	2019/20
Land Development Cost	10 Years	10 Years
Buildings	10-50 Years	10-50 Years
Plant & Machinery	10-15 Years	10-15 Years
Tools & Equipment	5-18 Years	5-18 Years
Furniture Fittings & O ice Equipment	5-7 Years	5-7 Years
Motor Vehicles	4-6 Years	4-6 Years
Waste-water Purification Project	15 Years	15 Years
Kilns & Kiln Furniture	3-15 Years	3-15 Years
Computer Equipment	1-5 Years	1-5 Years

2.11.5 Leases

Lease rentals paid in advance (Leasehold Properties)

Prepaid lease rentals paid to acquire land use rights are amortized over the lease term in accordance with the pattern of benefits provided.

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 recognisze right of use assets and lease liability.

Group 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 Group 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 28 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 Group 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 expenses in the period in which the event or condition that triggers 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 judgement 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 Group 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 Group '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 Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments.

2.11.6 Biological Assets

The entity recognizes the biological assets when, and only when, the entity controls the assets as a result of a past event, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value for cost of the assets can be measured reliably,

Biological assets are classified into mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specifications.

The cost of the land preparation, rehabilitation, new planting, replanting, crop diversifications, inter-planting and fertilizing, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads, including interest attributable to long-term loans used for financing immature plantations. The expenditure incurred on bearer biological assets (Tea, Rubber fields) which comes into bearing during the year, is transferred to mature plantations. Expenditure incurred on consumable biological assets is recorded at cost at initial recognition and thereafter at fair value at the end of each reporting period.

Biological assets are further classified as bearer biological assets and consumable biological assets.

a. Bearer Biological Assets

Bearer biological assets include tea, rubber & coconut trees that are not intended to be sold or harvested, but are grown for harvesting agricultural produce from such biological assets. The bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 – Property Plant & Equipment.

b. Consumable Biological Assets

Consumable biological assets include managed timber trees that are to be sold as biological assets. The managed timber trees are measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial.

The gain or loss arising on initial recognition of biological assets at fair value less cost to sell and from a change in fair value less cost to sell of biological assets are included in Comprehensive Income Statement for the period in which it arises.

c. Infilling Cost on Bearer Biological Assets

Where infilling results in an increase in the economic life of the relevant field beyond its previously assessed standard of performance, the costs are capitalized and depreciated over the useful life at rates applicable to mature plantations. Infilling costs that are not capitalized have been charged to the Statement of comprehensive income in the year in which they are incurred.

2.11.7 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.

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.

The unobservable data of the Investment Property are showing in the note no15.3.1

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

2.11.8 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. (Note No. 13)

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.

2.11.9 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 either in profit or loss or as a change to other comprehensive income (OCI).

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.

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 13.1.1.

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.

2.11.10 Investments in Subsidiaries (Company)

Investment in Subsidiary are those entities that is controlled by the Company. Investment in subsidiary 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 Subsidiary are treated as income in the statement of profit or loss of the separate financial statements.

2.11.11 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.

2.11.12 Common Control Business Combinations

Business combinations between entities under common control are accounted for using pooling of interest method. Accordingly,

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No new goodwill is recognised as a result of the combination. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity.

2.11.13 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 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 the subsidiaries which are have functional currencies other than LKR, 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.

2.11.14 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.

2.11.15 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.

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.

2.11.16 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.

Deferred tax assets and deferred tax liabilities are stated in the Note No. 25

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.

2.11.17 Investment Property 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 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.

2.11.18 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 on weighted average basis.

Consumables & Spares - At purchase cost on weighted average basis

Goods in Transit - At purchase price

2.11.19 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:

- 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.

a. 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.

b. 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. Separated embedded derivatives are also classified aat s 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.

c. 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.

d. 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 30.

2.11.20 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 Group 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.

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.

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

2.11.22 Employee benefits liabilities

Defined Benefit Plan - Gratuity:

Gratuity is a defined benefit plan. The Group is liable to pay gratuity in terms of the relevant statute.

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.

The payments are made based on gratuity Act No12 of 1983.

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.

The used assumptions and the sensitivity analysis will be state in the Note No. 23.6

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

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 24.

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

Manufacturing Textile	South Asia Textiles Ltd
Manufacturing Porcelain	Dankotuwa Porcelain PLC and Royal Fernwood Porcelain Ltd and its Subsidiaries
Property	Colombo City Holdings PLC, Lexinton Holdings (Pvt) Ltd, Lexinton Resorts (Pvt) Ltd, Heron Agro Products (Pvt) Ltd.
IT and related Services	Millennium I.T.E.S.P (Pvt) Limited, Eon Tech (Pvt) Ltd
Investments	Ambeon Holdings PLC and Olancom (Pvt) Ltd, Ambeon Capital PLC
Financial Services	Taprobane Securities (Private) Limited, Taprobane Investments (Private), Limited and Taprobane Wealth Plus (Private) limited, Taprobane Capital Plus (Pvt) Ltd., Lexinton Financial Services (Pvt) Ltd.
Retailing Footwear	Ceylon Leather Products Limited and Palla & Company (Pvt) Ltd (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.

The segment wise performance is state in the Note No. 5

2.11.25 Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The Group initially measures the cost of cash-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in profit or loss. This requires a reassessment of the estimates used at the end of each reporting period. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a binomial model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 27.2.

3. CHANGES IN ACCOUNTING STANDARDS AND 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 the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

3.1 Amendment to SLFRS 16-COVID-19 Related Rent Concession

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 Covid-19 related rent concession the same way it would account for the change under SLFRS16,if the change were not a lease modification.

The above-mentioned amendments are effective for the annual reporting periods beginning on or after 01st June 2020.

3.2 Property, Plant and Equipment: Proceeds before Intended Use – Amendments to LKAS 16

In March 2021, the ICASL adopted amendments to LKAS16-Property, Plant and Equipment — Proceeds before Intended Use, which 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 above-mentioned amendment is effective for annual reporting periods beginning on or after 1 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.

3.3 Onerous Contracts – Costs of Fulfilling a Contract – Amendments to LKAS 37

In March 2021, the ICASL adopted amendments to LKAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply 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 above-mentioned amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments

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

In March 2021, ICASL adopted amendments to paragraphs 69 to 76 of LKAS 1 which specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The above-mentioned amendments are effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively.

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

None of the new or amended pronouncements are expected to have a material impact on the financial statements of the Company in the foreseeable future.

The amendments to SLFRS 9 & LKAS 39 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

IBOR reforms Phase 2 include number of reliefs and additional disclosures. Amendments support companies in applying SLFRS when changes are made to contractual cash flows or hedging relationships because of the reform.

The above-mentioned amendments are effective for the annual reporting periods beginning on or after 01st January 2021.

NOTES TO THE FINANCIAL STATEMENTS

4. DISCONTINUED OPERATIONS AND ASSETS CLASSIFIED AS HELD FOR SALE

4.1 Previous year the Group transferred shoe manufacturing business segment to Ceylon Leather Product Maufactures (Pvt) Ltd (CLPDL) and thereafter Ceylon Leather Product Maufactures (Pvt) Ltd was disposed to Vast Holdings Ltd on 23 October 2019.

4.2 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.

4.3 The results of the subsidiaries in the "manufacturing footwear" after intercompany eliminations is presented below;

	Footwear Palla 2021 LKR	Total 2021 LKR	Footwear Palla 2020 LKR	Footwear CLPDL 2020 LKR	Total 2020 LKR
Revenue	-	-	-	258,778,601	258,778,601
Cost of Sales	-	-	-	(387,126,936)	(387,126,936)
Other Income	-	-	-	(464,555)	(464,555)
Administrative Expenses	(346,804)	(346,804)	(790,581)	(48,820,912)	(49,611,493)
Selling and Distribution Expenses	-	-		(37,550,065)	(37,550,065)
Finance Cost	-	-	(2,251,174)	(44,801,852)	(47,053,026)
Finance Income	-	-	-	68,264	68,264
Loss before tax from discontinued operations	(346,804)	(346,804)	(3,041,755)	(259,917,455)	(262,959,210)
Loss from Disposal of discontinued operations	-	-	-	(38,873,011)	(38,873,011)
Loss for the year from discontinued operations	(346,804)	(346,804)	(3,041,755)	(298,790,466)	(301,832,221)
Loss Attributable to:					
Equity Holders of the Company	(346,804)	(346,804)	(3,041,755)	(298,790,466)	(245,781,978)
Non - Controlling Interests	-	-	-	-	(56,050,243)
	(346,804)	(346,804)	(3,041,755)	(298,790,466)	(301,832,221)
Basic Earnings/ (Loss) per share from Discontinued Operations	(0.01)	(0.01)	-	-	(0.25)
Diluted Earnings/ (Loss) per share from Discontinued Operations	(0.01)	(0.01)	-	-	(0.25)
Cash flows					
Net Cash Flows from Operating Activities	(1,200)	(1,200)	85,130	-	85,130
	(1,200)	(1,200)	85,130	-	85,130

4.4 GROUP

INVESTMENT PROPERTY CLASSIFIED AS 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. 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.

As at 31st March,	2021 LKR		2021 LKR
Assets		**Liabilities**	
Investment Property (Note 15)	575,000,000	Income tax liability	3,255,800
		Net Assets directly associated with the disposal	571,744,200

5 SEGMENTAL INFORMATION

GROUP	Manufacturing Footwear 2021 LKR	Manufacturing Footwear 2020 LKR	Manufacturing Porcelain 2021 LKR	Manufacturing Porcelain 2020 LKR	Manufacturing Textile 2021 LKR	Manufacturing Textile 2020 LKR	Investment 2021 LKR
Total Revenue	11,155,088	57,462,882	2,435,236,411	2,244,026,385	8,320,894,208	9,139,684,246	377,347,353
Segment Results Gross Profit	(279,265)	23,726,573	636,421,415	699,490,661	900,763,348	984,585,508	377,347,353
Finance Cost	(13,963,070)	(11,645,060)	(123,997,275)	(127,495,985)	(99,983,424)	(129,472,716)	(491,821,201)
Change in Fair value of Investment Property	(878,104,375)	575,725,765	14,307,063	114,489,200	-	-	-
Profit /(Loss) before Income Tax	(1,107,260,519)	469,813,383	(336,248,285)	(15,855,137)	(265,270,265)	33,044,855	(762,015,309)
Income Tax Expense	18,382,281	40,151,783	(1,944,786)	40,143,238	6,872,658	(9,806,100)	(43,525,981)
Profit/(Loss) after tax for the year from continuing operations	(1,088,878,238)	509,965,166	(338,193,071)	24,288,101	(258,397,608)	23,238,755	(805,541,290)
Loss after tax for the year from discontinued operations	(346,804)	(301,832,221)	-	-	-	-	-
Profit/(Loss) for the year	(1,089,225,042)	208,132,945	(338,193,071)	24,288,101	(258,397,608)	23,238,755	(805,541,290)
Purchase and construction of Property Plant and Equipment	16,750	-	40,793,130	58,413,488	239,600,135	335,050,202	9,210,251
Additions to intangible assets	-	-	-	-	1,412,029	79,646,496	-
Depreciation of Property Plant and Equipment	6,251,657	20,862,121	96,652,885	96,064,367	211,834,303	184,455,645	10,507,869
Amortization of intangible assets	-	-	6,990,670	7,762,795	10,613,158	6,172,075	1,089,467
Gratuity provision and related costs	(27,955)	1,645,128	29,619,136	27,753,313	27,781,781	22,525,880	1,984,057
Impairment of Property Plant and Equipment	39,887,354	45,802,799	6,223,567	-	-	-	-
Assets and Liabilities							
Non-Current Assets *	1,220,600,000	2,144,826,633	2,648,891,487	2,686,630,874	2,381,444,640	2,459,814,316	1,546,797,157
Current Assets	11,961,315	174,492,271	2,052,488,811	2,415,512,918	2,700,017,459	3,578,012,820	1,274,577,403
Total assets	1,232,561,315	2,319,318,904	4,701,380,300	5,102,143,792	5,081,462,099	6,037,827,136	2,821,374,563
Non-Current Liabilities	293,152,950	354,796,257	494,824,773	618,796,212	464,518,642	533,189,389	2,663,049,686
Current Liabilities	300,832,028	284,209,635	1,805,006,442	1,641,253,970	3,217,595,910	3,789,179,480	1,979,224,843
Total Liabilities **	593,984,979	639,005,892	2,299,831,214	2,260,050,182	3,682,114,552	4,322,368,869	4,642,274,529

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

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

	Property		IT and related Services		Financial Services		Total	
2020 LKR	2021 LKR	2020 LKR	2021 LKR	2020 LKR	2021 LKR	2020 LKR	2021 LKR	2020 LKR
350,538,705	38,669,629	15,279,951	6,722,385,161	8,018,663,873	272,283,167	131,685,082	18,177,971,017	19,957,341,124
350,538,705	34,461,217	9,609,683	1,960,723,283	2,193,608,133	271,604,239	129,218,687	4,181,041,590	4,390,777,949
(638,521,599)	(15,729,507)	(21,867,082)	(99,812,307)	(189,924,740)	(3,454,644)	(1,311,050)	(848,761,427)	(1,120,238,232)
2,500,000	(376,974,500)	94,505,300	-	-	-	3,000,000	(1,240,771,813)	790,220,265
(639,571,206)	(398,067,363)	126,411,724	549,347,609	652,815,609	216,879,583	66,569,831	(2,102,634,550)	693,229,057
(17,536,501)	308,784	(42,715,859)	(97,174,211)	(143,743,826)	(63,466,568)	(14,158,640)	(180,547,824)	(147,665,905)
(657,107,707)	(397,758,578)	83,695,864	452,173,398	509,071,783	153,413,014	52,411,190	(2,283,182,374)	545,563,153
-	-	-	-	-	-	-	(346,804)	(301,832,221)
(657,107,707)	(397,758,578)	83,695,864	452,173,398	509,071,783	153,413,014	52,411,190	(2,283,529,178)	243,730,931
1,425,397	1,117,474	811,836	17,708,297	96,760,279	170,500	237,054	308,616,537	492,698,255
-	-	-	-	417,887,552	-	-	1,412,029	497,534,048
12,612,067	6,801,428	6,092,315	37,003,171	21,318,807	806,781	1,366,994	369,858,095	342,772,316
1,233,617	-	-	147,116,898	118,634,855	-	-	165,810,194	133,803,341
2,194,671	242,215	367,374	39,939,624	28,844,324	3,307,965	2,647,078	102,846,822	85,977,768
-	-	-	-	-	-	-	46,110,921	45,802,799
1,168,663,903	850,185,742	1,908,630,999	490,077,646	809,134,134	227,585,535	234,077,886	9,365,582,205	11,411,778,743
2,065,467,340	995,999,011	334,318,741	4,871,996,965	4,593,749,676	361,939,897	152,883,664	12,268,980,866	13,314,437,431
3,234,131,243	1,846,184,753	2,242,949,740	5,362,074,610	5,402,883,810	589,525,432	386,961,550	21,634,563,071	24,726,216,174
3,088,052,648	30,337,443	51,197,224	276,139,475	331,461,228	20,872,762	24,658,872	4,242,895,732	5,002,151,830
2,028,549,311	184,853,617	35,116,643	4,946,728,414	4,997,289,990	143,654,020	91,289,075	12,577,895,272	12,866,888,102
5,116,601,959	215,191,059	86,313,867	5,222,867,889	5,328,751,218	164,526,783	115,947,947	16,820,791,004	17,869,039,932

As at 31st March,	Group 2021 LKR	Group 2020 LKR	Company 2021 LKR	Company 2020 LKR
5.1 Revenue				
Revenue from Contracts with Customers				
Footwear	**11,155,088**	57,462,882	**-**	-
Porcelain	**2,435,236,411**	2,244,026,385	**-**	-
Textile	**8,320,894,208**	9,139,684,246	**-**	-
IT Services	**6,722,385,161**	8,018,663,874	**-**	-
Brokerage Income	**272,283,167**	131,685,082	**-**	-
Finance & Investment Income				
Interest Income	**134,393,476**	124,927,597	**116,700,507**	125,431,261
Investment Trading	**245,042,265**	200,067,131	**245,042,265**	200,067,131
Other Income				
Rent Income	**31,585,167**	39,901,370	**-**	-
Gain on Fair Value of Biological Assets (Note 14)	**4,414,875**	785,125	**-**	-
Sale of Agriculture Produce	**581,201**	137,432	**-**	-
	18,177,971,017	**19,957,341,124**	**361,742,772**	**325,498,392**

6. COST OF SALES

As at 31st March,	Group 2021 LKR	Group 2020 LKR	Company 2021 LKR	Company 2020 LKR
Cost of Goods Sold	**13,996,929,427**	15,566,563,175	**-**	-
	13,996,929,427	15,566,563,175	**-**	-

7. INVESTMENT AND OTHER INCOME

	Group		Company	
	2021	2020	2021	2020
As at 31st March,	LKR	LKR	LKR	LKR
Interest Income	121,559,095	111,142,196	18,826	6,806
Dividend Income	499	998	-	-
Gain on Disposal of Property Plant & Equipment	6,405,694	-	9,933,333	-
Scrap Sales	50,265,093	23,280,443	-	-
Other miscellaneous Income	25,246,565	23,283,069	3,246,213	450,250
Gain on Disposal of investment	-	7,579,142	-	-
Creditors Write Back	3,364,151	-	-	-
	206,841,098	165,285,848	13,198,372	457,056

8. FINANCE COST

	Group		Company	
	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Loan Interest	710,841,311	952,627,349	438,851,891	561,406,839
Lease Interest	24,730,063	24,031,415	470,446	644,351
Bank Overdraft Interest	113,190,053	143,579,468	13,560,285	7,015,796
	848,761,427	1,120,238,232	452,882,622	569,066,986

9. PROFIT/ (LOSS) BEFORE TAXATION

Profit before taxation is stated after charging all expenses including the following:

	Group		Company	
	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Auditors' Remuneration - Statutory Audit	9,149,318	9,608,438	440,738	419,750
Directors' Fee	22,997,367	48,637,062	-	7,943,970
Professional Fees	2,425,302	5,471,885	829,920	1,929,476
Depreciation & Amortization	528,657,272	515,588,236	6,290,112	6,742,356
Staff Cost (Note 9.1)	2,057,469,390	2,805,398,106	-	-
Allowance for Obsolete & Slow Moving Inventories	177,842,229	182,309,473	-	-
9.1 Staff Cost				
Salaries & Other Related Costs	1,696,733,018	2,483,745,436	-	-
Defined Benefit Plan Cost - Retiring Gratuity	102,846,822	85,977,768	-	-
Defined Contribution Plan Cost - EPF & ETF	257,889,550	235,674,902	-	-
	2,057,469,390	2,805,398,106	-	-

10. INCOME TAX

	Group		Company	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Current Tax Expense	284,887,705	206,645,125	-	-
Under/ (Over) Provision in Respect of Previous Year	(25,417,415)	(20,263,251)	-	-
	259,470,290	186,381,874	-	-
Deferred Income Tax				
Deferred Taxation Charge / (Reversal)	(125,695,544)	(38,715,968)	93,878	17,531,861
Relating to the tax rate change	46,773,078	-	-	-
	180,547,824	147,665,906	93,878	17,531,861
Reconciliation of Accounting Profit to Income Tax Expense				
Profit Before Income Tax from Continuing Operations	(2,102,634,550)	693,229,058	(1,753,063,923)	250,000,918
Loss before tax from discontinued operations	(346,804)	(262,959,210)	-	-
	(2,102,981,354)	430,269,848	(1,753,063,923)	250,000,918
Income Not Liable for Income Tax	(583,186,976)	(628,782,143)	(9,952,159)	(537,421,199)
Disallowable Expenses	3,305,142,426	905,422,458	1,624,719,802	11,752,727
Capital Allowances Claimed & Allowable Expenses	(651,840,246)	(548,781,789)	(1,604,426)	(2,309,429)
Other income included in profit from operation	(231,021,509)	-	-	-
Business Profit/(Loss)	(263,887,658)	158,128,374	(139,900,707)	(277,976,982)
Operating profit / (losses) incurred during the year	-	857,259,843	-	-
Total Statutory Income	-	1,015,388,217	-	-
Interest Income	373,008,317	200,389,720	18,826	6,806
Tax loss utilized during the year	(151,403,374)	(162,852,905)	(18,826)	(6,806)
Assessable / Taxable Income	221,604,943	1,052,925,032	-	-
Income Tax @ 14%	1,946,475	147,154,659	-	-
Income Tax @ 18%	32,959	-		
Income Tax @ 24%	218,823,957	46,106,599	-	-
Income tax on dividend Income	64,084,314	13,383,867	-	-
Taxation on Profit for the Year	284,887,705	206,645,125	-	-
Income Tax Attributable to Discontinued Operations	-	-	-	-
Income Tax Attributable to Continuing Operations	284,887,705	206,645,125	-	-

* Group Companies are taxed at 14% to 24% .

10.1 Tax Losses

	Group		Company	
	2021 LKR	2020 LKR	**2021 LKR**	2020 LKR
Tax loss brought forward	**3,856,667,101**	2,966,509,728	**1,629,302,721**	1,351,332,545
Loss incurred during the year	**422,439,692**	1,053,010,278	**139,900,707**	277,976,982
Adjustment in respect of prior years	**520,945,289**	-	**446,836,910**	-
Loss utilized during the year	**(151,403,374)**	(162,852,905)	**(18,826)**	(6,806)
Tax loss carried forward	**4,648,648,709**	3,856,667,101	**2,216,021,511**	1,629,302,721

10.2 Pending Tax matters

10.2.1 Lexinton Holdings (Pvt) Ltd - Sub-Subsidiary through Colombo City Holdings PLC

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 appealed against the assessment. The Group is of the view that the above assessments will not have any material impact on the financial statements.

11. EARNINGS / (DEFICIT) PER SHARE

11.1 Basic Earnings / (Loss) per Share

The calculation of basic earnings / (Loss) per share is based on the profit / (loss) attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the year.

	Group		Company	
For the Year Ended 31st March	**2021 LKR**	2020 LKR	**2021 LKR**	2020 LKR
Profit / (Loss) attributable to Ordinary Shareholders (Rs.)	**(1,925,455,376)**	(38,420,034)	**(1,753,157,802)**	232,469,056
Weighted Average Number of Ordinary Shares (11.1.1)	**1,002,724,815**	1,002,724,815	**1,002,724,815**	1,002,724,815
Basic Earnings Per Share (Rs.)	**(1.92)**	(0.04)	**(1.75)**	0.23
11.1.1 Weighted Average Number of Ordinary Shares				
Issued Ordinary shares at the beginning of the year	**1,002,724,815**	1,002,724,815	**1,002,724,815**	1,002,724,815
Weighted average number of ordinary shares at the end of the year	**1,002,724,815**	1,002,724,815	**1,002,724,815**	1,002,724,815
11.2 Basic Earnings per Share for Continuing Operations				
Profit attributable to Ordinary Shareholders from Continuing Operating (Rs.)	**(1,925,108,572)**	207,361,943	**(1,753,157,802)**	232,469,056
Weighted Average Number of Ordinary Shares (11.1.1)	**1,002,724,815**	1,002,724,815	**1,002,724,815**	1,002,724,815
Basic Earnings Per Share for Continuing Operations (Rs.)	**(1.92)**	0.21	**(1.75)**	0.23

Basic earnings per share is calculated for continuing operations by dividing the net profit /(loss) from continuing operations for the year attributable to the ordinary shareholders by the weighted average number of shares outstanding during the year.

There were no potentially dilutive ordinary shares outstanding at any time during the year, hence diluted earnings per share is equal to basic earnings per share.

11.3 Net Assets Per Share

As at 31st March,	Group 2021 LKR	Group 2020 LKR	Company 2021 LKR	Company 2020 LKR
Equity Attributable to Equity Holders of the Company	**1,987,437,979**	3,680,478,302	**4,096,059,047**	5,849,216,849
Weighted Average Number of Ordinary Shares (11.1.1)	**1,002,724,815**	1,002,724,815	**1,002,724,815**	1,002,724,815
Net Assets Per Share *	**1.98**	3.67	**4.08**	5.83

* Net assets per share has been calculated, for all periods, based on the net assets of the Group and number of shares in issue as at 31 March 2021.

12. PROPERTY, PLANT AND EQUIPMENT

GROUP

12.1 Cost or Valuation

	Balance as at 01.04.2020" LKR	Additions LKR	Revaluation LKR	Transfers LKR	Impairment LKR	Disposals LKR	Exchange Difference LKR	Balance as at 31.03.2021 LKR
Freehold								
Land	1,136,188,150	-	31,035,000	-	-	-	-	1,167,223,150
Buildings	822,590,936	2,352,889	46,389,523	-	-	-	-	871,333,348
Land Development Cost	70,658,473	-	-	-	-	-	3,550,487	74,208,960
Computer Equipment	335,158,501	25,108,315	-	-	-	(161,401)	4,044,981	364,150,396
Furniture & Office Equipment	443,687,575	15,192,796	-	-	(1,636,941)	-	8,660,778	465,904,208
Kiln and Kiln Furniture	104,700,297	590,327	-	-	-	-	5,009,464	110,300,088
Motor Vehicles	95,393,275	-	-	-	(1,705,322)	(20,000,000)	2,758,149	76,446,102
Tools & Equipment	142,037	-	-	-	-	-	-	142,037
Plant and Machinery	3,904,141,616	25,476,509	-	-	(6,302,799)	(58,491,034)	118,618,227	3,983,442,519
Waste Water Purification Project	132,228,209	212,058,075	-	-	(36,465,859)	-	17,234,691	325,055,116
	7,044,889,070	280,778,910	77,424,523	-	(46,110,921)	(78,652,435)	159,876,777	7,438,205,923
Assets on Leasehold Land								
Building	928,811,317	1,317,651	(41,532,700)	-	-	(3,274,140)	42,909,294	928,231,421
	928,811,317	1,317,651	(41,532,700)	-	-	(3,274,140)	42,909,294	928,231,421
Capital Work in Progress	220,436,862	26,519,976	-	(218,577,233)	-	-	(880,616)	27,498,988
Total	8,194,137,247	308,616,537	35,891,823	(218,577,233)	(46,110,921)	(81,926,575)	201,905,454	8,393,936,332

12. PROPERTY, PLANT AND EQUIPMENT (Contd...)

GROUP

	Balance as at 01.04.2020 LKR Revised	Charge for the Year LKR	Revaluation LKR	Disposals LKR	Exchange Difference LKR	Balance as at 31.03.2021 LKR
Accumulated Depreciation						
Freehold						
Buildings	7,969,445	37,935,147	(31,877,734)	-	-	14,026,858
Land Development Cost	60,524,364	3,179,724	-	-	3,247,116	66,951,204
Computer Equipment	222,267,559	41,622,693	-	(90,788)	3,755,643	267,555,107
Furniture & Office equipment	339,208,760	25,529,594	-	-	8,365,451	373,103,805
Kiln and Kiln Furniture	61,451,496	7,595,052	-	-	3,170,866	72,217,414
Motor Vehicles	78,503,008	6,066,539	-	(13,333,333)	2,755,165	73,991,379
Tools & Equipment	135,707	2,532	-	-	-	138,239
Plant and Machinery	2,539,957,555	191,054,802	-	(55,398,693)	64,828,559	2,740,442,223
Waste Water Purification Project	67,678,855	21,184,135	-	-	4,000,773	92,863,763
	3,377,696,749	334,170,218	(31,877,734)	(68,822,815)	90,123,573	3,701,289,991
Assets on Finance Leases						
Building on Leasehold land	43,217,881	35,687,877	(50,711,207)	(2,909,455)	(221,049)	25,064,047
	43,217,881	35,687,877	(50,711,207)	(2,909,455)	(221,049)	25,064,047
Total	**3,420,914,630**	**369,858,095**	**(82,588,941)**	**(71,732,270)**	**89,902,524**	**3,726,354,038**

Net Book Value	2021 LKR	2020 LKR
Freehold		
Land	**1,167,223,150**	1,136,188,150
Buildings	**857,306,490**	814,621,491
Land Development Cost	**7,257,756**	10,134,109
Computer Equipment	**96,595,289**	112,890,941
Furniture & Office equipment	**92,800,403**	104,478,815
Kiln and Kiln Furniture	**38,082,673**	43,248,801
Motor Vehicles	**2,454,723**	16,890,267
Tools & Equipment	**3,798**	6,330
Plant and Machinery	**1,243,000,296**	1,364,184,061
Waste Water Purification Project	**232,191,352**	64,549,354
Leasehold		
Building	**903,167,375**	885,593,436
Capital Work in Progress	**27,498,988**	220,436,862
Carrying Amount	**4,667,582,294**	4,773,222,618

12. PROPERTY, PLANT AND EQUIPMENT (Contd...)

12.1.1 During the financial year the Group acquired Property, Plant & Equipment to the aggregate value of LKR 90,039,303 /- (2020- LKR 176,207,321 /-) for cash.

12.1.2 Details of Property, plant and equipment pledged for borrowings are disclosed in Note 34.

12.1.3 During the financial year, the Group has impaired the assets of its shoe manufacturing company, which are cannot be used and no recoverable amounting to LKR 46,110,921 /-. (2020-LKR 45,802,798 /-)

12.1.4 Revaluation of Land and Building

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

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

Company	Property	Method of Valuation	Value 2021 LKR	Value 2020 LKR	Valuers Details	Effective Date of Valuation
Dankotuwa Porcelain PLC	Land at Dankotuwa	Market Approach	788,350,000	753,884,800	F. R. T. Valuation Services (Pvt) Limited	31 March 2021
	Buildings at Dankotuwa	Cost Approach	417,548,000	393,893,950		
South Asia Textile Ltd	Buildings at Pugoda	Income Approach	868,000,000	805,500,000	F. R. T. Valuation Services (Pvt) Limited	31 March 2021
Royal Fernwood Porcelain Limited	Land at Kosgama	Market Approach	237,023,150	238,728,350	F. R. T. Valuation Services (Pvt) Limited	31 March 2021
	Buildings at Kosgama	Cost Approach	309,042,000	299,278,638		
Lexinton Holdings (Pvt) Limited	Land at Rajagiriya	Market Approach	144,050,002	145,775,000	F. R. T. Valuation Services (Pvt) Limited	31 March 2021
	Buildings at Rajagiriya	Cost Approach	143,957,100	128,625,000		

12.1.5 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 Ltd						
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/- to 5,000/-	Positively correlated
2020						
Freehold Land	Kosgama	Market Approach	Per perch rate	2,178 Perches	LKR 70,000 - 175,000	Positively correlated
Freehold Buildings	Kosgama	Cost Approach	Per sq.ft. rate	177,630 sq. feet	LKR 1,000 - 4,500	Positively correlated

12. PROPERTY, PLANT AND EQUIPMENT (Contd...)

12.1.5 Description of Significant Unobservable Inputs to Valuation (Contd...)

Property		Method of Valuation	Inputs used for measurement	Area	Range	Sensitivity of Fair value to unobservable inputs
Dankotuwa Porcelain PLC						
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
2020						
Freehold Land	Dankotuwa	Market Approach	Per perch rate	3,277.76 Perches	LKR 230,000	Positively correlated
Freehold Buildings	Dankotuwa	Cost Approach	Per sq.ft. rate	260,015sq. feet	LKR 2,200 - 4,400	Positively correlated
Lexinton Holdings (Pvt) Limited						
2021						
Freehold Land	Rajagiriya	Market Approach	Per perch rate	17.15 Perches	LKR 8,399,417 Per Perch	Positively correlated
Freehold Buildings	Rajagiriya	Cost Approach	Per sq.ft. rate	17,150 sq feet	LKR 8,394 Per Sqft.	Positively correlated
2020						
Freehold Land	Rajagiriya	Market Approach	Per perch rate	17.15 Perches	LKR 7,500,000	Positively correlated
Freehold Buildings	Rajagiriya	Cost Approach	Per sq.ft. rate	17,150 sq feet	LKR 7,500	Positively correlated
South Asia Textiles Limited						
2021						
Building on Leasehold Land	Pugoda	Income Approach	Per sq.ft. rate	405,430 sq. feet	LKR 12 - 50	Positively correlated
(Remaining leasehold period - 33 years)						
2020						
Building on Leasehold Land	Pugoda	Income Approach	Per sq.ft. rate	405,430 sq. feet	LKR 12 - 50	Positively correlated
(Remaining leasehold period - 34 years)						

12.1.6 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:

Dankotuwa Porcelain PLC

	Cost LKR	Cumulative Depreciation If assets were carried at cost LKR	Net Carrying Amount 2021 LKR	Net Carrying Amount 2020 LKR
Class of Asset				
Land-Freehold	250,000	-	**250,000**	250,000
Building - Freehold	165,081,657	119,305,932	**45,775,725**	54,936,646
	165,331,657	119,305,932	**46,025,725**	55,186,646

Lexinton Holdings (Pvt) Limited

	Cost LKR	Cumulative Depreciation If assets were carried at cost LKR	Net Carrying Amount 2021 LKR	Net Carrying Amount 2020 LKR
Class of Asset				
Land-Freehold	60,000,000	-	**60,000,000**	60,000,000
Buildings-Freehold	115,000,000	64,400,000	**50,600,000**	55,200,000
	175,000,000	64,400,000	**110,600,000**	115,200,000

Royal Fernwood Porcelain Ltd

	Cost LKR	Cumulative Depreciation If assets were carried at cost LKR	Net Carrying Amount 2021 LKR	Net Carrying Amount 2020 LKR
Class of Asset				
Land-Freehold	3,462,294	-	**3,462,294**	3,462,294
Buildings-Freehold	15,849,645	1,426,468	**14,423,177**	15,057,163
	19,311,939	1,426,468	**17,885,471**	18,519,457

South Asia Textile Ltd

	Cost LKR	Cumulative Depreciation If assets were carried at cost LKR	Net Carrying Amount 2021 LKR	Net Carrying Amount 2020 LKR
Class of Asset				
Building on Leasehold Land	306,985,578	85,657,699	**221,327,878**	225,944,629
	306,985,578	85,657,699	**221,327,878**	225,944,629

12.1.7 Valuations were obtained from independent professional valuers . The 31 March 2021 valuation contained estimates by incorporating higher estimation uncertainty due to the market disruption caused by the COVID-19 pandemic, resulting in lower transactional evidence and market yields. This clause does not invalidate the valuation but implies that there is substantially more uncertainty than under normal market conditions. Value reflected as of 31 March 2021 represents the best estimate, which meets the requirements of SLFRS-13 Fair Value Measurement.

12.2 Company

Cost	Balance as at 01.04.2020 LKR	Additions LKR	Disposals LKR	Balance as at 31.03.2021 LKR
Freehold				
Motor Vehicles	20,000,000	-	(20,000,000)	-
Computer Equipment	1,597,615	-	-	1,597,615
Office Equipment	256,945	39,500	-	296,445
Tools & Equipment	17,500	-	-	17,500
Office Furniture	488,722	-	-	488,722
Total	22,360,782	39,500	(20,000,000)	2,400,282

Accumulated Depreciation	Balance as at 01.04.2020 LKR	Charge for the Year LKR	Disposals LKR	Balance as at 31.03.2021 LKR
Freehold				
Motor Vehicles	8,750,000	4,583,333	(13,333,333)	-
Computer Equipment	1,479,892	47,553	-	1,527,446
Office Equipment	235,498	8,273	-	243,771
Tools & Equipment	17,500	-	-	17,500
Office Furniture	401,787	16,622	-	418,409
Total	10,884,677	4,655,782	(13,333,333)	2,207,125

Net Book Value	2021 LKR	2020 LKR
Freehold		
Motor Vehicles	-	11,250,000
Computer Equipment	**70,169**	117,722
Office Equipment	**52,674**	21,448
Office Furniture	**70,313**	86,935
Total Carrying Amount of Property, Plant & Equipment	**193,157**	11,476,105

13. INTANGIBLE ASSETS (GROUP)

	Software		License Fees	
As at 31st March	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Cost				
Balance at the beginning of the year	425,814,938	57,452,313	23,243,958	23,243,958
Additions during the year	1,412,029	497,534,048	-	-
Exchange Adjustment	3,514,972	4,631,918	-	-
Deffered Amortisation	(60,329,433)	-	-	-
Impairment	-	-	(1,082,500)	-
Amortized during the year	(105,480,761)	(133,803,341)	-	-
Balance at the end of the year	264,931,746	425,814,938	22,161,458	23,243,958

13.1 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.

13.1.1 Impairment Testing of Goodwill and Intangible Assets with Indefinite Lives

The aggregate carrying amount of Goodwill and Brand Name allocated to each CGU is as follows;

	Goodwill		Brand Name	
	2021 LKR	2020 LKR	**2021 LKR**	2020 LKR
Porcelain	**-**	-	**9,723,614**	9,723,614
IT and Related Services	**847,041,839**	847,041,839	**314,920,960**	314,920,960
	847,041,839	847,041,839	**324,644,574**	324,644,574

13.2 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.

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.

	Brand Name		Goodwill		Total	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR	2021 LKR	2020 LKR
	324,644,574	324,644,574	847,041,839	847,041,839	1,620,745,310	1,252,382,685
	-	-	-	-	1,412,029	497,534,048
	-	-	-	-	3,514,972	4,631,918
	-		-	-	(60,329,433)	-
			-	-	(1,082,500)	-
	-	-	-	-	(105,480,761)	(133,803,341)
	324,644,574	324,644,574	847,041,839	847,041,839	1,458,779,618	1,620,745,310

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 disclosers are further described in the Note 16 of this financial statements.

The goodwill and the brand name has been allocated to Millennium I.T E.S.P (Pvt) Ltd and Royal Fernwood Porcelain Ltd for the purpose of impairment assessment, where the recoverable amount has been estimated using the discounted cash flow method. No impairment is required as the recoverable amounts exceeded the carrying value of those CGUs including the allocated goodwill and brand name as at 31 March 2021.

13.2.1 Sensitivity Analysis

	Weigted Average Cost of Capital	Terminal Growth Rate	2021		2020	
			Effect on Profit or Loss Statement	Effect on Statement of Financial Position	Effect on Profit or Loss Statement	Effect on Statement of Financial Position
Royal Fernwood Porcelain Ltd	1%		(129,417,358)	(129,417,358)	(38,917,685)	(38,917,685)
	-1%		165,881,830	165,881,830	43,985,038	43,985,038
		1%	123,148,613	123,148,613	13,545,324	13,545,324
		-1%	(96,180,329)	(96,180,329)	(12,032,460)	(12,032,460)
Millennium I.T E.S.P (Pvt) Ltd						
	1%		(181,981,078)	(181,981,078)	(81,904,365)	(81,904,365)
	-1%		230,594,575	230,594,575	92,047,793	92,047,793
		1%	171,100,225	171,100,225	23,187,667	23,187,667
		-1%	(135,746,363)	(135,746,363)	(20,848,792)	(20,848,792)

13.3 Software of the group represents new ERP system and project related software.

13.4 License fee represents license fee paid for solar power project through sustainable energy authority (Which has been fully impaired during the year) and license cost pertaining to the software applications purchased. License fee for software applications have a finite useful life and carried at cost less accumulated amortization. Amortization is calculated using straight line method to allocate cost of license over their estimated useful life of 5 years.

13.5 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 13.1.1.

13.6 The Group has not determined the impairment of goodwill as at the reporting date due to the COVID-19 pandemic. In light of current operational and economic conditions due to the ongoing COVID-19 pandemic, 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 used VIU to determine recordable value of the CGU and concluded that the recoverable value of CGUs exceeds its carrying values.

14. BIOLOGICAL ASSETS (GROUP)

	Balance as at 01.04.2020 LKR	Changes in Fair Value Less Cost to Sell LKR	Balance as at 31.03.2021
Teak	50,256,675	3,359,325	53,616,000
Lunumidella	828,450	1,055,550	1,884,000
Coconut	81,950	-	81,950
	51,167,075	4,414,875	55,581,950

14.1 Heron Agro Products (Pvt) Ltd, subsidiary of the Ambeon Capital PLC has leased out a land from Sri Lanka Mahaweli Authority under Government Land Ordinance for 30 years commencing from 18th January 1993. The lease period will expire on 17th January 2023. However, the lease period could be extended further period of 15 years in accordance with the Memorandum of Understanding (MOU) signed with the Mahaweli Authority of Sri Lanka.

14.2 Determination of Market Value

Teak

Market price is mainly obtained from International Market price of Teak Timber, State Timber Corporation and the local market prices. Cost of sawing and other outgoings have been deducted to obtain the net value of sawn timber per mature tree. Value of a cubic feet of teak is assumed to be LKR. 300 - LKR. 2,860 based on the girth of trees, for the purpose of valuation as at 31 March 2021.

Lunumidella

Market Price of a mature tree is determined based on local market and State Timber Corporation price. Cost of sawing and other outgoing have been deducted to obtain the net value of sawn timber per mature tree. Value of a cubic feet of Lunumidella tree is assumed to be LKR. 140 - 250 based on the girth of trees, for the purpose of valuation as at 31 March 2021.

14.2.1 Discount Rate

	2021	2020
	13.57%	17.00%

The nominal risk-free rate is considered as 7.57% & Risk premium is considered as 5%. An additional 1% risk premium (Alpha) added to address the current low level of policy rate position. Accordingly, the discount factor rate used in the valuation is 13.57%.

14.2.2 Methodology

The provisions under LKAS 41- Agriculture were applied in determining the methodology as well as the approach.

The valuation is carried out using Discounted Cash Flow method under income approach, using appropriate discount rates, based on the timber content, timber prices (past, current and future), subjected to adjustments considering their years of maturity, location & accessibility to the assets.

14.2.3 Key assumptions

1. The harvesting is approved by the forest Department and other relevant authorities.

2. The prices adopted are net of expenditure.

3. Discount rate is 13.57%

14.3 Fair Valuation of Biological Assets

The Group uses the fair valuation model of measurement of its biological assets. The Group engaged an independent expert valuer to determine the fair value of its biological assets.

Details of Group's biological assets stated at valuation are indicated below;

Company	Property	Method of Valuation	Value 2021 LKR	Value 2020 LKR	Valuers Details	Effective Date of Valuation
Heron Agro (Pvt) Ltd	A timber stumpage in managed timber stand at Agunakolapelessa	Discounted cash flow method under income approach	55,581,950	51,167,075	F.R.T. Valuation Services (Pvt) Limited An Independent Incorporated valuer	31-Mar-21

14.4 Potential Risks Timber Plantations

The Company is exposed to the following risks in relation to timber plantations:

Supply and Demand Risk

The Company is exposed to risks arising from fluctuations in the price and sales volume of time. When possible, the Company manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses to ensure that the Company's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand identified.

Regulatory and Environmental Risks

The Company is subject to laws and regulations in Sri Lanka. The Company has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

Climate and Other Risks

The Company's timber plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys.

15. INVESTMENT PROPERTIES

	GROUP		COMPANY	
	2021 LKR	2020 LKR	**2021 LKR**	2020 LKR
Balance at the beginning of the year	**4,405,315,025**	3,612,851,650	**33,000,000**	30,500,000
Additions	**-**	2,243,110	**-**	-
Fair value Gain/(Loss)	**(1,240,771,813)**	790,220,265	**-**	2,500,000
	3,164,543,212	4,405,315,025	**33,000,000**	33,000,000
Asset classified to held for sale	**(575,000,000)**	-	**-**	-
Balance at the end of the year	**2,589,543,212**	4,405,315,025	**33,000,000**	33,000,000

15.1 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. Professional valuation was performed on the investment properties as at 31 March 2021 by the following Incorporated Valuers.

The fair value of the Investment Property of Colombo City Holdings PLC has been determined based on the subsequently transacted price received from the buyer. The negotiations with this third-party buyer commenced near to the reporting period end and the sale took place on 3rd August 2021, the details of which are more fully explained in Note 4.4. Accordingly, The Investment Property has been classified as Held for Sale as at 31 March 2021.

15.1.1

Company	Property Location	Valuer 2021	Valuer 2020	2021	2020
Dankotuwa Porcelain PLC	Dankotuwa	FRT Valuation Services (Pvt) Ltd	Mr.S.Sivaskanth	31st March	29th February
Royal Fernwood Porcelain Ltd	Kosgama	FRT Valuation Services (Pvt) Ltd	Mr.S.Sivaskanth	31st March	29th February
Taprobane Securities (Pvt) Ltd	Kosgama	FRT Valuation Services (Pvt) Ltd	Mr. W.M Chandrasena	31st March	29th February
Ceylon Leather Products Limited	Mattakkuliya	FRT Valuation Services (Pvt) Ltd	Mr.S.Sivaskanth	31st March	29th February
Lexinton Resorts (Pvt) Ltd	Kosgoda	FRT Valuation Services (Pvt) Ltd	Sunil Fernando Associates	31st March	29th February
Ambeon Capital PLC	Sigiriya	FRT Valuation Services (Pvt) Ltd	Mr.W.M. Chandrasena	31st March	29th February

15.2 The Group has reported rental income amounting to LKR 28,651,064/- (2020 - LKR 34,325,132/-) from this investment property and incurred direct operating expenses (including repairs and maintenance) amounting to LKR 4,179,992 /- (2020 - LKR 2,177,527/-).

15.3 The significant assumptions used by the valuer in the years 2021 and 2020 are as follows.

Company	Property	Method of Valuation	Inputs used for measurement	2021 LKR	2020 LKR
Dankotuwa Porcelain PLC	Land (Dankotuwa)	Open Market Value	Per perch rate	175,000	6,000 -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
Lexinton Resorts (Pvt) Ltd	Land (Kosgoda)	Open Market Value	Per perch rate	400,000	395,000
Ambeon Capital PLC	Land (Sigiriya)	Open Market Value	Per Acre Rate	5,200,000	5,200,000
Ceylon Leather Products Limited	Land (Mattakkuliya)	Open Market value	Per perch rate	1,200,000-2,400,000	2,700,000
	Buildings (Mattakkuliya)	Replacement Cost	Per sq.ft. rate	500 - 3,000	2,500-5,000

15.3.1 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 2021 and 2020 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 2021				
Land 3,899.35 perches	Open Market value	Per perch rate	LKR 175,000	Positively correlated
As at 31 March 2020				
Land 3,899.35 perches	Open Market value	Per perch rate	LKR 6,000 - 175,000	Positively correlated
Royal Fernwood Porcelain Ltd				
As at 31 March 2021				
Land 1,753.07 perches	Open Market value	Per perch rate	LKR 70,000	Positively correlated
As at 31 March 2020				
Land 1,753.07 perches	Open Market value	Per perch rate	LKR 70,000	Positively correlated
Taprobane Securities (Pvt) Ltd				
As at 31 March 2021				
Land 1,162.5 perches	Open Market value	Per perch rate	LKR 72,500	Positively correlated
As at 31 March 2020				
Land 1,162.5 perches	Open Market value	Per perch rate	LKR 72,500	Positively correlated
Ceylon Leather Products Limited				
As at 31 March 2021				
Land 721.62 perches	Open Market value	Per perch rate	LKR 1,650,000	Positively correlated
Buildings 81,428 sqft	Replacement Cost	Per sqft. rate	LKR 500 - 2000	Positively correlated
As at 31 March 2020				
Land 765.56 perches	Open Market value	Per perch rate	LKR 2,700,000	Positively correlated
Buildings 75,010 sqft	Replacement Cost	Per sqft. rate	LKR 2,500- 5,000	Positively correlated
Lexinton Resorts (Pvt) Ltd				
As at 31 March 2021				
Land 1,373 perches	Open Market value	Per perch rate	LKR 400,000	Positively correlated
As at 31 March 2020				
Land 1,373 perches	Open Market value	Per perch rate	LKR 395,000	Positively correlated
Ambeon Capital PLC				
As at 31 March 2021				
Land 8 Acres	Open Market value	Per Acre Rate	LKR 5,200,000	Positively correlated
As at 31 March 2020				
Land 8 Acres	Open Market value	Per Acre Rate	LKR 5,200,000	Positively correlated

15.4 Valuations were obtained from independent professional valuers . The 31 March 2021 valuation contained estimates by incorporating higher estimation uncertainty due to the market disruption caused by the COVID-19 pandemic, resulting in lower transactional evidence and market yields. This clause does not invalidate the valuation but implies that there is substantially more uncertainty than under normal market conditions. Value reflected as of 31 March 2021 represents the best estimate, which meets the requirements of SLFRS-13 Fair Value Measurement.

16. INVESTMENT IN SUBSIDIARIES

COMPANY

16.1 Investment in subsidiaries

16.1.1 Ordinary shares

	Place of Principal Business	Effective Holdings		Direct Holding		No of Shares		Fair Value	
		2021	2020	2021	2020	2021	2020	2021	2020
As at 31 March		%	%	%	%	Nos.	Nos.	LKR	LKR
Heron Agro Products (Pvt) Ltd	No 10, Gothami Road, Colombo 08.	100.00	100.00	100.00	100.00	740,000	740,000	19,143,000	20,140,359
Lexinton Resorts (Pvt) Ltd	No 10, Gothami Road, Colombo 08.	100.00	100.00	100.00	100.00	229,000,000	229,000,000	528,163,000	526,877,421
Ambeon Holdings PLC	No 10, Gothami Road, Colombo 08.	81.43	81.43	81.43	81.43	290,597,377	290,597,377	7,058,154,000	8,630,584,111
								7,605,460,000	9,177,601,891

Movement of Investment in Subsidiary

	At the beginning of the year	Fair Value Gain/ (Loss)	At the end of the Year
	LKR	LKR	LKR
2021	9,177,601,891	(1,572,141,891)	7,605,460,000
2020	8,660,740,083	516,861,808	9,177,601,891

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 2021 and for 31 March 2020 by CT CLSA Capital (Pvt) Ltd

16.2 The Company uses fair valuation model of measurement for investment in subsidiary Details of investment in subsidiaries stated at fair value included below.

The subsidiaries of Ambeon Capital PLC were separately valued based on a suitable valuation methodology as at 31st March 2021.

Company	Valuation Techniques	Significant Inputs	FV Level	2020	2021	Effective date
Ambeon Holdings PLC - Group	Sum-of-the-Parts (SOTP)*	Forecasted Cash Flow	Level 3	Note 16.2.1	Note 16.2.1	31-Mar-2021
Heron Agro Products (Pvt) Ltd	Net Assets Value	-	Level 3	-	-	31-Mar-2021
Lexinton Resorts (Pvt) Ltd	Net Assets Value	-	Level 3	-	-	31-Mar-2021

* Combination of Multiple Approaches- Sum Of The Parts - (SOTP)

The SOTP method is a valuation methodology which is commonly used to value a Company operating in several industries. SOTP aggregates the independently valued business units of a Company in order to arrive at a single total equity value.

Sensitivity Analysis

Company	Weighted Average Cost of Capital	Terminal Growth Rate	2021 Effect on Profit or Loss Statement	2021 Effect on Statement of Financial Position	2020 Effect on Profit or Loss Statement	2020 Effect on Statement of Financial Position
Ambeon Holdings PLC - Group	1%		(7,030,455)	(7,030,455)	(10,045,424)	(10,045,424)
	-1%		10,803,381	10,803,381	11,236,441	11,236,441
		1%	10,306,643	10,306,643	10,745,379	10,745,379
		-1%	(7,402,824)	(7,402,824)	(10,469,101)	(10,469,101)

16.2.1 Ambeon Holdings PLC (Group) Valuation

Notably, Ambeon Capital PLC's key subsidiary, Ambeon Holdings PLC Group was valued using a SOTP approach as below:

Company	Valuation Techniques	Significant Inputs	Significant Assumption	FV Level	2021	2020	Effective date
Ambeon Holdings PLC	Net Assets Value	-	-	Level 3	-	-	31-Mar
Dankotuwa Porcelain PLC	Discounted Cashflow Method	Cash Flow Forcast	WACC*	Level 3	12.20%	19.90%	31-Mar
			Terminal Growth Rate	Level 3	3.50%	3.00%	31-Mar
Royal Fernwood porcelain Ltd	Discounted Cashflow Method	Cash Flow Forcast	WACC*	Level 3	11.60%	19.90%	31-Mar
			Terminal Growth Rate	Level 3	3.50%	3.00%	31-Mar
Millennium I.T.E.S.P. (Pvt) Ltd	Discounted Cashflow Method	Cash Flow Forcast	WACC*	Level 3	11.50%	21.82%	31-Mar
			Terminal Growth Rate	Level 3	3.50%	3.00%	31-Mar
South Asia Textiles Ltd	Discounted Cashflow Method	Cash Flow Forcast	WACC*	Level 3	11.00%	19.18%	31-Mar
			Terminal Growth Rate	Level 3	3.50%	4.00%	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

16.2.2 In light of current operational and economic conditions due to the ongoing COVID-19 pandemic, 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 his report that the value reflected as of 31 March 2021 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.

16.3 Investments in Sub Subsidiaries

		Effective Holding %			
Sub Subsidiaries	Investor	2021	2020	Principal Activity	Place of Principal Business
Lexinton Financial Services (Pvt) Ltd	Taprobane Capital Plus (Pvt) Ltd	**81.43**	81.43	Carrying out Margin Trading - No operation During the year.	No. 10, Gothami Road, Colombo 08
Ceylon Leather Products Ltd	Ambeon Holdings PLC	**81.35**	81.35	Manufacturing and selling of Leather, Leather Footwear and Leather Goods	No.64, Belummahara,Mudungoda
South Asia Textiles Ltd	Ambeon Holdings PLC	**79.53**	79.53	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	**81.35**	81.35	Manufacturing shoes for export market - Ceased Operations during the period	Spur Rd. 4, Lot 25B, Katunayake Export Promotion Zone
Dankotuwa Porcelain PLC	Ambeon Holdings PLC	**63.12**	63.12	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	**60.40**	60.40	Manufacturing and selling of porcelain tableware to export and local markets	Werellamandiya Estate, Police station road, Kosgama
Lanka Decals (Pvt) Ltd	Royal Fernwood Porcelain Ltd	**60.40**	60.40	Manufacturing Decals - No operations during the period	Werellamandiya Estate, Police station road, Kosgama
Fernwood Lanka (Pvt) Ltd	Royal Fernwood Porcelain Ltd	**60.40**	60.40	Selling of porcelain tableware to domestic market - No operations during the period	Werellamandiya Estate, Police station road, Kosgama
Colombo City Holdings PLC	Ambeon Holdings PLC	**63.21**	63.21	Renting out properties	No.505, Union Place, Colombo 02
Olancom (Pvt) Ltd	Ambeon Holdings PLC	**75.85**	75.85	Engage in networking business solutions - No operations during the period	No 10, Gothami Road, Colombo 08
Taprobane Investments (Pvt) Ltd	Taprobane Capital Plus (Pvt) Ltd	**81.43**	81.43	Money Broking	No. 10, Gothami Road, Colombo 08
Taprabane Securities (Pvt) Ltd	Taprobane Capital Plus (Pvt) Ltd	**81.43**	81.43	Share Broking	No. 10, Gothami Road, Colombo 08
Taprobane Wealth Plus (Pvt) Ltd	Taprobane Capital Plus (Pvt) Ltd	**81.43**	81.43	Corporate Finance	No. 10, Gothami Road, Colombo 08
Taprobane Capital Plus (Pvt) Ltd	Ambeon Holdings PLC	**81.43**	81.43	Investment Management	No. 10, Gothami Road, Colombo 08
Eon Tech (Pvt) Ltd	Ambeon Holdings PLC	**63.52**	63.52	Investment Holding	No. 10, Gothami Road, Colombo 09
Lexinton Holdings (Pvt) Ltd	Colombo City Holdings PLC	**63.21**	63.21	Real estate Management	No. 10, Gothami Road, Colombo 10
Millennium I.T.E.S.P (Pvt) Ltd	Eon Tech (Pvt) Ltd	**49.05**	49.05	IT Solutions	48 Sir Marcus Fernando Road, Colombo 07
DPL Trading (Pvt) Ltd	Dankotuwa Porcelain PLC	**63.12**	63.12	Retail selling of porcelain tableware to the domestic market.	Kurunegala Road, Dankotuwa

17. OTHER FINANCIAL ASSETS

	Notes	GROUP 2021 LKR	GROUP 2020 LKR	COMPANY 2021 LKR	COMPANY 2020 LKR
Non Current Investments					
Deposit with Colombo Stock Exchange		2,250,000	2,780,426	-	-
Amortized Cost	17.1	14,304,886	14,009,154	-	-
Loans and Receivables *		466,666,827	293,767,181	-	-
Impairment For Loans and Receivable **		(180,000,000)	-		-
		303,221,712	310,556,761	-	-

*Includes CHC Investments (Pvt) Ltd - Ultimate Parent - Rs. 286,257,900.00 - Terms and Conditions : Rate of interest at 9% -10.5% and AWPLR+3.5% per annum. Long term loan are receivable after 36 Months.

** As at the Reporting date loan receivable balance from Ceylon Leather Products Manufacturing (Pvt) Ltd has been fully provided based on the recoverability assessment carried out by the management.

Current Investments

	Notes	GROUP 2021 LKR	GROUP 2020 LKR	COMPANY 2021 LKR	COMPANY 2020 LKR
Amortized Cost	17.2	339,965,525	342,774,378	-	-
Fair Value through Profits or Losses	17.3.1	26,257,756	54,452,647	-	-
Fair value through OCI	17.3.2	610,828,974	557,919,141	-	-
Investment in Government Securities at amortized Cost	17.4	650,104,323	1,043,426,486	650,104,323	1,043,426,486
		1,627,156,578	1,998,572,652	650,104,323	1,043,426,486
17.1 Amortized Cost					
Investment in Government Securities		14,304,886	14,009,154	-	-
		14,304,886	14,009,154	-	-
17.2 Amortized Cost					
Current					
Bank Deposits		339,965,525	307,219,166	-	-
Commercial Paper -Other *		-	35,555,213	-	-
		339,965,525	342,774,378	-	-

*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.

17.3 Investment in Equity Securities

As at 31st March	2021 No. of Shares	2021 Cost LKR	2021 Market Value LKR	2020 No. of Shares	2020 Cost LKR	2020 Market Value LKR
GROUP						
Incorporated in Sri Lanka						
17.3.1 Fair Value through Profits or Losses						
Aitken Spence PLC	399	88,785	22,145	399	88,785	12,249
B P P L Holdings	461,281	5,419,162	6,227,294	645,100	7,578,680	7,870,220
Seylan Bank PLC	408,333	38,673,959	20,008,317	887,051	82,930,236	46,570,178
		44,181,906	26,257,756		90,597,702	54,452,647
17.3.2 Fair value through OCI						
Pan Asia Banking Corporation PLC	43,930,641	817,969,694	610,828,974	43,930,641	823,593,973	557,919,141
		817,969,694	610,828,974		823,593,973	557,919,141
Total Carrying Value of Investment		862,151,600	637,086,730		914,191,675	612,371,788

17.3.3 In previous year due to the COVID 19, factors which are indicative of an inactive market such as a significant drop in trade volumes, significant decline or absence of a market for new issuances, decrease in correlations between asset/liability values and related share price indexes and subsequent closure of the exchange for trading. Accordingly Management has determined the best indicative value the share prices reported between 31 December 2019 and 20 March 2020. As at reporting date the company has used the active market trading prices as of 31 March 2021.

17.4 Investment in Government Securities

	GROUP		COMPANY	
	2021 LKR	2020 LKR	**2021 LKR**	2020 LKR
Cost of the portfolio	**655,917,151**	1,025,373,901	**655,917,151**	1,025,373,901
Change in fair value	**(5,812,828)**	18,052,585	**(5,812,828)**	18,052,585
	650,104,323	1,043,426,486	**650,104,323**	1,043,426,486

18. INVENTORIES

		GROUP		COMPANY	
	Notes	**2021 LKR**	2020 LKR	**2021 LKR**	2020 LKR
Raw Material		**993,734,167**	938,318,265	-	-
Work in Progress/ Project in Progress		**2,232,506,165**	1,627,103,314		
Finished Goods		**1,064,759,198**	1,394,399,269	-	-
Indirect Material		**29,391,726**	31,078,685	-	-
Spare Stock		**35,881,876**	36,780,743	-	-
Consumables		**17,961,055**	19,148,951	-	-
General Stock		**15,033,659**	19,290,385	-	-
Semi Finished Goods		**160,252,210**	262,106,240	-	-
Packing Material		**30,895,039**	28,619,459	-	-
Others		**35,488,360**	17,192,102	-	-
Less : Allowance for Obsolete & Slow Moving Inventories	18.2	**(861,567,225)**	(679,173,432)	-	-
		3,754,336,230	3,694,863,981	-	-
Consumables and Spares		**157,872,907**	144,557,802	-	-
Goods Held for resale and maintenance inventory	18.1	**29,850,822**	11,942,465	-	-
Goods-In-Transit		**55,421,923**	243,569,714	-	-
		3,997,481,882	4,094,933,962	-	-
Total Inventories at the Lower of Cost and Net Realizable Value		**3,997,481,882**	4,094,933,962	-	-

18.1

Goods held for resale		**14,245,007**	-	-	-
Maintenance Inventory		**138,715,720**	132,340,394	-	-
		152,960,727	132,340,394	-	-
Provision for fall in value	18.2	**(123,109,905)**	(120,397,929)	-	-
		29,850,822	11,942,465	-	-

18.2 Allowance for Obsolete & Slow Moving Inventories

		GROUP		COMPANY	
	Notes	**2021 LKR**	2020 LKR	**2021 LKR**	2020 LKR
Balance at the beginning of the year		**799,571,361**	617,261,888	-	-
Provision/(Reversal) made during the year		**185,105,769**	182,309,473	-	-
Balance at the end of the year		**984,677,130**	799,571,361	-	-

18.3 Details of inventories pledged for borrowings are disclosed in Note 34.

18.4 The Group has identified companies with COVID-19 related revenue declines or disrupted supply chains and evaluated whether it is required to adjust the carrying value of the inventory based on customer revised delivery date and order cancellation risk. The Group has adjusted the carrying value of the inventory to reflect its net realizable value.

19. TRADE AND OTHER RECEIVABLES

		GROUP		COMPANY	
	Notes	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Trade Receivables		**5,961,849,007**	5,817,730,457	**27,428,708**	24,483,711
Interest In Suspense		**(12,230,979)**	(9,285,981)	**(12,230,979)**	(9,285,981)
Provision for Bad and Doubtful Debts	19.2	**(1,270,362,459)**	(1,312,596,316)	**(15,197,730)**	(15,197,730)
		4,679,255,569	4,495,848,159	**-**	-
Loans Granted	19.1	**29,692,406**	162,471,523	**-**	-
Other Receivables		**404,951,428**	500,853,247	**1,679,936**	41,507,080
Other Receivables - Related Parties	19.3	**-**	13,996,990	**61,739,561**	69,801,956
Provision for Bad and Doubtful Debts	19.2	**(307,727,340)**	(193,338,071)	**-**	-
		4,806,172,064	4,979,831,848	**63,419,497**	111,309,036
Advances and Prepayments		**340,606,408**	1,412,182,283	**1,112,530**	1,230,709
		5,146,778,472	6,392,014,130	**64,532,027**	112,539,745

*Details of trade debtors pledged for borrowing are disclosed in Note 34.

		GROUP		COMPANY	
		2021 LKR	2020 LKR	2021 LKR	2020 LKR
19.1 Loans Granted					
Group Companies	Relationship				
CHC Investments (Pvt) Ltd *	Ultimate Parent	**-**	139,982,367	**-**	-
Infoseek (Pvt) Ltd	Associate	**689,363**	656,111	**-**	-
Others					
Loans to Company Officers		**63,725**	81,639		
D.B. Exim (Pvt) Ltd		**19,307,143**	19,307,143	**-**	-
Ceylon Leather Products Manufactures (Pvt) Ltd **		**9,632,175**	2,444,263	**-**	-
Loans Granted - Institutions		**1,191,674**	1,191,674	**1,191,674**	1,191,674
Provision for Bad and Doubtful Debts		**(1,191,674)**	(1,191,674)	**(1,191,674)**	(1,191,674)
		29,692,406	162,471,523	**-**	-

*Terms and Conditions : Rate of interest at 9% -15% and AWPLR+3.5% per annum. Short term loans are receivable on demand.

**As at the Reporting date loan receivable balance has been fully provided considering the recoverability assessment carried out by the management.

			GROUP		COMPANY	
			2021 LKR	2020 LKR	2021 LKR	2020 LKR
19.2	**Provision for Bad and Doubtful Debts**					
	Balance as at the beginning of the year		**1,505,934,387**	1,267,001,195	**15,197,730**	15,000,000
	Provision/ (Reversal) made during the year		**72,155,413**	238,933,192	**-**	197,730
	Balance at the end of the year		**1,578,089,800**	1,505,934,387	**15,197,730**	15,197,730
19.3	**Amounts Due From Related Parties**	**Relationship**				
	Heron Agro Products (Pvt) Ltd	Subsidiary	**-**	-	**31,511,972**	27,688,880
	Taprobane Capital Plus (Pvt) Ltd	Sub Subsidiary Company	**-**	-	**15,602,832**	29,588,687
	Lexinton Resorts (Pvt) Ltd	Subsidiary Company	**-**	-	**14,624,757**	12,524,389
	Loan Given to Directors	Group Director	**-**	13,996,990	**-**	-
			-	13,996,990	**61,739,561**	69,801,956

19.4 The Group has identified companies with COVID-19 related collection related delay and evaluated whether it is required to adjust the impairment to receivables based on customer confirmation on recoverability and settlement plan. The Group is continuously monitoring the economic environment in response to the COVID-19 pandemic and is taking actions to limit its exposure from customers. Further, the risk team has also been performing more frequent reviews of the impact of the COVID-19 pandemic on the creditworthiness of the customer and each customer that was granted an extension is closely monitored for credit deterioration. Accordingly the Group has made the adequate impairment provision based on the management judgement.

20. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Cash at Bank	**508,893,018**	455,897,902	**484,702**	332,699
Cash in Hand	**40,000**	40,000	**40,000**	40,000
Short Term Investments	**324,958,182**	327,012,330	**-**	28,904,553
	833,891,200	782,950,232	**524,702**	29,277,252
Bank Overdrafts used for cash management purposes	**(1,365,360,376)**	(1,615,252,778)	**(245,911,665)**	(106,984,630)
Cash & Cash Equivalents in the statement of cash flow	**(531,469,175)**	(832,302,547)	**(245,386,963)**	(77,707,378)

21. STATED CAPITAL

	GROUP		COMPANY	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Issued Capital				
1,002,724,815 Ordinary Shares issued & fully paid	**1,053,643,405**	1,053,643,405	**1,053,643,405**	1,053,643,405

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

21.1 Other Components of Equity

	GROUP		COMPANY	
	2021 LKR	2020 LKR	**2021 LKR**	2020 LKR
Revaluation Reserves	**1,220,740,511**	1,039,067,197	**-**	-
Foreign Currency Translation Reserve	**(93,470,806)**	(152,287,913)	**-**	-
Fair Value Through Other comprehensive Income	**(170,078,769)**	(216,339,016)	**-**	-
Currency/Exchange Hedge Reserve (Note 21.2)	**(26,506,450)**	(19,080,559)	**-**	-
Amalgamation Reserve (Note 21.3)	**-**	-	**258,920,263**	258,920,263
	930,684,486	651,359,708	**258,920,263**	258,920,263

	Attributable to Equity Holders of Parent		
	Revaluation Reserves ** LKR	Foreign Currency Translation Reserve * LKR	Cashflow Hedge Reserves LKR
Beginning of the year	1,039,067,197	(152,287,913)	(19,080,559)
Revaluation Gain	181,673,315	58,817,108	(7,425,891)
	1,220,740,511	(93,470,806)	(26,506,450)

** 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 12.1.4. The result of such valuations were incorporated in the financial statements by transferring the surplus arisen thereon to the revaluation reserve.

* As at the reporting date, the assets and liabilities of the Indian Branch Operated by Dankotuwa Porcelain PLC and South Asia Textiles Limited 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.

	GROUP	
	2021 LKR	2020 LKR
Net foreign Exchange Difference		
Loss from Foreign Currency Translation during the year	**86,042,561**	156,075,551
	86,042,561	156,075,551

21.2 Cash Flow Hedge Reserve

	GROUP	
Group	**2021 LKR**	2020 LKR
Balance as at beginning of the Period	**(34,288,295)**	-
Net impact on cash flow hedge	**(14,271,328)**	(45,139,282)
Transfer to cash hedge reserve to revenue	**-**	4,374,357
	(48,559,623)	(40,764,925)
Tax on Cashflow Hedge Accounting	**2,858,556**	6,476,630
	(45,701,067)	(34,288,295)
Attributable to:		
Equity Holders of the Company	**(26,506,450)**	(19,080,559)
Non - Controlling Interests	**(22,053,173)**	(21,684,366)
	(48,559,623)	(40,764,925)

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.

21.3 Amalgamation Reserve

Ambeon Capital PLC obtained a certificate of amalgamation from the Registrar of Companies to amalgamate its wholly owned subsidiary, Taprobane Equities (Private) Limited (TEL) with effective from 30 November 2017. The effect of this amalgamation was LKR 258 Mn.

22. INTEREST BEARING LOANS AND BORROWINGS

		GROUP		COMPANY	
		2021	2020	**2021**	2020
	Notes	**LKR**	LKR	**LKR**	LKR
Repayable after one year					
Leases	22.2	**122,033,990**	142,718,242	**1,540,923**	3,258,865
Bank Loans	22.3	**2,952,596,357**	3,608,551,294	**1,909,132,000**	1,943,409,255
Loans granted by Related Parties	22.4	**-**	-	**1,245,133,320**	1,356,719,344
		3,074,630,346	3,751,269,536	**3,155,806,243**	3,303,387,464
Repayable within one year					
Loans from Non-Financial Institutions	22.1	**-**	5,069,486	**-**	5,069,486
Leases	22.2	**62,738,507**	37,801,811	**1,665,216**	1,509,554
Short Term Loan	22.5	**1,396,567,147**	2,710,875,982	**-**	-
Bank Loans	22.3	**2,338,901,646**	3,423,166,016	**752,169,458**	1,078,597,383
Loans granted by Related Parties	22.4	**5,739,310**	5,739,310	**102,255,525**	961,543
Bank Overdrafts		**1,365,360,376**	1,615,252,778	**245,911,665**	106,984,630
		5,169,306,986	7,797,905,383	**1,102,001,865**	1,193,122,596
		8,243,937,332	11,549,174,920	**4,257,808,108**	4,496,510,059

22.1 Loans from Non-Financial Institutions

Repayable within one year	As at 01.04.2020 LKR	Loans Write off LKR	Repayments LKR	Interest payable LKR	As at 31.03.2021 LKR
GROUP					
ASR Holdings (Pvt) Ltd	5,069,486	-	(5,600,389)	530,903	-
	5,069,486	-	(5,600,389)	530,903	-
COMPANY					
ASR Holdings (Pvt) Ltd	5,069,486	-	(5,600,389)	530,903	-
	5,069,486	-	(5,600,389)	530,903	-

22.2 Liabilities - Right to Use Assets

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date 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 2021.

GROUP

Lease liabilities

	As at 01.04.2020 LKR	Changes to Lease LKR	Interest LKR	Repayment LKR	As at Exchange LKR	31.03.2021 LKR
Right to Use Liabilities	180,520,053	51,719,674	22,567,992	(69,051,638)	(983,585)	184,772,496
	180,520,053	51,719,674	22,567,992	(69,051,638)	(983,585)	184,772,496

Company

Right to Use Liabilities

	01.04.2020 LKR	Adjustments for lease agreements change LKR	Interest LKR	Repayment LKR	31.03.2021 LKR
Right to Use Liabilities	4,768,419	(60,735)	470,446	(1,971,991)	3,206,139
	4,768,419	(60,735)	470,446	(1,971,991)	3,206,139

Group	2021 Within I Year LKR	2021 After I Year LKR	2021 Total LKR	2020 Within I Year LKR	2020 After I Year LKR	2020 Total LKR
Gross Liability	79,332,721	176,066,853	255,399,574	59,824,585	212,856,015	272,680,600
Finance Charges allocated to future periods	(16,594,215)	(54,032,863)	(70,627,077)	(22,022,774)	(70,137,773)	(92,160,547)
Net liability	62,738,507	122,033,990	184,772,497	37,801,811	142,718,242	180,520,053

Company	2021 Within I Year LKR	2021 After I Year LKR	2021 Total LKR	2020 Within I Year LKR	2020 After I Year LKR	2020 Total LKR
Gross Liability	1,947,965	1,623,304	3,571,269	1,980,000	3,630,000	5,610,000
Finance Charges allocated to future periods	(282,749)	(82,381)	(365,130)	(470,446)	(371,135)	(841,581)
Net liability	1,665,216	1,540,923	3,206,139	1,509,554	3,258,865	4,768,419

22.2.1 This represents the lease arrangement between Board of Investment of Sri Lanka and South Asia Textiles Limited, with a remaining lease period of 33 years , rented showrooms and office premises lease liabilities as per the SLFRS 16.

22.2.2 Right to Use Assets are shown under Note 28.1

22.3 Bank Loans

GROUP	At the Beginning of the Year LKR	Loans Obtained LKR	Repayment LKR	Accrued Interest LKR	Exchange Gain / Loss LKR	At The End of the year LKR
2021	7,031,717,310	285,840,283,730	(287,736,531,545)	138,119,923	17,908,584	5,291,498,002
2020	6,274,217,041	262,995,538,776	(262,655,438,690)	302,125,997	115,274,186	7,031,717,310

	2021	2020
Repayable after one year	2,952,596,357	3,608,551,294
Repayable within one year	2,338,901,646	3,423,166,016

COMPANY	At the Beginning of the Year LKR	Loans Obtained LKR	Repayment LKR	Accrued Interest LKR	Exchange Gain / Loss LKR	At The End of the year LKR
2021	3,022,006,637	282,354,605,176	(282,715,310,355)	-	-	2,661,301,458
2020	3,099,924,931	256,433,000,000	(256,624,996,458)	114,078,164	-	3,022,006,637

	2021	2020
Repayable after one year	1,909,132,000	1,943,409,255
Repayable within one year	752,169,458	1,078,597,383

22.4 Loans Payable to Related Parties

	Interest rate	Repayment Terms	GROUP 2021 LKR	GROUP 2020 LKR	COMPANY 2021 LKR	COMPANY 2020 LKR
Mr.Eric Wikramanayake	13.50%	On Demand	**5,739,310**	5,739,310	**-**	-
Taprobane Investments (Pvt) Ltd	9.01%	On Demand	**-**	-	**210,992,209**	175,231,429
Taprobane Securities (Pvt) Ltd	9.01%	On Demand	**-**	-	**184,832,675**	259,718,319
Lexinton Holdings (Pvt) Ltd	9.01%	On Demand	**-**	-	**263,115,792**	224,298,167
Taprobane Wealth Plus (Pvt) Ltd	9.01%	On Demand	**-**	-	**4,481,325**	4,233,320
Ambeon Holdings PLC	10.51%, 9.92%	On Demand	**-**	-	**390,622,488**	344,238,059
Millennium I.T.E.S.P. (Pvt) Ltd	10.51%	On Demand	**-**	-	**189,709,807**	168,330,018
South Asia Textiles Limited	10.51%	On Demand	**-**	-	**103,634,550**	181,631,575
			5,739,310	5,739,310	**1,347,388,845**	1,357,680,887
Repayable after one year			**-**	-	**1,245,133,320**	1,356,719,344
Repayable within one year			**5,739,310**	5,739,310	**102,255,525**	961,543
			5,739,310	5,739,310	**1,347,388,845**	1,357,680,887

Details of the relationships are given in note 32.

22.4.1 Repayable to related parties

Repayable to related parties	Group	Company
Balance as at 01.04.2020	**5,739,310**	1,357,680,887
Loan Obtained	**-**	281,989,942
Loan Repayment	**-**	(442,759,577)
Accrued Interest	**-**	151,439,136
C/A Settlement		(961,543)
Balance as at 31.03.2021	**5,739,310**	1,347,388,845

22.5 Short Term Loans

GROUP	At the Beginning of the Year LKR	Loans Obtained LKR	Repayment LKR	Exchange Gain / Loss LKR	Accrued Interest LKR	At The End of the year LKR
2021	2,710,875,982	4,037,258,295	(5,379,502,264)	21,183,243	6,751,892	1,396,567,147
2020	1,645,628,275	6,709,000,836	(5,773,165,744)	110,106,394	19,306,221	2,710,875,982

22.5.1

Company	Lender/rate of interest (p.a.)	2021 LKR	2020 LKR	Repayment	Security
South Asia Textiles Ltd	People's Bank				
	- Trust Receipt Loans (2.75% p.a + 3 months LIBOR with a Floor rate of 4.25% p.a.)	-	573,141,678	within a period of 90 days	Machineries, Leasehold Building and Inventory were pledged as security.
	Seylan Bank PLC				
	Revolving Import Loans (3 months LIBOR + 2.8% p.a with a floor rate of 4% p.a)	223,700,751	425,515,292	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	169,299,056	within a period of 90 days	Machineries, Leasehold Building and Inventory were pledged as security.
	DFCC Vardhana Bank				
	- Import/Export Finance Loan (1 month LIBOR + 2.75% p.a)	377,489,815	553,616,799	within a period of 120 days	Machineries, Leasehold Building and Inventory were pledged as security.
	Sampath Bank				
	Import/Export Finance Loan (3 months LIBOR +3.25%)	2,118,997	-		
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
Ceylon Leather Products Limited	Bank of Ceylon	-			
	- STL (AWPLR+1.75% p.a)		110,137,318	within a period of 150 days	Inventory and book debt were pledged
	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
Milleninum I.T.E.S.P (Pvt) Ltd	Seylan Bank PLC				
	STL-One month AWPLR + 2% per annum	501,622,268	375,104,194	Bullet Payment (interest to be serviced monthly)	Corporate guarantee from Ambeon Holding PLC
	- Short Term Loan (Month AWPLR+ 2.35% p.a)	-	504,061,644		
		1,396,567,147	2,710,875,982		

* For further details on Asset pledged refer Note 34.

22.5.2 Terms and Conditions

Company	Lender/rate of interest (p.a.)	2021	2020	Repayment	Security
		LKR	LKR		
Ambeon Capital PLC	National Development Bank PLC - (AWPLR +2%)	220,000,000	276,657,534	05 year term loan with One Year Grace period for Capital Re payment	Primary mortgage over 594 Perch freehold property in Hiddaruwa, Balapitiya held by Lexinton Resorts (Pvt) Ltd.
	National Development Bank PLC - Term- Loan (AWPLR weekly +1.3%)	1,000,000,000	-	05 year term loan with 10 months Grace period for Capital Re payment	145,000,000 Number of shares of Ambeon Holdings PLC
	Seylan Bank PLC - 5.25%	482,969,458	937,908,390	Due on accepted date	Related treasury bond
	Seylan Bank PLC - Term- Loan (AWPLR +2.5%)	958,332,000	958,332,000	05 year term loan with One Year Grace period for Capital Re payment	112,790,122 Number of shares of Ambeon Holdings PLC
	Pan Asia Banking Corporation PLC - Term Loan 14.5 %	-	849,108,713	04 year term loan with One Year Grace period for Capital Re payment	177,807,255 Number of shares of Ambeon Holdings PLC
Royal Fernwood Porcelain Ltd	Hatton National Bank PLC				
	-Term loan USD (LIBOR + 4.5%)	180,995,312	204,304,345	83 Equal monthly Instalments of Rs. 20,833/-	Primary mortgage bond over immovable property in the factory at Kosgama
	- Term loan LKR (AWPLR + 3.0% p.a.)	12,674,000	15,671,000	83 Equal monthly Instalments of Rs.333,000/	
	- Packing Credit loan - USD (AWPLR+2%)	13,153,392	69,367,655	Settlements Through sales proceeds	Primary mortgage bond over immovable property in the factory at Kosgama
	- Import loan USD (AWPLR+2%)	43,776,276	12,592,341	Settlements Through sales proceeds	
	- Import loan - EUR (AWPLR + 2%)	54,325	8,755,922	Settlements Through sales proceeds	Secondary mortgage bond over land & building at Kosgama for Rs.40Mn
	- Packing Credit loan - LKR (AWPLR+2%)	-	34,030,191	Settlements Through sales proceeds	
	- Import loan LKR (AWPLR+1.5% and LIBOR + 3.5%)	14,516,178	-	Settlements Through sales proceeds	
	Peoples Bank				
	Packing credit loan - USD	10,952,273	12,291,503	90 days from the loan granted	Corporate guarantee of Parent company - Ambeon Holdings PLC and Title of goods shipped and indemnity of the company
	- Packing Credit Loan - LKR	13,689,994	-	90 days from the loan granted	

Company	Lender/rate of interest (p.a.)	2021	2020	Repayment	Security
		LKR	LKR		
	DFCC Bank PLC				
	- Import loan (AWPLR +1.5%)	16,973,286	65,791,542	120 days from the loan granted	Primary mortgage for Rs. 200,000,000/- or Dollars up to a limit of USD 1,250,000 as the case may be over stocks kept/ to and book debts of the company together with in favor of the bank
	- Packing Credit Loan - USD (LIBOR+3.5%)	6,020,792	140,121,753	120 days from the loan granted	
	- Packing credit loan EUR	-	6,728,445	120 days from the loan granted	
	- STL Loan	112,958,911	-	120 days from the loan granted	
	- Term Loan	20,000,000	-	24 Months	
	- Packing Credit Loan - LKR	7,868,728	-	120 days from the loan granted	
South Asia Textiles Limited					
	Sampath Bank PLC				Machineries, Leasehold Building and Inventory
	Term loan - 1 (4 % p.a + 3 Months LIBOR with a Floor rate of 4.75% p.a.)	-	9,241,970	Monthly LKR 2,050,747	
	Nations Trust Bank PLC				
	Term loan - 3 (3 .5% p.a + 3 Months LIBOR with a Floor rate of 4.5% p.a.)	125,637,883	174,791,366	Monthly LKR 4,910,848	
	Term loan - 3 (3 .5% p.a + 3 Months LIBOR with a Floor rate of 4.5% p.a.)	134,078,390	166,035,288	Monthly LKR 3,858,535	
	People's Bank				
	- Term loan - 2 (4 .5% p.a + 6 Months LIBOR with a Floor rate of 5.25% p.a.)	28,375,860	179,464,950	Monthly LKR 12,291,010	
Dankotuwa Porcelain PLC	Sampath Bank PLC				
	- Packing credit loan (AWPLR+2.0% p.a)	-	28,155,116	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%)	-	50,345,985		
	- Overdraft facility (AWPLR +2.0% p.a)	105,000,000	10,000,000		
	Pan Asia Banking Corporation PLC				
	- Packing credit loan (3 months LIBOR+4.% subject to minimum	79,163,315	110,679,071	Maximum 4 months	Mortgage bond for US $ 1,000,000 over stocks and book debts for the value of 1.5 times of the facility.
	Term Loan	26,675,112	-	Maximum 4 months	
	DFCC Bank PLC				

Company	Lender/rate of interest (p.a.)	2021 LKR	2020 LKR	Repayment	Security
	- Short term loan (AWPLR+1.25%p.a)	40,487,920	128,357,237	Maximum 3months	Mortgage bond for Rs 80,000,000 over stocks and book debts for the value of 1.5 times of the facility.
	- Packing Credit loans (3 months LIBOR+3.25% subject to minimum	-	40,000,000	Maximum 4 months	
	People's Bank				
	- Term loan - (4 % p.a.)	25,000,000	-	24 months	Corporate Gurantee of Ambeon Hlodings PLC
	NDB Bank				Primary Mortgage over Factory premises Situated in Dankotuwa for LKR 400,000,000/-
	- STL Loan (AWPLR+1.25% p.a.)	196,561,940	-	Maximum 3 Months	
	Bank of Ceylon				
	- Packing credit loan (AWPLR+2.0% p.a)	-	73,069,241	Maximum 3 Months	Floating hypothecation over stocks and book debts of the company
Ambeon Holdings PLC	Seylan Bank PLC				
	Tern loan 1 (01 Month AWPLR + 2.5%)	400,000,000	400,000,000	12 quarterly equal installments of LKR 100 Mn each	Quoted Shares
	Term loan - 2 (01 Month AWPLR + 3.0%)	175,000,000	175,000,000	12 quarterly equal installments of LKR 25 Mn each	
	People's Bank				
	Term Loan (1W AWPLR+2.5%)	312,360,000	562,440,000	36 Monthly installments	Unquoted Shares
	Sampath bank				
	Term Loan (1W AWPLR+2.5%)	257,800,000	263,400,000	60 Monthly installments	Property lot B plan no 184/2001
Millennium I.T.E.S.P (Pvt) Ltd	The Hongkong and Shanghai Banking Corporation Limited				
	- Import Finance loan (Tenor linked COF+2.5% per annum)	51,924,328	746,508,348	Within 180 Days	Mortgage over Inventory and Debtors
	- Long Term loan (Tenure linked COF+2.5% per annum)	130,798,327	248,609,662	Within 180 Days	
	Seylan Bank PLC				
	- Import Finance loan (Month AWPLR+ 1% p.a)	87,700,000	35,568,757	Within 180 Days	Corporate Guarantee of Lanka Century Investments PLC for LKR 2.0 Bn
	DFCC Bank PLC				
	- Import Finance loan (Weekly AWPLR+ 1.5% p.a)	-	38,388,985	Within 180 Days	-
		5,291,498,002	7,031,717,310		

For further details on Asset pledged refer Note 34.

23. RETIREMENT BENEFIT OBLIGATION

			Notes	GROUP 2021 LKR	GROUP 2020 LKR	COMPANY 2021 LKR	COMPANY 2020 LKR
	Present value of unfunded gratuity			571,748,786	442,666,690	-	-
				571,748,786	442,666,690	-	-
23.1	**Provision for Retiring Gratuity**						
	Balance at the beginning of the year			442,666,691	400,791,670	-	-
	Current service cost			58,544,393	44,121,875	-	-
	Interest cost			44,302,429	41,855,893	-	-
	Actuarial losses/(gains)		23.3	88,408,079	26,074,043	-	-
	Business Disposal during the year			-	(34,270,652)	-	-
	Exchange Adjustment			754,320	1,304,236	-	-
	Payment made during the year			(62,927,127)	(36,074,143)	-	-
	Employee Transfer gain			-	(1,136,232)	-	-
	Balance at the end of the year			571,748,786	442,666,691	-	-
23.2	**Expenses recognized in Profit & Loss**						
	Current service cost			58,544,393	44,121,875	-	-
	Interest cost			44,302,429	41,855,893	-	-
				102,846,822	85,977,768	-	-
23.3	**Expenses recognized in Other Comprehensive Income**						
	Actuarial losses/(gains)			88,408,079	26,074,043	-	-
				88,408,079	26,074,043	-	-

23.4 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 benefit payable was carried out as at March 31, 2021 by Actuarial & Management Consultants (Pvt) Ltd .

23.5 Principal actuarial assumptions used are as follows :

	Group 2021	Group 2020
Discount Rate	**7.00%**	10.00%
Salary Increment rates used	**7.00%**	7.00%
Staff Turnover Rate	**5.00%**	5.00%
Retirement Age	**55 Years**	55 Years

23.6 Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would affected the defined benefit obligation by the amounts shown below.

	Group		Company	
	2021 LKR	2020 LKR	**2021 LKR**	2020 LKR
Discount Rate - (1% Increase)	**(38,351,671)**	(24,932,914)	**-**	-
Discount Rate - (1% Decrease)	**43,800,882**	20,232,837	**-**	-
Salary Increment Rate - (1% Increase)	**44,360,834**	24,249,198	**-**	-
Salary Increment Rate - (1% Decrease)	**(39,582,543)**	(29,203,410)	**-**	-

23.7 Maturity Profile of the Retirement Benefit Plan

	Group		Company	
	2021 LKR	2020 LKR	**2021 LKR**	2020 LKR
Within Next 12 Months	**59,494,526**	58,592,397	**-**	-
Between 1 - 2 Years	**102,557,910**	75,484,195	**-**	-
Between 2 - 5 Years	**125,696,879**	114,020,925	**-**	-
Between 5- 10 Years	**126,384,539**	103,218,220	**-**	-
Beyond 10 years	**157,614,932**	91,350,953	**-**	-
	571,748,786	442,666,690	**-**	-

24. CONTRACT LIABILITY -SERVICE AGREEMENTS

	Group	
	2021 LKR	2020 LKR
Balance at the beginning of the year	**924,172,960**	706,864,079
Deferred During the year	**1,114,781,310**	908,427,192
Transferred to revenue during the year	**(906,665,463)**	(691,118,311)
Balance at the end of the year	**1,132,288,807**	924,172,960

24.1 Revenue from Contract Liability is recognized periodically throughout the service agreement period entered between Millennium I.T.E.S.P (Pvt) Ltd and service clients and expected to be completed in year 2021/22.

25. DEFERRED TAX

	Notes	GROUP		COMPANY	
		2021 LKR	2020 LKR	2021 LKR	2020 LKR
Deferred Tax Asset					
Balance as at the beginning of the year		81,878,408	160,761,323	-	15,580,670
Recognized in profit or loss		33,260,146	(62,859,277)	-	(17,531,861)
Transfer from/(to) Equity statement		7,610,045	3,864,586	-	-
Transfers between Deferred Tax Liability and (Asset)		-	(19,888,224)	-	1,951,191
Balance as at the end of the year		122,748,599	81,878,408	-	-
Deferred Tax Liability					
Balance as at the beginning of the year		786,304,861	810,764,286	1,951,191	-
Business Acquisition/ (Disposal)		-	(16,615,481)	-	-
Exchange Equalization Reserve		(7,620,837)	(21,832,534)	-	-
Recognized in profit or loss		(30,420,646)	(70,849,762)	93,878	-
Recognized in other comprehensive income		(152,715,684)	111,657,645	-	-
Impairment Provision		-	(5,585,005)	-	-
Transfers between Deferred Tax Liability and Asset		-	(21,234,289)	-	1,951,191
Balance as at the end of the year		595,547,694	786,304,861	2,045,069	1,951,191
Net Deferred Tax Asset / (Liability)		(472,799,094)	(704,426,452)	(2,045,069)	(1,951,191)
25.1 Transfer from/(to) Statement of Profit or Loss					
Transfer from accelerated depreciation and others	10	78,922,466	38,715,968	(93,878)	(17,531,861)
		78,922,466	38,715,968	(93,878)	(17,531,861)
Transfer from/(to) Other Comprehensive Income					
Tax on Revaluation Gain		155,385,816	(68,703,209)	-	-
Tax on Actuarial Loss on Retirement Benefit Plan		14,148,186	5,943,476	-	-
Tax on Cashflow Hedge Accounting		2,858,556	6,476,630	-	-
Tax on Functional currency translation difference		(12,066,828)	(21,832,534)	-	-
Foreign currency Translation impact with values		160,325,729	(78,115,638)	-	-
Foreign currency Translation impact		(7,620,837)	(15,023,819)		
Composition of deferred tax assets/ (liabilities) as follows;					
Accelerated Depreciation and Amortization for Tax purposes		(660,066,342)	(455,475,973)	29,545	(5,126)
Retirement Benefit Liability		98,625,120	85,129,222	-	-
Fair Valuation of investment in subsidiaries		-	-	(1,474,624)	(1,346,065)
Fair Value of Land and Buildings		(305,501,191)	(971,287,089)	(600,000)	(600,000)
Losses available for offset against future Taxable Income		147,259,428	409,000,029	-	-
Provision for Debtors		56,504,600	65,924,878	-	-
Provision for Inventory		133,551,369	113,009,505	-	-
Others*		56,827,922	49,272,976	-	-
		(472,799,094)	(704,426,452)	(2,045,069)	(1,951,192)

The above deferred tax asset arising from carried forward tax losses has been determined based on a financial budget approved by senior management to the extent of sufficient taxable profit are available.

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 4,010 Mn has not been recognized as the management is not certain whether there will be sufficient taxable profit to be utilized.

*"Others" represent Deferred Tax Asset/Liability recognised on provision for other claims and liabilities related provisions and exchange reserve.

26. TRADE AND OTHER PAYABLES

		Group		Company	
		2021 LKR	2020 LKR	**2021 LKR**	2020 LKR
Trade Payables		**3,829,818,403**	2,217,821,406	**-**	-
Other Payables*		**816,921,991**	372,217,524	**-**	-
Employee Share Appreciation Rights (ESAR)	27.2	**-**	41,821,436	**-**	41,821,436
Payable Related to On Going Project		**938,175,186**	715,268,384	**-**	-
Sundry Creditors Including Accrued Expenses		**406,901,912**	585,282,002	**914,012**	1,546,871
		5,991,817,493	3,932,410,751	**914,012**	43,368,307

Sundry creditors including accrued expenses : Includes statutory payments, other payable, accrual expenses and other creditors.
* Corporate Guarantee given on behalf of Ceylon Leather products Manufactures (Pvt) Ltd by Ambeon Holdings PLC has been provisioned at the Reporting date.

27. OTHER FINANCIAL LIABILITIES

		Group		Company	
		2021 LKR	2020 LKR	**2021 LKR**	2020 LKR
Preference Shares	**27.1**	**968,906**	944,966	**-**	-
Employee Share Appreciation Rights (ESAR)	**27.2**	**-**	20,965,777	**-**	20,965,777
		968,906	21,910,743	**-**	20,965,777

27.1 Preference Shares

	No. of Shares	Group		Company	
		Carrying Value 2021 LKR	Carrying Value 2020 LKR	**Carrying Value 2021 LKR**	Carrying Value 2020 LKR
Financial Liabilities at amortized cost					
Preference Shares	**170,625**	**968,906**	944,966	**-**	-
		968,906	944,966	**-**	-

27.1.2 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

27.2 Employee Share Appreciation Rights (ESAR)

Group CEO receives benefits in the form of Share based payments, whereby, he renders services to increase performance of the Group. Liability is recognized for the fair value of cash settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognized in employee benefit expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using the binomial model.

Granting of the variable ESAR will be dependent on the achievement of pre-determined performance target.

Movement In the Year

	Group				Company			
	Repayable after one year		Repayable within one year		Repayable after one year		Repayable within one year	
	2021 LKR	2020 LKR	**2021 LKR**	2020 LKR	**2021 LKR**	2020 LKR	**2021 LKR**	2020 LKR
Outstanding at the beginning of the year	**-**	20,965,777	**62,787,213**	41,821,436	**-**	20,965,777	**62,787,213**	41,821,436
Payment during the Year	**-**	-	**(59,841,000)**	-	**-**	-	**(59,841,000)**	-
Adjustments	**-**	-	**(2,946,213)**	-	**-**	-	**(2,946,213)**	-
Outstanding at the end of the year	**-**	20,965,777	**-**	41,821,436	**-**	20,965,777	**-**	41,821,436

27.3 Share based scheme was fully redeemed during the year upon resignation of Group Managing Director

28. RIGHT OF USE ASSETS

Right of use assets

The Group recognizes right of use assets when the underlying asset is available for use. Right of use assets are measured at cost less 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 recognized, 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 recognized 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.

28.1 Right to Use Assets

Group	As At 31.03.2020 LKR	Adjustments & Reassessment LKR	Transfers LKR	Amortization LKR	Exchange Impact LKR	As At 31.03.2021 LKR
Right to Use Asset - Building	120,274,775	24,106,283	27,273,582	(50,628,994)	-	121,025,646
Right to Use Asset - Land	28,065,749	-	-	(1,072,153)	940,530	27,934,126
	148,340,524	24,106,283	27,273,582	(51,701,147)	940,530	148,959,772
Right to Use Asset Motor Vehicle	8,623,478	-	-	(1,617,270)	-	7,006,208
	156,964,002	24,106,283	27,273,582	(53,318,417)	940,530	155,965,980

Security: Absolute ownership of the assets under lease will be with the lessor until the expiration of the lease period.

Company	As At 31.03.2020 LKR	Reassessment of SLFRS 16 LKR	Amortization LKR	As At 31.03.2021 LKR
Right to Use Asset - Building	4,690,705	(44,346)	(1,634,330)	3,012,029
	4,690,705	(44,346)	(1,634,330)	3,012,029

28.2 This represents the lease arrangement for rented showrooms and office premises as per the SLFRS 16.

28.3 In determining the Right of Use Assets, the Group has assessed the impact of the Pandemic. Accordingly the Group does not foresee any impairment of right of use assets due to the COVID-19 pandemic.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.

28.4 Lease liabilities are shown under Note 22.2

29. INVESTMENT IN EQUITY ACCOUNTED INVESTEE

Group

The Group's interest in Infoseek (Private) Limited is accounted for using the equity method in the Consolidated Financial Statements up to the disposal date. The following table illustrates the summarized Financial Information of the Group's investment in Infoseek (Private) Limited.

	2021 LKR	2020 LKR
Opening Balance	11,929,544	-
Investment in Ordinary Shares	-	10,000,000
Investment in Convertible Debt	-	5,000,000
Share of result of equity accounted investee	229,296	(3,070,456)
	12,158,840	11,929,544

Summarized Financial Information	2021 LKR Investment	2020 LKR Investment
The Associate's Statement of Financial Position		
Total Assets	28,007,420	10,239,538
Total Liabilities	(35,703,483)	(18,157,784)
Equity	(7,696,062)	(7,918,246)
Carrying amount of the investment	(1,924,015)	(1,979,545)
Share of the Associate's Revenue and Profit		
Revenue	36,854,089	29,843,790
Profit/(Loss)	917,184	(12,281,923)
Share of Profit/(Loss) for the Year	229,296	(3,070,457)

29.1 Equity Reconciliation

	Group	
	2021 LKR	2020 LKR
Un-Quoted		
Infoseek (Private) Limited	**24.9%**	24.9%
Carrying amount as at the beginning of the year	**11,929,544**	-
Investment Made During the Year	**-**	15,000,000
Share of Profit/(Loss) of Equity accounted Investee After Tax	**229,296**	(3,070,456)
Total Comprehensive Income	229,296	(3,070,456)
Carrying amount as at the end of the year	**12,158,840**	11,929,544

Place of Principal Business: No 48 Chitra Lane, Colombo 05

30. ASSETS AND LIABILITIES

30.1 Accounting Classification and Fair Values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

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 09.

GROUP

		Carrying Amount LKR		
31 March 2021	Notes	Fair value through P&L	Fair value through OCI	Amortized Cost
Financial Assets and Non Financial Assets measured at fair value				
Investment in Quoted Securities	17.3	26,257,756	610,828,974	-
Investment in Government Securities	17.4	650,104,323	-	-
Investment Property	15	-	-	-
Property Plant and Equipment	12	-	-	-
Biological Assets	14	-	-	-
		676,362,078	610,828,974	-
Financial Assets not measured at fair value				
Investment in Government Securities	17.1	-	-	14,304,886
Bank Deposits	17.2	-	-	339,965,525
Trade Receivables	19	-	-	4,806,172,064
Cash & Cash Equivalents	20	-	-	833,891,200
		-	-	5,994,333,675
Financial Liabilities not measured at fair value				
Finance Leases	22.2	-	-	-
Bank Loans	22.3	-	-	-
Loans granted by Related Parties	22.4	-	-	-
Short Term Loan	22.5	-	-	-
Trade and Other Payables	26	-	-	-
Bank Overdraft	20	-	-	-
		-	-	-

The carrying amount of cash and bank balances are approximate fair values due to the relatively short maturity of the financial instruments.

For other receivables the carrying value has been considered as the fair value due to uncertainty of the timing of the cash flows.

		Fair Value LKR			
Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
-	637,086,730	637,086,730	-	-	637,086,730
-	650,104,323	650,104,323	-	-	650,104,323
-	-	-	-	2,589,543,212	2,589,543,212
-	-	-	-	2,024,529,640	2,024,529,640
-	-	-	-	55,581,950	55,581,950
-	1,287,191,052	1,287,191,052	-	4,669,654,802	5,956,845,854
-	14,304,886	-	-	-	-
-	339,965,525	-	-	-	-
-	4,806,172,064	-	-	-	-
-	833,891,200	-	-	-	-
-	5,994,333,675	-	-	-	-
184,772,497	184,772,497	-	-	-	-
5,291,498,002	5,291,498,002	-	-	-	-
5,739,310	5,739,310	-	-	-	-
1,396,567,147	1,396,567,147	-	-	-	-
4,646,740,394	4,646,740,394	-	-	-	-
1,365,360,376	1,365,360,376	-	-	-	-
12,890,677,727	12,890,677,727	-	-	-	-

30. FINANCIAL ASSETS AND LIABILITIES (Contd...)

31 March 2020	Notes	Fair value through P&L	Fair value through OCI	Amortized Cost
Financial Assets and Non Financial Assets measured at fair value				
Investment in Quoted Securities	17.3	54,452,647	557,919,141	-
Investment in Government Securities	17.4	1,043,426,486	-	-
Investment Property	15	-	-	-
Property Plant and Equipment	12	-	-	-
Biological Assets	14	-	-	-
		1,097,879,132	557,919,141	-
Financial Assets not measured at fair value				
Investment in Government Securities	17.1	-	-	14,009,154
Bank Deposits	17.2	-	-	307,219,166
Trade Receivables	19	-	-	4,979,831,848
Investment in Commercial Papers	17.2	-	-	35,555,213
Cash & Cash Equivalents	20	-	-	782,950,232
		-	-	6,119,565,612
Financial Liabilities not measured at fair value				
Employee Share Appreciation Rights (ESAR)	27.2	-	-	-
Loans from Non-Financial Institutions	22.1	-	-	-
Finance Leases	22.2	-	-	-
Bank Loans	22.3	-	-	-
Loans granted by Related Parties	22.4	-	-	-
Short Term Loan	22.5	-	-	-
Trade and Other Payables	26	-	-	-
Bank Overdraft	20	-	-	-

The carrying amount of cash and bank balances are approximate fair values due to the relatively short maturity of the financial instruments.

Carrying values of financial liabilities have been considered as the fair value, due to uncertainty of the timing of the cash flow.

Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
-	612,371,788	-	612,371,788	-	612,371,788
-	1,043,426,486	1,043,426,486	-	-	1,043,426,486
-	-	-	-	4,405,315,025	4,405,315,025
-	-	-	-	1,950,809,641	1,950,809,641
-	-	-	-	51,167,075	51,167,075
-	1,655,798,273	1,043,426,486	612,371,788	6,407,291,741	8,063,090,015
-	14,009,154	-	-	-	-
-	307,219,166	-	-	-	-
-	4,979,831,848	-	-	-	-
-	35,555,213	-	-	-	-
-	782,950,232	-	-	-	-
-	6,119,565,612	-	-	-	-
20,965,777	20,965,777	-	-	-	-
5,069,486	5,069,486	-	-	-	-
180,520,053	180,520,053	-	-	-	-
7,031,717,310	7,031,717,310	-	-	-	-
5,739,310	5,739,310	-	-	-	-
2,710,875,982	2,710,875,982	-	-	-	-
2,590,038,929	2,590,038,929	-	-	-	-
2,590,038,929	2,590,038,929	-	-	-	-
14,160,179,626	14,160,179,626	-	-	-	-

30.2 Accounting Classification and Fair Values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

COMPANY

		Carrying Amount LKR		
31 March 2021	Notes	Fair value through P&L	Fair value through OCI	Amortized Cost
Financial Assets measured at fair value				
Investment in Government Securities	17.4	650,104,323	-	-
Investment in subsidiaries	16	-	-	-
Investment Property	15	-	-	-
		650,104,323	-	-
Financial Assets not measured at fair value				
Trade Receivables	19	-	-	63,419,497
Cash & Cash Equivalents	20	-	-	524,702
		-	-	63,944,199
Financial Liabilities not measured at fair value				
Bank Loans	22.3	-	-	-
Loans granted by Related Parties	22.4	-	-	-
Bank Overdraft	20	-	-	-
		-	-	-

Investment in subsidiaries fair valuation does not include subsidiary valued at net book value basis.

The carrying amount of cash and bank balances are approximate fair values due to the relatively short maturity of the financial instruments.

For other receivables the carrying value has been considered as the fair value due to uncertainty of the timing of the cash flows.

		Fair Value LKR			
Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
-	650,104,323	650,104,323	-	-	650,104,323
-	-	-	-	7,605,460,000	7,605,460,000
-	-	-	-	33,000,000	33,000,000
-	650,104,323	650,104,323	-	7,638,460,000	8,288,564,323
-	63,419,497	-	-	-	-
-	524,702	-	-	-	-
-	63,944,199	-	-	-	-
2,661,301,458	2,661,301,458				
1,347,388,845	1,347,388,845	-	-	-	-
245,911,665	245,911,665	-	-	-	-
4,254,601,968	4,254,601,968	-	-	-	-

30. FINANCIAL ASSETS AND LIABILITIES (Contd...)

31 March 2020	Notes	Fair value through P&L	Fair value through OCI	Amortized Cost
Financial Assets measured at fair value				
Investment in Government Securities	17.4	1,043,426,486	-	-
Investment in subsidiaries	16	-	-	-
Investment Property	15	-	-	-
		1,043,426,486	-	-
Financial Assets not measured at fair value				
Trade Receivables	19	-	-	111,309,036
Cash & Cash Equivalents	20	-	-	29,277,252
		-	-	140,586,288
Financial Liabilities not measured at fair value				
Employee Share Appreciation Rights (ESAR)	27.2	62,787,213	-	-
Loans from Non-Financial Institutions	22.1	-	-	-
Bank Loans	22.3	-	-	-
Loans granted by Related Parties	22.4	-	-	-
Bank Overdraft	20	-	-	-
		62,787,213	-	-

Investment in subsidiaries fair valuation does not include subsidiary valued at net book value basis.

The carrying amount of cash and bank balances are approximate fair values due to the relatively short maturity of the financial instruments.

For other receivables the carrying value has been considered as the fair value due to uncertainty of the timing of the cash flows.

Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
-	1,043,426,486	1,043,426,486	-	-	1,043,426,486
-	-	-	-	9,177,601,891	9,177,601,891
-	-	-	-	33,000,000	33,000,000
-	1,043,426,486	1,043,426,486	-	9,210,601,891	10,254,028,377
-	111,309,036	-	-	-	-
-	29,277,252	-	-	-	-
-	140,586,288	-	-	-	-
-	62,787,213	62,787,213	-	-	62,787,213
5,069,486	5,069,486	-	-	-	-
3,022,006,638	3,022,006,638	-	-	-	-
1,357,680,887	1,357,680,887	-	-	-	-
106,984,630	106,984,630	-	-	-	-
4,491,741,640	4,554,528,853	62,787,213	-	-	62,787,213

31. COMMITMENTS AND CONTINGENT LIABILITIES

31.1 Commitments and Contingent Liabilities - Company

The company does not have significant capital commitment and contingent liabilities as at the reporting date.

31.2 Commitments and Contingent Liabilities - Group

31.2.1 Ambeon Holdings PLC

Bank Guarantees	2021 LKR Mn	2020 LKR Mn
Guarantees given to following facilities on behalf of South Asia Textiles Ltd;		
People's Bank PLC (USD 4.4Mn)	804	832
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) Limited;		
Seylan Bank PLC	2,000	2,000
Guarantees given to following facility on behalf of Ceylon Leather Products Ltd		
Bank Of Ceylon	60	60

31.2.2 Royal Fernwood Porcelain Limited

Letter of Credit	2021 LKR Mn	2020 LKR Mn
Letter of credit opened with Banks favoring suppliers	-	50
31.2.3 Lexinton Holdings (Pvt) Limited		
Bank Guarantee		
Guarantees given to Tax Appeal Commission on behalf of the company	18.90	18.90
31.2.4 Taprobane Securities (Pvt) Limited		
Bank Guarantee		
Guarantees given to Colombo Stock Exchange on behalf of the company	1.75	1.75
31.2.5 Millennium I.T.E.S.P (Pvt) Limited		
Performance Bonds	244	331
Tender Bonds	84	15
Advance payment guarantees	72	28
Custom Guarantee	11	-

	2021 USD Mn	2020 USD Mn
Performance Bonds	0.99	0.96
Tender Bonds	-	0.37
Advance payments guarantees	0.33	-

31.2.6 There are no material issues pertaining to employees and industrial relations of the Group during the financial year.

32. RELATED PARTY TRANSACTIONS

32.1 Identity of related parties

The Company has related party relationship with its subsidiaries, associates, affiliate companies.

32.2 Transaction with / between subsidiaries - COMPANY

Company	Relationship	Nature of transaction	Amount	Balance (due)/from as at 31/3/2021	Balance (due)/from as at 31/3/2020	Aggregate Value of RPT exceeds 10% of the Gross Revenue *	Terms & Conditions of the RPT exceeds 10% of Gross Revenue
Taprobane Investments (Pvt) Ltd	Sub subsidiary	Common expenses - allocation	(812,396)				
		Common expenses -reimbursement	152,281				
		Settlement - Fund Transfers	1,080,373	-	(420,257)		
		Interest charged	(18,812,815)	(193,623,988)	(174,811,172)	-	-
		Loan taken - short term loan	(44,300,000)				
		Loan settlement	28,300,000				
		Interest charged	(1,368,221)	(17,368,221)	-	-	-
Lexinton Holdings (Pvt) Ltd.	Sub subsidiary	Common expenses - allocation	(1,500,884)				
		Common expenses -reimbursement	254,091				
		Settlement - Fund Transfers	1,747,106	-	(500,313)	-	-
		Interest charged	(24,084,660)	(247,882,514)	(223,797,854)	-	-
		Loan taken - short term loan	(21,925,000)				
		Loan settlement	7,550,000				
		Interest charged	(858,277)	(15,233,277)	-	-	-
Taprobane Securities (Pvt) Ltd	Sub subsidiary	Common expenses - allocation	(285,775)				
		Common expenses -reimbursement	92,575				
		Settlement - Fund Transfers	233,693	-	(40,493)		
		Loan taken	(12,011,149)				
		Loan settlement	109,000,000				
		Interest charged	(20,380,259)	(183,069,234)	(259,677,826)	-	-
		Loan taken - short term loan	(124,749,592)				
		Loan settlement	123,500,000				
		Interest charged	(513,849)	(1,763,441)	-	-	-

Company	Relationship	Nature of transaction	Amount	Balance (due)/from as at 31/3/2021	Balance (due)/from as at 31/3/2020	Aggregate Value of RPT exceeds 10% of the Gross Revenue *	Terms & Conditions of the RPT exceeds 10% of Gross Revenue
Taprobane Wealth Plus (Pvt) Ltd	Sub subsidiary	Loan settlement Interest charged	200,000 (448,005)	(4,481,325)	(4,233,320)	-	-
Heron Agro Products (Pvt) Ltd	Fully owned subsidiary		-	330,020	330,020	-	-
		Loan granted	1,817,000				
		Loan repayment	(1,000,000)				
		Interest income on loans and borrowings	3,006,093	31,181,952	27,358,859		
Lexinton Resorts (Pvt) Ltd	Fully owned subsidiary	Loan granted	720,000				
		Interest expenses on loans and borrowings	1,380,367	14,624,757	12,524,390	-	-
Taprobane Capital Plus (Pvt) Ltd	Sub subsidiary	Advance given	31,670,000				
		Shared service & consultancy fees	(33,000,000)				
		Advance settlement	(12,000,000)				
		Common expenses - allocation	(655,855)	15,602,832	29,588,687	-	-
Ambeon Holdings PLC	Subsidiary	Common expenses - allocation	(380,971)				
		Settlement - Fund Transfers	381,451	-	(480)	-	-
		Loan settlement	60,000,000				
		Interest charged	(38,494,323)	(322,731,902)	(344,237,578)	-	-
		Loan taken - short term loan	(79,004,202)				
		Loan settlement	14,209,577				
		Interest charged	(3,095,961)	(67,890,586)	-	-	-

Company	Relationship	Nature of transaction	Amount	Balance (due)/from as at 31/3/2021	Balance (due)/from as at 31/3/2020	Aggregate Value of RPT exceeds 10% of the Gross Revenue *	Terms & Conditions of the RPT exceeds 10% of Gross Revenue
South Asia Textiles Limited	Sub subsidiary	Loan repayment	100,000,000				
		Interest expenses on loans and borrowings	(22,002,975)	(103,634,550)	(181,631,575)		
Millennium I.T.E.S.P.(Private) Ltd	Sub subsidiary	Interest expenses on loans and borrowings	(21,379,789)	(189,709,807)	(168,330,019)		
ARRC Capital (Pvt) Ltd	Significant Shareholder	Common expenses -reimbursement	7,662			-	-
		Settlement -fund transfers	(384,641)			-	-
		Shared service & consultancy fees	300,000	-	76,979	-	-

* There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per audited financial statements for the year 2020/21 which required disclosure in the Annual Report.

32.3 Terms and conditions of transactions with related parties

Transactions with related parties are carried out in the ordinary course of the business. Outstanding current account balances at year end are unsecured and settlement occurs in cash. Interest bearing borrowings are at pre-determined interest rates and terms.

32.4 Non Recurrent Related Party Transactions

There were no non-recurrent related party transactions that exceeded the thresholds that required the immediate market disclosure or shareholder approval as required under Section 9 of the Continuing Listing Requirement of the Colombo Stock Exchange.

32.5 Transaction with / between Parent - GROUP

Ultimate Parent

	Group		Company	
	2021 LKR	2020 LKR	**2021 LKR**	2020 LKR
Loan Granted	**1,500,000**	103,178,981	**-**	-
Interest on Loans	**17,739,900**	24,644,383	**-**	-

*Terms and conditions - Rate of interest at 14% to 15%.

32.6 Other Related Parties

	Group		Company	
	2021 LKR	2020 LKR	**2021 LKR**	2020 LKR
Sale of Goods	**1,136,148,147**	1,204,661,751	**-**	-
(Receipts) / Payments for Goods / Services	**(1,191,811,417)**	(1,090,635,028)	**-**	-

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.

32.7 Transactions with Key Management Personnel

Key management personnel include members of the Board of directors of Ambeon Capital PLC, its parent and its subsidiary companies. The transactions with key management personnel are carried out on an arms length basis.

32.7.1 Key Management Personnel Compensation

	Group		Company	
As at 31 March	**2021 LKR**	2020 LKR	**2021 LKR**	2020 LKR
Short-term employee benefits	**103,006,073**	170,761,146	**-**	7,943,970
Post Employment Benefit	**35,734,593**	-	**-**	-
	138,740,666	170,761,146	**-**	7,943,970

33. EVENTS OCCURRING AFTER REPORTING PERIOD

No circumstances have arisen since the reporting date which would require to be disclosed in the financial statements. Except for

Colombo City Holdings PLC

The Company disposed an extent of 47.2 perches together with the building thereon owned by the company at Union Place Colombo 2 to Vision Care Optical Services (Pvt) Ltd for a consideration of Rupees Five Hundred and Seventy Five Million (Rs. 575,000,000/-) on 03 August 2021

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

South Asia Textiles Limited was a fully owned (97.6%) Subsidiary of Ambeon Holdings PLC and located at Pugoda . The main produst of the company was manufacturing of knitted, dyed, finished, printed, brushed, suede, pre-shrunk and specialised performance based casual, lounge, sports, medical and intimate fabric.

Ambeon Holdings PLC ("The main subsidiary of Ambeon Capital PLC") disposed its equity stake in South Asia Textiles Limited to Hayleys Fabric Holdings PLC on 23 April 2021 for a consideration of Rs. 3,906,723,774/- which sum may be subject to adjustment based on a due diligence which is being carried on by Hayleys Fabrics PLC.

The reportable segment of the company is Manufacturing of Textile which is presented in note No 5 - Operating Segments in this Financial Statement.

34. ASSETS PLEDGED

	Nature of Assets	Nature of Liability	Carrying Amount Pledged 2021 LKR Mn	2020 LKR Mn	Included under
34.1	**Assets Pledged by Ambeon Capital PLC**				
	Investment in Shares - 290.6 Mn Ambeon Holdings PLC Shares	Pledge for Facility Granted by Seylan Bank PLC, NDB & PABC	7,063	8,630	Investments in Subsidiaries
34.2	**Assets Pledged by Lexinton Resorts (Pvt) Ltd**				
	Land	Primary Mortgage for Loans and Borrowings NDB Bank	549	542	Investment Property
34.3	**Assets Pledged by Ambeon Holdings PLC**				
	Quoted Equity Investments	Overdraft Facility	2,125	2,243	Investments in Subsidiaries and Other Current Financial Assets
		Revolving Loan			
		for Loans and Borrowings			
	Un-Quoted Equity Investments	Term loan	5,104	-	Investments in subsidiaries and other current financial assets
	Property - Lexinton - lot B plan no 184/2001	Term loan	288	-	Property, Plant & Equipment
			7,517	**2,243**	
34.4	**Assets Pledged by Ceylon Leather Products (Pvt) Ltd**				
	Immovable Properties	Floating Mortgage for Loans and Borrowings	-	2,098	Property, Plant & Equipment
	Raw Materials, Finished Goods and Work in Progress	Floating Mortgage for Loans and Borrowings	-	39	Inventory
	Trade Debtors	Floating Mortgage for Loans and Borrowings	-	37	Debtors
			-	2,174	
34.5	**Assets Pledged by South Asia Textiles Ltd**				
	Machineries	Primary Mortgage for Loans and Borrowings	1,110	1,207	Property, Plant & Equipment
	Raw Materials, Finished Goods and Work in Progress	Primary/Concurrent Mortgage for Loans and Borrowings	1,575	2,550	Inventories
	Trade Debtors	Primary/Concurrent Mortgage for Loans and Borrowings	897	925	Trade and Other Receivables
	Margin Accounts	Primary Mortgage for Loans and Borrowings	-	16	Other Financial Assets
			3,582	4,698	

			Carrying Amount Pledged		
			2021	2020	
	Nature of Assets	Nature of Liability	LKR Mn	LKR Mn	Included under
34.6	**Assets Pledged by Dankotuwa Porcelain PLC**				
	Inventory and Trade Debtors	For Loans and Borrowings	747	853	Inventory and Trade Debtors
34.7	**Royal Fernwood Porcelain Limited**				
	Land and Buildings & immovable machinery	Term Loans and Short Term Borrowings	546	592	Property, plant and equipment

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyses the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. All the Group level risks are escalated to the parent company and the Board. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Enterprise Risk Management Committee, established in 2018, identifies risks, assesses their impact and likelihood and develops risk mitigation procedures. These are reported in a Risk Grid.
The ERMC made its first presentation of the Risk Grid to the Audit Committee in November 2018 and it has been doing once a quarter.

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

The Group has exposure to the following risks from its use of financial instruments:

(i) Credit risk
(ii) Liquidity risk
(iii) Market risk

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risk is as indicated by the carrying amount of its financial assets which consist principally of bank balance, due from related parties, trade and certain other receivables.

Exposure to credit risk

The Group limits its exposure to credit risk by investing only in liquid debt securities.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

As at 31 March		Group 2021 LKR	Group 2020 LKR	Company 2021 LKR	Company 2020 LKR
Fair Value Through Profit & Loss	17.4	**650,104,323**	1,043,426,486	**650,104,323**	1,043,426,486
Investment in Government Securities					
- Amortaized Cost	17.1	**14,304,886**	14,009,154	**-**	-
Bank Deposits	17.2	**339,965,525**	342,774,378	**-**	-
Trade & Other Receivables	19	**5,146,778,472**	6,392,014,130	**64,532,027**	112,539,745
Cash & Cash Equivalents	20	**833,891,200**	782,950,232	**524,702**	29,277,252
		6,985,044,406	8,575,174,381	**715,161,052**	1,185,243,483

The financial assets that are past due and but not impaired and neither past due or impaired as follows:

As at 31st March 2021	Group Neither past due or impaired LKR	Group Past due and but not impaired LKR	Group Total LKR	Company Neither past due or impaired LKR	Company Past due and but not impaired LKR	Company Total LKR
Fair Value Through Profit & Loss	-	655,917,151	655,917,151	-	655,917,151	655,917,151
- Change in fair value of investments	-	(5,812,828)	(5,812,828)	-	(5,812,828)	(5,812,828)
	-	650,104,323	650,104,323	-	650,104,323	650,104,323
Investments in other financial assets	-	354,270,411	354,270,411	-	-	-
Trade and other receivables	-	6,417,140,931	6,417,140,931	-	79,729,757	79,729,757
- Impairment of trade receivables	-	(1,270,362,459)	(1,270,362,459)	-	(15,197,730)	(15,197,730)
	-	5,146,778,472	5,146,778,472	-	64,532,027	64,532,027
Cash and cash equivalents	833,891,200	-	833,891,200	524,702	-	524,702
	833,891,200	6,151,153,205	6,985,044,406	524,702	714,636,350	715,161,052

As at 31st March 2020	Group Neither past due or impaired LKR	Group Past due and but not impaired LKR	Group Total LKR	Company Neither past due or impaired LKR	Company Past due and but not impaired LKR	Company Total LKR
Fair Value Through Profit & Loss	-	1,025,373,901	1,025,373,901	-	1,025,373,901	1,025,373,901
- Change in fair value of investments	-	18,052,585	18,052,585	-	18,052,585	18,052,585
	-	1,043,426,486	1,043,426,486	-	1,043,426,486	1,043,426,486
Investments in other financial assets	-	356,783,532	356,783,532	-	-	-
Trade and other receivables	-	7,704,610,447	7,704,610,447	-	127,737,475	127,737,475
- Impairment of trade receivables	-	(1,312,596,316)	(1,312,596,316)	-	(15,197,730)	(15,197,730)
	-	6,392,014,130	6,392,014,130	-	112,539,745	112,539,745
Cash and cash equivalents	782,950,232	-	782,950,232	29,277,252	-	29,277,252
	782,950,232	7,792,224,149	8,575,174,380	29,277,252	1,155,966,231	1,185,243,483

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Contd..)

(ii) Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due. The Group manages its liquidity needs by carefully monitoring scheduled payments for financial liabilities as well as cash-outflows due in day-to-day business.

The following are the contractual maturities of non-derivative financial liabilities:

			Group		
As at 31 March 2021	Carrying Amounts	Contractual cash out flows	On demand	Less than 3 months	3 to 12 months
	LKR	LKR	LKR	LKR	LKR
Non-derivative financial liabilities					
Employee Share Appreciation Rights (ESAR)	-	-	-	-	-
Loans and borrowings	6,878,576,956	11,192,689,210	-	1,508,268,148	5,608,682,781
Trade & Other payables	5,991,817,493	5,991,817,493	2,073,830,760	3,366,209,410	519,269,079
Bank Overdraft	1,365,360,376	1,365,360,376	-	1,365,360,376	-
	14,235,754,825	18,549,867,079	2,073,830,760	6,239,837,934	6,127,951,860

			Group		
As at 31 March 2020	Carrying Amounts	Contractual cash out flows	On demand	Less than 3 months	3 to 12 months
	LKR	LKR	LKR	LKR	LKR
Non-derivative financial liabilities					
Employee Share Appreciation Rights (ESAR)	20,965,777	20,965,777	-	-	-
Loans and borrowings	9,933,922,141	11,405,158,736	-	399,231,474	5,608,682,781
Trade & Other payables	3,932,410,752	3,932,410,752	14,424,019	3,366,209,410	519,269,079
Bank Overdraft	1,615,252,778	1,615,252,778	-	1,615,252,778	-
	15,502,551,448	16,973,788,043	14,424,019	5,380,693,663	6,127,951,860

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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 to manage the currency fluctuations impact. 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.

Interest rate risk

Interest rate risk is the risk to earnings or capital arising from movement of interest rates. The Group has negotiated overdrafts at a fixed interest rate basis, hence not subject to the interest rate risk.

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 on long term bank borrowings)

			Company				
	1 to 5 years	> 5 years	Carrying Amounts	Contractual cash out flows	On demand	Less than 3 months	1 to 5 years
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
	-	-	-	-	-	-	-
	4,075,738,281	-	4,011,896,443	4,557,594,232	-	856,090,200	3,701,504,033
	32,508,244	-	914,012	914,012	914,012	-	-
	-	-	245,911,665	245,911,665	-	245,911,665	-
	4,108,246,525	-	4,258,722,120	4,804,419,909	914,012	1,102,001,865	3,701,504,033

			Company				
	1 to 5 years	> 5 years	Carrying Amounts	Contractual cash out flows	On demand	Less than 3 months	1 to 5 years
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
	20,965,777	-	20,965,777	20,965,777	-	-	20,965,777
	5,397,244,481		4,389,525,429	5,170,941,792	-	1,086,137,966	4,774,624,058
	32,508,244	-	43,368,307	43,368,307	43,368,307	-	-
	-	-	106,984,630	106,984,630	-	106,984,630	-
	5,450,718,502	-	4,560,844,143	5,342,260,506	43,368,307	1,193,122,596	4,795,589,835

	Increase/(Decrease) in basis points	Effect on Profit before Tax (LKR)	
		Group	Company
2021	+100	(29,525,964)	(19,091,320)
	-100	29,525,964	19,091,320
2020	+100	(36,085,513)	(19,434,093)
	-100	36,085,513	19,434,093

Capital management

The capital management strategy adopted by the Group is aimed at maintaining sufficient and adequate levels of working capital for day to day operations and long term capital for investment and growth. A suitability structured capital base is essential in order to maintain investor confidence in the Group, and ensures that it achieves sustained long term growth while maintaining the capability to withstand fluctuating economic fortunes. The capital of the Group consists of equity and debt. The components of the equity capital are the stated capital, retained earnings and reserves while the debt capital consist of short term debt sources.

36. MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below;

36.1 Proportion of equity interest held by non-controlling interests:

Name	Proportion of NCI		Accumulated Balances of NCI		Profit allocated to NCI	
	2021	2020	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Non-Controlling Interests material individually						
Ambeon Holdings PLC	18.57%	18.57%	1,469,261,191	1,815,187,754	(390,469,592)	104,374,171
Dankotuwa Porcelain PLC	36.88%	36.88%	885,788,198	638,789,980	(146,720,964)	(22,995,133)
Colombo City Holdings PLC	36.79%	45.93%	699,953,995	792,133,146	(112,450,418)	50,566,464
Millennium I.T.E.S.P (Private) Limited	50.95%	50.95%	567,164,852	387,127,463	255,796,866	277,031,209
South Asia Textiles Limited	20.47%	20.47%	372,030,392	450,269,945	(49,930,081)	6,086,568
Non-controlling interest material in aggregate			(1,171,120,341)	(906,810,348)	85,700,386	(132,912,313)
Total			2,823,078,288	3,176,697,941	(358,073,801)	282,150,966

	2021 LKR	2020 LKR
Dividend Paid to NCI Shareholders		
Ambeon Holdings PLC	14,239,850	-
Colombo City Holdings PLC	15,013,436	-
Millennium I.T.E.S.P (Private) Limited	48,895,856	28,000,949
South Asia Textiles Limited	3,961,134	-
	82,110,275	28,000,949

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

36.2 Summarized statement of Profit or Loss for the period ending 31 March

	Ambeon Holdings PLC		Dankotuwa Porcelain PLC	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Revenue	17,917,569,776	19,693,286,605	2,432,418,285	2,233,871,330
Operating Income/(Costs)	(19,502,137,297)	(18,351,422,243)	(2,701,303,295)	(2,367,653,158)
Finance Costs	(525,159,128)	(696,028,567)	(146,335,050)	(155,129,201)
Finance Income	184,298,958	200,628,800	19,265,384	24,762,701
Share of result of equity account investee	229,296	(3,070,456)	-	-
Tax Expense	(177,491,921)	(132,542,262)	(1,839,835)	40,038,286
Profit or Loss from Continuing Operations	(2,102,690,316)	710,851,877	(397,794,511)	(224,110,042)
Other Comprehensive Income	319,066,805	192,008,884	174,376,964	94,961,685
Total Comprehensive Income	(1,783,623,511)	902,860,760	(223,417,547)	(129,148,357)

	Colombo City Holdings PLC		Millennium I.T.E.S.P (Private) Limited		South Asia Textiles Limited	
	2021	2020	2021	2020	2021	2020
	LKR	LKR	LKR	LKR	LKR	LKR
	56,024,234	61,051,870	**6,722,385,161**	8,023,314,226	**8,321,809,111**	9,139,699,053
	(444,940,236)	77,493,761	**(6,146,357,770)**	(7,251,584,396)	**(8,535,758,040)**	(9,027,522,501)
	(10,061,030)	(20,599,981)	**(99,812,307)**	(189,924,740)	**(99,983,424)**	(129,472,716)
	89,942,610	112,347,432	**108,780,600**	95,394,302	**63,109,422**	56,840,247
	-	-	**229,297**	(3,070,456)	**-**	-
	3,345,435	(45,416,648)	**(83,135,700)**	(130,359,959)	**6,872,658**	(9,806,100)
	(305,688,987)	184,876,434	**502,089,281**	543,768,977	**(243,950,273)**	29,737,984
	46,643	19,533	**(25,726,215)**	(19,737,488)	**58,769,849**	130,312,702
	(305,642,344)	184,895,967	**476,363,066**	524,031,489	**(185,180,424)**	160,050,686

36.3 Summarized Statement of Financial Position for the period 31 March

	Ambeon Holdings PLC		Dankotuwa Porcelain PLC	
	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Current Assets	**11,720,579,346**	12,202,483,198	**2,064,222,453**	2,418,880,140
Non-current Assets	**10,102,262,842**	12,259,464,513	**2,765,164,265**	2,714,092,997
Total Assets	**21,822,842,189**	24,461,947,711	**4,829,386,718**	5,132,973,137
Current Liabilities	**11,592,740,459**	11,661,629,374	**2,071,702,614**	2,027,795,097
Non-current Liabilities	**2,318,086,698**	3,025,478,517	**494,824,773**	618,901,163
Total Liabilities	**13,910,827,157**	14,687,107,892	**2,566,527,387**	2,646,696,260

36.4 Summarized Cash Flow Information for the year ending 31 March

	Ambeon Holdings PLC 2021	Ambeon Holdings PLC 2020	Dankotuwa Porcelain PLC 2021	Dankotuwa Porcelain PLC 2020
Operating	**3,315,714,316**	(480,432,648)	**482,444,466**	(371,391,494)
Investing	**94,815,564**	(1,434,647,417)	**(20,838,653)**	(41,344,851)
Financing	**(3,028,158,768)**	1,782,337,710	**(296,655,359)**	297,542,870
Net increase/(decrease) in cash and cash equivalents	**382,371,112**	(132,742,355)	**164,950,454**	(115,193,475)

	Colombo City Holdings PLC		Millennium I.T.E.S.P (Private) Limited		South Asia Textiles Limited	
	2021	2020	2021	2020	2021	2020
	LKR	LKR	LKR	LKR	LKR	LKR
	1,086,478,121	356,075,903	**5,381,464,429**	5,108,769,743	**2,713,935,142**	3,596,501,460
	1,021,354,515	1,993,470,943	**974,190,963**	1,004,395,006	**2,822,810,596**	2,972,035,277
	2,107,832,636	2,349,546,846	**6,355,655,392**	6,113,164,749	**5,536,745,737**	6,568,536,738
	189,752,294	38,959,591	**4,966,259,930**	5,011,628,990	**3,254,546,959**	3,835,401,449
	15,301,923	38,523,643	**276,139,475**	341,665,036	**464,518,642**	533,189,389
	205,054,217	77,483,234	**5,242,399,405**	5,353,294,026	**3,719,065,601**	4,368,590,837
	(25,049,198)	16,575,078	**1,266,065,365**	666,683,837	**1,700,081,750**	(592,485,456)
	(51,851,203)	169,197,981	**(17,600,248)**	(1,071,545,106)	**153,828,191**	(123,179,829)
	86,357,150	-	**(1,357,119,220)**	481,235,657	**(1,578,157,163)**	606,679,326
	9,456,749	185,773,059	**(108,654,102)**	76,374,388	**275,752,778**	(108,985,958)

INVESTOR INFORMATION

STOCK EXCHANGE LISTING

The issued Ordinary Shares of Ambeon Capital PLC are listed with the Colombo Stock Exchange

SHARE INFORMATION

Share Structure as at 31 March 2021.

	No. of Holders	Total Holding	% Holding
Range of Shareholdings			
1 to 1,000 Shares	481	104,520	0.01
1,001 to 10,000 Shares	211	955,084	0.10
10,001 to 100,000 Shares	117	4,281,498	0.43
100,001 to 1,000,000 Shares	28	5,913,320	0.59
1,000,001 to 10,000,000 Shares	-	-	-
Over 10,000,001 Shares	4	991,470,393	98.88
	841	1,002,724,815	100.00
Categories of Shareholders			
Local Individuals	788	9,860,356	0.98
Local Institutions	42	992,356,357	98.97
Foreign Individuals	10	399,863	0.04
Foreign Institutions	1	108,239	0.01
	841	1,002,724,815	100.00

The Twenty Largest Shareholders of the Company as at 31 March 2021 Were;

		No. of Shares	%
1	CHC Investment (Pvt) Ltd	568,327,024	56.68
2	Seylan Bank Plc/ARRC Capital (Pvt) Ltd	355,526,332	35.46
3	ARRC Capital (Private) Limited	51,190,106	5.11
4	Hatton National Bank Plc/Ruwan Prasanna Sugathadasa	16,426,931	1.64
5	Mr. Sarinda Wasanth Unamboowe	768,783	0.08
6	Mr. Aruna Sriyan Jayasinghe	525,000	0.05
7	Mr. Ranil Prasad Pathirana	500,000	0.05
8	Mr. Herath Mudiyanselage Prabath Shameera Herath	346,200	0.03
9	Mr. Dinal Gitanjan Wijemanna	344,769	0.03
10	Mr. Ajith Krishantha Palliya Guruge Don	291,510	0.03
11	Mrs. Shirani Sunila Silva	240,000	0.02
12	Mr. Ambakumbure Gedara Ayodya Chandana Ambakumbura	231,111	0.02
13	Mr. Kangasu Chelvadurai Vignarajah	207,547	0.02
14	Mr. Mohamed Thasim Rajabkhan	191,702	0.02
15	Mr. Weerakondabaduge Indaka Jayadeep Fernando	177,017	0.02
16	Mr. Madhura Supun Hiripitiya	160,000	0.02
17	Mr. Gamachchi Pathiranage Buddika Mahesh Kumara	159,171	0.02
18	Dialog Finance Plc/P.C.Priyanjitha	144,622	0.01
19	Mr. Michael De Saram	140,000	0.01
20	Mr. Nicholas Andrew Foley	137,803	0.01
	Sub Total	996,035,628	99.33
	Others	6,689,187	0.67
	Grand Total	1,002,724,815	100.00

PUBLIC HOLDINGS

Percentage of Shares held by the Public	2.62%
No of public share holders as at 31st March 2021	832

The Company is listed on the Diri Savi Board of the Colombo Stock Exchange and its float adjusted market capitalization as at 31 March 2021 is LKR 128,817,320.10 whereas it is less than LKR 1 Billion as such should maintain 10% minimum public holding.

The Company is not in compliance with the minimum public shareholding as required by the CSE Listing Rules.

MARKET VALUE

The Market Value of Ambeon Capital PLC Ordinary Shares:

As at 31 March	2021	2020
Highest during the year	8.20	5.50
Lowest during the year	4.50	3.00
As at end of the year	4.90	3.00

FIVE YEAR SUMMARY

FIVE YEAR SUMMARY OF PROFIT OR LOSS

For the year ended 31st March	2021 LKR.000	2020 LKR.000	2019 LKR.000	2018 LKR.000	2017 LKR.000
Revenue	18,177,971	19,957,341	17,229,838	12,588,656	10,967,821
Cost of Sales	(13,996,929)	(15,566,563)	(13,242,976)	(10,087,751)	(9,112,771)
Investment and Other Income	206,841	165,286	334,281	397,008	276,089
Finance Cost	(848,761)	(1,120,238)	(926,591)	(829,580)	(713,808)
Profit /(Loss) Before Income Tax from Continuing Operations	(2,102,635)	693,229	1,305,996	286,330	102,101
Income Tax Expense	(180,548)	(147,666)	(401,530)	86,097	(125,169)
Profit/(Loss) for the Year from Continuing Operations	(2,283,182)	545,563	904,466	372,427	(23,068)
Profit/(Loss) after tax from discontinued operations for the year	(347)	(301,832)	(391,230)	9,870	144,976
Profit/(Loss) for the year	(2,283,529)	243,731	513,236	382,297	121,908

FIVE YEAR SUMMARY OF FINANCIAL POSITION

As at 31st March	2021 LKR.000	2020 LKR.000	2019 LKR.000	2018 LKR.000	2017 LKR.000
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	4,667,582	4,773,223	5,115,421	5,465,161	4,785,157
Intangible Assets	1,458,780	1,620,745	1,252,383	1,241,506	81,613
Biological Assets	55,582	51,167	50,382	48,282	45,882
Investment Property	2,589,543	4,405,315	3,612,852	1,688,188	1,164,601
Investment in Equity Accounted Investee	12,159	11,930			
Other Financial Assets	303,222	310,557	26,024	25,234	38,917
Right of Use Assets	155,966	156,964			
Deferred Tax Asset	122,749	81,878	160,761	274,360	71,589
	9,365,582	11,411,779	10,217,822	8,742,732	6,187,758
Current Assets					
Inventories	3,997,482	4,094,934	4,240,916	3,758,052	2,407,814
Other Financial Assets	1,627,157	1,998,573	1,916,754	2,409,056	1,746,970
Trade & Other Receivables	5,146,778	6,392,014	6,005,044	4,009,656	1,801,539
Income Tax Recoverable	88,673	45,966	37,934	16,477	32,258
Cash & Cash Equivalents	833,891	782,950	611,909	1,999,187	815,416
Investment Property classified as Held for Sale	575,000	-	-	-	945,070
	12,268,981	13,314,437	12,812,556	12,192,427	7,749,068
Total Assets	21,634,563	24,726,216	23,030,379	20,935,159	13,936,825

As at 31st March	2021 LKR.000	2020 LKR.000	2019 LKR.000	2018 LKR.000	2017 LKR.000
EQUITY AND LIABILITIES					
Equity					
Stated Capital	1,053,643	1,053,643	1,053,643	1,053,643	1,053,643
Other Components of Equity	930,684	651,360	718,650	856,282	445,407
Retained Earnings	3,110	1,975,475	1,730,354	2,140,513	2,016,509
Equity Attributable to Equity Holders of the Company	1,987,438	3,680,478	3,502,647	4,050,439	3,515,559
Non Controlling Interests	2,823,078	3,176,698	3,098,213	2,428,239	2,069,496
Total Equity	4,810,516	6,857,176	6,600,860	6,478,677	5,585,055
Non-Current Liabilities					
Other Financial Liabilities	969	21,911	21,887	32,936	873
Interest Bearing Loans & Borrowings	3,074,630	3,751,270	2,756,476	1,562,022	913,472
Retirement Benefit Obligation	571,749	442,667	400,792	410,049	260,078
Deferred Tax Liability	595,548	786,305	810,764	620,479	239,772
Deferred Income					388
	4,242,896	5,002,152	3,989,919	2,625,486	1,414,583
Current Liabilities					
Trade and Other Payables	5,991,817	3,932,411	4,922,462	3,678,206	1,648,731
Income Tax Payable	284,482	212,399	193,412	177,630	52,648
Contract Liability	1,132,289	924,173	706,864	748,150	
Interest Bearing Loans & Borrowings	5,169,307	7,797,905	6,616,861	7,227,009	5,232,075
Liabilities Directly Associated with Investment Property Classified as Held For Sale	3,256				3,732
	12,581,151	12,866,888	12,439,599	11,830,995	6,937,187
Total Equity and Liabilities	21,634,563	24,726,216	23,030,379	20,935,159	13,936,825

DETAILS OF GROUP PROPERTIES

Ambeon Capital PLC. 2020-21

Company	Property	Location	Extent	No of Buildings	Cost/Valuation LKR
Colombo City Holdings PLC	Freehold Land & Building	Union Place	47.2 p	1	575,000,000
Lexinton Holdings (pvt) ltd	Freehold Land	Colombo 08	17.15 Perches	1	144,050,000
	Freehold Building	Colombo 08	17,150 sq.ft		143,950,000
Ceylon Leather Products Ltd	Freehold Land	Mattakkuliya	721.62 p	-	1,190,697,000
	Freehold Building	Mattakkuliya	81,428 sq.ft	16	29,903,000
Dankotuwa Porcelain PLC	Freehold Land	Dankotuwa	3,153.40 p	-	788,350,000
	Freehold Building	Dankotuwa	260,015 sq.ft	34	417,548,000
	Freehold Land	Dankotuwa	3,899.35 p	-	580,028,312
South Asia Textiles Ltd	Building on Leasehold Land	Pugoda	405,430 sq.ft	24	868,000,000
Royal Fernwood Porcelain Ltd	Freehold Land	Kosgama	2,161.05 p	-	237,023,150
	Freehold Building	Kosgama	141,168 sq.ft	25	309,042,000
	Freehold Land	Kosgama	1,753.07 p	-	122,714,900
Taprobane Securities (Pvt) Ltd	Freehold Land	Kosgama	1,162.37 p	-	84,000,000
Lexinton Resorts (Pvt) Ltd	Freehold Land	Kosgoda	1,373 P	-	549,200,000
Ambeon Capital PLC	Freehold Land	Sigiriya	1,277 P	-	33,000,000

NOTICE OF MEETING

Taking into consideration the current regulations/restrictions prevailing in the country due to the COVID-19 pandemic, the Board of Directors of Ambeon Capital PLC has decided to hold the Tenth Annual General Meeting (AGM) as a Virtual Meeting on 29th September 2021 at 1.30 p.m. in line with the guidelines issued by the Colombo Stock Exchange (CSE) for hosting of virtual AGMs.

Hence, Notice is hereby given that the Tenth Annual General Meeting of the Company will be held by way of electronic means on 29th September 2021 at 1.30 p.m. centered at the Registered Office located at No. 10, Gothami Road, Colombo 8.

AGENDA

1. To receive and consider the Annual Report of the Board of Directors and the Financial Statements of the Company for the year ended 31st March 2021 and the Report of the Auditors thereon.
2. To re-elect as a Director, Mr. Sanjeev Edward Gardiner who retires by rotation in terms of Article 87 of the Articles of Association of the Company and being eligible, offers himself for re-election as a Director.
3. To re-elect as a Director, Mr. Yudhishtran Kanagasabai who was appointed subsequent to the last Annual General Meeting as a Director of the company in terms of Article 93 of the Articles of Association of the Company.
4. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. Priyantha Damian Joseph Fernando who is over 70 years of age.

   "IT IS HEREBY RESOLVED that the age limit referred to in section 210 of the Companies Act No.07 of 2007 shall not apply to Mr. Priyantha Damian Joseph Fernando who is over 70 years of age prior to the Annual General Meeting and that he be re-appointed as a Director of the Company".
5. To re- appoint the retiring Auditors Messrs. Ernst & Young, Chartered Accountants as the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Directors to determine their remuneration.
6. To consider any other business of which due notice has been given.

By Order of the Board

AMBEON CAPITAL PLC

Sgd.
MANAGERS & SECRETARIES (PRIVATE) LIMITED

Director/Secretaries

30th August 2021
Colombo.

NOTES:

1. Below mentioned documents can be now downloaded via the corporate website https://ambeoncapital.com/resources/ or the Colombo Stock Exchange website on https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=TAP.N0000
   a Annual Report
   b) Notice of Meeting
   c) Circular to Shareholders
   d) Form of Proxy
   e) Guidelines and Registration Process to join the AGM virtually
   f) Registration Form for the AGM
   g) Request Form for the printed copy of the Annual Report
2. 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 which can be downloaded as above.
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.
4. A proxy need not be a shareholder of the Company.
5. For more information on how to participate by virtual means in the above virtual meeting, please refer Registration Process which can be downloaded as above.

NOTES

NOTES

FORM OF PROXY

*I/We……………………………………………………………………………………………….....…………..of………….....……....…….............

....……. being a shareholder/s

of Ambeon Capital PLC do hereby appoint ………………………………………………………………………………………...…………….. of

…………………………………………………………………………………or failing him

Mr. S.E. Gardiner	or failing him,
Mr. A.L. Devasurendra	or failing him,
Mr. Y. Kanagasabai	or failing him
Mr. S.W. Unamboowe	or failing him,
Mr. S.H. Amarasekara	or failing him,
Mr. R.P. Pathirana	or failing him,
Mr P. D. J. Fernando	

As *my/our Proxy to attend me/us and to vote on my/ our behalf at the Tenth Annual General Meeting of Ambeon Capital PLC to be held by way of electronic means on 29th September 2021 at 1.30 p.m. centered at the Boardroom, No. 10, Gothami Road, Colombo 8 and visual technology and at any adjournment thereof and at every poll which may be taken in consequence of the above said meeting.

I/We the undersigned hereby authorize my/our Proxy to vote on my/our behalf in accordance with the preference indicated below:

		For	Against
1.	To receive and consider the Annual Report of the Board of Directors and the Financial Statements of the Company for the year ended 31st March 2021 and the Report of the Auditors thereon.		
2.	To re-elect as a Director, Mr. Sanjeev Edward Gardiner who retires by rotation in terms of Article 87 of the Articles of Association of the Company and being eligible, offers himself for re-election as a Director.		
3.	To re-elect as a Director, Mr. Yudhishtran Kanagasabai who was appointed subsequent to the last Annual General Meeting as a Director of the company in terms of Article 93 of the Articles of Association of the Company.		
4.	To propose the re- appointment of Mr. PriyanthaDamian Joseph Fernando who is over 70 years of age.		
5.	To re- appoint the retiring Auditors Messrs. Ernst & Young, Chartered Accountants as the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Directors to determine their remuneration.		

Signed this …….................. day of......................... Two Thousand and Twenty-One

…………………………………
Signature of Shareholder/s

Note:
1. * Please delete the inappropriate words.
2. Instructions as to completion are noted on the reverse hereof.

INSTRUCTIONS AS TO COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.

2. The 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 Attorneys 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 Statutes (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 should be deposited with the Registered Office of the Company at No. 10, Gothami Road, Colombo 8, Sri Lanka or must be emailed to acagm2021@ambeongroup.com or by facsimile to +94 11 2680225 by 48 hours before the AGM.

CORPORATE INFORMATION

The Company
Ambeon Capital PLC

Legal Form
The company was incorporated in Sri Lanka on 20th September 2006 as a public limited liability company and re-registered under the Company Act No. 07 of 2007 on 3rd August 2009. On 17th May 2012 the company was successfully listed on the Diri Savi Board of Colombo Stock Exchange.

Company Registration No
PB 1090 PQ

Registered & Business Office
No. 10, Gothami Road, Colombo 08.
Tel : +94115328100
Fax : +94115328109
E-mail : info@ambeongroup.com
Website : www.ambeoncapital.com

Board of Directors
Mr. Sanjeev Gardiner – Chairman
Mr. Ajith Devasurendra – Deputy Chairman
Mr. Priyantha Fernando – Director
Mr. Harsha Amarasekara – Director
Mr. Ranil Pathirana – Director
Mr. Sarinda Unamboowe – Director
Mr. Yudy Kanagasabai- Director
Mr. Revantha Devasurendra – Alternate Director

Company Secretary
Mangers & Secretaries (Pvt) Ltd.
No. 08, Tickell Road, Colombo 08.
Tel : +94112015900
Fax : +94112015960
E-mail : secretariat@msl.lk

Auditors to the Company
Messer's Ernst & Young
Chartered Accountants
No. 201, De Saram Place, Colombo 10.

Bankers to the Company
National Development Bank PLC
No. 40, Nawam Mawatha, Colombo 02.

Seylan Bank PLC
No. 90, Galle Road, Colombo 03.

Pan Asia Banking Corporation PLC
No. 450, Galle Road, Colombo 03.

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