



ANNUAL REPORT 2021/22

Vision

Re-Engineering Success

Mission

To take the leap that
transforms latent
opportunities

Values

Moving First

Catalyzing opportunities through readiness

Channeling Teamwork

Harnessing the collective strength of our
diverse minds

Actioning Results

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

Seeing Beyond

Constantly challenging ourselves to look
beyond

Inspiring Each Other

Encouraging each other's success

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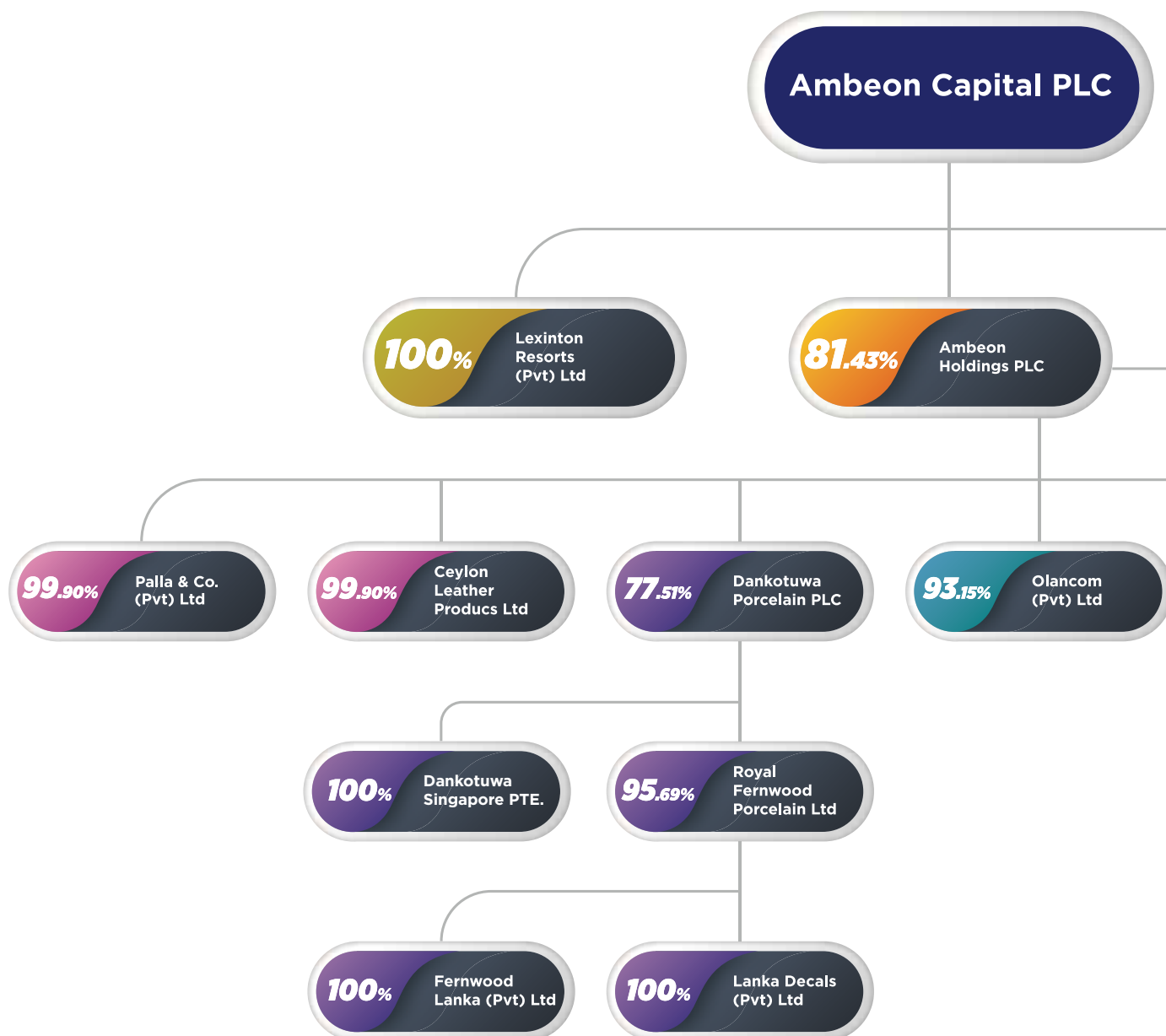
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Ambeon Group of Companies





About this Report



Welcome to Our Annual Report

Ambeon Capital PLC welcomes you to the Annual Report for the financial year 2021/22. 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 13 to 24) 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 2021 to 31st March 2022.

Reporting Changes

There have been no reporting changes or re-statement of information pertaining to the financial year 2021/22 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 42 and 44 respectively.

Forward Looking Statements

The Annual Report herein contains forward looking statements and 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

Ambeon Capital PLC

Key Ratios - Ratio Analysis

	Group		Company	
	2021/22	2020/21	2021/22	2020/21
Balance Sheet				
Cash	2,142,460,732	833,891,200	511,333	524,702
Other Financial Assets	1,847,699,375	1,627,156,578	283,331,005	650,104,323
Trade & Other Receivables	6,795,955,171	5,146,778,472	397,496,257	64,532,027
Total current assets	13,726,198,245	12,268,980,864	681,338,594	715,161,052
Total long-term assets	7,437,212,682	9,365,582,207	9,063,652,892	7,641,665,185
Total current liabilities	11,417,667,644	12,581,151,072	3,826,945,941	1,102,915,877
Total long-term liabilities	2,517,394,006	4,242,895,733	842,314,105	3,157,851,312
Total shareholders' equity	7,228,349,277	4,810,516,267	5,075,731,440	4,096,059,047
Income Statement				
Revenue	14,013,563,838	9,856,161,906	26,148,043	361,742,772
Gross profit	3,753,885,128	3,279,540,401	26,148,043	361,742,772
EBITDA	1,734,457,761	1,468,567,982	1,307,125,874	986,286,280
Income (loss) before taxes	884,472,846	(1,851,811,062)	984,487,977	(1,753,063,923)
Net income (loss)	542,391,302	(2,039,231,543)	979,672,393	(1,753,157,802)
KEY RATIOS				
Profitability Ratios				
Return on equity	7.50%	-42.39%	19%	-43%
Return on assets	2.56%	-9.43%	10%	-21%
Return on sales	3.87%	-20.69%	3747%	-485%
Gross profit margin	27%	33%	100%	100%
Asset turnover ratio	66%	46%	0%	4%
EPS	1.62	(1.92)	0.98	(1.75)
Leverage and Liquidity Ratios				
Current ratio	1.20	0.98	0.18	0.65
Quick or acid test ratio	0.94	0.60	0.18	0.65
Long-term debt ratio	0.26	0.47	0.14	0.44
Debt to equity ratio	1.93	3.50	0.92	1.04
NAV	3.80	1.98	5.06	4.08
Interest coverage ratio	2.92	-	4.08	-

Chairman's Reflections



Dear Shareholders,

It is my pleasure to state that the financial year 2021/22 marked steady progress, as Ambeon Capital PLC worked resiliently through the unprecedented macroeconomic distresses.

A Discretionary Stance

During the year under review, our prime focus was to ensure sustainable revenue growth with strong attention to further stabilising our financial position. As an Investment Holding Company, our broader objective of approaching lucrative business opportunities was consciously

curbed considering the macroeconomic uncertainty and unfavourable business context, which challenged strategic investments and financial borrowings.

In this milieu, the main subsidiary Ambeon Holdings PLC and its business clusters continued to assess the risks and opportunities within the respective industries, while Ambeon Capital continued to be the guidepost, enabling and supporting the prudent decisions taken by its subsidiaries.

Influential External Events

The accommodative monetary policy measures adopted across 2021 ensured a comfortable low cost of funds for borrowers across diverse business sectors and encouraged credit flows to both the private and public sectors. However, the gradual tightening of the monetary policy and the subsequent increase in policy rates led to a significant increase in the cost of borrowed funds.

By the first quarter of 2022, the market-oriented determination of the exchange rate resulted in a significantly depreciated rupee. It also led to the increase in energy costs and other raw materials. The brunt of this was felt by all social and commercial circles, especially businesses with mandatory imports of raw material and finished goods. While these factors had a decisive impact on the strategic approaches, the prudent decisions taken across the Group are reflected in the financials for the year 2021/2022.

Financial Outcomes

The financial indicators show a commendable performance across all perspectives. Revenue growth and the gains from subsidiary divestments with prudent cost management strategies resulted in an after-tax profit of nearly LKR 1.9 Bn and LKR 980 Mn. at Group and company levels respectively. This is a considerable improvement when compared to the corresponding financial period of 2020/21.

The balance sheet of the company further demonstrates the Group's stable and improving financial position. In the year under review, due to prudent cash flow and debt management, both liquidity and leverage ratios were stabilised. Group debt levels were brought down considerably, while the liquidity position improved in comparison to the past four years. Group assets were recorded as LKR 21 Bn, by the end of the financial year.

Corporate Governance

As an organisation listed on the Colombo Stock Exchange, Ambeon Capital has a fiduciary duty towards its shareholders and subsidiary companies. The Group's governance framework enabled the leadership to maintain the same level of judiciousness and accountability when executing decisions.

I am pleased to state that throughout the year, the Group ensured adherence to the Code of Best Practice on Corporate Governance 2017, the framework issued by the Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

The Future

At the time of penning this report, measures were underway to transform and restructure the Group. However, as a medium-sized conglomerate, sustaining the integrity of our financial position within the existing macroeconomic climate remains a top priority. Hence, we will continue to exercise prudence when making decisions related to

investments. While continuing to monitor macroeconomic variants, we will continue to explore and monitor opportunities in business and capital markets while following discretionary capital expenditures and restrained borrowings to maintain a lean financial position.

Recognitions

To my colleagues on the Board of Ambeon Capital PLC., my appreciation is relayed to you for the support extended at a time when our collective insights were imperative. I extend my heartfelt gratitude to the Executive Leadership of the Group for meeting the needs of the hour by calibrating Group resources cautiously and achieving overall objectives.

I am also thankful to the leadership and operational teams of the various Business Subsidiaries, for the discretionary and pragmatic approaches taken to ensure revenue growth at a time when prudence was of utmost importance.

I thank all employees across the Group for demonstrating the same values adopted by the leadership and for ensuring that plans and actions are put into effect, determinedly.

My sincerest appreciation also goes to our partners and shareholders for your confidence at a time when your support was the much-needed impetus for growth.

Sgd.

Sanjeev Gardiner

Chairman

Ambeon Capital PLC

26th August 2022

Directors' Review

Dear Stakeholders,

Highlighting the strategic direction and the commendable financial performance of the past fiscal year, it is our pleasure to present the Annual Report and Audited Financial Statements of Ambeon Capital PLC, for the year 2021/22.

We are pleased to state that the Group emerged profitable with a substantial rise in overall revenue, amidst the massive macroeconomic and social disturbances and the challenging monetary policy shifts experienced within the year.

Economic Environment

Irrespective of achieving a greater level of pre-pandemic normalcy towards the latter part of 2021, the year 2022 commenced with Sri Lanka's worst economic calamity. The economic crisis that embroiled the nation is largely the by-product of fast-depleting foreign reserves – which was propelled mainly by a massive pile-up of external debt, which became aggravated by the economic inactivity and disruptions of the pandemic.

Yet, setting aside the grim realities, the economic growth of 2021 must be acknowledged. The country's GDP grew at 3.7% in 2021, contrasting the negative contraction of -3.6% reported in 2020 when the pandemic was at its peak. This was a result of growth in all economic sectors, despite pandemic-induced disturbances.

Group Financial Performance

By the end of 2021/22, Group revenue reached LKR 14 Bn, with a growth of 42.18% in comparison to the previous financial year. The ultimate bottom-line reached a commendable LKR 1.9 Bn when compared to the net loss of LKR 2.28 Bn experienced the year before. The said growth resulted from revenue growth, as well as profit from discontinued operations of LKR 1.4 Bn at the level of its main subsidiary – Ambeon Holdings PLC.

The Group was successful in narrowing the finance cost by 38.6%, to LKR 460 Mn in comparison to LKR 749 Mn, incurred in the previous year. However, as a result of rising costs and rupee depreciation, the direct costs increased to LKR 10.3 Bn compared to LKR 6.6 Bn recorded for 2020/21.

Based on the interest rate surges in 2021 and early 2022 and a well-managed base of investments, Ambeon Capital as a group gained LKR 443.8 Mn in investments and other income. Meanwhile, a reduction in administrative expenses and an increase in selling and distribution expenses did have a somewhat moderate impact on profitability.

Assets and liabilities for the year 2021/22, demonstrated the Group's financial stability, as current assets exceeded current liabilities. The improved working capital position indicates the Group's ability to

appease its liabilities in the short run – proving financial strength and viability. Most notable is the increase in cash and cash equivalents to LKR 2.14 Bn, during the year under review, which increased the current asset base, considerably. In addition, the reduction of both long-term and short-term interest-bearing debt was a timely advantage, against the monetary policy change, which raised interest rates of borrowings.

Focused Decisions

During the period under review, the Group's primary focus was consolidating the existing investments in subsidiaries and adopting a very conservative approach to business expansion. By focusing on factors that were within our purview and safeguarding the existing financial position, the Group weathered the challenges.

The main subsidiary, Ambeon Holdings PLC, also adopted a similar approach and this had a tremendous effect on the Group's overall performance. Yet, despite such a prudent and cautious approach, Ambeon Holdings PLC continued to champion the strategies of its subsidiaries. As such, during the year under review, each of the four business clusters and its respective subsidiaries under Ambeon Holdings continued to maintain profitability.

MillenniumIT ESP which represents the Group's IT cluster, initiated its cross-border expansion drive, with the first regional operational base now situated in Singapore as MillenniumIT ESP Singapore. The cross-border expansion to Singapore acts as the gateway to regional and global business opportunities. This became a key milestone and a strategically prudent move for the company at a time when macroeconomic dynamics and the rising costs of doing business have challenged business prospects within the domestic market.

The Dankotuwa Group comprising of both Dankotuwa Porcelain PLC (DPL) and Royal Fernwood Porcelain Limited (RFPL) which represents the Group's manufacturing cluster, fortified its business with India and Dubai by committing to high standards in product quality, appearance and by securing new business within the territory. In addition, new business opportunities were pursued in the European, Scandinavian and US markets.

The real estate cluster recorded growth in both revenue and profits against the loss incurred in the previous year. Colombo City Holdings PLC which represents the real estate cluster disposed its retail rental space property in Union Place. As explained earlier, the Holding Group adopted a cautious approach in pursuing new investments within the real estate business, while exploring low-risk and diverse investments.

The financial services cluster, represented by Taprobane Capital Plus (Pvt) Limited, also maintained revenue and profit growth. This included growth in its equity market business and a moderate performance in the money brokering business of the subsidiary.

In addition, the disposal of the Group's textile subsidiary South Asia Textiles brought in a substantial gain of LKR 1.4 Bn, which had a significant effect on the bottom-line. The combined effects of these developments directly and positively changed the course of Ambeon Capital PLC towards profitability.

Due to the conservative approach to addressing expansion, the Group was able to somewhat insulate itself from the challenges it faced. By the end of the financial year, the Group posted a net profit in comparison to the net loss incurred in the previous financial year. This was the effect of improved subsidiary-level revenue and profits, proceeds from divestments which brought in funds to appease a sizeable portion of outstanding debt, as well as cost rationalisations at subsidiary and cluster - levels.

The Immediate Future

The immediate focus of the Group will be directed at ensuring sustainability of revenue and financial growth. We are confident in the Group's ability to surpass yet another turbulent economic backdrop and as demonstrated during the financial year under review. We are certain that the Group will drive profitable growth by conducting operations prudently and will further enhance our financial position through cluster and Group level cost controls and pragmatically driven investments.

Commendations

The improved performance of the year against a backdrop of worsening economic factors is far from a small feat. In fact, the pragmatic and watchful decisions taken by the respective Boards and management of Ambeon Holdings PLC and its subsidiaries became a defence against the macroeconomic instabilities. As a result, we commend the respective teams for being forward-thinking, resilient and navigating their respective entities towards positive results.

A special note of appreciation to all our stakeholders for their resolute confidence in both the Group and Company as we assure accountability and decisive actions, in ensuring that they receive the right value for their expectations.

Sgd.

Board of Directors

Ambeon Capital PLC
26th August 2022

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 P. J. Fernando
Independent Non-Executive Director



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



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



Mr. Revantha Devasurendra
Alternate Director to Mr. Ajith Devasurendra

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 Company of Ceylon Hotels Corporation PLC), Kandy Hotels Company (1938) PLC (which owns the Queens and Suisse Hotels in Kandy) and United Hotels Co (Private) Limited which owns Ekho Surf (Bentota), Ekho Safari (Tissa) and Ekho Lake House (Polonnaruwa). He is also a Director of Cargills (Ceylon) PLC since 1994.

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

Mr. Ajith Devasurendra

Deputy Chairman/Non-Independent, Non-Executive Director

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

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

Mr. Ranil Pathirana

Non-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 for Hirdaramani International Exports (Pvt) Limited.

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

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

Mr. Priyantha Fernando

Independent Non-Executive Director

Mr. Priyantha Fernando holds a B.Sc degree from the University of Peradeniya and a 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 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. Yudhishtan (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 Millennium IT ESP (Pvt) Limited, and as an Independent Non-Executive Director of Cargills Ceylon PLC and Hunter & Company PLC. He is also a Non – Executive Director of Cargills Food Company Limited, Cargills Bank Limited, Ambeon Capital PLC, Lanka Canneries Limited, Colombo City Holdings PLC and Taprobane Capital Plus (Private) 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 serves on the boards of many public and private companies. His focus is on driving strategy and implementing systems and processes that foster accountability. With the ambition of inspiring people towards a common purpose and vision.

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

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

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

Management Discussion and Analysis

Ambeon Capital PLC, an Investment Holding Company, continues to function as the parent of its main subsidiary Ambeon Holdings PLC. The strategic business 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.

AMBEON HOLDINGS PLC

Performance Highlights - Group

Profit After Tax (PAT)	Revenue	Revenue Growth
LKR 2.5 Bn	LKR 14.1 Bn	47.5 % Increase

Performance Highlights - Company

Profit After Tax (PAT)	Revenue	Revenue Growth
LKR 1.6 Bn	LKR 851 Mn	25 % Increase

Group Performance

Across the year under review, macroeconomic variants had an acute impact on almost all aspects of commercial activities. The economic turbulence of the country during the year was devastatingly hard-hitting. This was largely amplified by pandemic-induced economic downturns and unsustainable debt. Amidst such impacts, Ambeon Holdings PLC was compelled to face the foreign currency crisis, the significant rupee depreciation and the mounting costs in distribution, while outperforming the financial results of the previous year.

However, as a Group, Ambeon Holdings PLC posted a 220% improvement in net profit, with the final outcome reported as LKR 2.5 Bn in comparison to the net loss of LKR 2.1 Bn in the previous financial year. As a Group, Ambeon Holdings achieved a 48% expansion in its top-line in relation to the financial year preceded; while revenue was reported as LKR 14.1 Bn for the year under review. Ambeon as a Company reported an after-tax profit of LKR 1.6 Bn, which exceeded the previous year's net profit by 175%. Profit outcome had a positive impact from a Change in Fair Value of Investment in Subsidiary of LKR 1.5 Bn. Moreover, as a result of dividend income and realized gains from

its equity portfolio, the revenue of Ambeon Holdings amounted to LKR 851 Mn – which was a growth by 25% since the previous year.

With measures taken to curb borrowings and related expenses, the Group achieved a 25% reduction in its finance cost, which was preceded by a 63% reduction in the finance cost of Ambeon Holdings as a company.

Even though Ambeon Holdings PLC holds immediate ownership of these clusters, strategic and operational approaches of each cluster were crafted and executed at the discretion of cluster-subsidaries. Moreover, the divestment of South Asia Textiles in April 2021 enabled the company to regroup its focus on existing business segments while diverting the sale's proceeds to settling a wide portion of the Group's borrowings.

As each business cluster belongs to diverse service and industrial settings, each subsidiary adopted unique approaches to traversing around the macroeconomic challenges of the year, while continuing to strategically expand and grow.

Cluster-level Performance

Based on the scale of operations and magnitude of business transactions conducted, both technology and manufacturing clusters reaped higher returns during the year: while financial services and real estate clusters both recorded improved earnings and post-tax profits in relation to the previous year.

Most notably, the technology cluster stepped into cross-border operations, with a new office located by MillenniumIT ESP in Singapore. This became the crucial first step towards expanding its portfolio, as Singapore is a strategic hub for innovation, which connects MillenniumIT ESP to the ASEAN region and other global markets.

The Groups' manufacturing cluster comprising of Dankotuwa Porcelain PLC and Royal Fernwood Porcelain Limited expanded its potential in a myriad of ways. Enhanced dealer relations and expansion of the network, outreach into new overseas markets with significant contributions from Dubai and India in addition to the exchange gains from international sales contributed towards revenue growth and profit expansions. The manufacturing cluster also explored innovations and diversifications while making modifications to existing range of products.

The financial services segment of the Group reported growth in its revenue alongside new business mainly backed by its stock brokering arm - Taprobane Securities. Moreover, the money-market-based business, Taprobane Investments fared moderately during the financial year despite weakened market performance. To regain stability, the real estate cluster disposed of one of its main rental space properties while incorporating diversified investments into its outlook. With the aim of surpassing the vulnerabilities of the construction sector within the

present economic climate, the real estate cluster will explore low-risk financial investments on top of viable real-estate endeavors in the future until the economy regains stability.

Future Outlook

In preserving the financial position, which improved during the year 2021/2022, Ambeon Holdings PLC will adopt a conservative approach to investments while exercising discretion over expenditures and strategic investments. Revenue growth, controlled costs and pragmatic decision-making will be consciously followed in navigating the ongoing economic turbulence of the country, while the same approaches will be applied at cluster levels by subsidiaries.

Yet, the Group will continue to endorse new business opportunities pursued by its subsidiaries, whether increasing exports to new international markets or in expanding the limits of revenue through locally secured business opportunities. However, management teams are mindful of being pragmatic and weighing the gains and losses amidst the monetary and fiscal policy decisions taken by the country's policymakers in controlling the high economic imbalances that persist.

Accordingly, Ambeon Holdings PLC hopes to capitalise on cluster-level revenue growth and group-wide prudent cash flow management.

Technology Cluster | MillenniumIT ESP (Pvt) Ltd.

MillenniumIT ESP (Pvt) Ltd., is at the core of the Group's technology cluster, and is a subsidiary of Eon Tec (Pvt) Ltd which falls under the direct purview of Ambeon Holdings PLC.

LKR **259** Mn

Profit After Tax (PAT)

LKR **9.3** Bn

Revenue

38%

Revenue Growth

Subsequent to the restructuring and repackaging of its tech portfolio in 2020, MillenniumIT ESP now provides a well-formed range of enterprise solutions to numerous business and industry sectors. The portfolio includes seven main technology units – core infrastructure, cloud solutions, cyber security, smart buildings, intelligent automation and data and managed services, which are based on the Company's competitive strengths and expertise.

Over the years, MillenniumIT ESP has built several exceptional global partnerships, which have become uncontested advantages within the tech industry. Global partners and principals include Oracle, Amazon, Google, Microsoft, DELL-EMC, Hitachi, Cisco and Infosys, enabling MillenniumIT ESP to deliver global solutions to domestic business sectors.

With over two and a half decades of experience and a strong presence within



the local tech industry, MillenniumIT ESP has gathered a strong reputation across several business sectors. Their solutions are sought-after by a cross-section of private sector industries, including the banking and finance services sector, telecommunications, manufacturing, healthcare, real estate and logistics sectors, and companies with medium to large-scale business scopes and scales. In recent years, the company expanded into several sectors including state-backed projects including the retail and media sectors – further expanding market reach.

Operational Overview

During the year under review, several flagship projects from the aviation and defense sector became key highlights – alongside landmark projects done for blue-chip companies in various sectors. Moreover, MillenniumIT ESP continued to restructure its business portfolio, to increase its revenue in a three-year span.

The Company launched a channel-partner model as a strategic step towards scaling operations, on a regional and global level. Moreover, as a key effort to expand its regional outreach and establish a strong cross-border presence, MillenniumIT ESP established its presence in Singapore, through the launch of MIT Singapore. This expansion is the first move towards securing regional business prospects, especially within the ASEAN trade bloc and in increasing the possibilities of accessing new global markets by leveraging on Singapore's presence as a regional IT and innovation hub.

Moreover, with an outlook of transforming products to be fully on par with global requisites, MillenniumIT ESP invested in improving its product portfolio. Investments were made in enhancing the 'Vision' platform (Bank Vision and Health Vision), which is a web and mobile-based digital solution for multiple industries. In addition, the 'Bank Vision' platform was adopted by a leading banking institution within the local BFSI sector – bringing recognition to its capabilities as a dynamic solution.

From a Human Capital perspective, MillenniumIT ESP continued to ensure the professional and personal development of its staff as part of its consistent people-oriented culture. While maintaining measures against COVID-19, MillenniumIT ESP also ensured medical coverage for infected staff members. This is in addition to work-from-home arrangements and travel arrangements, which enabled employees to work within safety parameters.

Financial Performances

The financial year ended on a profitable note for the cluster, with MillenniumIT ESP recording a post-tax profit of LKR 259 Mn. The net profit is a reduction in comparison to the previous year, which was impacted negatively by the rupee depreciation and a resultant exchange loss. In addition, rising selling and distribution costs also had an impact on the company's net profit outcome.

Revenue surpassed LKR 9 Bn by 38% over the previous year's earnings. Cyber security solutions had a considerable contribution to the overall revenue as the sub-segment expanded by 55% in earnings in comparison to the corresponding financial year. Meanwhile, core infrastructure solutions which contributed to a 67.5% stake in company revenue, reported an earning of LKR 6.3 Bn, which is an increase of 46% over the previous financial year. This was followed by cyber-security services with a 12% stake in total revenue for the year 2021/22.

Additionally, smart buildings attracted LKR 757 Mn in revenue, which is a 49% increase over the previous year's gains: the sub-segment shows great opportunities with new ventures secured in both the state and private sectors.

Despite the overall revenue growth, profit erosions were seen across certain segments, as overhead costs and exchange losses from payments to foreign principals and suppliers took a toll during the fiscal year.

Future Outlook

The restructuring of the company's service portfolio delivered a much-concerted focus on capitalising on the firm's strengths. Given the growing demand for data and cyber security, MillenniumIT ESP stands to make gains by catering to demands from both new and existing clientele. Moreover, with its growing focus on delivering solutions for smart building requirements and managed services, the company has amplified prospects within the state and private sectors, both locally and internationally.

Moreover, the combination of a restructured portfolio and the initiation of a global expansion drive positions MillenniumIT ESP at the centre of expansive opportunities from a regional and global perspective.

From a broader strategic standpoint, MillenniumIT ESP strives to capitalise on its experience of over two decades, while drawing business opportunities through the formidable experience of its staff and expertise in emerging technological arenas: With a highly competitive portfolio of global service partners, MillenniumIT ESP has a superior capability of providing a global service to local and regional clientele. Moreover, the company will continue to explore and enter into technological solutions with growing global demand, alongside a stronger focus on Managed Services, Smart Buildings, as well as Network Operations Centres (NOC) and Security Operation centres (SOC).

Manufacturing Cluster

Ambeon Capital PLC., through Ambeon Holdings PLC., retains ownership of two of Sri Lanka's oldest and largest producers and exporters of porcelain tableware. Dankotuwa Group, which consists of Dankotuwa Porcelain PLC., and its subsidiary Royal Fernwood Porcelain Limited represents the Group's manufacturing cluster.

Manufacturing Cluster | Dankotuwa Porcelain PLC.

LKR **422.2**Mn

Profit After Tax (PAT)

LKR **2.4**Bn

Revenue

55.6%

Revenue Growth

Dankotuwa Porcelain PLC. (DPL) renowned for its luxurious and elegant porcelain tableware has a strong domestic and international reach. Known across the world for its gold, silver and platinum design elements, Dankotuwa products have graced households for over three decades. The simplistic yet exquisite elegance which is symbolised by its pristine white tableware differentiates DPL products from the rest. A piece of tableware stamped with the Dankotuwa brand name, is recognised as truly Sri Lankan - one that is accepted globally for its quality and craftsmanship.

As an original equipment manufacturer to renowned brands such as Macy's, Portmerion, Dansk, Caskata, Oneida, NEXT, Jashanmal, Crate & Barrel, Country Road, NotNeutral, VEGA, Porsgrund,



Paul, Migros, Narumi, Berghoff, Yalco, Weissesst, Silsal Design House, Wallace & Co, Kashida, Manses Design and Nordic Nest. Dankotuwa is present in over 35 countries including USA, UK, France, Australia, Japan, Italy, India, Middle East and Germany. Dankotuwa products are also imported and sold by globally prominent retail brands. In Sri Lanka, DPL products are made available through five retail showrooms and an island wide dealer distribution network. Products are also made available on reputed ecommerce platforms such as amazon, kapruka, daraz, houseofgifts, oralbuy and wishque.

Operational Overview

A significant portion of the year's operations was conducted within a bio-bubble – conforming to COVID-19 regulations and ensuring the health and safety of all employees were secured. The efforts taken for the island wide vaccination drive, containment measures and a resultant return to a level of pre-pandemic normalcy allowed DPL to function with minimal disruptions as the situation was surpassed through prudent production and process planning to meet timely order processing and export requirement.

Subsequently, towards the latter part of the financial year, the shortage in gas and fuel became a key concern to production and transportation. In addition, foreign currency depletion, rupee depreciation as well as restrictions on imported goods had a direct impact on the company's importation of raw materials.

Yet, despite these obstacles, DPL recorded a profitable outcome that surpassed expectations. The exchange gains due to the sharp rupee depreciation provided an organic strategy to counterbalance the rising cost of imported materials and commodity prices. Moreover, selective price revisions were also necessitated as a method to counter rising expenditure. Consequently, post-tax profit for 2021/22 became one of the highest expansions in the past 37-year history of the Company.

Revenue streams of DPL, which comprise international and domestic sales, saw a reinforced performance. International market sales increased due to the gains in exchange rates and an increase in new order volumes. Business relations in the Indian, Dubai and European markets were strengthened during the year, while online retail presence was enhanced by entering B2B e-commerce platforms. Moreover, the constraints imposed on imported porcelain goods boded well. This further endorsed DPL products through showrooms and dealers. However, DPL experienced a decline in domestic orders, which improved towards the latter part of the year.

During the year under review, the Company initiated a program called "Collective Leadership" where small teams of employees were bestowed with leadership responsibilities to manage affairs of the various functions for a specific period. As such departments such as manufacturing, sales, and marketing had aspiring leaders injecting new ideas and working methodologies into the system. As these teams included members from all levels of the Company, it facilitated higher employee engagement and leadership building across the organisation. This has been a key reason for the positive performance of DPL.

Apart from considerable gains in financials, DPL received several accolades during the year under review. The Company was named the 'Best of the Best' as a much loved home ware brand in Sri Lanka for the year 2021. The recognition was publicised by LMD and was ranked by Brand Finance. In addition, GPTW Sri Lanka recognised Dankotuwa Porcelain as one of the Best Workplaces in Sri Lanka and also as part of the Best Workplaces in the Manufacturing and Production Industry for the year 2022.

Furthermore, DPL continued to ensure its commitment to international quality standards, by renewing the ISO 9001:2008 Quality Management Systems certification and conforming to requirements by the Customs Trade Partnership Against Terrorism (CTPAT).

Financial Performances

Dankotuwa Porcelain PLC (as a Group) recorded an after-tax profit of LKR 189.5 Mn in comparison to the net loss of LKR 397.8 Mn reported in the previous financial year. Similarly, Group revenue was reported as LKR 3.8 Bn, which surpassed the previous year's revenue of LKR 2.4 Bn. From a Group perspective, international sales gained considerably more revenue with a 52% increase, alongside a rise of 58% in domestic group sales.

As a standalone company, Dankotuwa Porcelain PLC achieved a net profit of LKR 422.2Mn while profit before tax rose to LKR 491.2 Mn in comparison to the loss of LKR 134.5 Mn recorded in the previous financial year. Moreover, DPL's international sales increased by 46%, while local sales mirrored an increase of 68%.

Future Outlook

DPL as a Group will continue to combine the strengths of both Dankotuwa and Royal Fernwood in exponentially increasing its revenue and Group profitability. However, as an individual Company, Dankotuwa Porcelain PLC will strategically explore and pursue new opportunities within many overseas markets that they already operate in alongside a strong focus on widening domestic retail sales and dealer-based business. In this regard, DPL will foster stronger, more mutually beneficial partnerships with its dealer network, paving the way for expansion across the island.

From a product marketing perspective, with the broad goal of creating a highly competitive and strong product portfolio, DPL will continue to explore niche opportunities while leveraging existing strengths to diversify into non-tableware product categories. DPL's Strategic focus will also skew towards methods of optimising production, including automations, which could improve efficiencies and minimise undue spending.

From a supply chain perspective, DPL will also explore alternative avenues to overcome challenges in sourcing raw materials. With local prospects pursued as substitutes, these new suppliers will ensure minimal disruptions to manufacturing processes. The Company also plans to pursue additional sustainable production practices with the support of academic guidance, especially in monitoring and controlling carbon emissions and water usage.

Furthermore, DPL places tremendous value and importance on its human capital. As such, the Company will continue to provide all possible avenues of professional growth and financial benefits to its employees. The Company believes that this will be the differentiator that will help propel the organisation to the transformational growth it intends to achieve in the years to come.

Manufacturing Cluster | Royal Fernwood Porcelain Limited

LKR **(158.3)** Mn

Net Loss

LKR **1.4** Bn

Revenue

53.6%

Revenue Growth

Royal Fernwood Porcelain Limited (RFPL) enjoys world-class recognition as a large-scale manufacturer of high-quality, white and decorated porcelain tableware and figurine ornaments. Having been in existence for over 28 years, The Company has positioned itself as a brand for the young as well as for those with an unconventional taste in tableware.

Royal Fernwood manufactures and supplies porcelain goods to many top-tier global brands and manufacturers in over 50 countries, covering territories such as the USA, Japan, Australia, European and Scandinavian regions. Its business partnerships also extend to clients in India, Malaysia, the UK and the UAE.

While RFPL's target audience includes a predominant base of millennials and a younger cohort of clientele, a majority of the Company's revenue (61%) is derived from exports. RFPL strives to accommodate stylish designs and distinct shapes, in addition to incorporating bold colours and vivid textures to its product ranges.

Furthermore, RFPL's product portfolio speaks of genuine craftsmanship: such artistry includes various glazing techniques, which are executed by hand, in addition to hand-painted porcelain



ware, and tableware with decals laced in platinum, gold and silver.

In the recent past RFPL extended its expertise to non-tableware products such as the Heater Insulator which was produced for Rakon Limited of New Zealand in the year 2021. In addition, the tea infuser, candleholders and ornamental products for the gift-giving market was also developed and introduced during the year under review.

Operational Overview

Although Sri Lanka reached a level of pre-pandemic normalcy at the beginning of 2022, the country faced periodic spells of travel restrictions and a lengthy lockdown in August 2021. This impacted production at RFPL, compelling the management to take steps to mitigate its impact on staff and order processing. Despite the lulls in production, the gradual return to normal work routines enabled RFPL to achieve a rebound in production.

Nevertheless, a shortage in labour became a concern during periods of restricted mobility, amidst shortages in gas and fuel towards the end of the fiscal year 2021/22. Beyond Q3 of the year under review, lack of fuel and the resultant rise in transportation costs impacted production, while the sharp depreciation of the rupee adversely affected material imports.

Financial Performances

2021/22 became a year with mixed financial performances. While the Company's revenue reported a 54% increase to LKR 1.4 Bn, its after-taxation results contracted to a net loss of LKR 158.3 Mn.

The improved top-line is a result of a 60.7% growth in export revenue, followed by a 43.6% increase in domestic sales. Domestic and export revenue stood at LKR 527.8 Mn and LKR 891.4 Mn, respectively. While there remains the uncontrollable aspects of the macroeconomic instability, – with the aim of achieving profitability in 2022/23, RFPL has taken measures to further rationalise expenditure, enhance timely production and order fulfilment and in securing new business opportunities to offset higher costs.

Future Outlook

As part of its broader strategic focus, RFPL will continue to capitalise on its strengths and expand its business into products and markets. The Company will continuously explore and adopt viable product diversifications in order to capture niche market segments and expand

to new global markets. Based on the Company's ability to innovate beyond tableware products, RFPL will continue to translate new product concepts into prototypes, pursuing opportunities for such products locally and globally. Experiments with new shapes, decals, designs, colours and glazes will continue with the usual momentum on a conceptual level.

Alternative material such as locally sourced clay and domestic substitutes in sourcing raw materials will be pursued in the short-term to offset any imbalances to production due to a depreciating rupee and import restrictions.

Once the macroeconomic determinants transform into favourable opportunities, with the objective of optimising efficiencies, the Company will continue to explore automations in its production and supply chain management processes. These aspects will be strongly pursued in the aim of maximising on RFPL's large scale production capacities and high-quality production standards. In addition, RFPL will continue to address its challenges in labour turnover, by enhancing multi-skilling capabilities of the workforce and in providing the necessary impetus for a better-engaged and committed workforce.



Financial Services Cluster | Taprobane Capital Plus (Pvt) Ltd.

A fully owned subsidiary of Ambeon Holdings PLC, the financial services cluster formed under Taprobane Capital Plus (Pvt) Ltd., carries over 18 years of experience in capital markets and in providing investment advisory to retail and institutional clientele. Importantly, Taprobane Capital Plus functions through a lean operational structure, driven by a team of financial professionals and advisors.

LKR**206**Mn

Profit After Tax (PAT)

LKR**475**Mn

Revenue

75%

**Top-line Growth
(Taprobane Group)**

The group branches out to Taprobane Securities (Pvt) Limited and Taprobane Investments (Pvt) Limited, which engages in stock broking and money broking services, respectively. While Taprobane Securities caters to a diverse portfolio of predominantly retail clients and a considerable portion of institutional clientele, Taprobane Investment caters to a business-to-business clientele, a majority of which belongs to the banking and financial services industry. Moreover, the Taprobane companies also function as the exclusive financial service provider to the Ambeon Group, as it undertakes management of treasury and financial investment related functions on behalf of the parent conglomerate. The Group focuses on treasury bond investments in addition to strategic investments for the benefit of Ambeon Capital PLC.



Furthermore, Taprobane Capital Plus is also the holding company of Taprobane Wealth Plus (Pvt) Ltd. and Lexinton Financial Services (Pvt) Ltd - organizations that were formally engaged in corporate finance and margin trading businesses, respectively.

Operational Overview

Operationally, Taprobane Capital Plus continued to maximise its opportunities on the improvements and positive trends within the equity market. Market share of Taprobane securities increased by 26.8% indicating a strong increase in the number of new businesses secured. However, the macroeconomic hindrances presented a unique set of challenges by propelling the Company and its subsidiaries to constantly maintain a watchful eye on the monetary and fiscal policies within the domestic economic environment.

Financial Performance

The Taprobane Group recorded a profit after tax of LKR 206 Mn for the year under review, which surpassed the previous year's PAT of LKR 153 Mn. Revenue of the financial services cluster reached LKR 475 Mn, which increased by 75% over the previous period's top line. Revenue moved up as a result of increased investment and other income, as well as earnings through business services.

A combination of several factors, including new business revenue due to positive investor sentiments towards equity and a leaner cost structure, culminated in the improved financial performance of the year. Revenue was also positively moved by improved research capabilities and pragmatic investment portfolio management by the team at Taprobane.

As a result of improved business, Taprobane Securities recorded revenue of LKR 445 Mn, which increased by 117% over the previous financial year. In addition, Taprobane Investments achieved a breakeven status for the year 2021/22. Weakened money market performance, as well as the foreign exchange crisis and rupee depreciation, had an impact on Forex market trades, impacted the bottom line of the sub-subsidiary.

Future Outlook

Taprobane Capital Plus will continue to build on its strengths and the expertise of its staff in navigating through the volatile macroeconomic environment. The cluster will nevertheless capitalise on the existing high interest rate environment in fixed income instruments while also considering the opportunities that continue to ebb and flow within the primary and secondary markets.

Enhanced monitoring of capital markets will be pursued through strong research sources and financial analysis, while maximising business on report-based market insights and the experience-driven acumen of the Group's team of portfolio managers, investment advisors and analysts.

Real Estate Cluster | Colombo City Holdings PLC

The conglomerate's real estate cluster is formed under the management capabilities of Colombo City Holdings (CCH) and its fully owned subsidiary Lexinton Holdings.



LKR **32.6**Mn

Profit After Tax (PAT)

LKR **38.4**Mn

Revenue

LKR **89.5**Mn

Interest Income

With its corporate history extending back to a century, Colombo City Holdings PLC is a company that has surpassed many ventures to be known as a real estate management company. Its rental property portfolio has undergone refinements over the years, and remains one of the key channels of revenue. CCH also covers its top line with returns from financial investments through a combination of low-risk investments in debt and equity instruments.

Operational Overview

The real estate Group's focus was impacted largely by national macroeconomic fundamentals. As the country's foreign exchange and currency crisis compounded the rising cost of imports, massive shortages in basic commodity supplies and growing cost of borrowings, the Group veered towards a reserved approach in relation to substantial investments in land and building property.

However, a welcoming respite was the gradual return to pre-pandemic normalcy and increasingly restored normal work routines. This became a positive aspect across the market space for commercial

rentals, thus eliciting a favourable impact on the Group's revenue. Moreover, the Group's focus also extended towards reducing its debt obligations through the settlement of interest-bearing loans and borrowings to an extent.

In August of 2021, the CCH Group made a strategic and imperative decision to sell its rental property in Union Place for a value of LKR 575 Mn. The resultant proceeds became an enabler in expanding the Group's liquidity position and its financial investments. Hence, at present, the Company's real estate assets include its property in Gothami Road, Colombo 08, which is home to the operations of Ambeon Capital PLC and Ambeon Holdings PLC, including several of its subsidiaries - Taprobane Capital Plus, Olancom (Pvt) Ltd. Eon Tech (Pvt) Ltd. and sub-subsidiaries.

Financial Performances

As a Group, the key accomplishment during the financial year under review was the commendable return to a profitable bottom line. Net profit for the year was reported as LKR 32.6 Mn against the loss of LKR 306 Mn which transpired in previous financial year. CCH as a standalone entity reported a PAT of LKR 29 Mn, which surpassed the net losses of the previous year. The Group and the company also reported before-tax profits of LKR 57 Mn and LKR 47 Mn, respectively.

The sale of the Union Place property, which made LKR 575 Mn, was utilised to expand the financial investments of Colombo City Holdings

PLC as a Company. As a result, during the year under review, the interest income for the Group amounted to LKR 90Mn. Meanwhile, the income from loans granted accumulated to LKR 49 Mn for the Group, however, this showed a decline in comparison to the previous year.

The Group's liquidity position improved tremendously, as reflected through a 31.2 current ratio against the 5.38 ratio reported the year before. Moreover, Group liabilities reduced drastically, giving the Group a leaner level of debt while improving the financial position and overall health. Group's finance cost contracted by 74%, which includes an 89% reduction in short-term interest-bearing loans and borrowings from LKR 157 Mn to LKR 17 Mn.

Future Outlook

Outlook for the financial year 2022/23 remains stable, with an increase in interest income expected for the fiscal year. Due to the macroeconomic uncertainties and high costs within the construction industry, CCH will adopt a wait-and-see approach to real estate investments. As a result, the Group will pursue diversified investments, which carry low-risk and exponentially increasing returns. In this regard, the Group will factor in the higher interest rate environment, which is expected to bode well for interest income; however, a contradicting approach will be adopted towards borrowings while attempting to make the Group's debt structure leaner, and its financial position stronger.

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, the 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 float. 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).

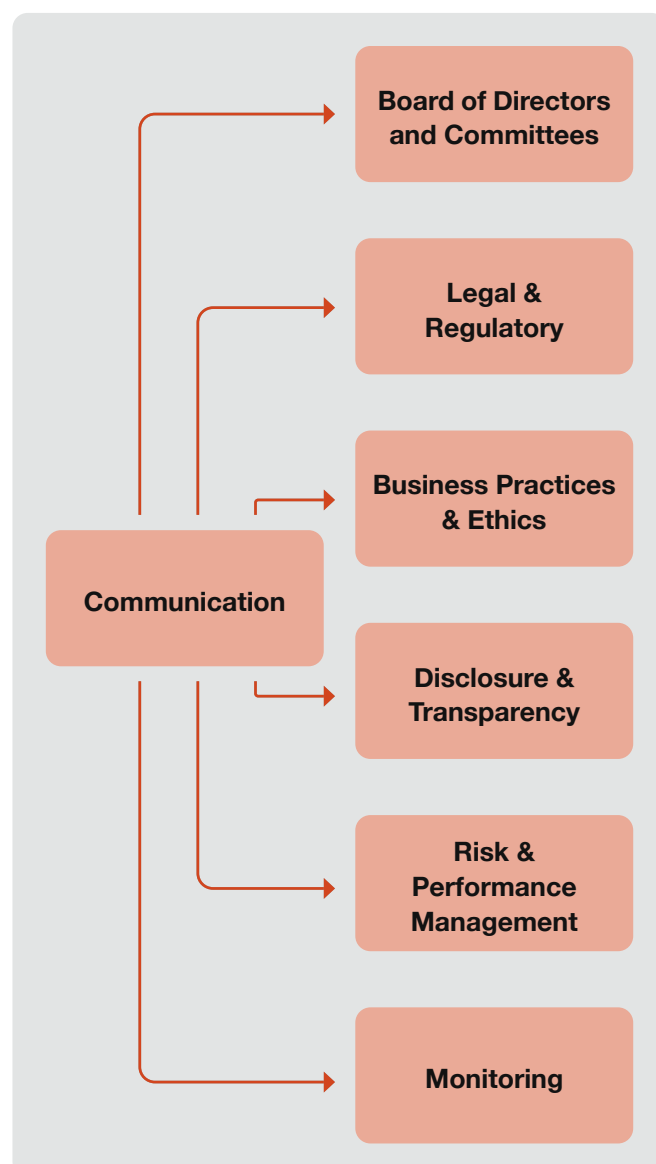
Governance Framework

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.

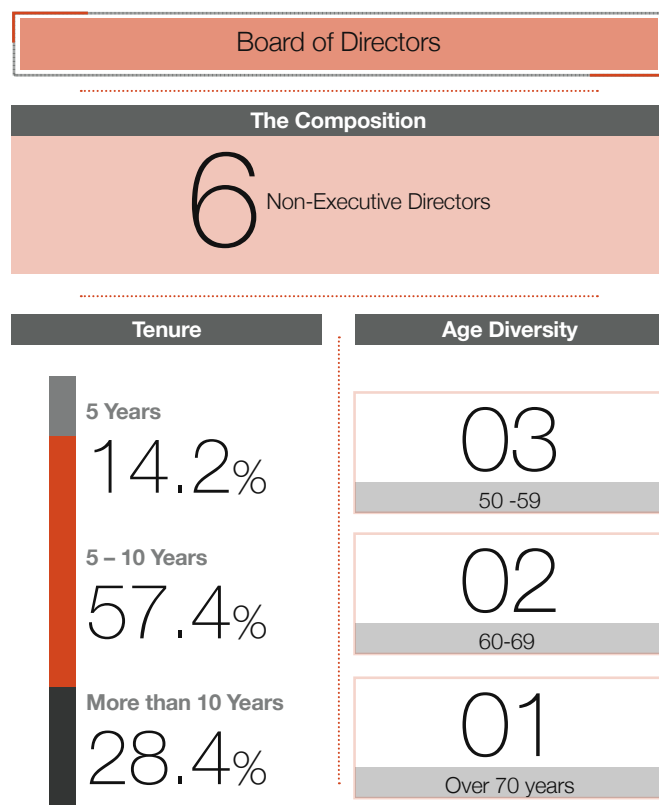


The Board Composition and Board Balance

The Board comprises of six(06) 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 10 to 12. 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 intricacy of the Group's operations.



The composition of Board of 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. 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 (Resigned w.e.f 05.11.2021)
Mr. Yudhishtan Kanagasabai	Independent/Non-Executive Director
Mr Revantha Devasurendra	Alternate Director to Mr. Ajith Devasurendra

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 Yudhishtan Kanagasabai is 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.

Board Meetings and Attendance

An 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 4 meetings were held during the financial year.

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

Name of Director	Attendance
 Mr. Sanjeev Gardiner – Chairman	4/4
 Mr. Ajith Devasurendra – Deputy Chairman	4/4
 Mr. Priyantha Fernando – Director	2/4
 Mr. Harsha Amarasekera – Director	3/4
 Mr. Ranil Pathirana – Director	4/4
 Mr. Sarinda Unamboowe – Director (resigned w.e.f. 05.11.2021)	2/2
 Mr. Yudhishtan Kanagasabai – Director	3/4

Access to Information

The Board is supplied with complete and adequate information in advance for each meeting to enable the Board to make informed decisions. These include the 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 policies 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.

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 34 and 35.

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.

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 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 for 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	<ul style="list-style-type: none"> ■ 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 functions.
Remuneration Committee	<ul style="list-style-type: none"> ■ 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	<ul style="list-style-type: none"> ■ Review related party transactions as prescribed by Section 09 of the Listing Rules of the CSE
Group Investment Committee	<ul style="list-style-type: none"> ■ Develop the Group's investment objectives and corporate policies on investing.
Group Nominations Committee	<ul style="list-style-type: none"> ■ 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	<ul style="list-style-type: none"> ■ The Group Oversight Committee operates across the group and serve as the GOC for all boards.

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 be that director who, being subject to retirement by rotation has been longest in office since his last election or appointment. Accordingly, Mr. A L Devasurendra 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. Priyantha Fernando is over 70 years of age 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 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 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 42.

Recognize and Manage Risk Internal Control

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 certificate confirming compliance with all applicable statutory and regulatory requirements. This is provided by the Head of Finance and covers all subsidiary companies too.

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 independent of management. This independence is further strengthened by the internal auditors reporting directly to the Audit Committee. The Internal Auditor has access to management and 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 meet with the internal auditors without any of the management being present.

Further details are in in the Audit Committee Report on pages 34 and 35.

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 (AGM)	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, teleconferences 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.

Risk Management

The risk landscape continued to demonstrate new complexities during the year, reflecting prolonged economic, political, social and human implications. The Ambeon Capital (The Group) proactively monitored emerging risks that could affect its financial performance, stability, business continuity, and supply chain over the long-term.

Risk management is embedded in all processes and is seen as the responsibility of everyone within the Group as it is critical to the long - term growth and sustainability. Taking risks is therefore an integral part of any business activity and Group thus strives to conduct its business activities in a socially responsible manner to achieve this long - term growth and sustainability by balancing its objectives against the risks it is prepared to take. In this context, the Group intensified its focus on risk identification and mitigation. This demanded a proactive approach and an effective Group - wide risk management framework.

Risk Responsibility

The Board of Directors holds ultimate responsibility for ensuring that the Company's risks are identified and mitigated effectively. The Board is supported by the Audit Committee which reviews the effectiveness of the Company and its subsidiaries risk profiles and internal control systems on quarterly basis. The Audit Committee also carry out its responsibilities in managing the risk management framework by ensuring the implementation of a sound internal control systems as well as policies which will mitigate risks endured by the Group. In addition, the Audit Committee is the leading authority in ensuring that the risk and internal control strategies are shared across the Group, whilst simultaneously creating awareness amongst employees.

Risk Management Philosophy

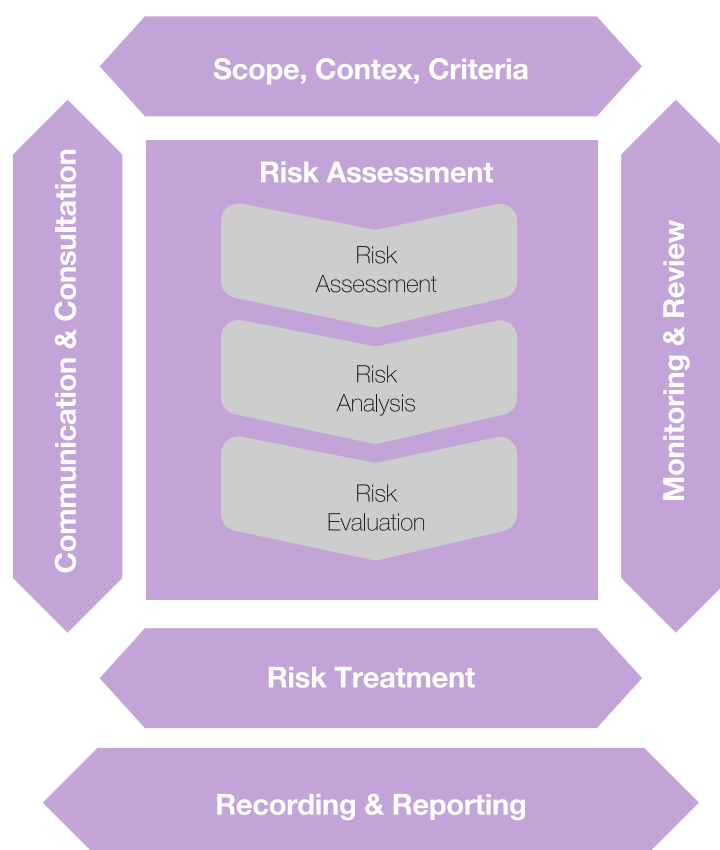
Ambeon recognizes that risk management is the responsibility of everyone within the Group. Risk management is therefore integrated into all business and decision-making processes including strategy formulation, business development, business planning, capital allocation, investment decisions, internal control, and day-to-day operations.

Risk Management tools

An essential tool that has been inbuilt into the entire framework is the Ambeon Group's Enterprise Risk Management (ERM) system – 'CAMMS ERM', an

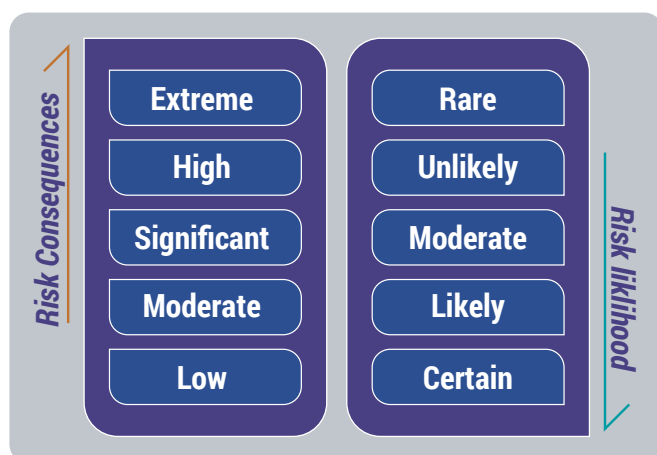
international, on-line automated risk management solution, this has enabled us to implement practices and processes that are essential to the proper functioning of our IRM approach. The solution uses a framework that is in compliance with the COSO Enterprise Risk Management Framework, and also complies with ISO 31000 (2008) International Risk Management Standards. Implemented in 2017, the CAMMS solution has assisted the Group to take an effective and systematic approach in managing risks.

CAMMS ERM identifies, and segregates, risks as operational, strategic and project related risks at the Ambeon Group level, enabling the Board of Directors to take precautionary mitigation plans for strategic risks which are then taken on and implemented across its subsidiaries. In addition, the Group employs the following risk management framework to ensure a robust risk management mechanism.



Risk Assessment

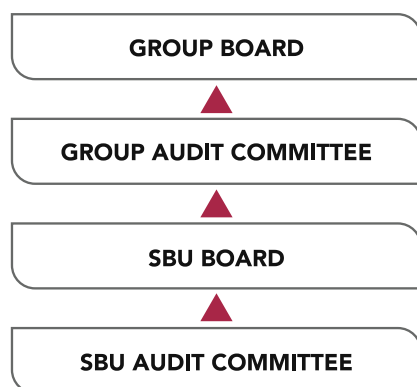
The Group compartmentalizes risk assessment into three parts: namely initial risk assessment, current risk assessment, and future risk assessment. The Group uses the risk assessment platform to prioritize potential risk exposure and the impact of risks. Risk assessment allows the Group to determine material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



Risk Governance and Structure

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

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

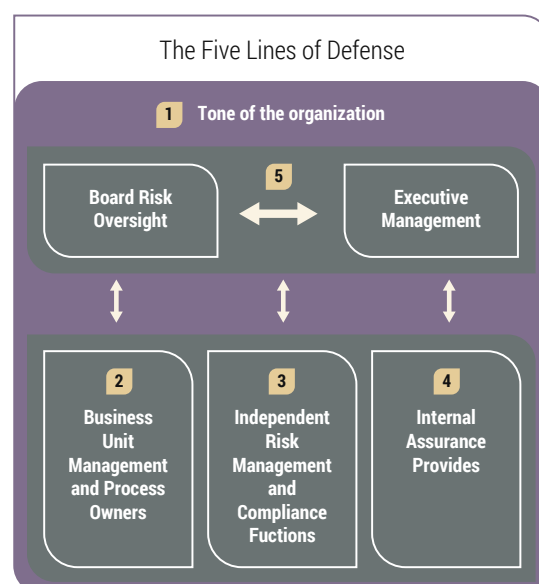


Internal and Statutory Audits

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

Risk Management Approach

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



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

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

Description of Risk	Mitigation Strategies
Economic and business risk	<ul style="list-style-type: none"> Review impact to group's performance and strategic business plans due to volatility in macroeconomic variables Conduct sensitivity analysis to ascertain the impact to Group and SBU's budget Maintains strong relationships with suppliers and banking partners to negotiate on payment terms, credit, and funding to minimize disruptions to operations Evaluate long term vision of the government and develop long-term value creation to rationalize investment portfolio of the Group

Description of Risk	Mitigation Strategies
Investment Risk	<ul style="list-style-type: none"> ■ Group generally carries out extensive appraisals before going ahead with any investment projects ■ Continuous evaluation of market and identifying product development/ market expansion opportunities. ■ Conduct diligence study to ensure that hurdle rate expectations are met by each capital investment
Liquidity Risk	<ul style="list-style-type: none"> ■ Centralized treasury management function to monitor Group liquidity as well as the maturity mismatch between asset and liability on an ongoing basis ■ Continuous reviewing of business models and working capital management ■ Strong relationships with banks to negotiate backup funding lines ■ Benchmark current and quick asset ratio.
Human Resources	<ul style="list-style-type: none"> ■ Remuneration levels are benchmarked to remain competitive along with industry standards along with incentives ■ Continuously train and upskill employees on new technologies, tools and global practices ■ Promoting a high-performance driven culture to retain employees through better career prospect
Health and Safety Risk	<ul style="list-style-type: none"> ■ Adherence to WHO guidelines to curtail spread of pandemic ■ Operations and plants are designed considering employee health and safety ■ Health and Safety related policies and procedures have been implemented across the Group
Cyber security risk	<ul style="list-style-type: none"> ■ Safeguard critical IT and operational assets through the implementation of strict IT protocols, firewalls, and business continuity plan ■ Foster a positive culture of cyber-security by raising awareness among employees regarding the importance of detection, response and recovery from cyber incidents and attacks

Report of the Audit Committee

COMPOSITION

The 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 2 Independent Non-Executive Directors and a Non Independent Non-Executive Director. The members of the Board Audit Committee are:

Mr. Yudhishtan 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 on pages 10 to 12 of this Report.

The Company Secretary serves as the Secretary to the Committee.

MEETINGS

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

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

The 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 '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 25. 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, 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 opportunities 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 opportunities 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 2023, 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.

Yudhishtan Kanagasabai

Chairman

Audit Committee

26th August 2022

Remuneration Committee Report

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. Yudy Kanagasabai (w.e.f.08.11.2021)

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, 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 119 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

26th August 2022

Related Party Transaction Review Committee Report

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 three members with a combination of two Independent Non-Executive Directors and a Non-Independent Non-Executive Director.

The members of the Committee are;

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

Mr. Y. Kanagasabai - Chairman/Independent Non-Executive Director.
(Appointed on 09.02.2022)

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 10 and 12 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 RPT under discussion, shall abstain from voting on the approval of such 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 116 to 120 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. Y. Kanagasabai	1/1

The meetings were held on a quarterly basis.

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

Sgd.
P D J Fernando
Chairman
26th August 2022

Annual Report of the Board of Directors on the Affairs of the Company - 2021/22

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 2022.

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 financial services, manufacturing of footwear, porcelain and managing property, IT solutions and investments.

REVIEW OF OPERATIONS

The Chairman's Review on Pages 6 and 7 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. 45 to 128. Summarized Financial Results

GROUP & COMPANY

Y/E 31 March	Group (Rs'000)		Company (Rs'000)	
	2022	2021	2022	2021
Revenue	14,013,564	9,856,162	26,148	361,743
Profit/ (Loss) before tax for the year	884,473	(1,851,811)	984,488	(1,753,064)

AUDITORS' REPORT

The Independent Auditors' Report on the financial statements is given on Page 42.

ACCOUNTING POLICIES

The accounting policies adopted by the Company in the preparation of financial statements are given on Pages from 52 to 69 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 10 to 12.

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. Y. Kanagasabai

*Mr. Revantha Thashan Devasurendra (Alternate Director to Mr. A. L. Devasurendra)

Mr. S. W. Unanboowe resigned from the Board with effect from 05th November 2021.

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 75.

THE AUDITORS

The financial statements for the year ended 31st March 2022 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 below. The auditors also do not have any interest in the Company.

The audit fee payable to the auditors for the year under review is Rs. 450,000. (Group – Rs. 8,418,524)

STATED CAPITAL

The Stated Capital of the Company as at 31st March 2022 was Rs.1,053,643,405/- (1,002,724,815 Shares).

DIRECTORS' SHAREHOLDING

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

As at	31.03.2022	31.03.2021
Mr. A.L. Devasurendra	138	138
Mr. R. P. Pathirana	-	500,000

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 129 under Investor Information.

PUBLIC HOLDING

The percentage of public shareholding as at the 31st March 2022 was 2.76%.

CAPITAL COMMITMENTS

There were no material capital expenditure commitments as at 31st March 2022 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 120 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 25 to 30.

An Audit Committee, Related Party Transactions Review Committee, Remuneration Committee, Nomination Committee, Investment Committee as well as 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. Y. Kanagasabai

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Mr. P D J Fernando - Chairman
Mr. R P Pathirana
Mr. Y. Kanagasabai

GROUP INVESTMENT COMMITTEE

Mr. S H Amarasekara - Chairman
Mr. P D J Fernando

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

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Board of Directors has given the following statement in respect of the related party transactions review committee.

The related party transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee and are in compliance with the Section 09 of the CSE Listing Rules.

By Order of the Board
Ambeon Capital PLC

Sgd.
Chairman

Sgd
Deputy Chairman

Sgd.
Managers & Secretaries (Pvt) Ltd
Secretaries

26th August 2022
Colombo

Statement of Directors' Responsibilities

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, 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 2022/2023, 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
26th August 2022

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT



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

Tel: +94 11 246 3500
Fax (Gen): +94 11 269 7369
Fax (Tax): +94 11 557 8180
Email: 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 2022, and the income statement and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuS). Our responsibilities under those standards are

further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

Key audit matter	How our audit addressed the key audit matter
Assessment of fair value of land & buildings	
Property, Plant and Equipment and Investment Property include land and buildings carried at fair value in accordance with its accounting policy disclosed in Notes 2.11.4 and 2.11.7.	Our audit procedures included the following
This was a key audit matter due to:	
<ul style="list-style-type: none">■ Materiality of the reported Land & Buildings balances which amounted to LKR 4.8Bn and represent 23% of the total assets of the Group.■ The degree of assumptions, judgements and estimation uncertainties associated with the fair valuation of Land and Buildings such as reliance on comparable market transactions, and current market conditions	<ul style="list-style-type: none">■ We assessed the competency, capability and objectivity of the external valuer engaged by the Group■ We read the external valuer's report and understood the key estimates made and the valuation approaches taken by the valuer in determining the valuation of each property■ We assessed the reasonableness of the significant judgements, estimates and assumptions made by the valuer such as valuation techniques, per perch price, value per square foot, market rent per square foot and yield rate used by the valuer in assessing the fair valuation of each property
Key areas of significant judgments, estimates and assumption used in assessing the fair value of the land and buildings as disclosed in Notes 12 and 15 included judgements involved in ascertaining the appropriate valuation techniques and estimates such as per perch value of the land, per square foot value of the buildings, rent per square foot and yield rate.	We have also assessed the adequacy of the disclosures made in notes 12 and 15 to the financial statements

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

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

A member firm of Ernst & Young Global Limited



Key audit matter

How our audit addressed the key audit matter

Annual Impairment assessment of intangible assets with infinite useful life

The Group's Statement of financial position includes an amount of LKR. 1.2Bn relating to goodwill and brand name acquired as disclosed in Note 13 to the financial statements.

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

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

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

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

As disclosed in note 13 key areas of significant judgments, estimates and assumptions included key inputs and assumptions related to the VIU computations of future cash flows, discount rate, growth rates over forecast period and terminal growth rate including the potential impact of the current economic conditions prevailing in the country

Our audit procedures included the following:

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

We assessed the adequacy of the disclosures made in Note 13 in the financial statements

Divestment of subsidiary and accounting for the gain on disposal

As disclosed in note 4 to the financial statements, the Group divested its equity stake in a subsidiary. This resulted in a gain of LKR 1.4 Bn recognized in the consolidated financial statements representing 72% of profits after tax of the Group

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

Our audit procedures included the following:

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

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

Other information included in the Group's 2022 Annual Report

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the

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

Responsibilities of management and those charged with governance

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting



Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

26th August 2022
Colombo

INCOME STATEMENT

Year ended 31 March

		Group		Company	
		2022	2021	2022	2021
Continuing Operations	Notes	LKR	LKR	LKR	LKR
Revenue	5	14,013,563,838	9,856,161,906	26,148,043	361,742,772
Cost of Sales	6	(10,259,678,710)	(6,576,621,505)	-	-
Gross Profit		3,753,885,128	3,279,540,401	26,148,043	361,742,772
Investment and Other Income	7	443,816,335	93,466,582	61,321,214	13,198,372
Selling and Distribution Expenses		(673,161,467)	(580,220,769)	-	-
Administrative Expenses		(1,836,616,851)	(2,644,063,243)	(68,752,219)	(97,167,727)
Change in Fair Value of Financial Assets Measured at Fair Value Through Profit or Loss		(412,352,981)	(11,213,513)	(136,665,628)	(5,812,828)
Change in Fair Value of Investment Property	15	66,236,915	(1,240,771,813)	-	-
Change in Fair Value of Investment in Subsidiary	16	-	-	1,421,824,000	(1,572,141,891)
Finance Cost	8	(459,924,119)	(748,778,003)	(319,387,433)	(452,882,622)
Share of Results of Equity Accounted Investee	29	2,589,886	229,296	-	-
Profit/(Loss) Before Income Tax from Continuing Operations	9	884,472,846	(1,851,811,062)	984,487,977	(1,753,063,923)
Income Tax Expense	10	(342,081,544)	(187,420,482)	(4,815,584)	(93,878)
Profit/(Loss) for the Year from Continuing Operations		542,391,302	(2,039,231,543)	979,672,392	(1,753,157,802)
Discontinued Operations					
Profit/(Loss) after tax from discontinued operations for the year	4	1,404,087,317	(244,297,635)	-	-
Profit/(Loss) for the year		1,946,478,619	(2,283,529,178)	979,672,392	(1,753,157,802)
Profit / (Loss) Attributable to:					
Equity Holders of the Company		1,623,108,763	(1,925,455,376)		
Non-Controlling Interests		323,369,856	(358,073,802)		
		1,946,478,619	(2,283,529,178)		
Basic Earnings / (Loss) Per Share	11	1.62	(1.92)	0.98	(1.75)
Basic Earnings / (Loss) Per Share from Continuing Operations	11	0.22	(1.73)	0.98	(1.75)

The Notes from pages 52 to 128 form an integral part of these Financial Statements.

Figures in bracket indicate deductions.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March

	Notes	Group		Company	
		2022	2021	2022	2021
		LKR	LKR	LKR	LKR
Profit/(Loss) for the Year		1,946,478,619	(2,283,529,178)	979,672,392	(1,753,157,802)
Other Comprehensive Income					
Items that will never be reclassified to profit or loss					
Actuarial Gain/(Loss) on Defined Benefit Plans	23	66,061,244	(61,374,980)	-	-
Tax on Actuarial Gain/(loss) on Defined Benefit Plans	25	(13,888,604)	10,363,552	-	-
Change in Fair Value of FVOCI Financial Assets		(55,470,180)	56,809,833	-	-
Revaluation Gain on Land and Building		202,138,004	109,302,256	-	-
Tax on Revaluation Gain	25	(28,775,245)	154,100,825	-	-
Net Other Comprehensive Income from Discontinued Operation		-	(12,784,968)	-	-
		170,065,219	256,416,518	-	-
Items that are or may be reclassified to profit or loss					
Functional/Foreign Currency translation difference		21,180,331	(149,629)	-	-
Effect of Cashflow Hedge Accounting	21.2	54,670,437	(14,271,328)	-	-
Tax on Cashflow Hedge Accounting		(8,969,368)	2,858,556	-	-
Net Other Comprehensive Income from Discontinued Operation		-	74,125,361	-	-
Reclassification adjustment made to foreign currency revaluation reserve due to the disposal of subsidiary		93,037,811	-	-	-
		159,919,211	62,562,960	-	-
Total Other Comprehensive Income		329,984,430	318,979,478	-	-
Total Comprehensive Income for the Year		2,276,463,048	(1,964,549,701)	979,672,392	(1,753,157,802)
Total Comprehensive Income Attributable to:					
Equity Holders of the Company		1,827,362,776	(1,693,040,323)		
Non - Controlling Interest		449,100,272	(271,509,378)		
		2,276,463,048	(1,964,549,701)		

The Notes from pages 52 to 128 form an integral part of these Financial Statements.

Figures in bracket indicate deductions.

STATEMENT OF FINANCIAL POSITION

As at 31 March

		Group		Company	
		2022	2021	2022	2021
	Notes	LKR	LKR	LKR	LKR
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	12	2,534,548,511	4,667,582,294	134,133	193,156
Intangible Assets	13	1,225,901,609	1,458,779,618	-	-
Biological Assets	14	55,382,920	55,581,950	-	-
Investment Property	15	2,662,743,212	2,589,543,212	33,000,000	33,000,000
Investment in Subsidiaries	16	-	-	9,027,284,000	7,605,460,000
Investment in Equity Accounted Investee	29	35,928,948	12,158,840	-	-
Other Financial Assets	17	261,041,013	303,221,712	-	-
Right-of-Use Assets	28	529,441,648	155,965,980	3,234,759	3,012,029
Deferred Tax Asset	25	132,224,821	122,748,599	-	-
		7,437,212,682	9,365,582,207	9,063,652,892	7,641,665,185
Current Assets					
Inventories	18	2,904,384,507	3,997,481,882	-	-
Trade & Other Receivables	19	6,795,955,171	5,146,778,472	397,496,257	64,532,027
Other Financial Assets	17	1,847,699,375	1,627,156,578	283,331,005	650,104,323
Income Tax Recoverable		35,698,460	88,672,732	-	-
Cash & Cash Equivalents	20	2,142,460,732	833,891,200	511,333	524,702
		13,726,198,245	11,693,980,865	681,338,594	715,161,052
Investment Property Held for Sale	4	-	575,000,000	-	-
Total Assets		21,163,410,928	21,634,563,072	9,744,991,486	8,356,826,237
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	982,119,212	930,684,486	258,920,263	258,920,263
Retained Earnings		1,779,038,139	3,110,088	3,763,167,772	2,783,495,379
Equity Attributable to Equity Holders of the Company		3,814,800,756	1,987,437,980	5,075,731,439	4,096,059,047
Non Controlling Interests		3,413,548,521	2,823,078,288	-	-
Total Equity		7,228,349,277	4,810,516,267	5,075,731,439	4,096,059,047
Non-Current Liabilities					
Other Financial Liabilities	27	968,906	968,906	-	-
Interest Bearing Loans & Borrowings	22	1,483,018,831	3,074,630,346	835,453,453	3,155,806,243
Retirement Benefit Obligation	23	383,230,112	571,748,786	-	-
Deferred Tax Liability	25	650,176,157	595,547,694	6,860,653	2,045,069
		2,517,394,006	4,242,895,733	842,314,105	3,157,851,312
Current Liabilities					
Trade and Other Payables	26	4,792,276,464	5,991,817,493	7,725,201	914,012
Income Tax Payable		265,545,561	284,481,987	-	-
Contract Liability	24	2,079,003,258	1,132,288,807	-	-
Interest Bearing Loans & Borrowings	22	4,280,842,362	5,169,306,986	3,819,220,741	1,102,001,865
		11,417,667,645	12,577,895,272	3,826,945,941	1,102,915,877
Liabilities Directly Associated with Investment Property Classified as Held For Sale	4	-	3,255,800	-	-
Total Equity and Liabilities		21,163,410,928	21,634,563,072	9,744,991,486	8,356,826,237
Net Assets Per Share (Rs.)	11	3.80	1.98	5.06	4.08

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 128 form an integral part of these Financial Statements.

Figures in bracket indicate deductions.

26th August 2022

Colombo

STATEMENT OF CHANGES IN EQUITY - GROUP

Year ended 31 March

Notes	Attributable to Equity Holders of the Group							Non Controlling Interests		Total Equity
	Stated Capital	Fair Value through OCI Reserve	Currency/ Exchange Hedge Reserve	Revaluation Reserve	Foreign/ Functional currency translation Reserve	Retained Earnings	Total	LKR	LKR	
Balance as at 01 April 2020	1,053,643,405	(216,339,016)	(19,080,559)	1,039,067,197	(152,287,913)	1,975,475,189	3,680,478,302	3,176,697,941	6,857,176,243	
Loss for the year	-	-	-	-	-	(1,925,455,376)	(1,925,455,376)	(358,073,801)	(2,283,529,178)	
Other Comprehensive Income	-	46,260,247	(7,425,891)	181,673,315	58,817,108	(46,909,725)	232,415,054	86,564,424	318,979,479	
Total Comprehensive Income for the year	-	46,260,247	(7,425,891)	181,673,315	58,817,108	(1,972,365,101)	(1,693,040,322)	(271,509,378)	(1,964,549,699)	
Subsidiary Dividend to Minority Shareholders	36.1							(82,110,275)	(82,110,275)	
Balance as at 31 March 2021	1,053,643,405	(170,078,769)	(26,506,450)	1,220,740,511	(93,470,806)	3,110,088	1,987,437,980	2,823,078,288	4,810,516,268	
Profit for the year	-	-	-	-	-	1,623,108,763	1,623,108,763	323,369,856	1,946,478,619	
Other Comprehensive Income	-	(45,169,367)	26,506,450	116,068,545	10,585,915	3,224,659	111,216,202	125,730,416	236,946,618	
Reclassification adjustment made to Foreign Currency Revaluation Reserve due to the Disposal of Subsidiary	-	-	-	-	93,037,811	-	93,037,811	-	93,037,811	
Total Comprehensive Income for the year	-	(45,169,367)	26,506,450	116,068,545	103,623,726	1,626,333,423	1,827,362,776	449,100,272	2,276,463,048	
Realization of Revaluation Reserve due to the Disposal of Subsidiary	-	-	-	(190,618,591)	-	190,618,591	-	-	-	
Disposal of subsidiaries	-	-	-	-	-	-	-	248,596,015	248,596,015	
Transfer from FVTOCI to Retained Earnings	-	41,023,963	-	-	-	(41,023,963)	-	-	-	
Subsidiary Dividend to Minority Shareholders	36.1	-	-	-	-	-	-	(107,226,054)	(107,226,054)	
Balance as at 31 March 2022	1,053,643,405	(174,224,173)	-	1,146,190,465	10,152,921	1,779,038,139	3,814,800,756	3,413,548,521	7,228,349,277	

The Notes from pages 52 to 128 form an integral part of these Financial Statements.
Figures in bracket indicate deductions.

STATEMENT OF CHANGES IN EQUITY - COMPANY

Year ended 31 March

	Stated Capital	Amalgamation Reserve	Retained Earnings	Total Equity
	LKR	LKR	LKR	LKR
Balance as at 01 April 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
Profit for the year	-	-	979,672,392	979,672,392
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income for the year	-	-	979,672,392	979,672,392
Balance as at 31 March 2022	1,053,643,405	258,920,263	3,763,167,772	5,075,731,439

The Notes from pages 52 to 128 form an integral part of these Financial Statements.

Figures in bracket indicate deductions.

STATEMENT OF CASH FLOWS

Year ended 31 March

		Group		Company	
		2022	2021	2022	2021
Notes		LKR	LKR	LKR	LKR
Cash Flows From Operating Activities					
Profit/(Loss) before Tax from Continuing Operations		884,472,846	(1,851,811,062)	984,487,977	(1,753,063,923)
Profit/(Loss) before tax from Discontinuing Operations	4	1,404,087,317	(251,170,293)	-	-
Adjustment for					
Depreciation of Property, Plant & Equipment	12	158,516,216	369,858,095	59,023	4,655,782
Amortization of Right of Use Assets	28	64,001,856	53,318,417	3,191,441	1,678,677
Interest on Other Financial Liabilities		-	23,940	-	-
Amortization of Intangible Assets	13	167,542,725	105,480,761	-	-
Impairment of Intangible Assets	13	-	1,082,500	-	-
Change in Fair Value of Financial Assets		412,352,981	11,213,513	136,665,628	5,812,828
Gain on Disposal of Subsidiary	4.4	(1,404,308,869)	-	-	-
Provision for Retirement Benefit Obligation	23	62,153,129	102,846,822	-	-
Change in Fair Value of Investment Property	15	(66,236,915)	1,240,771,813	-	-
Profit from Disposal of Current Investment		(458,503,791)	(3,707,362)	-	-
Change in Fair Value of Investment in Subsidiary	16	-	-	(1,421,824,000)	1,572,141,891
Impairment of Property, Plant Equipment	12	-	46,110,921	-	-
Impairment of Trade and Other Receivables	19.2	61,770,765	72,155,413	-	-
Changes in fair value of Biological Assets	14	199,030	(4,414,875)	-	-
Provision / (Reversal) for Corporate Guarantee		(153,000,000)	153,000,000	-	-
Provision / (Reversal) of provision for Inventories	18	(19,009,687)	185,105,769	-	-
Provision for Non Current Financial Assets	17	-	180,000,000	-	-
(Profit)/Loss from Disposal of Property Plant & Equipment		(5,500,000)	(6,405,694)	-	(9,933,333)
Interest Expense	8	459,924,119	748,778,003	-	-
Script Dividend Received		-	(399,984)	-	-
Share of Results of Equity Accounted Investee	29	(2,589,886)	(229,296)	-	-
Impairment of Other Financial Investments		-	35,555,213	-	-
Phanthom Stock Adjustment		-	(2,946,213)	-	(2,946,213)
Operating Profit before Working Capital Changes		1,565,871,836	1,184,216,402	(297,419,931)	(181,654,291)
Increase in Inventories		(463,620,972)	(87,653,689)	-	-
(Increase)/Decrease in Trade & Other Receivables		(3,134,046,639)	1,000,639,768	(332,964,230)	48,007,718
Increase in Contract Liability		946,714,451	208,115,847	-	-
Increase/(Decrease) in Trade & Other Payable		1,305,647,010	1,948,228,177	6,811,189	(632,857)
Cash Generated from Operations		220,565,686	4,253,546,505	(623,572,973)	(134,279,430)
Retirement Gratuity Paid/Transfers	23	(44,001,287)	(62,927,127)	-	-
Employee share Appreciation Rights		-	(59,841,000)	-	(59,841,000)
Interest Paid		(389,430,866)	(600,893,840)	-	-
Income Tax Paid		(229,847,101)	(230,093,586)	-	-
Net Cash Flow from/ (used in) Operating Activities		(442,713,568)	3,299,790,952	(623,572,973)	(194,120,430)

STATEMENT OF CASH FLOWS

Year ended 31 March

		Group		Company	
		2022	2021	2022	2021
Notes		LKR	LKR	LKR	LKR
Cash Flow from Investing Activities					
Acquisition of Property, Plant & Equipment		(113,287,330)	(90,039,303)	-	(39,500)
Proceeds on disposal of Property, Plant & Equipment		6,893,847	16,600,000	-	16,600,000
Net cash inflow from disposal of subsidiary		3,678,476,673	-	-	-
Proceeds from Asset Held for Sale		571,744,200	-	-	-
Acquisition of Intangible Assets	13	(7,084,896)	(1,412,029)	-	-
Acquisition of Investment Properties	15	(6,963,085)	-	-	-
Investment in Equity Account Investee		(20,000,000)	-	-	-
Net payments of Loans to Parent and Subsidiaries		35,780,756	-	-	-
Proceeds from Disposal of Other Financial Assets		6,399,944	30,801,468	-	-
Acquisition of Other Financial Assets		(4,701,425,331)	(33,205,525)	-	-
Proceeds / (Investment) in Other Financial Assets		4,494,282,725	387,509,335	230,107,690	387,509,335
Net Cash Flow From / (Used) in Investing Activities		3,944,817,503	310,253,946	230,107,690	404,069,835
Cash Flow from Financing Activities					
Loan Received		41,690,614,540	7,522,936,847	399,612,939	-
Dividend Paid to Non-Controlling Interest	36.1	(107,226,054)	(82,110,275)	-	-
Lease Payments	22.1	(61,086,831)	(69,051,638)	(3,160,714)	(1,562,280)
Repayment of Loans		(43,106,084,098)	(10,767,029,022)	-	(376,066,709)
Net Cash Flow Used in Financing Activities		(1,583,782,443)	(3,395,254,088)	396,452,225	(377,628,989)
Net foreign Exchange Difference		21,180,331	86,042,561	-	-
Cash & Cash Equivalents					
Net movement during the year		1,939,501,823	300,833,371	2,986,940	(167,679,585)
At the beginning of the year		(531,469,176)	(832,302,547)	(245,386,963)	(77,707,378)
At the end of the year (Note A)	20	1,408,032,647	(531,469,176)	(242,400,022)	(245,386,963)
Note A-Cash and Equivalents are as follows					
Cash in Hand & Bank		2,142,460,732	833,891,200	511,333	524,702
Bank Overdraft		(734,428,085)	(1,365,360,376)	(242,911,355)	(245,911,665)
		1,408,032,647	(531,469,176)	(242,400,022)	(245,386,963)

The Notes from pages 52 to 128 form an integral part of these Financial Statements.

Figures in bracket indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2022

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 2022, 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 2022 were authorized for issue in accordance with a resolution by the board of directors on 26th August 2022.

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 principle 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 4.2).

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. Singapore Pte.

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 located at Singapore.

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

Associate Entity – Infoseek (Private) Limited

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

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

2.3 Comparative Information

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

2.4 Going Concern

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

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

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

2.5 Presentation and Functional Currency

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

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

Name of the Subsidiary	Functional Currency
Millennium I.T.E.S.P. Singapore Pte.	United States Dollar (USD)

2.6 Basis of Consolidation

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

Summary of 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.

■ Cash flow Hedge

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

■ 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 Income Statement. The Group engaged independent valuation specialists to determine fair value of investment property and land and buildings as at 31st March 2022.

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

The methods used to determine the fair value of the investment property and property plant and equipment's carried at fair value are further explained in Note 12 and Note 15 .

■ 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 Income Statement 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.

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

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

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

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

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

IBOR reform Phase 1

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

- **Highly Probable Requirement:** when determining whether a forecast transaction is highly probable to be designated as a hedged item, an entity shall assume that the interest rate benchmark on which the hedged cashflows are based is not altered as a result of the reform

- **Prospective assessments:** when performing prospective assessments to evaluate whether a hedging relationship qualifies for hedge

accounting, an entity shall assume that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform

- **LKAS 39 retrospective assessment:** an entity is not required to undertake the 'LKAS 39 retrospective assessment' for hedging relationships directly affected by the reform. However, the entity must comply with all other LKAS 39 hedge accounting requirements, including the prospective assessment

- **Separately identifiable risk components:** For hedges of non-contractually specified benchmark component of interest rate risk, an entity shall apply the requirement of risk component (or a portion) to be separately identifiable to be eligible for hedge accounting, only at the inception of such hedging relationships

IBOR reform Phase 2

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

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

None of the amendments have a material impact on the Financial Statements of the Bank

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 materially 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	2021/22	2020/21
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 & Office 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

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an operating expense in the income statement on a straight-line basis over the lease term.

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 recognize 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 Company and payments of penalties for terminating the lease, if the lease term

reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as 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 Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The 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 Income Statement 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 Income Statement 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 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.

Foreign Currency Translation and Change in Functional Currency

South Asia Textiles Ltd (Company)

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

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

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

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 Income Statement. 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 in the Income Statement 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 Income Statement. 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 Income Statement 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.

Financial assets are written off either partially or in their entirety only when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

The Group considers financial assets be defaulted when the borrower/debtors is unlikely to pay its obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held) or the borrower/debtors Exceeds their credit periods.

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

Loans and borrowings

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

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 Income Statement as other operating expenses. Amounts recognised as Other Comprehensive Income are transferred to Income Statement 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 Income Statement. 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 Limited (Disposed during the year)
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	Eon Tec (Pvt) Limited,, Millennium I.T.E.S.P (Pvt) Limited, Millennium I.T.E.S.P. Singapore Pte.
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 Income Statement. 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 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.

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

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

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

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

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

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

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

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements with a

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2022

4. DISCONTINUED OPERATIONS AND ASSETS CLASSIFIED AS HELD FOR SALE

4.1 Palla and Company (Pvt) Limited (Palla) is a subsidiary of Ambeon Holdings PLC and a major line of business under the “footwear manufacturing” segment. The Company suspended its operations with effect from 31 August 2015.

4.2 During the Financial year 2021/2022 (22nd April 2021) , South Asia Textile Ltd 97.67% owned subsidiary of Ambeon Holdings PLC was classified as a disposal Group held for sale and as a discontinued operation. On 23rd April 2021 the company Ambeon Holdings PLC disposed the South Asia Textile Ltd to Hayleys Fabric PLC for a sale consideration of 3,564 Million. The business of South Asia Textile Ltd represented the entirety of the Group’s Textile segment until 31 March 2021. With South Asia Textile Ltd being classified as discontinued operations, results of Textile segment is no longer presented in the segment note and comparative Income Statement. Thus the comparative Income Statement has been represented to show the discontinued Operations separately from continuing operations. The results of South Asia Textile Ltd for the previous year are presented below. (Ambeon Capital PLC Effective Holding - 79.53%)

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

	FOOTWEAR	TEXTILE	TOTAL	FOOTWEAR	TEXTILE	TOTAL
	Palla	SAT		Palla	SAT	
	2022	2022	2022	2021	2021	2021
	LKR	LKR	LKR	LKR	LKR	LKR
Revenue	-	-	-	-	8,321,809,111	8,321,809,111
Cost of Sales	-	-	-	-	(7,420,307,922)	(7,420,307,922)
Other Income	8,110	-	8,110	-	50,265,093	50,265,093
Administrative Expenses	(229,661)	-	(229,661)	(346,804)	(795,814,002)	(796,160,806)
Selling and Distribution Expenses	-	-	-	-	(369,901,767)	(369,901,767)
Finance Cost	-	-	-	-	(99,983,424)	(99,983,424)
Finance Income	-	-	-	-	63,109,422	63,109,422
Loss before tax from discontinued operations	(221,551)	-	(221,551)	(346,804)	(250,823,489)	(251,170,293)
Income tax Reversal	-	-	-	-	6,872,658	6,872,658
Loss for the year from discontinued operations	(221,551)	-	(221,551)	(346,804)	(243,950,831)	(244,297,635)
Gain associated with the Loss of control attributed to Subsidiary	-	1,404,308,869	1,404,308,869	-	-	-
	(221,551)	1,404,308,869	1,404,087,317	(346,804)	(243,950,831)	(244,297,635)
Loss Attributable to:						
Equity Holders of the Company	(221,551)	1,404,308,869	1,404,087,317	(346,804)	(194,020,636)	(194,367,440)
Non - Controlling Interests	-	-	-	-	(49,930,195)	(49,930,195)
	(221,551)	1,404,308,869	1,404,087,317	(346,804)	(243,950,831)	(244,297,635)
Basic Earnings / (Loss) per share from Discontinued Operations	-	1.40	1.40	-	(0.19)	(0.19)
Diluted Earnings / (Loss) per share from Discontinued Operations	-	1.40	1.40	-	(0.19)	(0.19)
Cash flows						
Net Cash Flows Generated in Operating Activities	-	-	-	(1,200)	1,700,081,188	1,700,079,988
Net Cash Flows Generated in Investing Activities	-	-	-	-	153,828,191	153,828,191
Net Cash Flows from Financing Activities	-	-	-	-	(1,578,157,163)	(1,578,157,163)
	-	-	-	(1,200)	275,752,216	275,751,016

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2022

GROUP

4.4 DISPOSAL OF EQUITY STAKE IN SOUTH ASIA TEXTILES LTD BY AMBEON CAPITAL PLC THROUGH AMBEON HOLDINGS PLC

Fair values of the identifiable assets and liabilities of the disposed subsidiary

	LKR
Non-Current Assets	
Property, Plant & Equipments	2,288,728,340
Intangible Assets	72,420,179
Right to use Asset	19,887,189
Loans & Receivables	441,774,888
Total Non-Current Assets	2,822,810,596
Current Assets	
Inventories	1,575,728,035
Trade & Other Receivables	1,055,321,736
Income Tax Receivable	69,448,662
Cash & Bank	13,436,709
Total Current Assets	2,713,935,142
Total Assets	5,536,745,737
Non-Current Liabilities	
Interest Bearing Loans & Borrowings	168,937,738
Deferred Tax Liabilities	154,971,634
Retirement benefit obligations	140,609,270
Total Non-Current Liabilities	464,518,642
Current Liabilities	
Trade & Other Payables	2,352,188,045
Interest Bearing Loans & Borrowings	774,068,361
Overdrafts	128,290,552
Total Current Liabilities	3,254,546,959
Total Liabilities	3,719,065,601
Fair value of Net Assets Disposed	1,817,680,136
Total consideration received	2,901,858,070
Net Assets Attributable to Parent	
Fair value of net assets disposed	1,817,680,136
De-recognition of non-controlling interests	(413,168,745)
Gain on disposal of subsidiary	1,497,346,679
Reclassification adjustment made to foreign currency revaluation reserve due to the disposal of subsidiary	(93,037,811)
Net Gain from Disposal of subsidiary	1,404,308,868

4.5 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. Property was classified as held for sale as at 31 March 2021. Accordingly, the said property, Union place premises Lot No.01 was sold to Vision Care Optical Services (Pvt) Ltd for a consideration of Rs.575Mn on 03 August 2021. Extent of the land marked as Lot 01 in survey plan No.12342 dated 01st March 2017 drawn by Mr. Gamini B.Dodanwela Licensed Surveyor is 47.2 Perches.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2022

	2022	2021		2022	2021
	LKR	LKR		LKR	LKR
Assets			Liabilities		
Investment Property (Note 15)	-	575,000,000	Income tax liability	-	3,255,800
	-	575,000,000		-	3,255,800
			Net Assets directly associated with the disposal		571,744,200

5. SEGMENTAL INFORMATION

Group	Manufacturing Footwear		Manufacturing Porcelain		Manufacturing Textile	
	2022	2021	2022	2021	2022	2021
	LKR	LKR	LKR	LKR	LKR	LKR
Total Revenue	2,223,888	11,155,088	3,762,106,289	2,435,236,411	-	-
Segment Results Gross Profit	(20,170,318)	(279,265)	1,204,716,172	636,421,415	-	-
Finance Cost	(7,821,653)	(13,963,070)	(108,110,622)	(123,997,275)	-	-
Change in Fair value of Investment Property	4,400,000	(878,104,375)	-	14,307,063	-	-
Profit/(Loss) before Income Tax	(12,361,536)	(1,107,260,519)	257,285,294	(336,248,285)	-	-
Income Tax (Expense)/Reversal	-	18,382,281	(37,747,759)	(1,944,786)	-	-
Profit/(Loss) after tax for the year from continuing operations	(12,361,536)	(1,088,878,238)	219,537,535	(338,193,071)	-	-
Loss after tax for the year from discontinued operations	(221,551)	(346,804)	-	-	1,404,308,869	(243,950,831)
Profit/(Loss) for the year	(12,583,088)	(1,089,225,042)	219,537,535	(338,193,071)	1,404,308,869	(243,950,831)
Purchase and construction of Property Plant and Equipment	-	16,750	115,502,705	40,793,130	-	239,600,135
Additions to intangible assets	-	-	7,084,896	-	-	1,412,029
Depreciation of Property Plant and Equipment	-	6,251,657	101,858,567	96,652,885	-	211,834,303
Amortization of intangible assets	-	-	7,334,945	6,990,670	-	10,613,158
Gratuity provision and related costs	74,316	(27,955)	23,612,026	29,619,136	-	27,781,781
Impairment of Property Plant and Equipment	-	39,887,354	-	6,223,567	-	-
Assets and Liabilities						
Non-Current Assets	1,225,000,000	1,220,600,000	2,773,713,164	2,648,891,487	-	2,381,444,640
Current Assets	12,316,592	11,961,315	2,137,246,732	2,052,488,811	-	2,700,017,459
Total assets*	1,237,316,592	1,232,561,315	4,910,959,897	4,701,380,299	-	5,081,462,099
Non-Current Liabilities	294,239,909	293,152,950	634,385,388	494,824,773	-	464,518,642
Current Liabilities	66,412,930	300,832,028	1,592,346,098	1,805,006,442	-	3,217,595,910
Total Liabilities **	360,652,839	593,984,978	2,226,731,486	2,299,831,214	-	3,682,114,552

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2022

Investment		Property		IT and related Services		Financial Services		Total	
2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
511,677,579	376,432,450	7,885,066	38,669,629	9,254,607,642	6,722,385,161	475,063,373	272,283,167	14,013,563,838	9,856,161,906
511,677,579	376,609,512	5,030,515	34,461,217	1,578,623,570	1,960,723,283	474,007,610	271,604,239	3,753,885,128	3,279,540,401
(192,303,310)	(491,821,201)	(10,763,768)	(15,729,507)	(138,188,269)	(99,812,307)	(2,736,497)	(3,454,644)	(459,924,119)	(748,778,003)
-	-	61,836,915	(376,974,500)	-	-	-	-	66,236,915	(1,240,771,813)
(8,364,900)	(776,462,088)	37,690,260	(398,067,363)	327,936,320	549,347,609	282,287,409	216,879,583	884,472,846	(1,851,811,062)
42,255,088	(43,525,981)	(34,336,149)	308,784	(236,083,715)	(97,174,211)	(76,169,009)	(63,466,568)	(342,081,544)	(187,420,482)
33,890,188	(819,988,068)	3,354,111	(397,758,578)	91,852,605	452,173,398	206,118,400	153,413,014	542,391,302	(2,039,231,543)
-	-	-	-	-	-	-	-	1,404,087,317	(244,297,635)
33,890,188	(819,988,068)	3,354,111	(397,758,578)	91,852,605	452,173,398	206,118,400	153,413,014	1,946,478,619	(2,283,529,178)
-	9,210,251	57,600	1,117,474	41,638,911	17,708,297	1,833,596	170,500	159,032,812	308,616,537
-	-	-	-	-	-	-	-	7,084,896	1,412,029
5,709,479	10,507,869	1,189,217	6,801,428	42,243,582	37,003,171	7,515,371	806,781	158,516,216	369,858,094
1,025,007	1,089,467	-	-	159,182,774	147,116,898	-	-	167,542,725	165,810,193
1,485,995	1,984,057	295,340	242,215	34,657,305	39,939,624	2,028,147	3,307,965	62,153,129	102,846,823
-	-	-	-	-	-	-	-	-	46,110,921
838,040,573	1,546,797,157	1,042,997,132	850,185,742	952,278,874	490,077,646	605,182,940	227,585,534	7,437,212,682	9,365,582,207
1,414,367,783	1,274,577,403	880,448,977	995,999,011	8,536,190,036	4,871,996,965	745,628,126	361,939,901	13,726,198,245	12,268,980,865
2,252,408,355	2,821,374,560	1,923,446,109	1,846,184,753	9,488,468,910	5,362,074,611	1,350,811,066	589,525,435	21,163,410,928	21,634,563,072
737,987,610	2,663,049,686	53,508,573	30,337,443	784,549,590	276,139,475	12,722,936	20,872,764	2,517,394,006	4,242,895,733
1,708,317,884	1,979,224,843	34,012,665	188,109,417	7,721,396,542	4,946,728,414	295,181,525	143,654,018	11,417,667,644	12,581,151,072
2,446,305,493	4,642,274,529	87,521,238	218,446,860	8,505,946,132	5,222,867,889	307,904,462	164,526,782	13,935,061,650	16,824,046,804

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2022

5.1 Revenue

	GROUP		COMPANY	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Revenue from Contracts with Customers				
Footwear	2,223,888	11,155,088	-	-
Porcelain	3,762,106,289	2,435,236,411	-	-
IT Services	9,254,607,641	6,722,385,161	-	-
Brokerage Income	504,807,123	272,283,167	-	-
Finance & Investment Income				
Interest Income	26,424,443	133,478,573	27,864,965	116,700,507
Investment Trading	437,297,451	245,042,265	(1,716,922)	245,042,265
Other Income				
Rent Income	25,657,081	31,585,167	-	-
Gain on Fair Value of Biological Assets (Note 14)	(199,030)	4,414,875	-	-
Sale of Agriculture Produce	638,952	581,201	-	-
	14,013,563,838	9,856,161,906	26,148,043	361,742,772

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

6. COST OF SALES

	GROUP		COMPANY	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Cost of Goods Sold	10,259,678,710	6,576,621,505	-	-
	10,259,678,710	6,576,621,505	-	-

7. INVESTMENT AND OTHER INCOME

	GROUP		COMPANY	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Interest Income	163,453,063	58,449,673	52,902	18,826
Dividend Income	10,736,787	499	5,281,388	-
Gain on Disposal of Property, Plant & Equipment	5,500,000	6,405,694	-	9,933,333
Other miscellaneous Income	22,675,952	25,246,565	300,088	3,246,213
Gain on Disposal of investment	88,450,532	-	55,686,836	-
Creditors Write off	153,000,000	3,364,151	-	-
	443,816,335	93,466,582	61,321,214	13,198,372

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2022

8. FINANCE COST

	GROUP		COMPANY	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Loan Interest	395,838,690	618,476,255	309,422,648	438,851,891
Lease Interest	21,073,228	24,730,063	429,123	470,446
Bank Overdraft Interest	43,012,201	105,571,685	9,535,662	13,560,285
	459,924,119	748,778,003	319,387,433	452,882,622

9. PROFIT/ (LOSS) BEFORE TAXATION

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

	GROUP		COMPANY	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Auditors' Remuneration - Statutory Audit	8,418,524	9,149,318	450,000	440,738
Directors' Fee	36,165,000	22,997,367	5,400,000	-
Professional Fees	1,735,714	2,425,302	667,396	829,920
Depreciation & Amortization	390,060,797	528,657,272	2,821,341	6,290,112
Staff Cost (Note 9.1)	1,356,762,296	2,057,469,390	-	-
Allowance for Obsolete & Slow Moving Inventories	193,244,305	177,842,229	-	-

9.1 Staff Cost

Salaries & Other Related Costs	1,079,476,781	1,696,733,018	-	-
Defined Benefit Plan Cost - Retiring Gratuity	62,153,129	102,846,822	-	-
Defined Contribution Plan Cost - EPF & ETF	215,132,386	257,889,550	-	-
	1,356,762,296	2,057,469,390	-	-

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2022

10. INCOME TAX

	GROUP		COMPANY	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Current Tax Expense	235,621,470	250,085,493	-	-
Deemed Dividend Tax Charge for the year	3,059,091	-	-	-
Under/ (Over) Provision in Respect of Previous Year	(45,089,675)	1,015,781	-	-
	193,590,887	251,101,274	-	-
Deferred Income Tax				
Deferred Taxation Charge / (Reversal)	148,490,656	(110,453,870)	4,815,584	93,878
Relating to the tax rate change	-	46,773,078	-	-
	342,081,544	187,420,482	4,815,584	93,878
Reconciliation of Accounting Profit to Income Tax Expense				
Profit Before Income Tax from Continuing Operations	884,472,846	(1,851,811,062)	984,487,977	(1,753,063,923)
Profit/(Loss) before tax from discontinued operations	1,404,087,317	(251,170,293)	-	-
	2,288,560,163	(2,102,981,355)	984,487,977	(1,753,063,923)
Income Not Liable for Income Tax	(1,859,451,626)	(583,186,976)	(1,482,845,126)	(9,952,159)
Disallowable Expenses	(159,876,015)	3,305,142,426	149,007,632	1,624,719,802
Capital Allowances Claimed & Allowable Expenses	398,704,393	(651,840,246)	(295,602)	(1,604,426)
Other income included in profit from operation	(122,956,251)	(231,021,509)	-	-
Consolidated Adjustment	242,214,070	1,136,097,767	-	-
Business Profit/(Loss)	787,194,734	872,210,108	(349,645,120)	(139,900,707)
Interest Income	120,331,343	373,008,317	5,334,290	18,826
Less: Net of Tax utilized	(140,076,896)	(151,403,374)	(5,334,290)	(18,826)
Assessable / Taxable Income	767,449,181	1,093,815,051	-	-
Income Tax @ 14%	20,336,850	1,946,475	-	-
Income Tax @ 18%	-	32,959	-	-
Income Tax @ 24%	188,865,893	184,021,745	-	-
Income tax on dividend Income	26,418,728	64,084,314	-	-
Taxation on Profit for the Year	235,621,470	250,085,493	-	-
Income Tax Attributable to Discontinued Operations	-	-	-	-
Income Tax Attributable to Continuing Operations	235,621,470	250,085,493	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2022

10.1 Tax Losses

	GROUP		COMPANY	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Tax loss brought forward	4,648,648,709	3,856,667,101	2,216,021,511	1,629,302,721
Loss incurred during the year	508,719,758	422,439,692	349,645,120	139,900,707
Adjustment in respect of prior years	(289,592,204)	520,945,289	409,712	446,836,910
Loss utilized during the year	(206,915,423)	(151,403,374)	(5,334,290)	(18,826)
Tax loss carried forward	4,660,860,839	4,648,648,709	2,560,742,052	2,216,021,511

10.2 Pending Tax matters

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

Lexinton Holdings (Pvt) Ltd appealed against the assessment No. ITA14281100120 VI issued by the Department of Inland Revenue relating to the year of assessment 2011/12. The appeal was determined favoring Commissioner General of Inland Revenue by the Commissioner of Large Corporate entities, Audit Unit - 1 and a petition of appeal has been filed with Tax Appeals Commission on 06th April 2017. Having sought professional advice, Management is confident that the grounds for the appeal are strong and as such no liability would arise. Total Tax assessed was Rs.50,787,184/-. Tax appeal commission hearing is still pending.

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.

For the Year Ended 31st March	GROUP		COMPANY	
	2022	2021	2022	2021
Profit / (Loss) attributable to Ordinary Shareholders (Rs.)	1,623,108,763	(1,925,455,376)	979,672,392	(1,753,157,802)
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.)	1.62	(1.92)	0.98	(1.75)

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.)	219,021,446	(1,731,087,936)	979,672,392	(1,753,157,802)
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.)	0.22	(1.73)	0.98	(1.75)

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.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

11.3 Net Assets Per Share

	GROUP		COMPANY	
	2022	2021	2022	2021
Equity Attributable to Equity Holders of the Company	3,814,800,756	1,987,437,980	5,075,731,439	4,096,059,047
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 *	3.80	1.98	5.06	4.08

* 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 2022.

12. PROPERTY, PLANT AND EQUIPMENT

12.1 At Cost or Valuation

Group

	Balance as at 01.04.2021	Additions	Revaluation	Transfers	Disposals	Disposal of subsidiary	Balance as at 31.03.2022
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Freehold							
Land	1,167,223,150	-	3,924,849	-	-	-	1,171,147,999
Buildings	871,333,348	2,666,904	143,665,098	-	-	-	1,017,665,349
Land Development Cost	74,208,960	-	-	-	-	(71,521,557)	2,687,403
Computer Equipment	364,150,396	49,866,306	-	-	(12,053,637)	(81,137,399)	320,825,665
Furniture & Office Equipment	465,904,208	21,740,914	-	-	(4,454,669)	(174,117,543)	309,072,910
Kiln and Kiln Furniture	110,300,088	-	-	-	-	(100,804,025)	9,496,062
Motor Vehicles	76,446,102	-	-	-	(13,362,500)	(55,560,575)	7,523,027
Tools & Equipment	142,037	-	-	-	-	-	142,037
Plant and Machinery	3,983,442,519	39,458,206	-	-	(333,320)	(2,399,408,467)	1,623,158,939
Waste Water Purification Project	325,055,116	-	-	-	-	(309,979,127)	15,075,988
	7,438,205,923	113,732,329	147,589,947	-	(30,204,126)	(3,192,528,692)	4,476,795,380
Assets on Leasehold Land							
Building	928,231,421	-	-	-	(3,927,811)	(871,425,101)	52,878,510
	928,231,421	-	-	-	(3,927,811)	(871,425,101)	52,878,510
Capital Work in Progress	27,498,988	45,300,484	-	(45,745,482)	-	(16,918,887)	10,135,103
Total	8,393,936,332	159,032,812	147,589,947	(45,745,482)	(34,131,937)	(4,080,872,680)	4,539,808,992

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

Group

Accumulated Depreciation	Balance as at 01.04.2021	Charge for the Year	Revaluation	Disposals	Disposal of subsidiary	Balance as at 31.03.2022
	LKR	LKR	LKR	LKR	LKR	LKR
Freehold						
Buildings	14,026,858	41,203,478	(54,548,057)	-	-	682,279
Land Development Cost	66,951,204	73,164	-	-	(64,865,462)	2,158,906
Computer Equipment	267,555,107	40,073,440	-	(11,899,588)	(74,398,789)	221,330,170
Furniture & Office equipment	373,103,805	22,680,078	-	(3,548,191)	(167,845,871)	224,389,821
Kiln and Kiln Furniture	72,217,414	-	-	-	(62,721,355)	9,496,059
Motor Vehicles	73,991,379	14,236	-	(13,362,500)	(55,351,018)	5,292,096
Tools & Equipment	138,239	2,532	-	-	-	140,771
Plant and Machinery	2,740,442,223	45,830,352	-	-	(1,289,353,357)	1,496,919,218
Waste Water Purification Project	92,863,763	-	-	-	(77,787,773)	15,075,990
	3,701,289,991	149,877,280	(54,548,057)	(28,810,279)	(1,792,323,626)	1,975,485,310
Assets on Finance Leases						
Building on Leasehold land	25,064,047	8,638,936	-	(3,927,811)	-	29,775,172
	25,064,047	8,638,936	-	(3,927,811)	-	29,775,172
Total	3,726,354,038	158,516,216	(54,548,057)	(32,738,090)	(1,792,323,626)	2,005,260,481

Net Book Value	2022	2021
	LKR	LKR
Freehold		
Land	1,171,147,999	1,167,223,150
Buildings	1,016,983,070	857,306,490
Land Development Cost	528,497	7,257,756
Computer Equipment	99,495,496	96,595,289
Furniture & Office equipment	84,683,088	92,800,403
Kiln and Kiln Furniture	-	38,082,673
Motor Vehicles	2,230,931	2,454,723
Tools & Equipment	1,266	3,798
Plant and Machinery	126,239,722	1,243,000,296
Waste Water Purification Project	-	232,191,352
Leasehold		
Building	23,103,338	903,167,375
Capital Work in Progress	10,135,103	27,498,988
Carrying Amount	2,534,548,511	4,667,582,294

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

12.1.1 During the financial year the Group acquired Property, Plant & Equipment to the aggregate value of LKR 113,287,330/- (2021- LKR 90,039,303 /-) for cash.

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

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

12.1.4 Leasehold rights over the buildings and subsequent improvement.

12.1.5 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.

Summary description of valuation methodologies.

Market Approach / Open market value method (OMV)

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

Cost Approach / Contractors method (CM)

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

Investment Method

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

12.1.6 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							
2022							
Freehold Land	Kosgama	Market Approach	Per perch rate	2,161.05 Perches	LKR 105,000 - 175,000		Positively correlated
Freehold Buildings	Kosgama	Cost Approach	Per sq.ft. rate	141,168 sq.feet	LKR 1,000/- to 5,000/-		Positively correlated
2021							
Freehold Land	Kosgama	Market Approach	Per perch rate	2,161.05 Perches	LKR 105,000 - 175,000		Positively correlated
Freehold Buildings	Kosgama	Cost Approach	Per sq.ft. rate	141,168 sq.feet	LKR 1,000/- to 5,000/-		Positively correlated
Dankotuwa Porcelain PLC							
2022							
Freehold Land	Dankotuwa	Market Approach	Per perch rate	3,153.40 perches	LKR 250,000/-		Positively correlated
Freehold Buildings	Dankotuwa	Cost Approach	Per sq.ft. rate	260,015 Sq feet	LKR 1,500/- LKR 4,500/-		Positively correlated
2021							
Freehold Land	Dankotuwa	Market Approach	Per perch rate	3,153.40 perches	LKR 250,000/-		Positively correlated
Freehold Buildings	Dankotuwa	Cost Approach	Per sq.ft. rate	260,015 Sq feet	LKR 1,500/- LKR 4,500/-		Positively correlated
Lexinton Holdings (Pvt) Limited							
2022							
Freehold Land	Rajagiriya	Investment	Per perch rate	17.15 Perches	LKR. 2,400 - 2,600		Positively correlated
Freehold Buildings	Rajagiriya	Method	Per sq.ft. rate	17,150 sq feet			Positively correlated
(Yield rate used for 2022 valuation is 7%)							
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
South Asia Textiles Limited							
2021							
Buildings on Leasehold Land	Pugoda	Income Approach	Per sq.ft. rate	405,430 sq. feet	LKR 12 - 50		Positively correlated
(Remaining leasehold period - 33 years)							

12.1.7 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:

Class of Asset	Cost LKR	Cumulative Depreciation If assets were carried at cost LKR	Net Carrying Amount	
			2022 LKR	2021 LKR
Dankotuwa Porcelain PLC				
Land-Freehold	250,000	-	250,000	250,000
Building - Freehold	165,081,657	128,466,853	36,614,804	45,775,725
	165,331,657	128,466,853	36,864,804	46,025,725

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

Class of Asset	Cost	Cumulative Depreciation If assets were carried at cost	Net Carrying Amount	
	LKR	LKR	2022 LKR	2021 LKR
Lexinton Holdings (Pvt) Limited				
Land-Freehold	60,000,000	-	60,000,000	60,000,000
Buildings-Freehold	115,000,000	69,000,000	46,000,000	50,600,000
	175,000,000	69,000,000	106,000,000	110,600,000
Royal Fernwood Porcelain Ltd				
Land-Freehold	3,462,294	-	3,462,294	3,462,294
Buildings-Freehold	15,849,645	2,060,454	13,789,191	14,423,177
	19,311,939	2,060,454	17,251,485	17,885,471
South Asia Textiles Ltd				
Building on Leasehold Land	-	-	-	221,327,878
	-	-	-	221,327,878

12.2 Company

Cost	Balance as at 01.04.2021	Additions	Disposals	Balance as at 31.03.2022
	LKR	LKR	LKR	LKR
Freehold				
Computer Equipment	1,597,615	-	-	1,597,615
Office Equipment	296,445	-	-	296,445
Tools & Equipment	17,500	-	-	17,500
Office Furniture	488,722	-	-	488,722
Total	2,400,281	-	-	2,400,281

Accumulated Depreciation	Balance as at 01.04.2021	Charge for the Year	Disposals	Balance as at 31.03.2022
	LKR	LKR	LKR	LKR
Freehold				
Computer Equipment	1,527,446	29,325	-	1,556,771
Office Equipment	243,770	14,198	-	257,968
Tools & Equipment	17,500	-	-	17,500
Office Furniture	418,409	15,500	-	433,909
Total	2,207,125	59,023	-	2,266,148

Net Book Value	2022	2021
	LKR	LKR
Freehold		
Computer Equipment	40,844	70,169
Office Equipment	38,477	52,674
Office Furniture	54,813	70,313
Total Carrying Amount of Property, Plant & Equipment	134,133	193,156

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

13. INTANGIBLE ASSETS (GROUP)

As at 31st March	Software			License Fees			Brand Name			Goodwill			Total		
	2022 LKR	2021 LKR	2020 LKR	2022 LKR	2021 LKR	2020 LKR	2022 LKR	2021 LKR	2020 LKR	2022 LKR	2021 LKR	2020 LKR	2022 LKR	2021 LKR	2020 LKR
Cost															
Balance at the beginning of the year	264,931,746	425,814,938	22,161,458	23,243,958	324,644,574	847,041,839	324,644,574	847,041,839	1,458,779,617	1,620,745,310					
Disposal of Subsidiary	(72,420,179)	-	-	-	-	-	-	-	(72,420,179)	-	-	-	-	-	-
Additions during the year	7,084,896	1,412,029	-	-	-	-	-	-	7,084,896	1,412,029					
Exchange Adjustment	-	3,514,972	-	-	-	-	-	-	-	3,514,972					
Deferred Amortisation	-	(60,329,433)	-	-	-	-	-	-	-	(60,329,433)					
Impairment	-	-	-	(1,082,500)	-	-	-	-	-	(1,082,500)					
Amortized during the year	(167,542,725)	(105,480,761)	-	-	-	-	-	-	(167,542,725)	(105,480,761)					
Balance at the end of the year	32,053,738	264,931,746	22,161,458	22,161,458	324,644,574	847,041,839	324,644,574	847,041,839	1,225,901,609	1,458,779,618					

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 Brand name with Indefinite Lives

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

	Goodwill			Brand Name		
	2022 LKR	2021 LKR	2020 LKR	2022 LKR	2021 LKR	2020 LKR
Porcelain	-	-	-	9,723,614	9,723,614	9,723,614
IT and Related Services	847,041,839	847,041,839	314,920,960	314,920,960	314,920,960	314,920,960
	847,041,839	847,041,839	324,644,574	324,644,574	324,644,574	324,644,574

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

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.

Terminal growth Rate

Volume growth has been budgeted on a reasonable and realistic basis by taking into account the growth rates of one to four years immediately subsequent to the budgeted year based on Industry growth rates. Cash flows beyond the five year period are extrapolated using 3.5% growth rate.

* Details of Assumptions and related disclosures are further described in the Note 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 2022.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

- 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 previous year) and license cost pertaining to the share broking business license which have an infinite useful life time.
- 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 Economic turmoil. In light of current operational and economic conditions due to the ongoing COVID-19 pandemic and Global Market Conditions, The Group has taken the necessary steps to ensure business continuity, weighing the risks and benefits in the context of the prevalent environment. Accordingly the management has concluded that the recoverable value of CGUs exceeds its carrying values.

14. BIOLOGICAL ASSETS (GROUP)

	Balance as at 01.04.2021	Changes in Fair Value Less Cost to Sell	Balance as at 31.03.2022
	LKR	LKR	LKR
Teak	53,616,000	(388,860)	53,227,140
Lunumidella	1,884,000	189,830	2,073,830
	55,500,000	(199,030)	55,300,970
Coconut	81,950	-	81,950
	55,581,950	(199,030)	55,382,920

- 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. 328 - LKR. 3,150 based on the girth of trees, for the purpose of valuation as at 31 March 2022.

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 foot of Lunumidella tree is assumed to be LKR. 150 - LKR 270 based on the girth of trees, for the purpose of valuation as at 31 March 2022.

	2022	2021
14.2.1 Discount Rate	15.42%	13.57%

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14.2.1.1 Sensitivity Analysis

Discount Rate	2022	2021
+1%	(536,070)	(1,200,000)
-1%	594,800	1,050,000

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 market approach based on the current timber prices, subjected to adjustments considering their year of maturity, location and accessibility to the asset.

14.2.2.1 Significant unobservable inputs:

The value estimates were based on the latest timber prices published by State Timber Corporation (STC). According to that estimated rate per cubic decimeters are as follows.

Teak planted in 1994 – LKR 35.9854

Teak planted in 2008 – LKR 19.2632

Lunumidella planted in 1996 – LKR 8.5426

According to the Forestry Management Plan, Teak and Lunumidella matured in 25 years. So, the Teak planted in 1994 and Lunumidella planted in 1996 are already matured. The Teak planted in 2008 is to be mature after 11 years.

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 15.42%
4. The valuation has been carried out based on the 2019 timber prices on the assumption that the reduction in timber prices would only be temporary.

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		Valuers Details	Effective Date of Valuation
			2022 LKR	2021 LKR		
Heron Agro (Pvt) Ltd	A timber stumpage in managed timber stand at Agunakolapelessa	Discounted cash flow method under income approach	55,382,920	55,581,950	F.R.T. Valuation Services (Pvt) Limited An Independent Incorporated valuer	31-Mar-22

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.

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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	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Balance at the beginning of the year	2,589,543,212	4,405,315,025	33,000,000	33,000,000
Additions	6,963,085	-	-	-
Change in fair value of Investment Property	66,236,915	(1,240,771,813)	-	-
	2,662,743,212	3,164,543,212	33,000,000	33,000,000
Asset classified to held for sale	-	(575,000,000)	-	-
Balance at the end of the year	2,662,743,212	2,589,543,212	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.

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

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

15.2 The Group has reported rental income amounting to LKR 3,818,100/- (2021 - LKR 28,651,064/-) from this investment property and incurred direct operating expenses (including repairs and maintenance) amounting to LKR 5,937,713/- (2021 - LKR 4,179,992/-).

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

Company	Property	Method of Valuation	Inputs used for measurement	2022	2021
				LKR	LKR
Dankotuwa Porcelain PLC	Land (Dankotuwa)	Open Market Value	Per perch rate	175,000	175,000
Royal Fernwood Porcelain Ltd	Land (Kosgama)	Open Market Value	Per perch rate	70,000	70,000
Taprobane Securities (Pvt) Ltd	Land (Kosgama)	Open Market Value	Per perch rate	72,500	72,500
Lexinton Resorts (Pvt) Ltd	Land (Kosgoda)	Open Market Value	Per perch rate	450,000	400,000
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	1,650,000	1,600,000
	Buildings (Mattakkuliya)	Replacement Cost	Per sq.ft. rate	580 - 2,300	500 - 2,000

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15.4 Description of significant unobservable inputs to valuation:

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

Investment Property	Valuation technique	Significant unobservable inputs	Rate	Sensitivity of input to Fair value
Dankotuwa Porcelain PLC				
As at 31 March 2022				
Land 3,899.35 perches	Open Market value	Per perch rate	LKR 175,000	Positively correlated
As at 31 March 2021				
Land 3,899.35 perches	Open Market value	Per perch rate	LKR 175,000	Positively correlated
Royal Fernwood Porcelain Ltd				
As at 31 March 2022				
Land 1,753.07 perches	Open Market value	Per perch rate	LKR 70,000	Positively correlated
As at 31 March 2021				
Land 1,753.07 perches	Open Market value	Per perch rate	LKR 70,000	Positively correlated
Taprobane Securities (Pvt) Ltd				
As at 31 March 2022				
Land 1,162.5 perches	Open Market value	Per perch rate	LKR 72,500	Positively correlated
As at 31 March 2021				
Land 1,162.5 perches	Open Market value	Per perch rate	LKR 72,500	Positively correlated
Ceylon Leather Products Limited				
As at 31 March 2022				
Land 721.62 perches	Open Market value	Per perch rate	LKR 1,650,000	Positively correlated
Buildings 81,428 sqft	Replacement Cost	Per sqft. rate	LKR 580 - 2,300	Positively correlated
As at 31 March 2021				
Land 721.62 perches	Open Market value	Per perch rate	LKR 1,650,000	Positively correlated
Buildings 81,428 sqft	Replacement Cost	Per sqft. rate	LKR 500 - 2,000	Positively correlated
Lexinton Resorts (Pvt) Ltd				
As at 31 March 2022				
Land 1,373 perches	Open Market value	Per perch rate	LKR 450,000	Positively correlated
As at 31 March 2021				
Land 1,373 perches	Open Market value	Per perch rate	LKR 400,000	Positively correlated
Ambeon Capital PLC				
As at 31 March 2022				
Land 8 Acres	Open Market value	Per Acre Rate	LKR 5,200,000	Positively correlated
As at 31 March 2021				
Land 8 Acres	Open Market value	Per Acre Rate	LKR 5,200,000	Positively correlated

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

16. INVESTMENT IN SUBSIDIARIES

COMPANY

16.1 Investment in subsidiaries

16.1.1 Ordinary shares

As at 31 March	Place of Principal Business	Effective Holdings		Direct Holding		No of Shares		Fair Value	
		2022	2021	2022	2021	2022	2021	2022	2021
		%	%	%	%	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	15,065,000	19,143,000
Lexinton Resorts (Pvt) Ltd	No 10, Gothami Road, Colombo 08.	100.00	100.00	100.00	100.00	229,000,000	229,000,000	576,433,000	528,163,000
Ambeon Holdings PLC	No 10, Gothami Road, Colombo 08.	81.43	81.43	81.43	81.43	290,597,377	290,597,377	8,435,786,000	7,058,154,000
								9,027,284,000	7,605,460,000

Movement of Investment in Subsidiary

	At the beginning of the year	Change in Fair Value	At the end of the Year
	LKR	LKR	LKR
2022	7,605,460,000	1,421,824,000	9,027,284,000
2021	9,177,601,891	(1,572,141,891)	7,605,460,000

Investment in Subsidiaries are stated at fair value, fair value has been determined in accordance with SLFRS 13. Professional valuation was performed by KPMG for the year ended 31 March 2022 and for 31 March 2021.

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 2022.

Company	Valuation Techniques	Significant Inputs	FV Level	2021	2022	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-2022
Heron Agro Products (Pvt) Ltd	Net Assets Value	-	Level 3	-	-	31-Mar-2022
Lexinton Resorts (Pvt) Ltd	Net Assets Value	-	Level 3	-	-	31-Mar-2022

* 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.

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Sensitivity Analysis

Company	Weighted Average Cost of Capital	Terminal Growth Rate	2022		2021	
			Effect on Income Statement	Effect on Statement of Financial Position	Effect on Income Statement	Effect on Statement of Financial Position
Ambeon Holdings PLC - Group	1%		(9,858,208)	(9,858,208)	(7,030,455)	(7,030,455)
	-1%		10,960,338	10,960,338	10,803,381	10,803,381
		1%	10,794,062	10,794,062	10,306,643	10,306,643
		-1%	(9,990,522)	(9,990,522)	(7,402,824)	(7,402,824)

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	2022	2021	Effective date
Ambeon Holdings PLC	Net Assets Value	-	-	Level 3	-	-	31-Mar
Dankotuwa Porcelain PLC	Discounted Cashflow	Cash Flow	WACC*	Level 3	17.60%	12.20%	31-Mar
	Method	Forecast	Terminal Growth Rate	Level 3	3.50%	3.50%	31-Mar
Royal Fernwood porcelain Ltd	Discounted Cashflow	Cash Flow	WACC*	Level 3	17.10%	11.60%	31-Mar
	Method	Forecast	Terminal Growth Rate	Level 3	3.50%	3.50%	31-Mar
Millennium I.T.E.S.P. (Pvt) Ltd	Discounted Cashflow	Cash Flow	WACC*	Level 3	14.60%	11.50%	31-Mar
	Method	Forecast	Terminal Growth Rate	Level 3	3.50%	3.50%	31-Mar
South Asia Textiles Ltd	Discounted Cashflow	Cash Flow	WACC*	Level 3	-	11.00%	31-Mar
	Method	Forecast	Terminal Growth Rate	Level 3	-	3.50%	31-Mar
Colombo City Holdings PLC	Net Assets Value	-	-	Level 3	-	-	31-Mar
Ceylon Leather Products Ltd	Net Assets Value	-	-	Level 3	-	-	31-Mar
Palla & Company (Pvt) Ltd	Net Assets Value	-	-	Level 3	-	-	31-Mar
Taprobane Capital Plus (Pvt) Ltd	Net Assets Value	-	-	Level 3	-	-	31-Mar
Olancom (Pvt) Ltd	Net Assets Value	-	-	Level 3	-	-	31-Mar

* Weighted average cost of capital

16.2.2 In light of current operational and economic conditions due to the ongoing Economic turmoil, the Group has reassessed the expected future business performance relating to cash generating units where the management has concluded that the recoverable value of subsidiaries exceeds its carrying values.

Accordingly, the valuer has confirmed in report that the value reflected as of 31 March 2022 represents the best estimate of fair value as of the reporting date, which in the valuer's opinion meets the requirements in SLFRS 13 Fair Value Measurement.

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16.3 Investments in Sub Subsidiaries/ associate entity effective holdings

Sub Subsidiaries	Investor	Effective Holding %		Principal Activity	Place of Principal Business
		2022	2021		
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	81.36	81.36	Manufacturing and selling of Leather, Leather Footwear and Leather Goods	No.64, Belummahara,Mudungoda
South Asia Textiles Ltd	Ambeon Holdings PLC	-	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	81.42	81.42	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
Olancorn (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
Taprobane 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 08
Lexinton Holdings (Pvt) Ltd	Colombo City Holdings PLC	63.21	63.21	Real estate Management	No. 10, Gothami Road, Colombo 08
Millennium I.T.E.S.P (Pvt) Ltd	Eon Tech (Pvt) Ltd	49.47	49.47	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
Infoseek (Private) Ltd	Millennium I.T.E.S.P (Pvt) Ltd	39	24.9	An innovative Cloud based Human Resource Information System named as MintHRM	No 48 Chitra Lane, Colombo 05
Millennium I.T.E.S.P. Singapore Pte.	Millennium I.T.E.S.P (Pvt) Ltd	49.47	-	A systems integration business located at Singapore.	531A, Upper Cross Street, Hong Lim Complex, Singapore
Dankotuwa Singapore Pte.	Dankotuwa Porcelain PLC	63.12	-	Dormant	No. 3, Shenton Way, # 10 – 05, Shenton House Singapore

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17. OTHER FINANCIAL ASSETS

	Note	Group		Company	
		2022	2021	2022	2021
		LKR	LKR	LKR	LKR
Non Current Investments					
Deposit with Colombo Stock Exchange		1,000,000	2,250,000	-	-
Amortized Cost	17.1	9,154,942	14,304,886	-	-
Loans and Receivables*		430,886,071	466,666,827	-	-
Impairment For Loans and Receivable* *		(180,000,000)	(180,000,000)	-	-
		261,041,013	303,221,712	-	-

*Includes CHC Investments (Pvt) Ltd - Ultimate Parent - Rs. 162,744,523.00 - Terms and Conditions : Rate of interest at 10.45% and AWPLR + 1.5% per annum. Long term loan are receivable after 27 Months.

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

	Note	Group		Company	
		2022	2021	2022	2021
Current Investments		LKR	LKR	LKR	LKR
Amortized Cost	17.2	709,301,377	339,965,525	-	-
Fair Value through Profits or Losses	17.3.1	847,741,118	26,257,756	283,331,005	-
Fair value through OCI	17.3.2	290,656,879	610,828,974	-	-
Investment in Government Securities	17.4	-	650,104,323	-	650,104,323
		1,847,699,375	1,627,156,578	283,331,005	650,104,323

17.1 Amortized Cost

Investment in Government Securities		9,154,942	14,304,886	-	-
		9,154,942	14,304,886	-	-

17.2 Amortized Cost

Current					
Bank Deposits		709,301,377	339,965,525	-	-
		709,301,377	339,965,525	-	-

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17.3 Investment in Equity Securities

17.3.1 Fair Value through Profits or Losses

As at 31st March	2022			2021		
	No. of Shares	Cost LKR	Market Value LKR	No. of Shares	Cost LKR	Market Value LKR
GROUP						
Incorporated in Sri Lanka						
B P P L Holdings PLC	461,281	5,377,997	9,018,513	461,281	5,419,162	6,227,294
Seylan Bank PLC	20,342	1,926,628	642,807	408,333	38,673,959	20,008,317
Aitken Spence PLC	399	88,785	29,406	399	88,785	22,145
CIC Holdings PLC	2,649,116	134,760,934	100,931,320	-	-	-
CIC Holdings PLC - Non Voting	408,384	18,406,191	10,209,600	-	-	-
Expolanka Holdings PLC	886,768	225,475,095	184,226,052	-	-	-
Hayleys PLC	2,616,446	291,414,746	201,204,697	-	-	-
Royal Ceramics Lanka PLC	500,000	25,661,490	20,350,000	-	-	-
Access Engineering PLC	8,071,000	234,119,914	121,065,000	-	-	-
Swisstec (Ceylon) PLC	1,051,730	46,027,495	25,758,827	-	-	-
Melstacorp PLC	1,600,000	88,544,753	65,760,000	-	-	-
Resus Energy PLC	378,898	13,335,870	7,388,511	-	-	-
Hemas Power PLC	475,000	16,625,000	9,262,500	-	-	-
Hela Apparel Holdings PLC	827,400	12,411,000	10,673,460	-	-	-
Printcare PLC	100,000	4,900,000	2,700,000	-	-	-
Teejay Lanka PLC	1,972,875	88,779,375	78,520,425	-	-	-
		1,207,855,274	847,741,118	-	44,181,906	26,257,756

17.3.2 Fair value through OCI

Pan Asia Banking Corporation PLC	26,912,674	504,612,638	290,656,879	43,930,641	817,969,694	610,828,974
		504,612,638	290,656,879	-	817,969,694	610,828,974
Total Carrying Value of Investment		1,712,467,912	1,138,397,997	-	862,151,600	637,086,730

As at 31st March	2022			2021		
	No. of Shares	Cost LKR	Market Value LKR	No. of Shares	Cost LKR	Market Value LKR
COMPANY						
Incorporated in Sri Lanka						
Fair Value through Profits or Losses						
Access Engineering PLC	2,996,000	83,535,357	44,940,000	-	-	-
CIC Holdings Plc	1,000,000	53,783,036	38,100,000	-	-	-
CIC Holdings PLC - Non Voting	408,384	18,406,191	10,209,600	-	-	-
Expolanka Holdings PLC	236,768	78,047,822	49,188,552	-	-	-
Hayleys PLC	501,163	54,870,447	38,539,435	-	-	-
Hemas Power PLC	475,000	16,625,000	9,262,500	-	-	-
Hela Apparel Holdings PLC	275,800	4,137,000	3,557,820	-	-	-
Teejay Lanka PLC	1,972,875	88,779,375	78,520,425	-	-	-
Swisstec Ceylon PLC	498,311	21,812,405	11,012,673	-	-	-
		419,996,632	283,331,005	-	-	-

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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.

17.4 Investment in Government Securities

	GROUP		COMPANY	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
Cost of the portfolio	-	655,917,151	-	655,917,151
Change in fair value	-	(5,812,828)	-	(5,812,828)
	-	650,104,323	-	650,104,323

18. INVENTORIES

	Note	Group		Company	
		2022	2021	2022	2021
		LKR	LKR	LKR	LKR
Raw Material		419,506,603	993,734,167	-	-
Work in Progress/ Project in Progress		2,122,934,121	2,232,506,165	-	-
Finished Goods		475,881,177	1,064,759,198	-	-
Indirect Material		24,594,451	29,391,726	-	-
Spare Stock		32,339,419	35,881,876	-	-
Consumables		33,662,815	17,961,055	-	-
General Stock		14,300,924	15,033,659	-	-
Semi Finished Goods		159,532,247	160,252,210	-	-
Packing Material		35,165,755	30,895,039	-	-
Consumables and Spares		-	157,872,907	-	-
Goods Held for Resale		-	14,245,007	-	-
Maintenance Inventory		143,374,060	138,715,720	-	-
Goods-In-Transit		8,703,538	55,421,923	-	-
Others		32,804,100	35,488,360	-	-
Less : Allowance for Obsolete & Slow Moving Inventories	18.1	(598,414,703)	(984,677,130)	-	-
		2,904,384,507	3,997,481,882	-	-

18.1 Allowance for Obsolete & Slow Moving Inventories

	GROUP		COMPANY	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
Balance at the beginning of the year	984,677,130	799,571,361	-	-
Provision made during the year	172,213,939	185,105,769	-	-
Disposal of Subsidiary	(367,252,740)	-	-	-
Inventory Write-off	(191,223,626)	-	-	-
Balance at the end of the year	598,414,703	984,677,130	-	-

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

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19. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2022 LKR	2021 LKR	2022 LKR	2021 LKR
Trade Receivables		7,329,772,217	5,961,849,007	29,282,027	27,428,708
Interest In Suspense		(14,084,297)	(12,230,979)	(14,084,297)	(12,230,979)
Provision for Bad and Doubtful Debts	19.2	(1,261,796,349)	(1,270,362,459)	(15,197,730)	(15,197,730)
		6,053,891,571	4,679,255,569	-	-
Loans Granted	19.1	92,860,866	29,692,406	-	-
Other Receivables		292,170,326	404,951,428	1,276,210	1,679,936
Other Receivables - Related Parties	19.3	314,821,702	-	395,302,749	61,739,561
Provision for Bad and Doubtful Debts	19.2	(353,729,518)	(307,727,340)	-	-
		6,400,014,947	4,806,172,064	396,578,959	63,419,497
Advances and Prepayments		395,940,224	340,606,408	917,297	1,112,530
		6,795,955,171	5,146,778,472	397,496,257	64,532,027

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

19.1 Loans Granted

Group Companies	Relationship	Group		Company	
		2022 LKR	2021 LKR	2022 LKR	2021 LKR
CHC Investments (Pvt) Ltd *	Ultimate Parent	45,222,773	-	-	-
Infoseek (Pvt) Ltd	Associate	-	689,363	-	-
Others					
Loans to Company Officers		2,900,988	63,725	-	-
D.B. Exim (Pvt) Ltd		19,307,143	19,307,143	-	-
Ceylon Leather Products Manufactures (Pvt) Ltd **		25,429,962	9,632,175	-	-
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)
		92,860,866	29,692,406	-	-

*Terms and Conditions : Rate of interest AWPLR+1.5% 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.

19.2 Provision for Bad and Doubtful Debts

	GROUP		COMPANY	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Balance as at the beginning of the year	1,578,089,800	1,505,934,387	15,197,730	15,197,730
Provision/ (Reversal) made during the year	61,770,765	72,155,413	-	-
Disposal of Subsidiary	(24,334,698)	-	-	-
Balance at the end of the year	1,615,525,867	1,578,089,800	15,197,730	15,197,730

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

19.3 Amounts Due From Related Parties

		Group		Company	
		2022	2021	2022	2021
Amounts Due From Related Parties	Relationship	LKR	LKR	LKR	LKR
Heron Agro Products (Pvt) Ltd	Subsidiary	-	-	35,337,687	31,511,972
Taprobane Capital Plus (Pvt) Ltd	Sub Subsidiary Company	-	-	18,930,231	15,602,832
Lexinton Resorts (Pvt) Ltd	Subsidiary Company	-	-	26,282,569	14,624,757
CHC Investment (Pvt)Ltd*	Parent	314,752,262	-	314,752,262	-
Eon Investments (Pvt) Ltd	Sub Subsidiary Company	50,000	-	-	-
ARRC Capital (Pvt) Ltd	Significant Share holder	19,440	-	-	-
		314,821,702	-	395,302,749	61,739,561

*CHC Investments (Pvt) Ltd - Ultimate Parent - Terms and Conditions : Rate of interest at 10.95% and 13% per annum. Long term loans are receivable after 12 Months.

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
Cash at Bank	1,656,051,759	508,933,018	511,333	524,702
Short Term Investments	486,408,973	324,958,182	-	-
	2,142,460,732	833,891,200	511,333	524,702
Bank Overdrafts used for cash management purposes (Note 22)	(734,428,085)	(1,365,360,376)	(242,911,355)	(245,911,665)
Cash & Cash Equivalents in the statement of cash flow	1,408,032,647	(531,469,175)	(242,400,022)	(245,386,963)

21. STATED CAPITAL

	Group		Company	
	2022	2021	2022	2021
	LKR	LKR	LKR	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	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
Revaluation Reserves	1,146,190,465	1,220,740,511	-	-
Foreign Currency Translation Reserve	10,152,921	(93,470,806)	-	-
Fair Value Through Other comprehensive Income	(174,224,173)	(170,078,769)	-	-
Currency/Exchange Hedge Reserve (Note 21.2)	-	(26,506,450)	-	-
Amalgamation Reserve (Note 21.3)	-	-	258,920,263	258,920,263
	982,119,212	930,684,486	258,920,263	258,920,263

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

	Attributable to Equity Holders of Parent		
	Revaluation Reserves **	Foreign Currency Translation Reserve *	Cashflow Hedge Reserves
	LKR	LKR	LKR
Beginning of the year	1,220,740,511	(93,470,806)	(26,506,450)
Impact due to Disposal of Subsidiary	(190,618,591)	93,037,811	-
During the Year Impact	116,068,545	10,585,915	26,506,450
	1,146,190,465	10,152,921	-

** 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 12.1.5. 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 Millennium ITESP Singapore Pte were translated into the presentation currency at the exchange rate prevailing at the reporting date and the Profit or Loss is translated at the average exchange rate for the period. The exchange rate differences arising on the translation were taken directly in to Currency Conversion Reserve, which is classified as a part of equity. During the year South Asia Textiles Limited was disposed and the respective balances were reclassified to retained earnings.

	Group	
	2022 LKR	2021 LKR
Net Foreign Exchange Difference		
Loss from Foreign Currency Translation during the year	21,180,331	(149,629)
	21,180,331	(149,629)

21.2 Cash Flow Hedge Reserve

Group		
Balance as at beginning of the Period	(45,701,067)	(34,288,295)
Net impact on cash flow hedge	54,670,437	(14,271,328)
	8,969,370	(48,559,623)
Tax on Cashflow Hedge Accounting	(8,969,370)	2,858,556
	-	(45,701,067)

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.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

22. INTEREST BEARING LOANS AND BORROWINGS

	Note	Group		Company	
		2022	2021	2022	2021
		LKR	LKR	LKR	LKR
Repayable after one year					
Leases	22.1	519,017,704	122,033,990	-	1,540,923
Bank Loans	22.2	808,966,977	2,952,596,357	445,118,416	1,909,132,000
Loans granted by Related Parties	22.3	-	-	390,335,037	1,245,133,320
Others*		155,034,151	-	-	-
		1,483,018,831	3,074,630,346	835,453,453	3,155,806,243
Repayable within one year					
Leases	22.1	19,042,730	62,738,507	3,459,599	1,665,216
Short Term Loan	22.4	1,266,739,185	1,396,567,147	-	-
Bank Loans	22.2	2,116,568,414	2,338,901,646	894,427,188	752,169,458
Loans granted by Related Parties	22.3	5,739,310	5,739,310	2,609,332,899	102,255,525
Bank Overdrafts		734,428,085	1,365,360,376	242,911,355	245,911,665
Others*		138,324,638	-	69,089,700	-
		4,280,842,362	5,169,306,986	3,819,220,741	1,102,001,865
		5,763,861,193	8,243,937,332	4,654,674,193	4,257,808,108

* South Asia Textiles Ltd which is a sub subsidiary of the Company was disposed during the year and loan balance LKR 293 Mn. reflects the loan from South Asia Textiles Ltd. (2021 -LKR 439 Mn.) LKR 147 Mn was repaid during the year.

22.1 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 2022.

Group**Lease liabilities**

	Balance as at 01.04.2021	Impact of new/ Modification of Lease	Interest	Repayment	Disposal of subsidiary	Balance as at 31.03.2022
	LKR	LKR	LKR	LKR	LKR	LKR
Right to Use Liabilities	184,772,496	425,520,395	20,644,408	(61,086,831)	(31,790,034)	538,060,434
	184,772,496	425,520,395	20,644,408	(61,086,831)	(31,790,034)	538,060,434

Company

Lease Liabilities	Balance as at 01.04.2021	Adjustments for lease agreements change	Interest	Repayment	Balance as at 31.03.2022
	LKR	LKR	LKR	LKR	LKR
Right to Use Liabilities	3,206,139	2,685,047	729,124	(3,160,714)	3,459,596
	3,206,139	2,685,047	729,124	(3,160,714)	3,459,596

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

Group

	2022			2021		
	Within Year LKR	After 1 Year LKR	Total LKR	Within Year LKR	After 1 Year LKR	Total LKR
Gross Liability	92,353,904	963,178,088	1,055,531,992	79,332,721	176,066,853	255,399,574
Finance Charges allocated to future periods	(73,311,174)	(444,160,384)	(517,471,557)	(16,594,215)	(54,032,863)	(70,627,077)
Net liability	19,042,730	519,017,704	538,060,434	62,738,507	122,033,990	184,772,497

Company

	2022			2021		
	Within Year LKR	After 1 Year LKR	Total LKR	Within Year LKR	After 1 Year LKR	Total LKR
Gross Liability	8,782,841	-	8,782,841	1,947,965	1,623,304	3,571,269
Finance Charges allocated to future periods	(5,323,242)	-	(5,323,242)	(282,749)	(82,381)	(365,130)
Net liability	3,459,599	-	3,459,599	1,665,216	1,540,923	3,206,139

22.1.1 This represents the rented showrooms and office premises lease liabilities as per the SLFRS 16.

22.1.2 Right to Use Assets are shown under Note 28.1

22.2 Bank Loans

	At the Beginning of the Year	Loans Obtained	Repayment	Accrued Interest	Disposal of Subsidiary	Exchange Gain / Loss	At The End of the year
	LKR	LKR	LKR	LKR	LKR	LKR	LKR

GROUP

2022	5,291,498,002	36,342,823,619	(38,488,233,488)	34,423,212	(288,396,693)	33,420,739	2,925,535,391
2021	7,031,717,310	285,840,283,730	(287,736,531,545)	138,119,923	-	17,908,584	5,291,498,002

	2022	2021
Repayable after one year	808,966,977	2,952,596,357
Repayable within one year	2,116,568,414	2,338,901,646
	2,925,535,391	5,291,498,002

COMPANY

2022	2,661,301,458	31,543,789,000	(32,877,740,556)	12,195,702	-	-	1,339,545,604
2021	3,022,006,637	282,354,605,176	(282,715,310,355)	-	-	-	2,661,301,458

	2022	2021
Repayable after one year	445,118,416	1,909,132,000
Repayable within one year	894,427,188	752,169,458
	1,339,545,604	2,661,301,458

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

22.3 Loans Payable to Related Parties

As at 31st March	Interest rate	Repayment Terms	Relationship	Group		Company	
				2022 LKR	2021 LKR	2022 LKR	2021 LKR
Mr.Eric Wikramanayake	13.50%	On Demand	Former Director	5,739,310	5,739,310	-	-
Taprobane Investments (Pvt) Ltd	9.01%	On Demand	Sub-Subsidiary	-	-	-	210,992,209
Taprobane Securities (Pvt) Ltd	9.01%	On Demand	Sub-Subsidiary	-	-	-	184,832,675
Lexinton Holdings (Pvt) Ltd	9.01%	On Demand	Sub-Subsidiary	-	-	265,598,183	263,115,792
Taprobane Wealth Plus (Pvt) Ltd	9.01%	On Demand	Sub-Subsidiary	-	-	4,676,618	4,481,325
Ambeon Holdings PLC	10.51%, 9.92%	On Demand	Subsidiary	-	-	2,521,592,737	390,622,488
Millennium I.T.E.S.P. (Pvt) Ltd	10.51%	On Demand	Sub-Subsidiary	-	-	207,800,397	189,709,807
South Asia Textiles Limited	10.51%	On Demand	Sub-Subsidiary	-	-	-	103,634,550
				5,739,310	5,739,310	2,999,667,935	1,347,388,845
Repayable after one year				-	-	390,335,037	1,245,133,320
Repayable within one year				5,739,310	5,739,310	2,609,332,899	102,255,525
				5,739,310	5,739,310	2,999,667,935	1,347,388,845

22.3.1 Repayable to related parties

	Group	Company
Balance as at 01.04.2021	5,739,310	1,347,388,845
Loan Obtained	-	2,303,479,135
Loan Repayment	-	(765,062,144)
Accrued Interest	-	182,951,802
Transfer to other Receivable	-	(69,089,703)
Balance as at 31.03.2022	5,739,310	2,999,667,935

22.4 Short Term Loans

	At the Beginning of the Year	Loans Obtained	Repayment	Exchange Gain/ Loss	Accrued Interest	Disposal	At The End of the year
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
GROUP							
2022	1,396,567,147	5,054,432,132	(4,617,850,610)	-	56,714,450	(623,123,934)	1,266,739,185
2021	2,710,875,982	4,037,258,295	(5,379,502,264)	21,183,243	6,751,892	-	1,396,567,147

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

22.4.1

Company	Lender/rate of interest (p.a.)	2022 LKR	2021 Repayment LKR	Security
South Asia Textiles Ltd	Seylan Bank PLC Revolving Import Loans (3 months LIBOR + 2.8% p.a with a floor rate of 4% p.a)	-	223,700,751	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	Machineries, Leasehold Building and Inventory were pledged as security.
	DFCC Vardhana Bank PLC Import/Export Finance Loan (1 month LIBOR + 2.75% p.a)	-	377,489,815	Machineries, Leasehold Building and Inventory were pledged as security.
	Sampath Bank PLC Import/Export Finance Loan (3 months LIBOR + 3.25%)	-	2,118,997	
	Seylan Bank PLC Reverse Repo	17,229,294	-	Treasury bill - Rs: 695,727,593/-
	Standard Chartered Bank Term Loan (Rate 4.89% p.a.)	-	153,570,945	Repayment period – 175 Days Fixed Deposit Rs.240Mn
	Seylan Bank PLC - Short term loan	211,800,000	-	Within 30 days and settled over at the bank's direction /up to a maximum duration of 180days
	Nations Trust Bank PLC - Short term loan	108,100,000	-	Maximum duration of 90days Quoted Shares
	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
	Seylan Bank PLC STL-One month AWPLR + 2% per annum	729,538,659	501,622,268	Bullet Payment (interest to be serviced monthly) Corporate guarantee from Ambeon Holding PLC
Ceylon Leather Products Limited	National Development Bank PLC Short Term Loan - 13% p.a.	200,071,233	-	
		1,266,739,185	1,396,567,147	

* For further details on Asset pledged refer Note 34.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

22.4.2 Terms and Conditions

Company	Lender/rate of interest (p.a.)	2022	2021	Repayment	Security
		LKR	LKR		
Ambeon Capital PLC	National Development Bank PLC - Term- Loan (AWPLR +2%)	161,761,188	220,000,000	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.
	Term- Loan (AWPLR weekly +1.3%)	587,281,584	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	Due on accepted date	Related treasury bond
	Seylan Bank PLC - STL/MM (AWPLR +1%)	590,502,832	958,332,000	180 Days	112,790,122 Number of Shares of Ambeon Holdings PLC
Royal Fernwood Porcelain Ltd	Hatton National Bank PLC				
	- Term loan USD (LIBOR + 4.5%)	-	180,995,312	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.)	8,678,000	12,674,000	83 Equal monthly Instalments of Rs. 333,000/-	
	- Term loan LKR (AWPLR + 1.5% p.a.)	162,000,000	-	41 equal monthly instalments of Rs. 4.5Mn	
	- Packing Credit loan - USD (AWPLR+2%)	-	13,153,392	Settlements Through sales proceeds	
	- Import loan USD (AWPLR+2%)	5,699,855	43,776,276	Settlements Through sales proceeds	
	- Import loan - EUR (AWPLR + 2%)	-	54,325	Settlements Through sales proceeds	
	- Packing Credit loan - LKR (AWPLR+2%)	79,000,000	-	Settlements Through sales proceeds	
	- Import loan LKR (AWPLR+1.5% and LIBOR + 3.5%)	7,890,023	14,516,178	Settlements Through sales proceeds	Secondary mortgage bond over land & building at Kosgama for Rs.40Mn
	Peoples Bank				
	Packing credit loan - USD	-	10,952,273	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	
DFCC Bank PLC					
	- Import loan (AWPLR +1.5%)	-	16,973,286	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	120 days from the loan granted	
	- Import loan Loan - USD	68,300,317	-	120 days from the loan granted	
	- STL Loan	-	112,958,911	120 days from the loan granted	
	- Term Loan	10,362,328	20,000,000	24 Months	
	- Packing Credit Loan - LKR	208,743,755	7,868,728	120 days from the loan granted	

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As at 31 March 2022

Company	Lender/rate of interest (p.a.)	2022		2021		Security
		LKR	LKR	LKR	LKR	
South Asia Textiles Limited	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	Monthly LKR 4,910,848	Machineries, Leasehold Building and Inventory
	Term loan - 3 (3.5% p.a + 3 Months LIBOR with a Floor rate of 4.5% p.a.)	-	-	134,078,390	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	Monthly LKR 12,291,010	
Dankotuwa Porcelan PLC	Sampath Bank PLC					
	- Overdraft facility (AWPLR +2.0% p.a)	25,000,000		105,000,000		
	Pan Asia Banking Corporation PLC					
	- Packing credit loan (3 months LIBOR+4. % subject to minimum	-	-	79,163,315	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						
	- Short term loan (AWPLR+1.25%p.a)	-	-	40,487,920	Maximum 3months	Mortgage bond for Rs 80,000,000 over stocks and book debts for the value of 1.5 times of the facility.
People's Bank						
	- Term loan - (4 % p.a.)	13,763,361		25,000,000	24 months	Corporate Guarantee of Ambeon Holdings PLC
National Development Bank PLC						
	- STL Loan (AWPLR+1.25% p.a.)	71,391,358		196,561,940	Maximum 3 Months	Primary Mortgage over Factory premises Situated in Dankotuwa for LKR 400,000,000/-
Nation Trust Bank PLC						
	- Short Term Loan (AWPLR+1.5% p.a)	164,110,929		-	60 Months	Unquoted shares 1,080,697,674 of Royal Fernwood Porcelain Ltd.

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Company	Lender/rate of interest (p.a.)	2022	2021	Repayment	Security
		LKR	LKR		
Ambeon Holdings PLC	Seylan Bank PLC				
	Term loan 1 (01 Month AWPLR + 2.5%)	-	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	12 quarterly equal installments of LKR 25 Mn each	
	People's Bank				
	Term Loan (1W AWPLR+2.5%)	-	312,360,000	36 Monthly installments	Unquoted Shares
Millennium I.T.E.S.P (Pvt) Ltd	Sampath bank PLC				
	Term Loan (1W AWPLR+2.5%)	211,400,000	257,800,000	60 Monthly installments	Property lot B plan no 184/2001
	The Hongkong and Shanghai Banking Corporation Limited				
	- Import Finance loan (Tenor linked COF+2.5% per annum)	93,587,609	51,924,328	Within 180 Days	Mortgage over Inventory and Debtors
	- Long Term loan (Tenure linked COF+2.5% per annum)	-	130,798,327	Within 180 Days	
	Seylan Bank PLC				
	- Import Finance loan (Month AWPLR+ 1% p.a)	55,643,099	87,700,000	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)	400,419,153	-	Within 180 Days	-
		2,925,535,391	5,291,498,002		

* For further details on Asset pledged refer Note 34.

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23. RETIREMENT BENEFIT OBLIGATION

	Note	Group		Company	
		2022 LKR	2021 LKR	2022 LKR	2021 LKR
Present value of unfunded gratuity		383,230,112	571,748,786	-	-
		383,230,112	571,748,786	-	-

23.1 Provision for Retiring Gratuity

Balance at the beginning of the year		571,748,786	442,666,691	-	-
Current/Past Service Cost		32,157,818	43,224,247	-	-
Interest Cost		29,995,311	31,840,795	-	-
Actuarial losses/(gains)	23.3	(66,061,244)	61,374,980	-	-
Payment made during the year		(44,001,287)	(27,950,940)	-	-
Disposal of Subsidiary		(140,609,272)	20,593,013	-	-
Balance at the end of the year		383,230,112	571,748,786	-	-

23.2 Expenses recognized in Income Statement

Current/Past Service Cost		32,157,818	43,224,247	-	-
Interest cost		29,995,311	31,840,795	-	-
		62,153,129	75,065,042	-	-

23.3 Expenses recognized in Other Comprehensive Income

Actuarial losses/(gains)		(66,061,244)	61,374,980	-	-
		(66,061,244)	61,374,980	-	-

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 gratuity payable was carried out as at March 31, 2022 by Messrs. Actuarial & Management Consultants (Pvt) Ltd Actuaries.

23.5 Principal actuarial assumptions used are as follows;

	Group 2022	Group 2021
Discount Rate	15.00%	7.00%
Salary Increment rates used	12.00%	7.00%
Staff Turnover Rate	10.00%	5.00%
Retirement Age	60 Years	55 Years

Under the Minimum Retirement Age of Workers Act No 28 of 2021, retirement benefit plan of the Group and the Company was amended due to the increase in retirement age.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

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	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Discount Rate - (1% Increase)	(13,665,783)	(28,458,971)	-	-
Discount Rate - (1% Decrease)	14,804,889	32,503,848	-	-
Salary Increment Rate - (1% Increase)	15,492,724	32,833,224	-	-
Salary Increment Rate - (1% Decrease)	(14,519,115)	(29,300,973)	-	-

23.7 Break up of the Actuarial (Gain)/ Loss

Actuarial (Gain)/ Loss Resulting from Changes in Financial Assumptions	(41,503,362)	61,374,980	-	-
Actuarial (Gain)/ Loss Resulting from Changes in Demographic Assumptions	19,208,052	-	-	-
Actuarial (Gain)/ Loss Resulting from Changes in Experience Adjustments	(43,765,935)	-	-	-
	(66,061,244)	61,374,980	-	-

23.8 Maturity Profile of the Retirement Benefit Plan

Within Next 12 Months	71,976,877	59,494,526	-	-
Between 1 - 2 Years	115,362,196	102,557,910	-	-
Between 2 - 5 Years	91,253,096	125,696,879	-	-
Between 5- 10 Years	64,682,521	126,384,539	-	-
Beyond 10 years	39,955,422	157,614,932	-	-
	383,230,112	571,748,786	-	-

24. CONTRACT LIABILITY - SERVICE AGREEMENTS

	Group	
	2022 LKR	2021 LKR
Balance at the beginning of the year	1,132,288,807	924,172,960
Deferred During the year	1,976,206,201	1,114,781,310
Transferred to revenue during the year	(1,029,491,750)	(906,665,463)
Balance at the end of the year	2,079,003,258	1,132,288,807

- 24.1** Revenue from deferred income is recognized periodically throughout the service agreement period entered between Millennium I.T.E.S.P (Pvt) Ltd and Millennium I.T.E.S.P. Singapore Pte. service clients and expected to be completed in year 2022/23.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

25. DEFERRED TAX

Note	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Deferred Tax Asset				
Balance as at the beginning of the year	122,748,599	81,878,408	-	-
Recognized in Income Statement	42,644,372	33,260,146	-	-
Transfer from/(to) Equity statement	(33,168,150)	7,610,045	-	-
Balance as at the end of the year	132,224,821	122,748,599	-	-
Deferred Tax Liability				
Balance as at the beginning of the year	595,547,694	786,304,861	2,045,069	1,951,191
Disposal of Subsidiary	(154,971,634)	-	-	-
Exchange Equalization Reserve	-	(7,620,837)	-	-
Recognized in Income Statement	191,135,028	(30,420,646)	4,815,584	93,878
Recognized in other comprehensive income	18,465,069	(152,715,684)	-	-
Balance as at the end of the year	650,176,157	595,547,694	6,860,653	2,045,069

25.1 Transfer from/(to) Income Statement

	Note	Group		Company	
		2022	2021	2022	2021
		LKR	LKR	LKR	LKR
Transfer from accelerated depreciation and others	10	(148,490,656)	63,680,792	(4,815,584)	(93,878)
		(148,490,656)	63,680,792	(4,815,584)	(93,878)
Transfer from/(to) Other Comprehensive Income					
Tax on Revaluation Gain		(28,775,245)	154,100,824	-	-
Tax on Actuarial Gain /(loss) on Defined Benefit Plans		(13,888,604)	10,363,552	-	-
Tax on Cashflow Hedge Accounting		(8,969,368)	2,858,556	-	-
Discontinued Operations		-	(6,997,204)	-	-
		(51,633,217)	160,325,729	-	-
Foreign currency Translation impact		-	(7,620,837)	-	-
Composition of deferred tax assets/ (liabilities) as follows;					
Accelerated Depreciation and Amortization for Tax purposes		(519,194,417)	(660,066,342)	40,973	29,545
Retirement Benefit Liability		72,646,694	98,625,120	-	-
Fair Valuation of investment in subsidiaries		-	-	(6,301,622)	(1,474,624)
Fair Value of Land and Buildings		(339,184,572)	(305,501,191)	(600,000)	(600,000)
Losses available for offset against future Taxable Income		116,152,972	147,259,428	-	-
Provision for Debtors		66,288,318	56,504,600	-	-
Provision for Inventory		83,359,627	133,551,369	-	-
Others*		1,980,043	56,827,922	-	-
		(517,951,336)	(472,799,094)	(6,860,653)	(2,045,069)

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

The above deferred tax asset arising from carried forward tax losses has been determined based on a financial budget approved by management to the extent of sufficient taxable profit are available. The Group has computed deferred tax at the rates based on enacted rate, as of the reporting date.

The above deferred tax arises from timing difference of depreciation, impairment of debtors, unutilized portion of carried forward tax losses and gratuity. The deferred tax arising from the unused tax losses amounting to LKR 3,351 million has not been recognised as the management is not certain whether there will be sufficient taxable profit to utilized.

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

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
Trade Payables	1,885,185,556	3,829,818,403	-	-
Other Payables*	474,087,918	816,921,991	-	-
Payable Related to On Going Project	2,138,734,645	938,175,186	-	-
Sundry Creditors Including Accrued Expenses	294,268,344	406,901,913	7,725,201	914,012
	4,792,276,464	5,991,817,493	7,725,201	914,012

Sundry Creditors including accrued expenses; Includes statutory payments, other payable, accrual expenses and other Creditors.

27. OTHER FINANCIAL LIABILITIES

	Note	No. of Shares	Group		Company	
			Carrying Value	Carrying Value	Carrying Value	Carrying Value
			2022	2021	2022	2021
			LKR	LKR	LKR	LKR
Preference Shares	27.1	170,625	968,906	968,906	-	-
			968,906	968,906	-	-

27.1 Shareholders of the Non Cumulative Preference Shares are entitled for a mandatory preference dividend annually. They are not entitled to vote at a meeting of the company.

28. RIGHT OF USE ASSETS

Right of use assets

The Group recognises right of use assets when the underlying asset is available for use. Right of use assets are measured at fair value, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

28.1 Right to Use Assets

Group

	As At 01.04.2021	Additions	Adjustments & Reassessment	Transfers	Amortization	Disposed	As At 31.03.2022
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Right to Use Asset - Building	121,025,646	489,789,048	(25,968,227)	(6,456,109)	(61,847,461)	-	516,542,897
Right to Use Asset - Land	27,934,126	-	-	-	-	(19,887,189)	8,046,938
	148,959,772	489,789,048	(25,968,227)	(6,456,109)	(61,847,461)	(19,887,189)	524,589,835
Right to Use Asset Motor Vehicle	7,006,208	-	-	-	(2,154,395)	-	4,851,813
	155,965,980	489,789,048	(25,968,227)	(6,456,109)	(64,001,856)	(19,887,189)	529,441,648

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

Company

	As At 01.04.2021	Impact of New Lease	Amortization	As At 31.03.2022
	LKR	LKR	LKR	LKR
Right to Use Asset - Building	3,012,029	2,985,048	(2,762,318)	3,234,759
	3,012,029	2,985,048	(2,762,318)	3,234,759

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 and current economic condition. 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 22.1.

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 summarised Financial Information of the Group's investment in Infoseek (Private) Limited.

	2022 LKR	2021 LKR
Opening Balance	12,158,840	11,929,544
Investment in Ordinary Shares	21,180,222	-
Share of result of equity accounted investee	2,589,886	229,296
	35,928,948	12,158,840

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

Summarized Financial Information	2022	2021
	LKR	LKR
	Investment	Investment
The Associate's Statement of Financial Position		
Total Assets	56,787,058	28,007,420
Total Liabilities	(52,017,216)	(35,703,483)
Equity	4,769,842	(7,696,062)
Carrying amount of the investment	1,192,436	(1,924,015)
Share of the Associate's Revenue and Profit		
Revenue	52,975,277	36,854,089
Profit	10,359,627	917,184
Share of Profit for the Year	2,589,886	229,296

Total number of shares holding as at 31 March 2022 is 39%

29.1 Equity Reconciliation

	Group	
	2022	2021
	LKR	LKR
Un-Quoted		
Infoseek (Private) Limited	39.0%	24.9%
Carrying amount as at the beginning of the year	12,158,840	11,929,544
Investment Made During the Year	21,180,222	-
Share of Profit of Equity accounted Investee After Tax	2,589,886	229,296
Total Comprehensive Income	2,589,886	229,296
Carrying amount as at the end of the year	35,928,948	12,158,840

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.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

GROUP

31 March 2022	Notes	Carrying Amount				Fair Value				
		Fair value through P&L	Fair value through OCI	Amortized Cost	Financial Liabilities	Total	LKR			
							Level 1	Level 2	Level 3	
Financial Assets and Non Financial Assets measured at fair value										
Investment in Quoted Securities	17.3	847,741,118	290,656,879	-	-	1,138,397,997	1,138,397,997	-	-	1,138,397,997
Investment in Government Securities	17.4	-	-	-	-	-	-	-	-	-
Investment Property	15	-	-	-	-	-	-	-	2,662,743,212	2,662,743,212
Property Plant and Equipment	12	-	-	-	-	-	-	-	2,188,131,069	2,188,131,069
Biological Assets	14	-	-	-	-	-	-	-	55,382,920	55,382,920
		847,741,118	290,656,879	-	-	1,138,397,997	1,138,397,997	-	4,906,257,202	6,044,655,199
Financial Assets not measured at fair value										
Investment in Government Securities	17.1	-	-	9,154,942	-	-	9,154,942	-	-	-
Bank Deposits	17.2	-	-	709,301,377	-	-	709,301,377	-	-	-
Trade Receivables	19	-	-	6,400,014,947	-	-	6,400,014,947	-	-	-
Cash & Cash Equivalents	20	-	-	2,142,460,732	-	-	2,142,460,732	-	-	-
		-	-	9,260,931,998	-	-	9,260,931,998	-	-	-
Financial Liabilities not measured at fair value										
Finance Leases	22.1	-	-	-	538,060,434	-	538,060,434	-	-	-
Bank Loans	22.2	-	-	-	2,925,535,391	-	2,925,535,391	-	-	-
Loans granted by Related Parties	22.3	-	-	-	5,739,310	-	5,739,310	-	-	-
Short Term Loan	22.4	-	-	-	1,266,739,185	-	1,266,739,185	-	-	-
Trade and Other Payables	26	-	-	-	2,359,273,474	-	2,359,273,474	-	-	-
Bank Overdraft	20	-	-	-	734,428,085	-	734,428,085	-	-	-
		-	-	-	7,829,775,879	-	7,829,775,879	-	-	-

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.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

31 March 2021	Notes	Fair value through P&L	Fair value through OCI	Amortized Cost	Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
Financial Assets and Non Financial Assets measured at fair value										
Investment in Quoted Securities	17.3	26,257,756	610,828,974	-	-	637,086,730	637,086,730	-	-	637,086,730
Investment in Government Securities	17.4	650,104,323	-	-	-	650,104,323	650,104,323	-	-	650,104,323
Investment Property	15	-	-	-	-	-	-	-	2,589,543,212	2,589,543,212
Property Plant and Equipment	12	-	-	-	-	-	-	-	2,024,529,640	2,024,529,640
Biological Assets	14	-	-	-	-	-	-	-	55,581,950	55,581,950
		676,362,078	610,828,974	-	-	1,287,191,052	1,287,191,052	-	4,669,654,802	5,956,845,854
Financial Assets not measured at fair value										
Investment in Government Securities	17.1	-	-	14,304,886	-	14,304,886	-	-	-	-
Bank Deposits	17.2	-	-	339,965,525	-	339,965,525	-	-	-	-
Trade Receivables	19	-	-	4,806,172,064	-	4,806,172,064	-	-	-	-
Cash & Cash Equivalents	20	-	-	833,891,200	-	833,891,200	-	-	-	-
		-	-	5,994,333,675	-	5,994,333,675	-	-	-	-
Financial Liabilities not measured at fair value										
Employee Share Appreciation Rights (ESAR)	27.2	-	-	-	-	-	-	-	-	-
Finance Leases	22.1	-	-	-	184,772,497	184,772,497	-	-	-	-
Bank Loans	22.2	-	-	-	5,291,498,002	5,291,498,002	-	-	-	-
Loans granted by Related Parties	22.3	-	-	-	5,739,310	5,739,310	-	-	-	-
Short Term Loan	22.4	-	-	-	1,396,567,147	1,396,567,147	-	-	-	-
Trade and Other Payables	26	-	-	-	4,646,740,394	4,646,740,394	-	-	-	-
Bank Overdraft	20	-	-	-	1,365,360,376	1,365,360,376	-	-	-	-
		-	-	-	12,890,677,727	12,890,677,727	-	-	-	-

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.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

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

31 March 2022	Notes	Carrying Amount LKR				Fair Value LKR				
		Fair value through P&L	Fair value through OCI	Amortized Cost	Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
Financial Assets measured at fair value										
Investment in Government Securities	17.4	-	-	-	-	-	-	-	-	-
Investment in subsidiaries	16								9,027,284,000	9,027,284,000
Investment Property	15	-	-	-	-	-	-	-	33,000,000	33,000,000
		-	-	-	-	-	-	-	9,060,284,000	9,060,284,000
Financial Assets not measured at fair value										
Trade Receivables	19	-	-	396,578,959	-	396,578,959	-	-	-	-
Cash & Cash Equivalents	20	-	-	511,333	-	511,333	-	-	-	-
		-	-	397,090,292	-	397,090,292	-	-	-	-
Financial Liabilities not measured at fair value										
Bank Loans	22.2	-	-	-	1,339,545,604	1,339,545,604	-	-	-	-
Loans granted by Related Parties	22.3	-	-	-	2,999,667,935	2,999,667,935	-	-	-	-
Bank Overdraft	20	-	-	-	242,911,355	242,911,355	-	-	-	-
		-	-	-	4,582,124,894	4,582,124,894	-	-	-	-

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.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

31 March 2021	Notes	Fair value through P&L	Fair value through OCI	Amortized Cost	Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
Financial Assets measured at fair value										
Investment in Government Securities	17.4	650,104,323	-	-	-	650,104,323	650,104,323	-	-	650,104,323
Investment in subsidiaries	16	-	-	-	-	-	-	-	7,605,460,000	7,605,460,000
Investment Property	15	-	-	-	-	-	-	-	33,000,000	33,000,000
		650,104,323	-	-	-	650,104,323	650,104,323	-	7,638,460,000	8,288,564,323
Financial Assets not measured at fair value										
Trade Receivables	19	-	-	63,419,497	-	63,419,497	-	-	-	-
Cash & Cash Equivalents	20	-	-	524,702	-	524,702	-	-	-	-
		-	-	63,944,199	-	63,944,199	-	-	-	-
Financial Liabilities not measured at fair value										
Bank Loans	22.2	-	-	-	2,661,301,458	2,661,301,458	-	-	-	-
Loans granted by Related Parties	22.3	-	-	-	1,347,388,845	1,347,388,845	-	-	-	-
Bank Overdraft	20	-	-	-	245,911,665	245,911,665	-	-	-	-
		-	-	-	4,254,601,968	4,254,601,968	-	-	-	-

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.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

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

Bank Guarantees	2022 LKR Mn	2021 LKR Mn
31.2.1 Ambeon Holdings PLC		
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 Dankotuwa PLC		
People's Bank PLC	25	25
31.2.2 Lexinton Holdings (Pvt) Limited		
Guarantees given to Tax Appeal Commission on behalf of the company	18.90	18.90
31.2.3 Millennium I.T.E.S.P (Pvt) Limited		
Performance Bonds	505	244
Tender Bonds	128	84
Advance payment guarantees	111	72
Custom guarantee	66	11
	USD Mn	USD Mn
Performance Bonds	-	0.99
Advance payments guarantees	-	0.33

31.2.4 Taprobane Securities (Pvt) Ltd

Bank guarantee given to Central Depository System (CDS) by Seylan Bank PLC on behalf of the company (LKR 10 Mn).

31.2.5 Taprobane Capital Plus (Pvt) Ltd

Corporate Guarantee Bond given by the company to Taprobane Securities (Pvt) Ltd amounted to LKR. 75,000,000/-.

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

31.2.7 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.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

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 31/3/2022	Balance (due)/from as at 31/3/2021	Aggregate Value of Recurrent 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	(1,363,893)				
		Common expenses -reimbursement	633,670				
		Settlement - Fund Transfers	730,223	-	-		
		Interest charged	(13,676,879)				
		Loan settlement - Long term loan	207,300,867	-	(193,623,988)	-	-
		Interest charged	(604,183)				
		Loan taken	(11,200,000)				
		Loan settlement - short term	29,172,404	-	(17,368,221)	-	-
Lexington Holdings (Pvt) Ltd	Sub subsidiary	Common expenses - allocation	(3,476,526)				
		Common expenses -reimbursement	195,041				
		Settlement - Fund Transfers	3,281,485	-	-	-	-
		Interest charged	(17,715,669)	(265,598,183)	(247,882,514)	-	-
		Loan taken - short term loan	(3,100,000)				
		Loan settlement	18,829,547				
		Interest charged	(496,270)	-	(15,233,277)	-	-
Taprobane Securities (Pvt) Ltd	Sub subsidiary	Common expenses - allocation	(199,144)				
		Common expenses -reimbursement	182,805				
		Settlement - Fund Transfers	16,339	-	-		
		Loan settlement	196,000,565				
		Interest charged	(12,931,331)	-	(183,069,234)	-	-
		Loan taken - short term loan	(125,000,000)				
		Loan settlement	129,093,914				
		Interest charged	(2,330,473)	-	(1,763,441)	-	-

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As at 31 March 2022

Company	Relationship	Nature of transaction	Amount	Balance (due)/from as at 31/3/2022	Balance (due)/ from as at 31/3/2021	Aggregate Value of Recurrent 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	120,000				
		Interest charged	(315,293)	(4,676,618)	(4,481,325)	-	-
Heron Agro Products (Pvt) Ltd	Fully owned subsidiary		-	330,020	330,020	-	-
		Loan granted	1,617,000				
		Interest income on loans and borrowings	2,208,731	35,007,666	31,181,952		
Lexington Resorts (Pvt) Ltd	Fully owned subsidiary	Loan granted	10,410,000				
		Interest expenses on loans and borrowings	1,247,812	26,282,570	14,624,757	-	-
Taprobane Capital Plus (Pvt) Ltd	Sub subsidiary	Advance given	43,432,600				
		Shared service & consultancy fees	(32,693,750)				
		Advance settlement	(7,400,000)				
		Common expenses - allocation	(11,451)	18,930,231	15,602,832	-	-
Ambeon Holdings PLC	Subsidiary	Common expenses -reimbursement	(256,890)				
		Settlement - Fund Transfers	256,890	-	-	-	-
		Loan taken - long term loan	(390,000,000)				
		Transfer to short term	344,986,232				
		Interest charged	(22,589,367)	(390,335,037)	(322,731,902)	-	-
		Loan taken - short term loan	(1,774,179,135)				
		Transfer from short term	(344,986,232)				
		Loan settlement	150,000,000				
		Interest charged	(94,201,747)	(2,131,257,700)	(67,890,586)	-	-

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

Company	Relationship	Nature of transaction	Amount	Balance (due)/from as at 31/3/2022	Balance (due)/from as at 31/3/2021	Aggregate Value of Recurrent RPT exceeds 10% of the Gross Revenue *	Terms & Conditions of the RPT exceeds 10% of Gross Revenue
South Asia Textiles Limited- Disposed during the year	Sub subsidiary	Loan repayment	-	-	(103,634,550)	-	-
Millennium I.T.E.S.P.(Private) Ltd	Sub subsidiary	Interest expenses on loans and borrowings	(18,090,590)	(207,800,397)	(189,709,807)	-	-
ARRC Capital (Pvt) Ltd	Significant Shareholder	Common expenses -reimbursement	6,953	-	-	-	-
		Settlement -fund transfers	(306,953)	-	-	-	-
		Shared service & consultancy fees	300,000	-	-	-	-

* There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2022 audited financial Statements, which required additional disclosures in the 2021/22 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

Transaction with / between Parent - GROUP

	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
32.3 Ultimate Parent				
Loan Granted	349,519,868	1,500,000	308,000,000	-
Loan Settled	(10,184,028)	-	-	-
Interest on Loans	32,460,414	17,739,900	6,752,262	-
Terms & conditions: Long Term Loans - AWPLR+3.5% & Re payment Period- 30 Months./ Short Term Loans - AWPLR+3% & Re payment on Demand.				

32.4 Other Related Parties

Sale of Goods	263,352	1,136,148,147	-	-
(Receipts) / Payments for Goods / Services	(263,352)	(1,191,811,417)	-	-

Transaction, arrangements and agreements involving Key Management Personnel (KMPs) and their Close Family Members (CFMs), and Entities which are controlled, jointly controlled or significantly influenced by the KMP's and their CFMs or shareholders who have either control, jointly control or significant influence over the entity.

Other Related Parties include; Hirdaramani International Exports (Pvt) Ltd, United Hotels Company (Pvt) Ltd, Suisse Hotel Kandy (Pvt) Ltd and Ceylon Hotel Corporation Ltd.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

32.4 Transactions with Key Management Personnel

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

As at 31 March	Group		Company	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
32.4.1 Key Management Personnel Compensation				
Short-term employee benefits	206,601,995	103,006,073	5,400,000	-
Post Employment Benefit	3,496,800	35,734,593	-	-
	210,098,795	138,740,666	5,400,000	-

32.5 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.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

32.6 Disclosure in terms of Section 9.3.2 of the listing Rules of the Colombo Stock Exchange

Non Recurrent Related Party Transactions

Name of the Related Party	Relationship	Nature of the Transaction	Value of the related party Transaction (During the FY) LKR Mn	Value of the related party Transaction as a % of Equity and as a % of total Asset	Terms and Conditions of the related party Transaction	The Rationale for the Transaction
Ambeon Holdings PLC	Main Subsidiary	Short Term Loan	2,164	"Total Assets - 26 % Equity - 53%"	12 months	In accordance with the strategic initiatives in place to reduce the external group borrowings by better utilization of excess funds

Recurrent Related Party Transactions

Aggregate value of recurrent related party transaction does not exceed 10% of the Group consolidated revenue

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 ;

Ambeon Holdings PLC

The Board of Directors of the Company has declared a Interim dividend of Rs.3 per share for the financial year ended 31 March 2022. As required by section 56 (2) of the Companies Act No. 07 of 2007, the Board of Directors has confirmed that the Company satisfies the solvency test in accordance with section 57 of the Companies Act No.07 of 2007, and has obtained a certificate from auditors, prior to declaring a interim dividend which is to be paid on or before 27 April 2022.

Disposal of a subsidiary

Ambeon Capital PLC disposed 100% stake in Lexinton Resorts (Pvt) Ltd., a fully owned subsidiary of the Company to Colombo City Holdings PLC (a sub subsidiary) for a sum of Sri Lankan Rupees Five Hundred and Seventy-Five Million (LKR 575 million) on 08.08.2022.

As at reporting date inflation rate was 18.7%. However, it has been escalated up to 66.7% at latest Inflation rate before the financial statements is authorized for issue by the directors. Exchange rates also observed a notable fluctuation after the balance sheet date and has not adjusted in the current year financial statements since the conditions that gave rise to the gain/(loss) did not exist as of Reporting Date.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

34. ASSETS PLEDGED

Nature of Assets	Nature of Liability	Carrying Amount Pledged	
		2022 LKR Mn	2021 LKR Mn
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	9,027	7,605
			Investments in Subsidiaries
34.2 Assets Pledged by Lexinton Resorts (Pvt) Ltd			
Land	Primary Mortgage for Loans and Borrowings NDB Bank	618	549
			Investment Property
34.3 Assets Pledged by Ambeon Holdings PLC			
Quoted Equity Investments	Overdraft Facility		Investments in Subsidiaries and
	Revolving Loan for Loans and Borrowings	4,267	Other Current Financial Assets 2,125
Un-Quoted Equity Investments	Term loan	-	Investments in subsidiaries and other current financial assets 5,104
Property - Lexinton - lot B plan no 184/2001	Term loan	301	Property, Plant & Equipment (Group) 288
		4,568	7,517
34.4 Assets Pledged by Dankotuwa Porcelain PLC			
Inventory and Trade Debtors	For Loans and Borrowings	926	747
			Inventory and Trade Debtors
Factory premises in Dankotuwa	Loans and Borrowings	1,286	-
			Property, plant and equipment
		2,212	747
34.5 Royal Fernwood Porcelain Limited			
Land and Buildings & immovable machinery	Term Loans and Short Term Borrowings	724	546
			Property, plant and equipment

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

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 31st March	Note	Group		Company	
		2022 LKR	2021 LKR	2022 LKR	2021 LKR
Fair Value Through Profit & Loss Government Securities	17.4	-	650,104,323	-	650,104,323
Fair Value through Profits or Loss - Equity	17.3.1	847,741,118	26,257,756	283,331,005	-
Investment in Government Securities - Amortized Cost	17.1	9,154,942	14,304,886	-	-
Bank Deposits	17.2	709,301,377	339,965,525	-	-
Trade & Other Receivables	19	6,795,955,171	5,146,778,472	397,496,257	64,532,027
Cash & Cash Equivalents	20	2,142,460,732	833,891,200	511,333	524,702
		10,504,613,341	7,011,302,161	681,338,594	715,161,052

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

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

As at 31st March 2022	Group			Company		
	Neither past due or impaired	Past due and but not impaired	Total	Neither past due or impaired	Past due and but not impaired	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Fair Value Through Profit & Loss	-	1,260,094,099	1,260,094,099	-	419,996,632	419,996,632
- Change in fair value of investments	-	(412,352,981)	(412,352,981)	-	(136,665,628)	(136,665,628)
	-	847,741,118	847,741,118	-	283,331,005	283,331,005
Investments in other financial assets	-	718,456,319	718,456,319	-	-	-
Trade and other receivables	-	8,057,751,520	8,057,751,520	-	412,693,987	412,693,987
- Impairment of trade receivables	-	(1,261,796,349)	(1,261,796,349)	-	(15,197,730)	(15,197,730)
	-	6,795,955,171	6,795,955,171	-	397,496,257	397,496,257
Cash and cash equivalents	2,142,460,732	-	2,142,460,732	511,333	-	511,333
	2,142,460,732	8,362,152,609	10,504,613,341	511,333	680,827,261	681,338,594

As at 31st March 2021	Group			Company		
	Neither past due or impaired	Past due and but not impaired	Total	Neither past due or impaired	Past due and but not impaired	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Fair Value Through Profit & Loss	-	682,174,906	682,174,906	-	655,917,151	655,917,151
- Change in fair value of investments	-	(5,812,828)	(5,812,828)	-	(5,812,828)	(5,812,828)
	-	676,362,078	676,362,078	-	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	6,177,410,961	7,011,302,161	524,702	714,636,350	715,161,052

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

(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:

As at 31 March 2022	Group				
	Carrying Amounts	Contractual cash out flows	On demand	Less than 3 months	3 to 12 months
Non-derivative financial liabilities	LKR	LKR	LKR	LKR	LKR
Loans and borrowings	5,029,433,109	5,685,674,266	101,342,851	1,824,607,196	2,036,281,464
Trade & Other payables	4,792,276,464	4,792,276,464	874,289,731	3,366,209,410	519,269,079
Bank Overdraft	734,428,085	734,428,085	-	734,428,085	-
	10,556,137,658	11,212,378,815	975,632,582	5,925,244,691	2,555,550,543

As at 31 March 2021	Group				
	Carrying Amounts	Contractual cash out flows	On demand	Less than 3 months	3 to 12 months
Non-derivative financial liabilities	LKR	LKR	LKR	LKR	LKR
Loans and borrowings	6,878,576,956	8,491,669,369	-	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	15,848,847,238	2,073,830,760	6,239,837,934	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**Hedge summary**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has exposure to foreign currency risk where it has cash flows in overseas operations and foreign currency transactions which are affected by foreign exchange movements.

During the year the Group applied the cashflow hedge the Group is expecting to hedge the variability in the cash flows corresponding to the repayment of the term loan capital, packing credit loans and import loan capital attributable to changes in exchange rates over the period.

The following table demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the profit before tax

	Increase/(Decrease) in basis points	Effect on Profit before Tax (LKR)	
		Group	Company
2022	40%	609,980,361	-
	-40%	(609,980,361)	-
2021	5%	(69,487,906)	-
	-5%	69,487,906	-

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As at 31 March 2022

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
1,723,442,755	-	4,411,762,839	4,993,096,142	347,924,809.77	53,431,747	4,591,739,586
32,508,244	-	7,725,201	7,725,201	7,725,201	-	-
-	-	242,911,355	242,911,355	-	242,911,355	-
1,755,950,999	-	4,662,399,394	5,243,732,698	355,650,011	296,343,102	4,591,739,586

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
1,374,718,440	-	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	-
1,407,226,684	-	4,258,722,120	4,804,419,909	914,012	1,102,001,865	3,701,504,033

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)

	Increase/(Decrease) in basis points	Effect on Profit before Tax (LKR)	
		Group	Company
2022	+100	(8,089,670)	(4,451,184)
	-100	8,089,670	4,451,184
2021	+100	(29,525,964)	(19,091,320)
	-100	29,525,964	19,091,320

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.

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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	
	2022	2021	2022	2021	2022	2021
Non-Controlling Interests material individually			LKR	LKR	LKR	LKR
Ambeon Holdings PLC	18.57%	18.57%	1,972,757,118	1,469,261,191	173,725,432	(390,469,592)
Dankotuwa Porcelain PLC	36.88%	36.88%	972,436,959	834,624,143	69,887,674	(146,720,964)
Colombo City Holdings PLC	36.79%	36.79%	712,022,212	699,953,995	11,997,647	(112,450,418)
Millennium I.T.E.S.P (Private) Limited	50.95%	50.95%	549,960,948	567,164,852	132,177,406	255,796,866
South Asia Textiles Limited	-	20.47%	-	372,030,392	-	(49,930,081)
Non-controlling interest material in aggregate			(793,628,716)	(1,119,956,286)	(64,418,303)	85,700,386
Total			3,413,548,521	2,823,078,288	323,369,856	(358,073,801)

Dividend Paid to NCI Shareholders	2022	2021
Colombo City Holdings PLC	-	14,239,850
EonTec (Pvt) Ltd	25,089,804	15,013,436
Millennium I.T.E.S.P (Private) Limited	82,136,250	48,895,856
Others	-	3,961,134
	107,226,054	82,110,275

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

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

	Ambeon Holdings PLC		Dankotuwa Porcelain PLC		Colombo City Holdings PLC		Millennium I.T.E.S.P (Private) Limited		South Asia Textiles Limited	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Revenue	14,155,889,834	9,595,760,665	3,762,106,290	2,432,418,285	38,466,551	56,024,234	9,254,607,641	6,722,385,161	-	8,321,809,111
Operating Income/(Costs)	(11,077,609,773)	(10,966,378,697)	(3,458,473,303)	(2,701,303,295)	(67,927,178)	(444,940,236)	(8,856,484,811)	(6,146,357,770)	-	(8,535,758,040)
Finance Costs	(2,016,676,577)	(425,175,705)	(112,931,774)	(146,335,050)	(2,632,084)	(10,061,030)	(138,188,269)	(99,812,307)	-	(99,983,424)
Finance Income	207,181,753	121,189,536	19,990,615	19,265,384	89,527,418	89,942,610	73,125,601	108,780,600	-	63,109,422
Share of result of equity account investee	2,589,886	229,296	-	-	-	-	2,589,907	229,297	-	-
Tax Expense	(335,858,523)	(184,364,579)	(21,210,159)	(1,839,835)	(24,819,900)	3,345,435	(76,206,473)	(83,135,700)	-	6,872,658
Profit or Loss from Continuing Operations	935,516,599	(1,858,739,484)	189,481,670	(397,794,511)	32,614,806	(305,688,987)	259,443,595	502,089,281	-	(243,950,273)
Gain/(Loss) after Tax from Discontinued Operations for the year	1,583,608,276	(244,297,635)	-	-	-	-	-	-	-	-
Other Comprehensive Income	351,081,508	319,066,805	184,160,790	174,376,964	191,840	46,643	75,721,231	(25,726,215)	-	58,769,849
Total Comprehensive Income	2,870,206,383	(1,783,970,314)	373,642,459	(223,417,547)	32,806,646	(305,642,344)	335,164,826	476,363,066	-	(185,180,424)

36.3 Summarized Statement of Financial Position for the period 31 March

	Ambeon Holdings PLC		Dankotuwa Porcelain PLC		Colombo City Holdings PLC		Millennium I.T.E.S.P (Private) Limited		South Asia Textiles Limited	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Current Assets	15,737,556,161	11,720,579,346	2,137,246,733	2,064,222,453	1,620,755,956	1,086,478,121	8,595,016,530	5,381,464,429	-	2,713,935,142
Non-current Assets	7,154,849,447	10,102,262,842	2,887,049,930	2,765,164,265	392,473,647	1,021,354,515	839,356,451	974,190,963	-	2,822,810,596
Total Assets	22,892,405,607	21,822,842,189	5,024,296,662	4,829,386,718	2,013,229,603	2,107,832,636	9,434,372,981	6,355,655,392	-	5,536,745,737
Current Liabilities	10,218,982,016	11,595,996,259	1,772,883,094	2,071,702,614	51,807,836	189,752,294	7,690,033,361	4,966,259,930	-	3,254,546,959
Non-current Liabilities	2,050,068,084	2,318,086,698	614,911,777	494,824,773	25,836,702	15,301,923	664,852,209	276,139,475	-	464,518,642
Total Liabilities	12,269,050,099	13,914,082,957	2,387,794,871	2,566,527,387	77,644,538	205,054,217	8,354,885,570	5,242,399,405	-	3,719,065,601

36.4 Summarized Cash Flow Information for the year ending 31 March

	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Operating	(1,056,729,811)	3,308,350,323	206,998,856	482,444,466	24,070,161	(25,049,198)	252,192,819	1,266,065,365	-	1,700,081,750
Investing	3,290,192,780	102,179,558	(49,766,609)	(20,838,653)	127,881,616	(51,851,203)	(61,638,912)	(17,600,248)	-	153,828,191
Financing	(318,130,838)	(3,028,158,768)	(178,894,419)	(296,655,359)	(134,317,391)	86,357,150	1,021,604,426	(1,357,119,220)	-	(1,578,157,163)
Net increase/(decrease) in cash and cash equivalents	1,915,332,131	382,371,113	(21,662,172)	164,950,454	17,634,386	9,456,749	1,212,158,333	(108,654,102)	-	275,752,778

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

37. FUTURE OUTLOOK

The continued impact of the pandemic on Sri Lanka's economy, global demand and supply cannot be accurately forecasted at this time due to the global economy turmoil. The recovery period and the ordinary industry activities depends on the market conditions and precautionary measures. Hence, recovery period cannot be established at this point in time. Thereby overall future impact for the Group operations cannot be immediately predictable. Multiple risks that have persisted including increased exchange rate volatility, foreign currency availability, Interest Rates and import restrictions.

The Group's businesses focus primarily on the Sri Lankan technology, financial services real estate, retail, sectors and export oriented porcelain. As such, The Group anticipates that demand for its products and services will continue to recover. It is not possible to predict the exact timing or extent of recovery, at this time.

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 2022.

	No. of Holders	Total Holding	% Holding
Range of Shareholdings			
1 to 1,000 Shares	949	297,477	0.03
1,001 to 10,000 Shares	783	3,454,993	0.34
10,001 to 100,000 Shares	363	11,180,941	1.12
100,001 to 1,000,000 Shares	47	9,080,273	0.91
1,000,001 to 10,000,000 Shares	1	3,667,669	0.37
Over 10,000,001 Shares	4	975,043,462	97.24
	2147	1,002,724,815	100.00

Categories of Shareholders			
Local Individuals	1968	17,921,108	1.79
Local Institutions	167	984,304,593	98.16
Foreign Individuals	11	390,875	0.04
Foreign Institutions	1	108,239	0.01
	2147	1,002,724,815	100.00

The Twenty Largest Shareholders of the Company as at 31 March 2022 Were;

	No. of Shares	%
1 CHC INVESTMENT (PVT) LTD	568,327,024	56.68
2 SEYLAN BANK PLC/ARRC CAPITAL(PVT) LIMITED (COLLATERAL)	180,000,000	17.95
SEYLAN BANK PLC/ARRC CAPITAL (PVT) LTD	175,526,332	17.50
ARRC CAPITAL (PRIVATE) LIMITED	51,190,106	5.11
Total	406,716,438	40.56
3 HATTON NATIONAL BANK PLC/RUWAN PRASSANA SUGATHADASA	3,667,669	0.37
4 MR. PRIYANTHA DHARMASIRI SALPITIKORALA	480,000	0.05
5 MR. SENEVIRATHNA EPARALALAGE CHATHURANGA PRABATH SENEVIRATHNA	368,300	0.04
6 MERCHANT BANK OF SRI LANKA & FINANCE PLC/P.P.H. MATARAGE	365,894	0.04
7 HATTON NATIONAL BANK PLC/MADHURA SUPUN HIRIPITIYA	350,950	0.03
8 MR. AHANGAMA VITHANGE RAVINDRA DE SILVA JAYATILLEKE	304,999	0.03
9 MERCHANT BANK OF SRI LANKA & FINANCE PLC/W.A.U.S. WANASINGHE	300,040	0.03
10 MERCHANT BANK OF SRI LANKA & FINANCE PLC/ G CLEMENTS	297,255	0.03
11 PEOPLE'S LEASING & FINANCE PLC/ MRS.D.M.P.RASANGIKA	297,000	0.03
12 MR. WARNAKULASOORIYA DEHIWALA ARACHCHIGE MANOJ ASANKA COSTA	283,350	0.03
13 MRS. MALINI ARUDPRAGASAM	280,000	0.03
14 MR. POLWATTA GAMAGE PIYASIRI	267,654	0.03
15 MR. WANNAKUWATTAWADUGE DON NIMAL HEMASIRI PERERA	255,888	0.03
16 MERCHANT BANK OF SRI LANKA & FINANCE PLC/U.M. GUNATHILAKA	240,047	0.02
17 MR. HEWADEERAGE SHAKTHI CHULARA PERERA	235,946	0.02
18 MR. WEERATHUNGA ARACHCHIGE SAMPATH PALITHA DE SARAM	234,643	0.02
19 MR. ANUSH THILINA WEERASEKARA	232,000	0.02
20 MRS. SHIRANI SUNILA SILVA	227,000	0.02
Sub Total	983,732,097	98.11
Others	18,992,718	1.89
Grand Total	1,002,724,815	100.00

PUBLIC HOLDINGS

Percentage of Shares held by the Public	2.76%
No of public share holders as at 31st March 2022	2,140

The Company is listed on the Diri Savi Board of the Colombo Stock Exchange and its float adjusted market capitalization as at 31 March 2022 is LKR 188,231,018 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. 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:	2022	2021
Highest during the year	28.70	8.20
Lowest during the year	4.90	4.50
As at end of the year	6.80	4.90

FIVE YEAR SUMMARY

FIVE YEAR SUMMARY OF PROFIT OR LOSS

For the year ended 31st March,	2022	2021	2020	2019	2018
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Revenue	14,013,564	9,856,162	19,957,341	17,229,838	12,588,656
Cost of Sales	(10,259,679)	(6,576,622)	(15,566,563)	(13,242,976)	(10,087,751)
Investment and Other Income	443,816	93,467	165,286	334,281	397,008
Finance Cost	(459,924)	(748,778)	(1,120,238)	(926,591)	(829,580)
Profit/(Loss) Before Income Tax from Continuing Operations	884,473	(1,851,811)	693,229	1,305,996	286,330
Income Tax Expense	(342,082)	(187,420)	(147,666)	(401,530)	86,097
Profit/(Loss) for the Year from Continuing Operations	542,391	(2,039,231)	545,563	904,466	372,427
Profit/(Loss) after tax from discontinued operations for the year	1,404,087	(244,298)	(301,832)	(391,230)	9,870
Profit/(Loss) for the year	1,946,479	(2,283,529)	243,731	513,236	382,297

FIVE YEAR SUMMARY OF FINANCIAL POSITION

As at 31st March,	2022	2021	2020	2019	2018
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	2,534,549	4,667,582	4,773,223	5,115,421	5,465,161
Intangible Assets	1,225,902	1,458,780	1,620,745	1,252,383	1,241,506
Biological Assets	55,383	55,582	51,167	50,382	48,282
Investment Property	2,662,743	2,589,543	4,405,315	3,612,852	1,688,188
Investment in Equity Accounted Investee	35,929	12,159	11,930		
Other Financial Assets	261,041	303,222	310,557	26,024	25,234
Right of Use Assets	529,442	155,966	156,964		
Deferred Tax Asset	132,225	122,749	81,878	160,761	274,360
	7,437,213	9,365,582	11,411,779	10,217,822	8,742,732
Current Assets					
Inventories	2,904,385	3,997,482	4,094,934	4,240,916	3,758,052
Other Financial Assets	1,847,699	1,627,157	1,998,573	1,916,754	2,409,056
Trade & Other Receivables	6,795,955	5,146,778	6,392,014	6,005,044	4,009,656
Income Tax Recoverable	35,698	88,673	45,966	37,934	16,477
Cash & Cash Equivalents	2,142,461	833,891	782,950	611,909	1,999,187
Investment Property classified as Held for Sale		575,000	-	-	-
	13,726,198	12,268,981	13,314,437	12,812,556	12,192,427
Total Assets	21,163,411	21,634,563	24,726,216	23,030,379	20,935,159
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	982,119	930,684	651,360	718,650	856,282
Retained Earnings	1,779,038	3,110	1,975,475	1,730,354	2,140,513
Equity Attributable to Equity Holders of the Company	3,814,801	1,987,438	3,680,478	3,502,647	4,050,439
Non Controlling Interests	3,413,549	2,823,078	3,176,698	3,098,213	2,428,239
Total Equity	7,228,349	4,810,516	6,857,176	6,600,860	6,478,677

FIVE YEAR SUMMARY OF FINANCIAL POSITION

As at 31st March,	2022	2021	2020	2019	2018
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Non-Current Liabilities					
Other Financial Liabilities	969	969	21,911	21,887	32,936
Interest Bearing Loans & Borrowings	1,483,019	3,074,630	3,751,270	2,756,476	1,562,022
Retirement Benefit Obligation	383,230	571,749	442,667	400,792	410,049
Deferred Tax Liability	650,176	595,548	786,305	810,764	620,479
	2,517,394	4,242,896	5,002,152	3,989,919	2,625,486
Current Liabilities					
Trade and Other Payables	4,792,276	5,991,817	3,932,411	4,922,462	3,678,206
Income Tax Payable	265,546	284,482	212,399	193,412	177,630
Contract Liability	2,079,003	1,132,289	924,173	706,864	748,150
Interest Bearing Loans & Borrowings	4,280,842	5,169,307	7,797,905	6,616,861	7,227,009
Liabilities Directly Associated with Investment Property Classified as Held For Sale		3,256	-	-	-
	11,417,668	12,581,151	12,866,888	12,439,599	11,830,995
Total Equity and Liabilities	21,163,411	21,634,563	24,726,216	23,030,379	20,935,159

DETAILS OF GROUP PROPERTIES

Company	Property	Location	Extent	No of Buildings	Cost/Valuation LKR
Lexinton Holdings (Pvt) Ltd	Freehold Land	Colombo 08	17.15 Perches	1	145,775,000
	Freehold Building	Colombo 08	17,150 sq.ft	-	154,725,000
Ceylon Leather Products Ltd	Freehold Land	Mattakkuliya	721.62 p	-	1,190,674,000
	Freehold Building	Mattakkuliya	81,428 sq.ft	16	34,388,000
Dankotuwa Porcelain PLC	Freehold Land	Dankotuwa	3,153.40 p	-	788,350,000
	Freehold Building	Dankotuwa	260,015 sq.ft	34	498,028,000
	Freehold Land	Dankotuwa	3,899.35 p	-	580,000,000
Royal Fernwood Porcelain Ltd	Freehold Land	Kosgama	2,161.05 p	-	237,023,150
	Freehold Building	Kosgama	141,168 sq.ft	25	364,119,000
	Freehold Land	Kosgama	1,753.07 p	-	122,715,000
Taprobane Securities (Pvt) Ltd	Freehold Land	Kosgama	1,162.37 p	-	84,000,000
Lexinton Resorts (Pvt) Ltd	Freehold Land	Kosgoda	1,373 P	-	618,000,000
Ambeon Capital PLC	Freehold Land	Sigiriya	1,277 P	-	33,000,000

NOTICE OF MEETING

The Notice is hereby given that the Eleventh Annual General Meeting of the Company will be held by way of electronic means on 27th September 2022 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 2022 and the Report of the Auditors thereon.
2. To re-elect as a Director, Mr. Ajith Lasantha Devasurendra 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 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".

4. 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.
5. 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
26th August 2022
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
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.

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. R.P. Pathirana..... or failing him,
Mr. Y. Kanagasabai or failing him
Mr. S.H. Amarasekara 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 Eleventh Annual General Meeting of Ambeon Capital PLC to be held by way of electronic means on 27th September 2022 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 2022 and the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect as a Director, Mr. Ajith Lasantha Devasurendra 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.	<input type="checkbox"/>	<input type="checkbox"/>
3. To propose the re- appointment of Mr. Priyantha Damian Joseph Fernando who is over 70 years of age.	<input type="checkbox"/>	<input type="checkbox"/>
4. 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.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of..... Two Thousand and Twenty- two

.....
Signature of Shareholder/s

Note:

- * Please delete the inappropriate words.
- 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 acagm2022@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's 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. 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.

