AMBITIONS CONVERGED

AMBEON
HOLDINGS PLC

AMBITIONS CONVERGED

With a strong determination to succeed, we traversed through a challenging phase with resilience to emerge as a strong and dynamic corporate entity. Gaining from the collective ambitions and synergies of our subsidiaries, we continue to take positive strides to converge towards futuristic opportunities that emerge in the new normal. Strengthened and well-fortified by leveraging technology into our processes, we strive to create an agile and nimble operation to optimize our strengths and deliver sustainable value to all stakeholders.

VISION

Re-Engineering Success

MISSION

To Take the Leap that Transforms Latent Opportunities

VALUES

Moving First

Catalyzing opportunities through readiness.

Channelling 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

CONTENT

ABOUT US

Ambeon Holdings PLC, the subsidiary of Ambeon Capital PLC, is a leading medium sized conglomerate. The Group has etched a strong presence in the spheres of financial services, manufacturing, real estate, technology and strategic investments. Powered and guided by the renowned corporate giants – the Galle Face Hotel Group, the Hirdaramani Group and Navitas Holdings the Group is a well-diversified and formidable corporate entity in the Sri Lankan corporate landscape.

Financial Services Cluster

The Group offers a range of financial services including money and stock broking services through its subsidiary companies.

Taprobane Capital Plus (Pvt) Ltd., Taprobane Investments (Pvt) Ltd., Taprobane Securities (Pvt) Ltd.

Manufacturing Cluster

Manufactures of porcelain-ware for local and global clients.

Dankotuwa Porcelain PLC and Royal Fernwood Porcelain Ltd.

Technology Cluster

The Group offers complete enterprise solutions to global and local clientele.

Millennium I.T.E.S.P (Pvt) Ltd.

Real Estate Cluster

The Group's real estate business includes purchasing, selling and renting of land and building.

Colombo City Holdings PLC and Lexinton Holdings (Pvt) Ltd.

As a dynamic and well diversified Group of Companies, the Ambeon Group has positioned itself as a future ready, nimble and visionary business conglomerate with a wide and diversified range of products, consisting of world renowned and respected brands, premier technology and innovation platforms, extending its footprint across new businesses, markets and regions. As a future-centric Group of Companies, Ambeon Holdings PLC continues to seek lucrative business opportunities to transform its business to be best in class within their respective industries.

Taprobane Capital Plus (Pvt) Ltd.

A leading financial services provider with a wealth of experience in capital markets in Sri Lanka. The Company has a range of business interests in financial and investment services.

Dankotuwa Porcelain PLC

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

Royal Fernwood Porcelain Ltd.

A large-scale manufacturer of high-quality white and decorated porcelain tableware and figurine ornaments that enjoy a global reputation for manufacturing products for most of the prestigious ceramic dinnerware manufacturers in Europe, Japan, Australia, Scandinavia, USA and over 50 other countries. The company's prestigious international customer base includes brand names such as Debenhams, Portmerion, Oneida, House of Fraser, John Lewis, Jashanmal, Jumbo Retail, Joules, Crate & Barrel, Country Road, Laduree, Tchibo, Notneutral, XXX Lutz, Lenox, Porsgrund, Fischer, Ritzenhoff, Migross, Ripley, Thun, Narumi, El Corte Ingles, Berghoff, Yalco, Weissesstal and Galerfia Kaufhof.

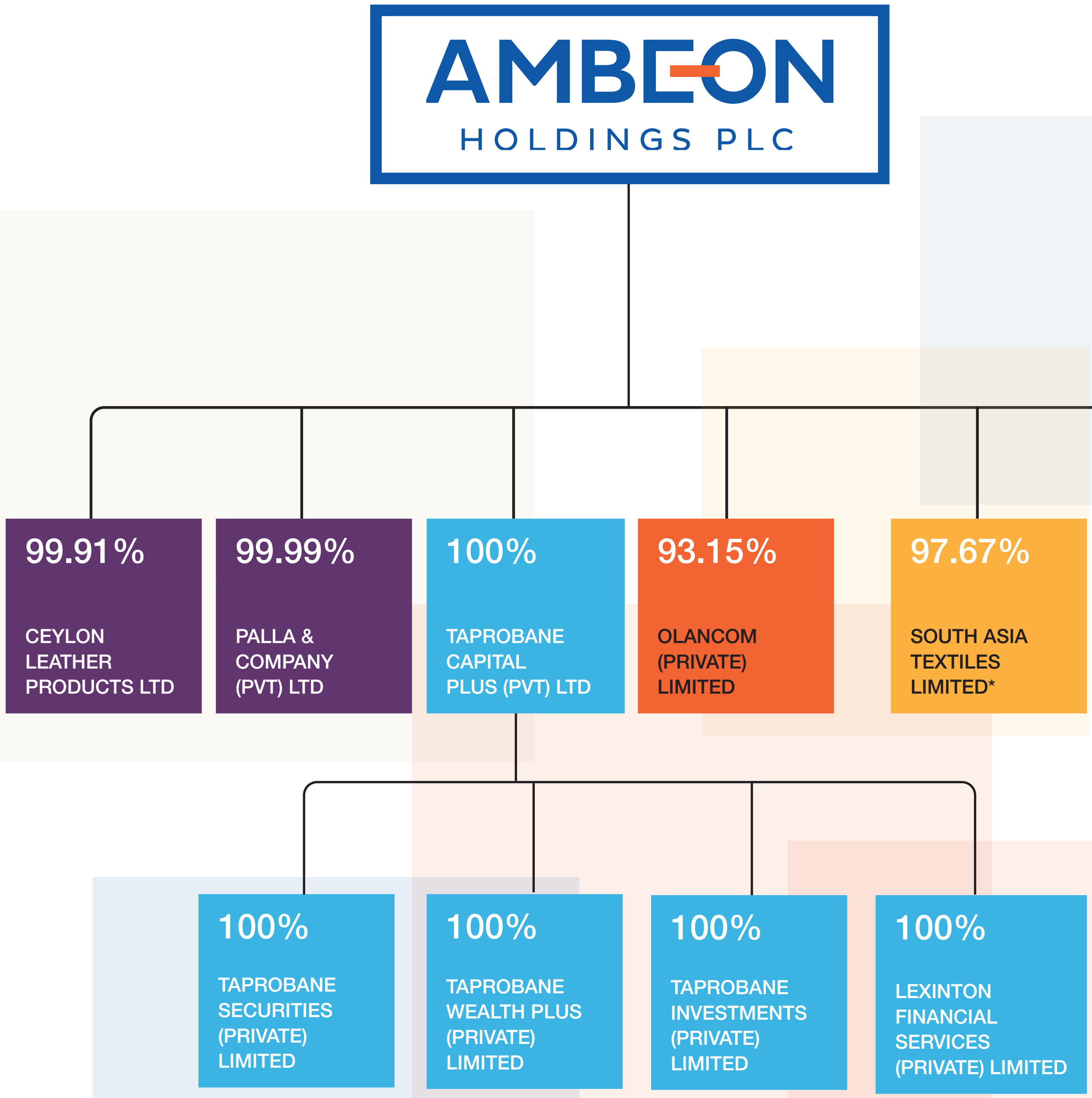
MillenniumIT ESP

A 'Complete Enterprise Solutions Provider' with a 25-year track record and formidable presence in delivering IT solutions to a multitude of industries consisting of banking and finance, telecommunications, apparel and leading conglomerates. The company has built several global partnerships with leading firms including Oracle, Microsoft, IBM, Dell, Hitachi, Cisco and Infosys.

Colombo City Holdings PLC

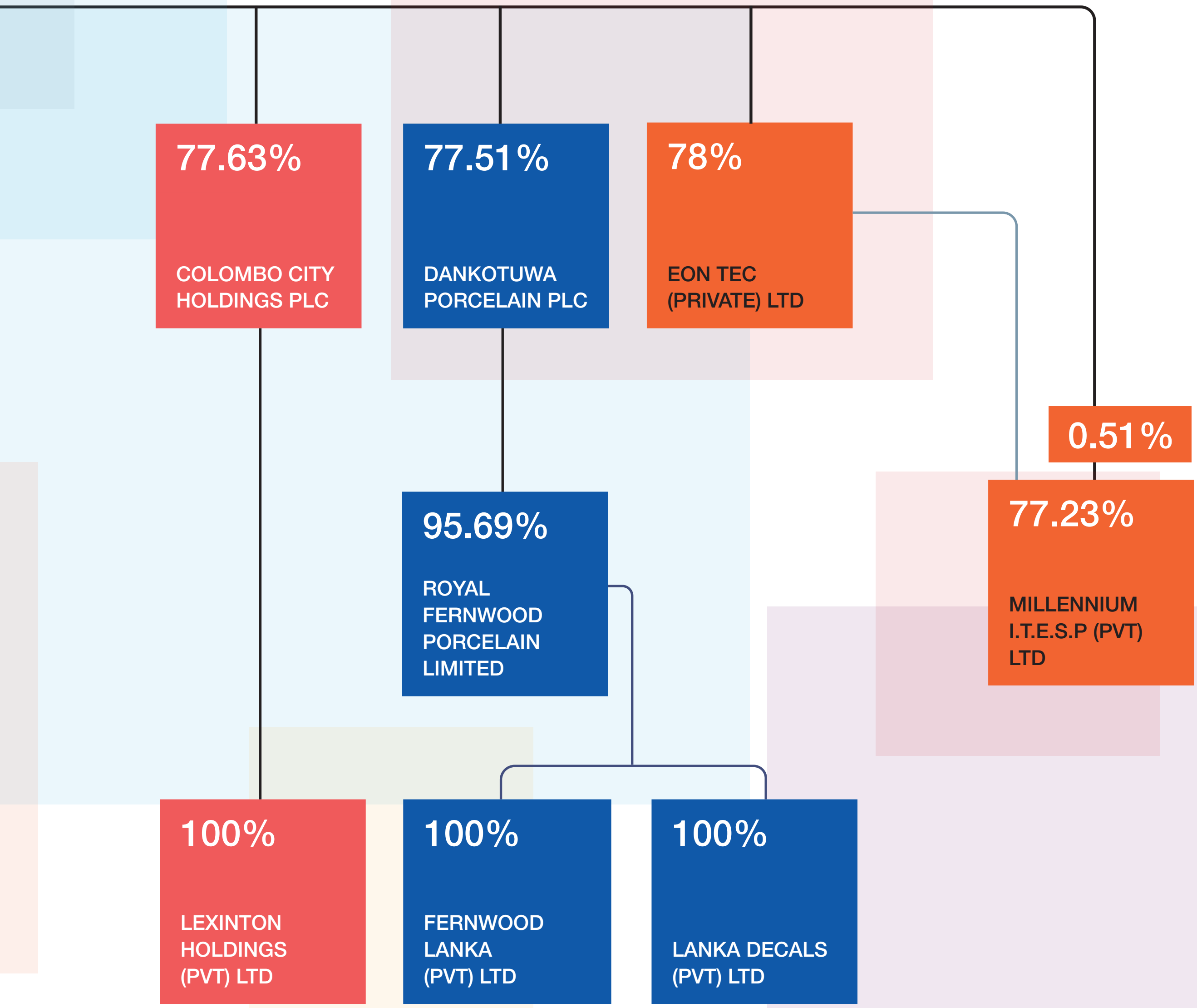
A 100-year-old company with a rich legacy, CCH is a listed entity on the Colombo Stock Exchange. The company specialize in real estate business in Sri Lanka.

GROUP STRUCTURE



- Technology
- Footwear
- Textiles
- Financial Services
- Porcelain
- Property

*Disposed on 23 April 2021


77.63%
COLOMBO CITY HOLDINGS PLC
77.51%
DANKOTUWA PORCELAIN PLC
78%
EON TEC (PRIVATE) LTD
0.51%
95.69%
ROYAL FERNWOOD PORCELAIN LIMITED
77.23%
MILLENNIUM I.T.E.S.P (PVT) LTD
100%
LEXINTON HOLDINGS (PVT) LTD
100%
FERNWOOD LANKA (PVT) LTD
100%
LANKA DECALS (PVT) LTD

ABOUT THIS REPORT

We welcome you to the Annual Report of Ambeon Holdings PLC under the theme 'Ambitions Converged'.

This 2020/21 Annual Report presents a comprehensive review of Ambeon Holdings PLC, and its subsidiaries. This report details quantitative and qualitative information to provide an insightful overview of varied operational and business aspects of the Group.

Purpose

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

Scope & Boundary

This Report presents the performance of the Group's operations, non-financial and operational information. The Group follows an Annual Reporting cycle and our previous performance for the financial year ending 31 March 2020 was covered in the 2019/20 Annual Report.

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

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

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

Assurance

Messrs. Ernst & Young, Chartered Accountants have provided assurance on the financial statements (refer pages 56 to 59).

Board Responsibility Statement

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

Forward Looking Statements

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

Feedback on the Report

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

Print
Available on request

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AMBEON HOLDINGS PLC
Annual Report 2020/21

PERFORMANCE HIGHLIGHTS

	2020/21 LKR	2019/20 LKR	Change %
Financial Performance (Continuing Operations)			
Revenue	**17,917,569,776**	19,693,286,605	(9.02)
Gross Profit	**3,920,668,769**	4,126,736,550	(4.99)
Profit/(Loss) Before Interest and Tax	**(1,400,039,265)**	1,539,422,705	(190.95)
Profit/(Loss) Before Tax	**(1,925,198,393)**	843,394,138	(328.27)
Profit After Tax - Continuing Operations	**(2,102,690,315)**	710,851,875	(395.80)
Profit/(Loss) After Tax - including Discontinued Operations	**(2,103,037,119)**	409,019,654	(614.17)
Interest Cover	**(2.67)**	2.21	(220.54)
Return On Equity	**-26.59%**	7.27%	(465.59)
Return On Capital Employed	**-10.58%**	8.47%	(224.92)
Financial Position			
Total Assets	**21,822,842,189**	24,461,947,711	(10.79)
Total Debts	**5,327,876,231**	8,406,470,463	(36.62)
Total Equity	**7,908,759,231**	9,774,839,820	(19.09)
No of Shares in Issue	**356,869,666**	356,869,666	-
Net Assets per Share	**17.67**	22.88	(22.75)
Debt/Equity	**67.37%**	86.00%	(21.67)
Debt/Total Assets	**24.41%**	34.37%	(28.96)
Current Ratio	**1.01**	1.05	(3.41)
Quick Asset Ratio	**0.64**	0.57	10.88
Market Price of Share	**17**	8.1	109.88
Market Capitalisation	**6,066,784,322**	2,890,644,295	109.88

CHAIRMAN'S MESSAGE

"Our strategic focus across our businesses will create a strong platform for shareholder wealth creation. As per our organic growth strategy, we hope to pursue business growth through market, product and hybrid expansions."

Dear Stakeholders,

I am pleased to present the Annual Report and the Audited Financial Statements of Ambeon Holdings PLC for the financial year ended 31st March 2021. Despite being a challenging financial year, Ambeon Holdings PLC embarked on a deliberated approach and took a decisive strategic path to navigate its way through multiple challenges.

Context to Performance

The financial year 2020/21 has been an extraordinary year, which posed a myriad of challenges. The COVID-19 pandemic transformed the socio-economic landscape dramatically both globally and locally, testing the mettle of companies, individuals and nations collectively. The Sri Lankan economy which was recovering from the devastating Easter Day attacks was dealt with two subsequent events - an economic as well as health crisis both of which aggravated the state of the economy to a great extent.

The Sri Lankan economy contracted by 3.6% in 2020 on a year-on-year basis in this challenging business landscape. The pandemic and consequent lockdowns severely hampered economic activities in all sectors of the country. The closure of airports not only affected the tourism sector, but also created a domino effect on related and ancillary businesses, including those of the Group, thus directly affecting the livelihoods of many.

As a result of these external factors, Sri Lankan businesses could not reap the benefits of the tax reliefs and positive policy stimuli introduced during the latter part of 2019. The downgrade of the sovereign rating by Fitch Ratings added pressure on the exchange rate, causing a depreciation of the Sri Lankan Rupee against the US Dollar to 2.6%, by December 2020. This resulted in the overall size of the economy contracting to USD 80.7 billion in 2020 from USD 84.0 billion in the previous year, and per capita GDP declining to USD 3,682 in 2020 from USD 3,852 in 2019[1] .

Positive monetary policy measures aimed at stimulating the economy through multiple reductions of the Statutory Reserve Ratio led to a sustained decline in market interest rates. Policy stimulus measures introduced by the Government to the export and local manufacturing sectors helped bolster foreign exchange income and mitigate forex outflows on non–essential imports.

Globally and locally, investment expenditure contracted in 2020, due to the uncertainty on the recovery timeline of the pandemic. Moreover, consumption expenditure levels recorded a slower growth. Several initiatives such as the rationaliszation of non-essential imports during the year, partly contributed to creating a safety buffer against further deterioration in net external demand amidst the contraction in exports.

Consumer and investor sentiments recorded a gradual improvement during the 3rd and 4th quarters of 2020 mainly due to COVID-19 infections being contained. This resulted in a 1.5% and 1.3% growth level despite the disruption caused by the second wave of the pandemic[2].

Financial Performance

The year 2020/21 has been a challenging year for Ambeon as it traversed through an extraordinary business terrain. The COVID-19 pandemic continued to accelerate changes across operating models, working modalities and business dynamics of all organizations and the Group continued to navigate through this uncertain and volatile business environment.

Ambeon Holdings as a Group recorded a net loss of LKR 2.1 Bn during the financial year 2020/21 as opposed to the profit of LKR 409 Mn recorded during the prior year. The bulk of the losses were due to the erosions in fair valuations that occurred in the declining market values of various investment properties within the Group. In addition, certain provisions made for irrecoverable receivables and obsolete inventory mainly from the discontinued business of the footwear operations also contributed significantly to Group losses. Whilst the ongoing pandemic, the overall economic downturn and the negative sentiments towards property valuation did impact the Group tremendously, I wish to reiterate that these instances will not affect the overall business philosophy and general operations of the Group prospectively.

The Group recorded revenue of LKR 17.9 Bn during the year under review, which was a reduction of LKR 1.8 Bn in comparison to the previous year. This reduction in revenue was attributable to the revenue decrease experienced in the manufacturing cluster and the technology cluster amounting to LKR 627 Mn and LKR 1.3 Bn, respectively.

The manufacturing sector of the Group comprising of both the textile (South Asia Textiles) and porcelain clusters (Dankotwa Group) reported declining revenue levels mainly due to the disruption of work during the lockdown in the months of April to June 2020. The revenue growth of the technology cluster (MillenniumIT ESP) was affected as a result of the external challenges as Tier 1 customers such as Telecommunications, Banks and Manufacturing companies postponed utilizing their capital expenditure budgets in order to manage the respective Company's liquidity position with the pandemic.

While facing the negative impact, stated above, the Group was able to reduce the adverse effects and seize opportunities posed by the pandemic through its technology and financial services clusters which delivered consistent and steady financial results. While the technology cluster (MillenniumIT ESP) was able to achieve a net profit of LKR 452 Mn and improve its gross profit margins during the financial year, the Financial Services cluster (Taprobane Capital Plus) seized opportunities, which arose in the financial markets as well as trends in the capital markets, to achieve a net profit of LKR 153 Mn and propelled the business to achieve significant progress. Performances of the various subsidiaries have been detailed in the

[1] Annual Report of the Central Bank of Sri Lanka

[2] N1

CHAIRMAN'S MESSAGE

Director's Review and can be referred on pages 11 to 13.

Ambeon Holdings as a Company recorded revenue of LKR 679 Mn, which was an increase of LKR 472 Mn compared to the previous financial year. This increase was mainly due to the dividend income received from the subsidiaries during the said period. Although the Company was successful in achieving further reductions in finance cost, a net loss of LKR 2.1 Bn was recorded for the financial year 2020/21 primarily due to the fair value losses incurred through the investments in subsidiaries.

Strategic Path

At the time of writing this review, with the objective of rationalizing strategic business units, Ambeon made a well deliberated decision to divest its investment in South Asian Textiles. The rationale behind this strategic move was for the Group to focus more on its core businesses stemming mainly from technology, financial services and manufacturing cluster of porcelain products.

Aligning ourselves on this path will enable us to survive in a volatile environment and enhance shareholder value. We believe that the right strategic investments will attune the Group to capture emerging market opportunities in the 'new normal'. Our investment in the technology cluster is now reaping rewards amidst adverse externalities. Overall, the combined portfolio is now well balanced, and the Group is better positioned to take advantage of future business opportunities amidst the volatility in the business landscape.

Corporate Governance

Good corporate governance in our business transactions have been a hallmark of how we have conducted business. Corporate governance at Ambeon Holdings continues to focus on the areas of internal controls, integrated governance, assurance mechanisms and regulatory benchmarks. We have consistently complied with the CA Sri Lanka Code of Conduct along with other mandatory regulations issued by the Colombo Stock Exchange and Securities & Exchange Commission.

We also continue to follow high standards of governance across our subsidiaries from strategy formulation to setting governance standards in all core areas of business. Our robust integrated risk management policies ensure that our businesses remain well fortified with the necessary controls.

Embedding Sustainability and CSR

As a responsible corporate citizen, we stepped forward to help the community during the pandemic. Several Companies within the Group made significant contributions to healthcare services with our innovative products and services – in support of the yeoman services they offer to fight the pandemic.

Stakeholder Value Creation

Over the years, we have adopted a multi-stakeholder value creation strategy focused on the long-term horizon. Along with this approach, we have adopted a people – centric focus with the objective of developing the competencies and skills of our employees. We believe that our employees should be equipped with the skills and competencies to face the dynamic business challenges that will emerge in the future.

Our strategic focus across our businesses will create a strong platform for shareholder wealth creation. As per our organic growth strategy, we hope to pursue business growth through market, product and hybrid expansions. We intend looking at regional expansion to Maldives and the SAARC region especially with the technology cluster. Furthermore, several innovative and future-centric products, services and applications will be launched.

Way Forward

The escalation of COVID-19 infections with the emergence of the 3rd and 4th waves and the new variants have created uncertainty of the future. The depreciating Sri Lankan rupee, escalating commodity prices along with several other macro-economic factors will continue to exert pressure on profitability. Despite these challenges, we are confident that the Group is better prepared to face these disruptions due to insights gained from FY 2020/21. We recognize that responding with agility in a proactive manner to the evolving business dynamics will be critical in navigating the challenges ahead. However, the sustained reduction in market interest rates, policy stimulus measures introduced towards the export sector and the opening of borders for tourist arrivals augurs well for economic revival in the medium term.

In this operating context we will continue to strengthen our Group's business model by driving greater efficiencies, while exploring new growth opportunities in the new normal. We remain optimistic in exploring both inorganic and organic growth, which can provide a platform for strong growth in earnings.

Appreciation

I extend my heartfelt appreciation to the team who demonstrated the Ambeon team spirit in navigating through a challenging period with dedication and commitment. I wish to extend my appreciation to the members of the Board for their strategic direction and prudent counsel. I thank the bankers, suppliers and business partners who make up our extended support team for their valued cooperation.

The Board and I would also like to extend our sincerest gratitude to our Shareholders, who continue to support us in our strategic actions and are an integral part of our journey.

I believe that, with the changes that we have made within our Group, we are well-positioned to move ahead, as our strategies are well-aligned with our goals and objectives and as an organization which is ready for the challenges ahead.

Sgd.
Sanjeev Gardiner
Chairman
Ambeon Holdings PLC

30 August 2021

DIRECTORS' REVIEW

In the immediate onset of the pandemic, the short-term strategy of the Group was to enhance the efficiency and effectiveness of business segments through productivity improvements and cost management strategies whilst building competitive advantages.

Dear Stakeholders,

The Financial Year 2020/21 was characterized by volatility along with unprecedented levels of economic and social upheaval. In this operating context, the Group's agility and adaptability to the evolving dynamics of the external business landscape was a critical success factor, that defined the foundation for the Group's performance. Timely and decisive action ensured the stability of the individual businesses demonstrating the resilience of the Group to weather external shocks and adapt to the realities of the new normal. The Management Discussion and Analysis (MD&A) in this Report provides a detailed account of the Group's performance. The Directors' Review herein provides a broad sum up of how the Group navigated through FY 2020/21.

Navigating a Challenging Phase

We commenced the financial year amidst uncertainty, facing the debilitating impacts brought on by the COVID-19 pandemic. Lockdowns imposed in March 2020 disrupted manufacturing activities which had a direct financial impact on the manufacturing cluster of the Group. The technology and financial services verticals were able to smoothly transition to work from home arrangements which have continued deriving economic and productivity gains. With the easing of the lockdown in June 2020, manufacturing segments resumed operations with the necessary safety protocols in place.

The pandemic created widespread unpredictability in the global markets and led to supply chain disruptions and drop in demand. Cancellation of orders by some of the European customers had a direct financial impact on the porcelain cluster. This was exacerbated by intermittent work disruptions, logistical issues in procurement, restrictions in imports and the devaluation of the Rupee resulting in spiraling costs. Resultantly, the export driven manufacturing sector posted a significant 6% decline in revenue and a drop in profits.

Synopsis of the Group's Performance

The Group recorded a revenue of LKR 17.9 Bn in the FY 2020/21 which recorded a decline of LKR 1.8 Bn from the previous year. This decline was attributable to the drop in revenue of South Asia Textiles and MillenniumIT ESP. Pandemic induced disruptions to the production flow, especially during the first quarter affected the revenue of South Asia Textiles significantly. The revenue of MillenniumIT ESP reduced significantly by LKR 1.3 Bn due to some of its Tier-1 clients deferring planned IT expenditure which impacted the overall revenue levels of the Company. However, despite the decline in the top line, MillenniumIT ESP increased its margins significantly which enhanced its overall profitability.

With the COVID-19 pandemic intensifying in Europe, some of the export orders placed with our porcelain cluster were cancelled. In addition, the lockdown in Sri Lanka and the resultant closure of the respective factories too had a direct impact on the operational profits of the said sector. This resulted in the respective companies having to make specific provisions against non-moving inventory which increased administration expenses significantly. Further, discretionary and capital expenditure was reduced whilst receivables were managed to optimize working capital levels.

The Group recorded a net loss of LKR 2.1 Bn during the financial year 2020/21 as opposed to a profit of LKR 409 Mn recorded in the preceding year, marking a year-on-year decline of LKR 2.5 Bn. The bulk of the losses were due to the erosions in fair valuations that occurred in the various investment properties within the Group. In addition, certain provisions made for irrecoverable receivables and obsolete inventory mainly from the discontinued business of the footwear operations also contributed significantly. Nevertheless, the technology and financial services sectors posted commendable performance levels. It must be stated that the Group's diversification strategy of investing in IT driven segments,

DIRECTORS' REVIEW

> Strengthened by the insights and our experience in managing our diversified Group during the pandemic driven phase in 2020/21 we remain resolute to emerge stronger, agile and future- ready in the new normal.

reinforced the Group's resilience to withstand the economic downturn triggered by the pandemic.

Total borrowings declined by 37% with the Group's focus to rationalize its borrowings. This resulted in the Group's debt declining to LKR 5.3 Bn from LKR 8.4 Bn the previous year.

Sectoral Performance

Manufacturing Cluster

The manufacturing cluster comprising of the porcelain and textile manufacturing segments contributed 60% to Group revenue. Despite the pandemic, the porcelain cluster generated a revenue of LKR 2.4 Bn in the year under review in comparison to LKR 2.2 Bn recorded in the previous year denoting an increase of 9%. Export turnover too recorded a commendable increase of LKR 167 Mn.

Royal Fernwood Porcelain moved ahead by enhancing local sales levels whilst securing its existing orders from international customers. The Company's orders to the USA, which is a significant 51% of its revenue remained confirmed and intact despite the USA being engulfed with rising Covid infection levels in 2020. Revenue levels expanded to LKR 922 Mn marking 36% growth spurred by increased domestic market sales which amounted to LKR 368 Mn.

The profitability level of the porcelain cluster declined to record a LKR 338 Mn loss as opposed to the loss of LKR 64 Mn recorded in the previous year. This was due to the pandemic and the orders that were cancelled due to the various lockdowns and inventory and debtor provisions that were made towards it.

At the time of compiling this review, Ambeon Holdings made a strategic decision to divest its equity stake in South Asia Textiles. With this, the Group has moved towards a well-balanced portfolio which is resilient and able to survive in a volatile environment.

IT Cluster

The IT sector contributed positively the Group's profitability, by achieving a profit before tax of LKR. 549 Mn. This was achieved by improving its gross profit margins through vigorous negotiations with vendors and improving of internal efficiencies while delivering projects on time.

MillenniumIT ESP celebrated its Silver Jubilee in January 2021. With this milestone, the Company shaped the next phase of its transformative journey as a 'Complete Enterprise Solutions Provider'. by expanding its scope of operations into seven technology units - Core Infrastructure, Cloud, Cyber Security, Enterprise Applications, Smart Buildings, Intelligent Automation & Data and Managed Services, catering to a wide spectrum, technology – driven solutions. The Company made positive headway in introducing new products which were relevant to the emerging realities. A remote patient care system – 'Health Vision' and Digital Banking System – 'Bank Vision' are some of timely developments introduced by the Company.

With a revamped internal structure, improved incentive models and strengthening of the leadership and talent pool, the Company is well poised to provide a suite of integrated IT solutions harnessing technology and automation. With a presence in Singapore, the Company hopes to expand its footprint in Asia especially within the SAARC region.

Financial Services, Real Estate and Strategic Clusters

The financial services sector comprising of Taprobane Capital Plus and its subsidiaries contributed positively with a Profit Before Tax of LKR 217Mn. Despite a subdued first half stemming from pandemic-induced moderation, the Group recorded a strong rebound from the 3rd quarter of the year, with revenue increasing by 132%.

The segment recorded a profit after tax of LKR 153 Mn, an increase of 193 % when compared to the previous year. The Major contribution towards this was made by the stock brokering segment of the subsidiary. This growth was attributable to the buoyant activity the Colombo Stock Exchange witnessed in the last quarter of the FY 2020/21 driven by the low interest rate environment, high corporate earnings due to the ban on imports and new local retail clients entering the market. The money brokering segment was resilient during the period. Despite an inactive forex market which impacted the revenue and overall market position, the Company forged ahead, positioning itself as one of the top three players in the overall market.

During the year under review the real estate arm of the Group – Colombo City Holdings consolidated its revenue position further to the acquisition of Lexinton Holdings Ltd in the previous financial year. The Group did not pursue new investments within this sector considering the subdued investment climate. However, the Company is optimistic about the real estate sector especially in the context of the present low interest rate regime which augurs well for investments. The Company hopes to seize emerging opportunities in the evolving business landscape.

Health and Safety of Our Employees

Ensuring the health and safety of our employees was and continues to be a key priority. Factory operations commenced in June 2020 which continued uninterrupted thereafter with stringent health and safety protocols in place. Health and safety measures including PCR testing, provision of PPE and social distancing arrangements were put in place at all our locations with stringent monitoring of all health and safety procedures. We continued to engage closely with our employees to ensure that their concerns were addressed, and all necessary support was provided to navigate through the challenging period. A task force was set up, which comprised of the senior-most business managers as they worked on all areas from HR, health, safety, operations, facilitating work from home while attending to external and internal customer issues.

CSR Activities

As a responsible entity, we responded positively towards the needs of the community amidst the Covid-19 pandemic. The Group set up infrastructure for remote monitoring of patients and in facilitating communication within the health sector, administrators and others. In addition, the porcelain cluster introduced the revolutionary porcelain steam inhaler which has been widely accepted by the Healthcare Sector providing relief for Covid 19 patients.

Strategic Overview and Outlook

The Group was quick to respond to the volatile operating landscape by re-aligning its strategic direction. In the immediate onset of the pandemic, the short-term strategy of the Group was to enhance the efficiency and effectiveness of business segments through productivity improvements and cost management strategies whilst building competitive advantages. The focus on improving cash flow by managing receivables enabled the Group to reduce borrowings and debt whilst optimizing finance costs.

We remain focused on expanding the financial services and technology-based verticals which will be in sync with the overall positioning of the Group as a techno-centric conglomerate. We hope to further leverage the strengths of the Group's portfolio of internationally renowned heritage brands such as Dankotuwa Porcelain. The Group will continue to realign its business verticals to enable convergence of core strengths.

The COVID-19 pandemic, which is currently raging on, with new variants emerging in spite of the rollout of vaccinations, will continue to remain as a focal concern in the year ahead. The sharp depreciation of the exchange rate, exchange controls, import restrictions and escalating commodity prices will exert pressure on profitability margins.

Strengthened by the insights and our experience in managing our diversified Group during the pandemic driven phase in 2020/21 we remain resolute to emerge stronger, agile and future-ready in the new normal. We believe that the resilient business models of the Group's business verticals are capable of absorbing external shocks in an uncertain business landscape.

Appreciation

We take this opportunity to extend our sincere gratitude to the Chairman and Board of Directors for their continued guidance and strategic direction in charting our way through a volatile phase. To our employees, we say thank you for your exemplary commitment and dedication during these challenging times which is very much appreciated. We thank our business partners for working together with us in a difficult year. In conclusion, we wish to extend our appreciation to our shareholders for their trust and confidence and look forward to delivering increased value in the year ahead.

Sgd.

The Board of Directors
Ambeon Holdings PLC

30 August 2021

BOARD OF DIRECTORS

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

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

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

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

Mr. Ruwan Sugathadasa
Non-Independent, Non-Executive
Director

Mr. Mangala Boyagoda
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 include the Galle Face Hotel Company 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 Company (Pvt) Limited which owns The Surf (Bentota), The Safari (Tissa) and The Lake (Polonnaruwa). He is also a Director of Cargills (Ceylon) PLC since 1994.

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

Mr. Ajith Devasurendra

Deputy Chairman/Non-Independent, Non-Executive Director

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

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

Mr. Ranil Pathirana

Non-Independent, Non-Executive Director

Mr. Ranil Pathirana has extensive experience in finance and management in financial, apparel and energy sectors and at 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, Ceylon Hotels Corporation PLC, BPPL Holdings PLC, ODEL PLC & Alumex PLC. He is a Fellow Member of the Chartered Institute of Management Accountants, UK and holds a Bachelor of Commerce Degree from the University of Sri Jayewardenepura.

Mr. A. G. Weerasinghe

Independent Non-Executive Director

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

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

Mr. Ruwan Sugathadasa

Non-Independent, Non-Executive Director

Mr. Ruwan Sugathadasa possesses over 20 years' experience in the Government and Corporate Debt Market. He was also involved in Money Brokering, Corporate Debt Placement and Asset Management. Currently he serves as Managing Director/Chief Executive Officer of Taprobane Capital Plus (Pvt) Ltd. Mr. Sugathadasa holds a MBA from the University of Preston, USA.

Mr. Sugathadasa also serves as a Director of Colombo City Holdings PLC and Royal Fernwood Porcelain Limited.

BOARD OF DIRECTORS

Mr. Mangala Boyagoda

Independent Non-Executive Director

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

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

Mr. Boyagoda holds an MBA from the Irish University – European Union.

Mr. Revantha Devasurendra

Alternate Director to Mr. Ajith Devasurendra

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

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

HEADS OF BUSINESS SUBSIDIARIES

Mr Ruwan Sugathadasa
Managing Director/CEO,
Taprobane Capital Plus (Pvt) Ltd

Dr. Sajeeva Narangoda
Executive Director/CEO,
Colombo City Holdings PLC

Mr Nishantha Jayasooriya
Managing Director/CEO,
Taprobane Investments (Pvt) Ltd

Mr Yoshan Fernando
Director/CEO,
Royal Fernwood Porcelain Ltd

Mr Channa Gunawardana
CEO
Dankotuwa Porcelain PLC

Mr Shevan Goonetilleke
Director/CEO
Millennium I.T.E.S.P (Pvt) Ltd

Mr Charith Kamaladasa
Director/CEO
Taprobane Securities (Pvt) Ltd

GROUP MANAGEMENT COMMITTEE

Dr. Sajeeva Narangoda, Group Vice President

Maj. Gen. (R) Channa Goonetilleke, Group VP - Human Relations Management & Commercial Support

Ms. Shakila Kamalendiran, Group Head - Corporate Communications

Mr. Charith Hettiarachchi, Group Head - IT

Mr. Isuru Fernando, General Manager - Finance

Ms. Giyanie Fernando, Manager - Corporate Affairs

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ECONOMY

Global economic growth was challenged during the year 2020 due to the health and economic impact caused by the COVID-19 pandemic. Global trade activity experienced a downturn, with most countries imposing lockdown measures during the first half of the year to control the spread of the virus. Global economies are projected to strengthen with the rebound in merchandise volumes but cross border service trades such as travel and tourism are expected to remain subdued until the pandemic is brought under control across the globe. The trajectory of the pandemic however still remains uncertain and may heavily depend on the success of the vaccine rollouts and the ability to prevent recurring waves of new variants. Strong international corporation and effective fiscal and monetary policy support appear to be crucial determinants of economic recovery and limitation of lasting economic damage from this unprecedented crisis.

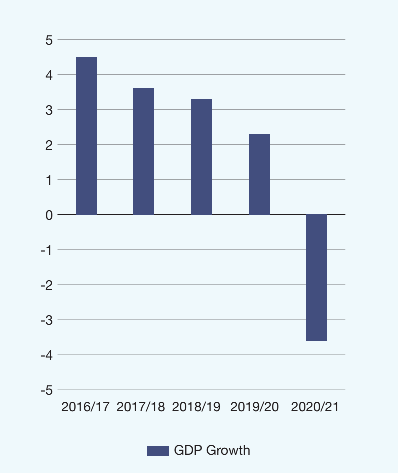
LOCAL ECONOMY

Just as the Sri Lankan economy was beginning to show signs of recovery from the Easter Sunday attacks, it was yet again disrupted with the outbreak of the pandemic. Mobility restrictions imposed to curb the spread of the pandemic during April-May 2020 coupled with adverse weather conditions and reduced demand from key export markets hampered economic activity during the early part of the year, leading to an overall economic contraction of 3.6%.

While certain non-essential manufacturing activities deteriorated, essential items such as food products and basic pharmaceutical products recorded an expansion. The impact on the service sector was somewhat softened by the positive contributions from IT, telecommunication services and financial services.

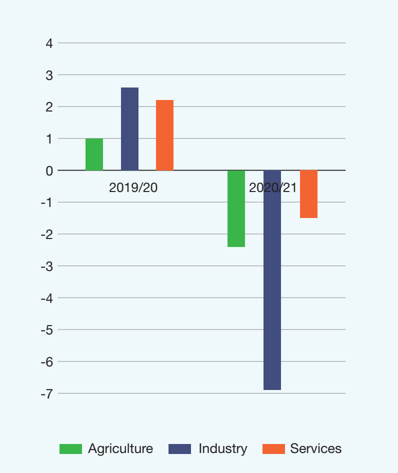
A 6.2% contraction was recorded in investment expenditure due to the prevalent uncertainties arising with the spread of COVID-19. Growth in consumption expenditure in nominal terms also declined to 2.1% in 2020 compared to 7.4% achieved in 2019 with income levels being impacted as a result of reduced economic activity.

Annual Real GDP Growth %



Source: Central Bank of Sri Lanka 2020

Sector GDP Growth %

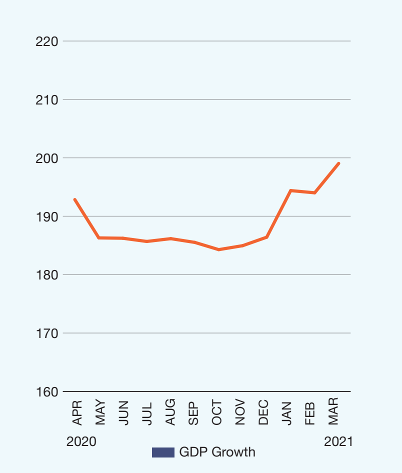


Source: Central Bank of Sri Lanka 2020

Exchange rate

The Sri Lankan Rupee began depreciating significantly against the US Dollar soon after the onset of the pandemic, falling to LKR 199.04 as at the end of March 2021 compared to LKR 188.62 recorded in March 2020, marking a drop of approximately 5.52% within the year. Policy interventions including restrictions on non-essential imports were introduced to manage the deteriorating economic position, thereby supporting the country to manage the challenging economic conditions amidst the pandemic environment.

Exchange Rate Movement LKR to USD



Source: Central Bank of Sri Lanka 2020

Inflation

Headline inflation remained muted, despite some acceleration in food inflation. The Colombo Consumer Price Index (CCPI) based headline inflation remained broadly within the 4%-5% range over the year. Meanwhile, core inflation remained subdued, highlighting low levels of demand-driven inflationary pressures.

Outlook

Given the weak economic performance during the year and other concerns regarding the country's rising debt position, major rating agencies such as S&P Global, Fitch and Moody's, all downgraded the Sri Lanka's sovereign rating in 2020. This is likely to pose a challenge in 2021 as it increases the costs of foreign borrowings and may require revisiting the funding strategies.

Even though the third quarter of the year showed signs of economic recovery subsequent to the easing of lockdowns, the re-emergence of the virus through its second wave in October 2020 followed by a more severe third wave in April 2021 cast a shadow over the prospects of recovery. Thus, the duration and course of the pandemic, efficiency and effectiveness of the vaccine rollouts, strong policy measures and international support will remain vital towards maintaining the stability of the country's economy.

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP PERFORMANCE

Overview

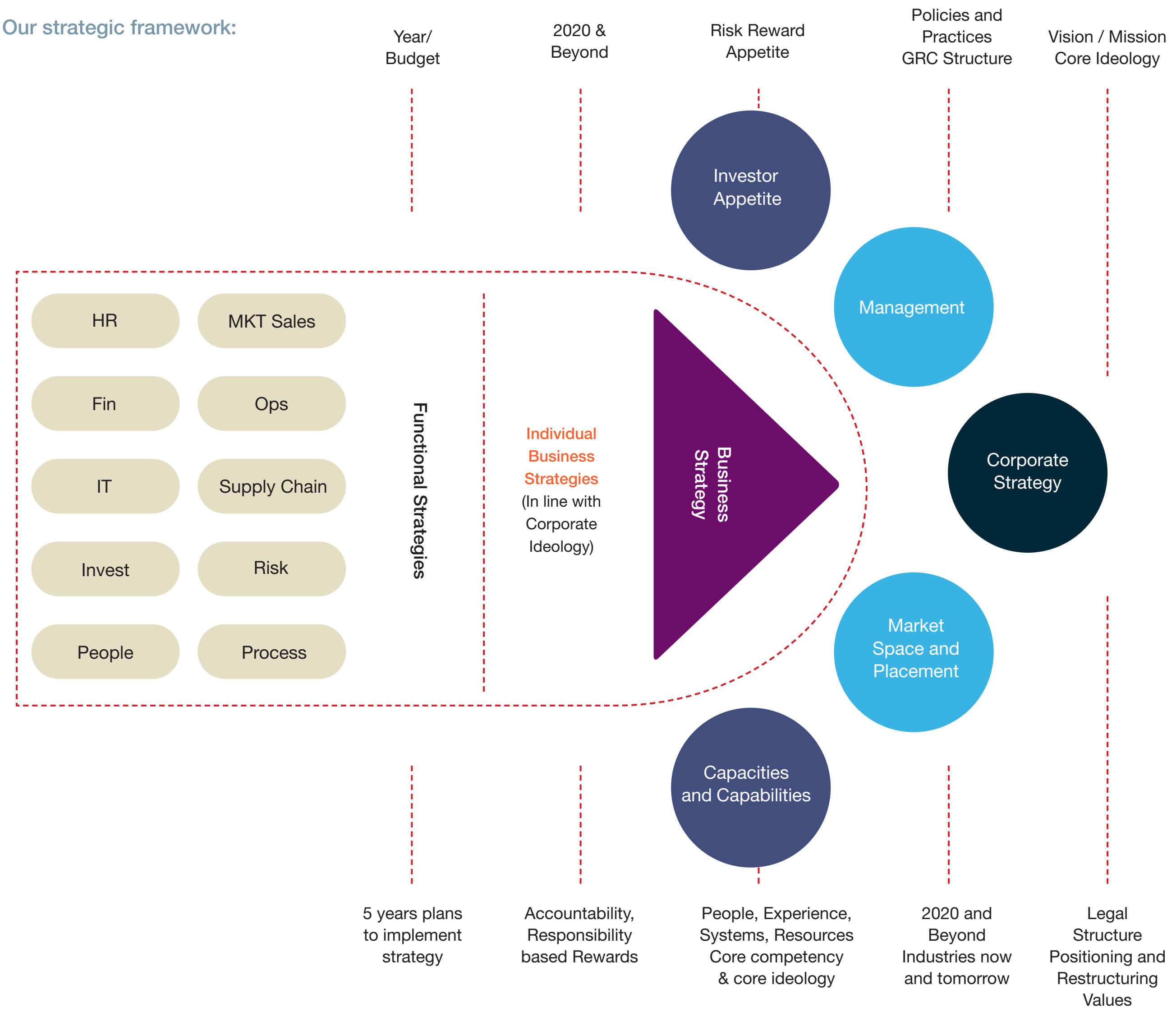
Ambeon weathered through extremely challenging macro conditions during the year, demonstrating the prowess of its strength and resilience. Being purely a year of survival, timely and efficient strategies were adopted across all our business clusters allowing us to journey on without any major business disruptions while capturing new markets and growth opportunities.

Strategy

Our strategic priorities:

Moving first	Channelling teamwork	Actioning results	Seeing beyond	Inspiring Each Other
• Anticipate trends • Leverage on financial prowess to lead industry changes	• Inform and educate employees in a timely manner • Harness diverse competencies	• Create necessary interventions for growth • Work towards achieving anticipated results	Conduct consistent analyses to observe existing and future market conditions and requirements	Encouraging Each Other's Success

Our strategic framework:



FINANCIAL PERFORMANCE

The financial year 20/21 was affected by volatile local and global economic conditions, as we commenced the year under lockdown. However, the Group was well motivated by the resilience displayed by the respective business verticals during the year under review with technology and financial services clusters emerging as star performers. These sectors turned out to be crucial industries during the post-Covid environment, demonstrating immense potential for growth. With a well balanced portfolio, the Group will continue to harness opportunities within these sectors, while supporting the growth of our porcelain and real estate clusters as we embrace the 'new normal' way of life.

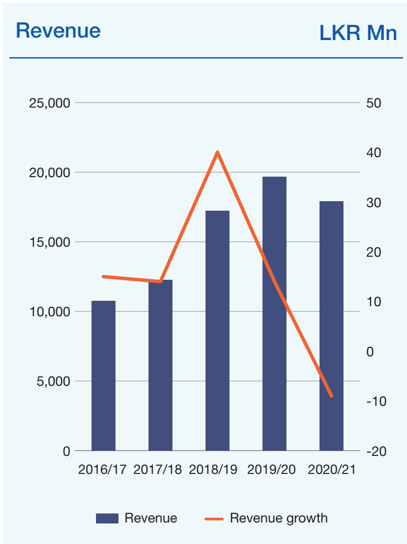
The financial performance, as well as the financial position of the Group for the year ending 31 March 2021 are demonstrated below.

Revenue

Ambeon as a Group recorded a revenue of LKR 17.9 Bn during the year under review marking a reduction of LKR 1.8 Bn in comparison to the previous year. The drop in revenue stemming from South Asia Textiles as well as MillenniumIT ESP totaling LKR 818 Mn and LKR 1.3 Bn respectively, emerged as the key reasons behind the overall reduction in revenue.

Ambeon Holdings as a company recorded a revenue increase of LKR 472 Mn which was a 228% increase when compared to the previous year. This was mainly due to the dividend income received from the respective subsidiaries.

The manufacturing sector of our Group comprising of both the textile and porcelain clusters reported declining revenue levels mainly due to the disruption of work during the months of the lockdown in the months of April to June 2020. The revenue growth of Millennium IT ESP was affected mainly as a result of the external challenges where Tier 1 customers such as Telecommunications, Banks and Manufacturing Companies postponing their Capital Expenditure Budgets in order to manage their liquidity position with the pandemic.

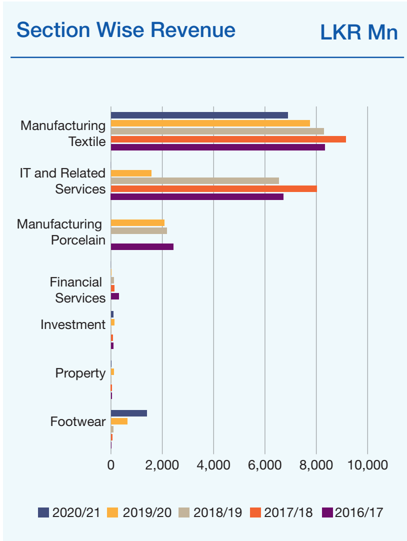


Operating expenses

Administration expenses for Ambeon as a Group recorded an increase of LKR 618 Mn during the financial year reporting LKR 3.4 Bn as at 31 March 2021. This increase is mainly attributable to the provisions made in respect to inventories of the porcelain cluster. Since most European orders were cancelled due to the COVID-19 pandemic, the segment experienced an accumulation of stocks. We believe this to be a one-off event against which the Group made adequate provisions in line with the relevant accounting standards. Accordingly, a provision of LKR 114 Mn was recorded against the inventory held at Dankotuwa while the Royal Fernwood provision amounted to LKR 137 Mn based on the market conditions and age brackets of the stocks.

A further provision of LKR 469 Mn was made towards Ceylon Leather Products Manufactures Limited (CLPM) formerly know as Ceylon Leather Products Distributors Limited (CLPDL). This provision included loan balances receivable, a provision for corporate guarantee and VAT receivables from CLPM. The Company was disposed in October 2019 and at the point of disposal held the above mentioned loan balance. During the year, the Group made a provision against the total amount receivable considering the dormant nature of the business and its inability to repay the loan. The manufacturing arm of Ceylon Leather Products Ltd which was disposed during the previous financial year also held a loan and current account balance at the point of disposal. The Group also made a provision of LKR 70 Mn against the Water Treatement Plant and Inventories of Ceylon Leather Products Limited . Even though this led to an overall hike in administration costs during the year under review, all legacy issues stemming from the footwear segment have been cleared leaving no further balances to be carried forward to the next financial year.

Apart from the specific provisions which amounted to approximately LKR 790 Mn the Group has been able to manage its administration costs satisfactorily.



The Group's selling and distribution expenses amounted to LKR 950 Mn denoting an increase of LKR 67 Mn Mn compared to the previous year. The increase was mainly due to the provision of LKR 332 Mn in relation to potential customer claims made by South Asia Textiles in adherence to a policy decision taken by the Company. Apart from this, the Group has reduced various other selling and distribution costs such as foreign travel, advertising and marketing costs during the said year.

Finance Cost

The net finance costs of the Group reduced to LKR 341 Mn compared to LKR 495 Mn reported in the previous

MANAGEMENT DISCUSSION AND ANALYSIS

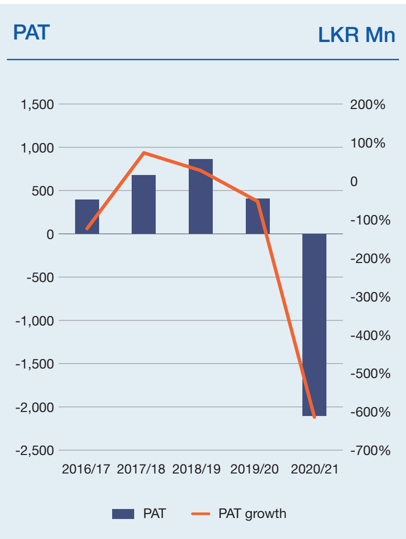
financial year. This was mainly due to the drop in AWPLR and prudent settlement of loans during the said financial year.

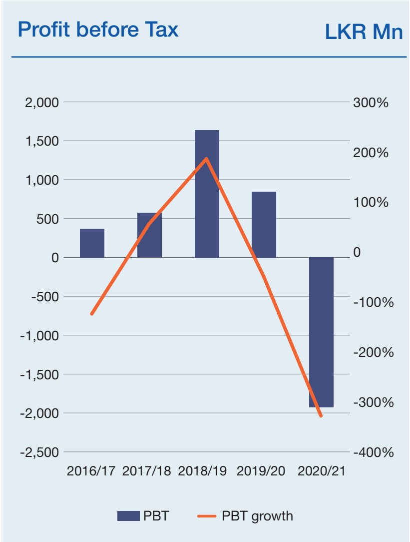
Taxation

The Group recorded an income tax expense of LKR 177 Mn during the year under review, mainly in relation to the tax charged on the profits obtained from the financial services and technology clusters. The Group has complied with all applicable tax regulations issued by the tax authority and contributed LKR 230 Mn as taxes to the government during the year through direct and indirect means.

Net Profit/Loss

The Group recorded a net loss of LKR 2.1 Bn during the financial year 20/21 as opposed to the profit of LKR 409 Mn recorded during the prior year, marking a year-on-year notable decline of LKR 2.5 Bn. This was due to the additional provisions made in the porcelain cluster as well as the discontinued footwear operations as previously described. Additionally, the fair value of investment property recorded a loss of LKR 1.2 Bn during the current year This year-on-year fair valuation impact of LKR 2 Bn has been a key contributory element towards the comparative drop in net profits. However, with the exception of these two factors the Group has been able to record satisfactory performance through its leading contributors: namely the technology and financial services clusters respectively.





Total Assets

Total assets of the Group recorded a minor decrease of 10.79% recording LKR 21.8 Bn as at 31 March 2021 compared to LKR 24.5 Bn as at the end of the previous financial year. This decrease was mainly due to the fair value reduction in investment property as well as the reduction in trade and other receivables.

Current Assets

Current assets of the Group recorded a LKR 1.1 Bn decline during the year under review reporting LKR 11.1 Bn as at year end. This decline was mainly due to the reduction in trade and other receivables which was a result of stringent measures taken by MillenniumIT ESP to collect outstanding receivables from its customers.

Returns to Shareholders

Shareholders' funds reported a contraction of 23%, recording LKR 6.3 Bn during the year under review. Stated capital remained unchanged while retained earnings marked a decline of LKR 2.2 Bn during the year under review. The earnings/(loss) per share was LKR (6) when compared to last years of LKR 0.44.

Total Liabilities

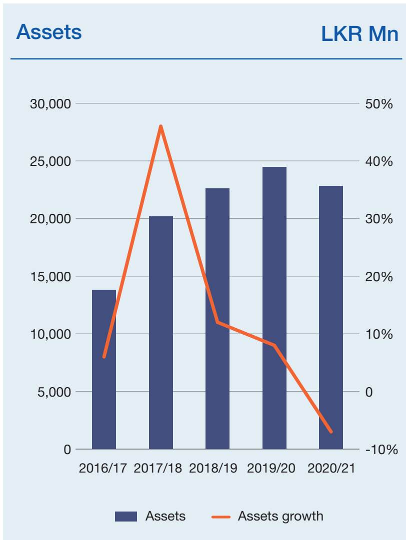
The Group's total liabilities decreased by 5.3% to LKR 13.9 Bn compared to LKR 14.7 Bn of the previous financial year, stemming from the decline in both current and non-current liabilities.

Both long-term and short-term interest bearing borrowings recorded a notable decline during the year due to increased settlements of borrowings through the funds received via more efficient debt collection mechanisms. This is in line with the Company's ambitious target of becoming a zero-borrowings company by the end of the ensuing financial year.

Cashflow

The total net cash used for operating activities was recorded as LKR 3.3 Bn for the period under review. Ambeon Holdings as a Group was able to manage the working capital for this requirement by holding on to payables and collecting receivable during the period.

Cash outflow from financing activities was LKR 3 Bn, which acted as testament to the Group's ability to repay the loan. This enabled the Group to prudently settle some of the borrowings, which were obtained during the previous year. Due to the Pandemic situation based on Management decisions cash flow from investing activities were not highlighted during the period. The net loss of the period and opening cash and cash equivalents was LKR 755 Mn which ended at LKR 286 Mn at the end of the financial year.



MANAGING OUR WORKFORCE

This financial year, we experienced the value of our human resources, not just in terms of journeying through a global crisis but also in terms of adapting to new business conditions and embracing emerging opportunities.

We are indeed proud to state that all health and safety protocols were implemented across the Group while precautionary measures were taken to safeguard our employees and make sure they were provided with the necessary resources to conduct their work in safe and conducive environments. Our factories operated with minimum staff and employees were categorized into distinct groups. Transport arrangements, work roster systems and meal -times were all based on the set categorization to ensure maximum possible prevention of exposure to the virus. Temperature checks, hand washing stations and proper sanitization facilities were implemented as per the guidelines provided by the health authorities while regular PCR and Rapid Antigen testing was carried out among factory staff.

The challenge throughout the year was to maintain operational efficiency at the optimum level within the Health and Safety Protocols and the restrictions on workforce engagement necessitated to counter the pandemic. The challenge in the manufacturing industry was overcome through organization flexibility. The ability to reconfigure and redeploy resources coupled with functional and numerical flexibility achieved through cross functional training of the core workforce and collaboration with stakeholders was the key to success. The speed by which employees were enabled to work remotely, enabled by digitalization propelled the entities in the financial services, technology and real estate industries to measure up to and surmount the challenge.

Overall the resilience displayed by the workforce in adopting to the demands of the business was highly commendable.

MANAGEMENT DISCUSSION AND ANALYSIS

SECTOR REVIEWS

Porcelain Manufacturing Segment

Group Revenue	Group Assets	No of Employees
LKR 2,435 Mn	LKR 4,701 Mn	1,117

Industry review

The local industry has gained recognition as one of the world's leading manufacturers and exporters of high quality, elegant, traditional and contemporary ceramic and porcelain tableware. The wide range of shapes and decoration techniques in tableware display the versatility of the local products which are much sought after.

Operating amidst challenging conditions the country's ceramic and porcelain products experienced a decline compared to the previous year. The United States of America continues to be the main export market for porcelain products followed by Japan and UAE. Owing to the high-quality raw material available in the country, (kaolin, ball clay, feldspar, silica quartz and dolomite) Sri Lanka's porcelain products are renowned for excellent quality and purity of material. However, changing global business dynamics in a post-pandemic era and the advent of new technology creating easier access to porcelain products manufactured worldwide, poses a challenge to the local industry. Additionally, high energy costs incurred during the process of manufacturing and lack of adequate regulations have also impacted the overall industry performance. However, the availability of a highly skilled workforce, efficient management at factory levels, state-of-the-art technology, research and development facilities, high ethical standards and design integrity have continued to place the local industry at an advantage over its other Asian competitors.

Segment overview

The Porcelain Manufacturing Segment of Ambeon Holdings PLC comprises of the Dankotuwa Group including Dankotuwa Porcelain PLC (DPL) and its subsidiary Royal Fernwood Porcelain Limited (RFPL). Commanding an impressive market share of over 50% of the domestic porcelain market, and an equally dominant share in Sri Lanka's export of porcelain products, both companies represent the premium product standard in tableware in over 55 countries – namely UK, USA, Germany, France, Japan, Italy, Poland, UAE, India, Australia, Brazil, Czech Republic, Moldova, Maldives, Switzerland, Mexico, Pakistan, Egypt, Greece, Kuwait, South Africa, Norway, Russia, Ukraine and others.

Upholding the values of its Parent Company, the segment remained committed towards maintaining high ethical standards across all its business functions. Both companies continued manufacturing its products with guaranteed high-quality, conforming to the European and American quality and safety standards. The products are cruelty-free, ensuring all raw materials used for manufacturing are free of animal bone-ash. Consumer health and safety remains a key priority and all products are cadmium and lead free. Additionally, the segment also offers products that are microwave safe, scratch-proof, dishwasher friendly and light in weight.

During the first quarter of the year with the mobility restrictions imposed in the country, factory operations were brought to a halt. This created a low-level impact to domestic sales as retail outlets remained closed especially during a time in which sales generally increase with greater consumer demand for New Year gifting. However, once the lockdown restrictions were gradually lifted in mid-May 2020, the sector began operating in a limited capacity with strict adherence to the health and safety guidelines imposed by the local Health Ministry as well as the World Health Organization. With the government taking measures to restrict non-essential imports with the view of safeguarding the national economy, the local porcelain industry stood at an advantage allowing the business segment to increase its brand presence in the local market.

DANKOTUWA
World-class tableware
AN AMBEON COMPANY

About Dankotuwa Porcelain PLC

Incorporated in 1984, Dankotuwa Porcelain PLC (DPL) is a premier porcelain manufacturer in Sri Lanka. Holding over three decades of expertise in porcelain design and manufacture, Dankotuwa has gained both local and global recognition as a manufacturer of high-quality porcelainware, which is timeless, elegant and crafted to perfection.

Today the Dankotuwa name stands synonymous with brilliant whiteness and pristine beauty. All products are manufactured according to the requirements of ISO 9001:2015 and exported to meet CTPAT certification requirements and are free of lead, cadmium and animal bone ash. The Company's signature showroom is situated at Guilford Crescent, Colombo 7, with five other showrooms available in key locations across Colombo and Negombo. The Company's advanced manufacturing facility is located in the town of Dankotuwa and has a capacity to produce approximately 4.2 Mn porcelain products per annum.

Strategic focus and financial achievements

During the year under review, the main focus of the Company was on maintaining its dominant position in the local market while pursuing new and exciting export market opportunities. DPL succeeded in securing new international customers while also reviving some of its older business partnerships. Customer centricity continued to be of paramount importance and accordingly the Company's strategic focus was geared towards continued diversification of its product range catering to the evolving needs and tastes of customers and achieving greater operational efficiencies. The Company also improved its online market presence and targeted customers who had the flexibility and technical resources to support online sales while simultaneously taking necessary measures to maintain the digital marketing initiatives introduced during the previous years. Further investments were made in the planned technological developments including the automation of certain internal processes aimed towards increasing the productivity and overall efficiency of operations.

The Company recorded a topline of LKR 1.5Bn during the year under review marking an increase of 14% against the previous financial year. Export revenue grew by 45% with the addition of a new international client- CIERA MICRO. Domestic revenue however experienced a decline of 10%. This was mainly due to the reduced contribution from the dealer sales segment which was impacted by the mobility restrictions imposed subsequent to the 2nd and 3rd waves of the pandemic. Operational expenses marked an increase of 10% during the year with commission costs rising in correlation with the increase in export sales. Despite better sales, the Company ended its financial year with a net loss of LKR 170 Mn mainly due to the inventory provision, and the decline in the fair value gain of investment property and subsidiary valuation by 85% and 95% respectively.

Key Developments

Enhanced presence

Amidst challenging conditions Dankotuwa maintained its dominant position in the domestic industry strengthened by its strategic partnerships with key retailers and dealerships. The Company also succeeded in building new international partnerships recording a remarkable year-on-year growth of 45% in export revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

Process optimization

The Company continued its process optimization efforts during the year with the main focus being on better management of working capital and inventory. These efforts resulted in better use of raw materials, reduced wastage and improved productivity.

Digitalization

Taking a step towards embracing the theme of 'Digital Dankotuwa' the Company successfully launched e-commerce platforms through several online service providers such as Kapruka.lk, Brands of Ceylon and Orel buy. Additionally, the Company also continued its process automation drive, aimed towards achieving greater production efficiencies while reducing wastage experienced through human error.

Way forward

The segment hopes to retain its focus on implementing more effective controls aimed towards optimizing inventory levels, cash management, debtor controls and waste management. Greater emphasis will be placed on the automation of processes and systems and fostering a leaner production environment to achieve better quality and product standards. Employee well-being will be given precedence in support of the global drive to curb the spread of the pandemic and special measures will be taken to boost the morale of workforce. Expanding the global footprint will continue to be a priority as the Company strengthens its position as a world class porcelain brand.

Royal Fernwood Porcelain
AN AMBEON COMPANY

About Royal Fernwood Porcelain Ltd

Royal Fernwood Porcelain Limited (RFPL) was incorporated in 1994 to manufacture and export high quality Sri Lankan porcelain products to global markets. Commercial production commenced in 1997 with the first export order to the United Kingdom. RFPL was then acquired by Dankotuwa Porcelain PLC in 2013.

Today, RFPL enjoys a global reputation in the porcelain tableware industry as a reliable supplier to leading porcelain brands in Europe, Japan, Australia, Middle East, Scandinavia, and USA. The Company is reputed for its vibrant and youthful designs, that include in-glaze, on-glaze, under-glaze, hand painted, etching and microwave-safe products. Currently the Company offers twelve main body shapes namely; Oxford, Princeton, Sofia, Helsinki, Coupe, Margia, Sunil, Colorado, Margo, Romantica, Dima and Maria. Key clients include premium household brands such as Debenhams, Portmeirion, Oneida, House of Fraser, John Lewis, Jashanmal, Jumbo Retail, Joules, Crate & Barrel, Country Road, Laduree, Tchibo, Lenox, Notneutral, XXX Lutz, Porsgrund, Fischer, Ritzenhoff, Migross, Ripley, Thun, Yalco, Narumi, El Corte Ingles, Berghoff, Weissesstal, and Galeria Kaufhof.

RFPL's manufacturing facilities are situated in Kosgama, approximately 35 kilometers from the Colombo Port. Comprising of a floor area of over 15,000 square meters, the factory operates using technologically advanced machinery from Netschz Gmbh- Germany, Drayton Kilns Co. Ltd.-UK, and Kajiseki (Takahama) and S.K.K.-Japan. Utilizing modern methods of production, the factory has the capacity to produce over 6 Mn porcelain products annually.

Strategic focus and financial achievements

The Company maintained its focus on capitalizing new growth opportunities and continuing to capture the attention of customers across the globe. Given that 50% of RFPL's international market share is directed to USA, 25% to Europe, 10% to the Middle East and the balance to other regions the Company remained greatly attentive towards market changes triggered by the pandemic. However, despite the volatile business and economic conditions, Royal Fernwood Porcelain Ltd displayed satisfactory performance, emerging stronger and better equipped towards grappling future challenges.

As factories remained closed during the start of the financial year the Company experienced a drop in production and sales. Learning from the experiences gained during the first quarter, the Company swiftly regained its momentum, efficiently and effectively adapting to the 'new normal' once the travel restrictions were lifted. During this period, the Company managed its operations with a shortfall of around 100 employees which in turn fostered a multi-skilled employee base, emphasizing the level of commitment and dedication displayed towards ensuring smooth business functionality. The Company remained resilient and fell back to its usual rhythm, achieving 100% production capacity and fulfilling all orders and despite the on-going pandemic, was able to create renewed hope for the upcoming year.

The Company was able to manage its topline at the same level despite the impact of Covid'19 pandemic. Domestic market revenue stood at LKR 367Mn as opposed to LKR 269Mn reported during the last financial year, denoting a growth of 36.3%. Export revenue declined by 14.6%, recording LKR 555 Mn compared to the previous year's total of LKR 649Mn. However, despite the growth in revenue, gross profit marked a decline of 45.7% amounting to LKR 200Mn for the year under review mainly as a direct result of higher costs incurred in relation to inventory movements.

Key Developments

Enhanced presence

The challenging pandemic environment did not appear to be an inhibiting factor towards carrying out the planned product and market expansions. While expanding its presence in the local market, RFPL succeeded in securing new international business partnerships from UK, Belgium, UAE, Italy, Malaysia, Australia and Sweden.

Royal Fernwood Porcelain is the exclusive suppliers of fragranced candles for EMBR - UAE, while the Company started supplying two new designs developed by Little Bird Studio for Capodimonte, Italy. Royal Fernwood also become a registered tableware supplier and started supplying the first range Hayden to Next which is one of the largest retail chains in UK. The Company further manufactures products for BergHOFF, an international brand with a presence in 60+ countries, Wheel & Barrow, an Australia Chain specialized in Cookware and Tableware market, Shoppers Stop, an Indian department store chain, with 86 stores across 40 cities in India and LSI sourcing, a Sweden based sourcing company specialized in building products to Nordic brands such as Nestle, Arvid Nordquist and Waynes Coffee. Royal Fernwood is closely working with LSI to develop its presence in the Nordic region.

Innovative products

Amidst the pandemic, the Company was able to launch innovative products to both the local and global markets. Catering to global trends, Royal Fernwood was able to develop porcelain products with the raise decal, a technique that gives products the embossed effect on surface. Actual terra cotta products using local clay was also developed during the period. These products were customized using inner glazes of choice to suit the requirements of customers. New matt glazes in organic shapes which gives an artisanal look for fine porcelain was developed for Country Roads,

Another prominent development of Royal Fernwood was the launch of Tea Infuser mugs. This 2 in 1 easy to use Tea Infuser contains a chamber inside and will brew the tea leaves to the optimum level.

High-end Candle Holders are exclusively manufactured for EMBR fragrances in UAE. These infinite gold and silver designs gives a rich look for the candle holders.

Enhancing its capabilities and expanding its offering by producing non tableware related products to precision. Royal Fernwood manufactured a very delicate and important engineering component – the heater insulator for Rakon Limited, New Zealand, a global high technology organization that is in the forefront of enabling connectivity and communications by designing and manufacturing world leading frequency control solutions. The heater insulator which was manufactured by Royal Fernwood to precision is said to be used in the temperature chamber, which is capable of handling varying temperatures from -60°C (minus 60 degrees Celsius) to 120°C (120 degrees Celsius) and heating is done with three phase electricity. The heater insulator is used for holding heater coils in place and can thus withstand high heat applications

Way forward

Given the volatility in the business arena during the year under review, no significant new investments were channelled into the Company. However, with the Company adapting to the new business landscape and given the emphasis that it has already placed on leveraging technology to enhance its productive capabilities, the year ahead will most likely see an increase in such investments. Accordingly, renewed focus will be placed on further optimization of processes, operations and costs. Similarly, the Company will continue to implement strategies to further reward the outstanding efforts of its team, in order to retain its valued employees and improve recruitment opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS

SECTOR REVIEWS

Technology Segment

Revenue	Gross Profit	No of Employees
LKR 6,722 Mn	LKR 1,961 Mn	407

Industry review

The industry as a whole remained one of the most resilient both locally and globally, demonstrating immense potential for growth and innovation as the world embraced a culture of digitalization in keeping with the new social distancing norms. As more and more companies accelerated the adoption of technological solutions to improve their agility and flexibility, increase automation, and move to more real-time operations, the industry received a huge boost and this momentum is expected to continue to the upcoming year.

Although Telecommunications Infrastructure played a vital role, particularly under the working-from-home and learning-from-home arrangements adopted by most workplaces and educational institutions in response to the COVID-19 pandemic related restrictions, the Telecommunications Sector dropped by 14% during the financial year 2020/21. This has been a result of most Telecommunications companies having delayed their implementations.

However, since the demand for IT enabled services including e-commerce and digital platforms that connect and ensure continuous functioning of businesses, governments and societies increased, IT programming consultancy and related activities recorded a healthy growth in the financial year 2020/21. Software Application and Data business units have grown by 57% and 63% respectively as customers moved to cloud based IT application solutions, which have been more affordable with the curtailed budgets of the pandemic period.

With over 300 ICT companies currently in operating in Sri Lanka, the sector is expected to achieve substantial growth in the ensuing financial year.

Segment overview

The technology cluster of Ambeon Holdings comprises of Eon Tec (Pvt) Ltd. and its subsidiary Millennium I.T.E.S.P. (Private) Limited (MillenniumIT ESP). Established in 1996 and ranked among Sri Lanka's leading Information Systems solution providers, MillenniumIT ESP was acquired by Ambeon Holdings in 2017. Since its inception, MillenniumIT ESP has played a pivotal role in uplifting Sri Lanka's ICT industry to be on par with global standards, thereby earning a well-deserved reputation as one of the premier systems integrators that offers an extensive variety of ICT products and solutions to both local and global markets. The Company marks its presence across a wide range of sectors including banking and financial services, telecommunications, healthcare and public sectors, apparel, and other leading conglomerates.

Despite the challenges stemming from the after-effects of the April 2019 Easter Sunday attacks as well as the pursuant global pandemic, the sector marked a year of significant growth. With the exception of a few minor delays in specific projects during the beginning of the year where the segment faced certain difficulties in reaching customers and the high level of uncertainty arising from the lockdown conditions imposed in the country, the Company managed to sail through the year quite smoothly across all major sectors it operates in. During the second half of the year, with business operations falling back on track the Company's performance exceeded expectations, enabling the technology cluster to end the year on a positive note.

Paramount importance was placed on ensuring the health and safety of our employees, our key value drivers. With the emergence of the COVID-19 pandemic in the country, in March 2019 the Company adopted a work-from-home approach enabling all staff to operate from the safety of their homes. With the gradual easing of the country-wide curfew a limited number of staff reported to office under stringent health and safety protocols. Operating under the work-from-home model, the Company made sure all employees were equipped with the necessary infrastructure including high speed internet connectivity, supporting smooth and uninterrupted workflow and business continuity.

Strategic focus

During the year under review, MillenniumIT ESP continued to aggressively pursue growth opportunities and remained even more focused on meeting the needs of its clients, in alignment with the Company's broader strategy of delivering best in class IT solutions. To keep pace with the rapid changes and developments in the technology sphere, the Company continued to invest sufficiently to ensure that its software harnesses the latest innovations, providing purpose driven solutions to all its clients. Outlined below are the key strategies adopted by the Company during the year, in line with its vision to develop winning solutions and achieve exponential growth.

Corporate Restructuring

With massive potential emerging in the market, the Company took bold strides to restructure the business and reposition itself to drive better performance and gain greater market dominance and competitive advantage. Throughout the second half of the year, the Company's main strategic focus was on repackaging the entire business. Building on the experience gained over the past two and a half decades and the skills and competencies of the workforce, the Company has rebranded itself as more of a 'Complete Enterprise Solutions Provider' from its previous stance as a 'Systems Integrator'. Along these lines, the Company has repackaged itself into seven different core technology units - Core Infrastructure, Cloud, Cyber Security, Enterprise Applications, Intelligent Automation and Data, Smart Buildings, and Managed Services, catering to varying technology spectra and gaining recognition as a complete enterprise technology solutions provider. Additionally, internal title and structures changes, improved incentive models, strategic hires, and leadership restructuring were key focus areas which were addressed during the year under review to improve the overall business productivity and efficiency.

Global presence

The Company continued to determinedly pursue growth opportunities in the global arena. Through its presence in Singapore, MillenniumIT ESP aims to heighten its reach in the Asian market and also augment into the SAARC region through its planned expansion to Maldives.

Sector Focus

During the year, the Company increased its industry outreach which previously revolved mainly around telecommunications, banking and the strategic sector. Increased interest was displayed towards linking the media aspect into telecommunications and also expanding from banking to non-banking financial institutions, insurance and capital markets. Minimal investments have been made thus far in the public sector, but the Company hopes to aggressively pursue some of the upcoming projects and increase its footprint in this segment as well. Manufacturing and retail showed remarkable promise during the year and thus the Company hopes to invest further in this industry as a part of its growth trajectory. Greater focus was also placed on the commercial sectors such as leisure, education, healthcare, logistics and transportation, IT and BPO companies, and other conglomerates, incorporating a flexible and versatile approach with the structural agility to incubate new sales and technology units to new areas demonstrating potential advancement.

Financial achievements

Commencing the year under a high level of uncertainty, greater emphasis was placed on how best to control the operational expenditure, capital expenditure and secure sufficient liquidity to support the daily business operations. Equipped with a versatile and energetic team with a relentless focus on supporting the organization's goals, the Company was able to record stellar performance amidst challenging external conditions.

The Company recorded a topline of LKR 6.7 Bn during the financial year 2020/21 as opposed to LKR 8 Bn recorded in the previous year, marking a decline of

MANAGEMENT DISCUSSION AND ANALYSIS

16% with the Telecommunication and Banking Sector being the key revenue contributors having contributed 37% and 19% respectively. In terms of technology units, Core Infrastructure contributed approximately 78% towards the Company's revenue while Enterprise Applications followed with a contribution of 13%. Gross Profit stood at LKR 1.9 Bn recording a marginal year-on-year decline of 11%. With the implementation of strict controls to monitor operational expenses throughout the year and reduced recruitment, training, foreign travel, and marketing costs, the Company was able to maintain its overheads at an optimum level. Additionally, aggressive debtor collection strategies were introduced to ensure efficient follow up of receivables with the receipts being directed towards the settlement of outstanding borrowings. These settlements coupled with the declining market interest rates led to a reduction in financial costs. Accordingly, the Company recorded a Profit Before Tax of LKR 585 Mn surpassing its budgeted numbers, ending the year with a commendable bottom line of LKR 502 Mn.

Overall, the prudent approach adopted by the Company from the inception of the year led to better than anticipated overall performance.

Key developments

With the internal restructuring activities that took place during the second half of the year, the Company repositioned itself for better growth. Amidst this transformation process, the Company forged ahead with its spirit of innovation, successfully introducing new product solutions as outlined below.

New products

HEALTHVISION

A Remote Patient Management System

A web-enabled, mobile responsive, intuitive platform for medical personnel to connect with their patients remotely. This latest solution enables them to connect with their patients from a remote location, record their details regarding health and safety risks through guided questionnaires, capturing of their facial expressions and symptoms through video and voice facility, medical history, etc., and enables continuous communication on a daily basis to ascertain the status of their patients' health.

BANKVISION

An Integrated Approach to Digital Banking

A web and mobile enabled digital platform designed to connect Banks with new customers for remote identity verification, digital onboarding and Electronic Know Your Customer (e-KYC) processes. Its built-in digital technologies, including Artificial Intelligence (AI) based video analysis, image recognition and automation technologies, improve the efficiency of the processes with the added flexibility of facilitating manual overrides when required.

BankVision also provides functionalities to maintain a continuous engagement with bank customers and facilitate the otherwise tedious processes and regulatory demands of Customer Due Diligence (CDD). As an enhanced feature, the e-KYC process is optimized with an AI based Optical Character Recognition (OCR) supported by a rating engine to ascertain risks, while CDD is augmented with a rules engine to notify customers and maintain up-to-date data.

A legacy of 25 years

The Company marked its Silver Jubilee in January 2020. In commemoration of this celebratory milestone, the Company organized a hybrid town hall event that was attended virtually by the members of staff, partners and clients, with a selected few being invited to attend the physical event held at head office following all COVID-19 guidelines and precautionary measures. In addition, the wider public and their larger ecosystem were given the opportunity to join the festivities online through live streaming via the Company's official YouTube channel.

Way forward

COVID-19 has encouraged the rapid acceleration of a series of trends which were pre-existing in the industry, transforming the way the entire world works. Heightened global reliance on technology and exponential growth in demand for digital solutions has paved the way for a multitude of opportunities in the technology industry. Responding to the growing needs and in line with its vision and values, MillenniumIT ESP will continue to improve its business outreach, providing innovative, agile and future ready technology solutions across multiple industries enabling efficient management of business processes in an ever-evolving global landscape.

SECTOR REVIEWS

Financial Services Segment

Revenue	Gross Profit	No of Employees
LKR 305 Mn	LKR 305 Mn	34

Industry review

Aided by an accommodative monetary policy stance that prevailed during the year, the financial service activities and auxiliary financial services grew by 10.9% in 2020 compared to the 2% growth recorded in 2019. The gross loans and advances in banks and non-banking financial institutions grew in 2020 alongside a notable growth in deposits as well.

Segment overview

In February 2018, the Group acquired the financial services cluster previously held under Ambeon Capital PLC, effectively bringing the sector under the newly formed entity, Taprobane Capital Plus (Pvt) Ltd. Taprobane Capital Plus provides financial services to a long-established network of clients incorporating robust corporate governance practices and strict adherence to regulatory standards. The Company has gained recognition as a boutique financial services provider with a wealth of experience in fixed income and strategic investments. As the financial arm of the Ambeon Group, the Company manages fixed income, while also providing treasury and strategic financial services to the Group and is also engaged in stock broking and money broking via its wholly owned subsidiaries Taprobane Securities (Pvt) Limited and Taprobane Investments (Pvt) Limited.

Headed by a competent team accounting for over 20 years of experience in the equity market, Taprobane Securities cater to retail and institutional clientele in the local market and is one of the few profitable stockbrokers operating on a lean cost-efficient structure.

Taprobane Investments caters to the B2B market mainly in the banking and financial services industry and has over the years built long-standing relationships with established clients.

The segment sailed through rough waters during the year with the COVID outbreak creating a high level of uncertainty and volatility in the global and local economic arena. The Colombo Stock Exchange was inactive for 7 weeks from the start of the fiscal year due to COVID-19 lockdown measures and witnessed high volatility post its re-opening on 11th May 2020. The ASPI dipped to 4,247.95 on 12th May 2020 due to panic selling by investors and switching to safe havens such as government securities and fixed deposits. However, subsequently the market witnessed a record breaking rally which peaked to an all-time high of 8,812.01 points on 27th January 2021. Despite the volatile conditions, the sector demonstrated steady growth backed by effective customer and portfolio management.

MANAGEMENT DISCUSSION AND ANALYSIS

Strategic focus and financial achievements

Heightened focus was placed on strengthening the research arm of the segment with the aim of embracing a more technology enabled business culture. More and more companies advancing their technology solutions in leaps and bounds and accelerated customer demand for digital products and services in a post pandemic backdrop has spurred the focus of the Company towards research and implementation of more advanced digital solutions.

Additionally, the business segment is focused more on advisory roles in corporate deals anticipating high activity in the equity and debt markets given the prevailing low interest rate environment and high number of new issuances in the equity market.

The segment recorded LKR 153 Mn in profit after tax during the year under review, strengthened by the stability in the money broking business and significant improvement in the stock brokering business.

The stock broking segment recorded an increase of 488% in revenue compared to the previous financial year. This commendable topline performance was triggered through the unprecedented turnover witnessed in the CSE during the year, driven by the low interest rate environment, high corporate earnings due to the ban on imports and new local retail clients entering the market. The market share of Taprobane Securities increased during the year to 2.60% with active clients increasing to 795 with the implementation of a new digital interface for new client registrations with the support of the Colombo Stock Exchange and Securities and Exchange Commission.

The money broking segment experienced a challenging year and despite such conditions, i.e., an inactive forex market which impacted the revenue as well as the market position, the company remained resilient claiming an average market share of 30% in the bond trading segment, positioning itself as one of the top three players in the overall market.

Key Developments

During the year, the segment worked towards expanding the business and strengthening its resources with the addition of new and experienced recruits able to create more sustainable value. With the pandemic exposing limitations and areas for improvement in the digital space, the segment efficiently embraced new technology equipping itself with fully automated online sales, purchase and settlement functions and designed and implemented both ATrad OMS and ATrad BBO systems to support “Working from Home”. Thus, while ensuring the safety and well-being of the workforce the Company was also able to provide customer friendly digital solutions aimed towards improving customer convenience and overall customer experience.

Way forward

Looking ahead, we expect the low interest rate regime to prevail in the near future, but trend upwards during the latter part of the year with the anticipated recovery of the overall economy. While being mindful of external BOP pressures of the economy, financial services segment stands well positioned to benefit from the volatility and high volumes anticipated in the capital markets. Encouraged by this positive outlook, the segment is exploring new opportunities to venture in the Fintech industry. The Company is also planning the initiation of a fund management endeavor for the investment of excess cash in the group and expand for participation of external clients.

SECTOR REVIEWS

Real Estate Segment

Current Assets
LKR 882 Mn

Non Current Assets
LKR 622 Mn

No of Employees
04

Industry review

The industry as a whole operated under a cloud of uncertainty with potential investments being delayed due to the volatility of the country's economy. The impact of the Covid-19 pandemic was felt across all real estate classes, with the most severe impact being on the hospitality and retail sectors. With social distancing regulations in place, consumers were compelled to shift their buying habits towards online platforms during the year. Prior to the pandemic consumers were already shifting their spending away from physical stores and with the outbreak of the pandemic this trend sharply accelerated. These shifting consumer trends coupled with the drop in tourism and reduction in domestic retail spending on non-essential goods created a significant impact on the retail stores and malls.

The outbreak also placed additional pressure on the office space market and rental growth suffered as a result of low economic activity. With organizations adopting remote work cultures, a rise in co-working spaces and flexible office spaces was seen during the year.

The impact on residential real estate was not as severe as the retail and hospitality segments but faced certain challenges due to complexities in arranging sales visits and property inspections. Additionally, concerns surrounding the risk of virus transmission in common spaces of highly dense buildings and gated housing developments have also surfaced, impacting the purchasing decisions of buyers.

Segment overview

Colombo City Holdings PLC
AN AMBEON COMPANY

The real estate segment of the Group, Colombo City Holdings (CCH), formerly known as the Colombo Pharmacy, is a 100-year-old company listed on the Colombo Stock Exchange. Having ventured into real estate management in July 2013, the organization was subsequently renamed Colombo City Holdings PLC. In January 2019, the Company acquired Lexinton Holdings (Pvt) Ltd., further strengthening its real estate portfolio as the Group's Head Office building located in Colombo-08 also came under the CCH umbrella. Today, CCH is poised to embrace high growth opportunities and provide superior return to its various stakeholders.

Strategic focus and financial achievements

2020 was a year of overcoming challenges and traditional work models, to regain business momentum. Thus, the key focus was to maintain the stability of business operations while keeping an eye out for potential avenues of future expansion and changing market trends. As the phase-

MANAGEMENT DISCUSSION AND ANALYSIS

by-phase development of Port City continues, foreign investment in Sri Lanka's real estate market is set to rise, paving way for the country to become a global business hub and positioning Sri Lanka as a premier regional destination for real estate and housing. Leveraging its rich heritage of over 100 years, the Company is geared towards making prudent and strategic investments to upscale itself from being a rental property holder to a modern property developer.

Revenue of Colombo City Holdings as a Company for the year ended 31 March 2021 stood at LKR 12 Mn, denoting an increase of 15% compared to the previous year. However, the Company recorded a loss of 308 Mn due to the fair value losses experienced in investment property Reductions in maintenance costs and various other costs control measures led to favourable reductions in direct costs as well as administration costs. Finance income recorded a decline of 20% mainly due to the prevailing low interest rates. Additionally, the revision to the intercompany borrowing rates, in line with the commercial bank lending rates reduced the interest income received from lending activities.

Colombo City Holdings as a Group recorded a revenue of LKR 56 Mn which marked a marginal decline of 8% in comparison to LKR 61 Mn reported in the preceding financial year. This was mainly due to the reduction in demand for rental spaces due to the pandemic situation and most organizations adapting to the 'new normal' mode of work. The Group reported a loss of LKR 306 Mn which was mainly due to the significant erosion in the fair value of the investment property located at Union Place.

At the time of compiling this report, amidst the negative market conditions which followed due to the pandemic situation, CCH was successful in disposing the said investment property for a consideration of LKR 575Mn. This proceeds will be invested prudently for higher returns in the subsequent years.

Key Developments

The Company adopted a conservative stance in pursuing its goals in real estate during the year under review due to the high level of macro-economic uncertainty prevailing in the country. Although avenues to strengthen its presence in the real estate market were explored, the Company remained rather prudent and did not pursue any new development activities during the year.

In addition to relying on rental income, CCH also depends on its interest income as both rents and interests contribute towards its streams of revenue. Low interest market scenarios like what currently exists does place substantial burden on the Company's performance. However, CCH continues to monitor its macro and micro environment and strategies are implemented to reduce or mitigate the negative impact these factors have on the business.

Way forward

As the country grapples with a third wave of the pandemic, the depth of the economic impact on the real estate sector still remains blurry. Presently the city of Colombo is experiencing new developments with the advent of the Port City and various skylines. In addition, the prevalent low interest rate environment is bound to create more traction in real estate as an attractive investment opportunity. The Company will continue to be vigilant, evaluate its existing portfolio and diversify in short term and long term investments where necessary to be competitive and relevant in the 'new normal' business environment.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

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

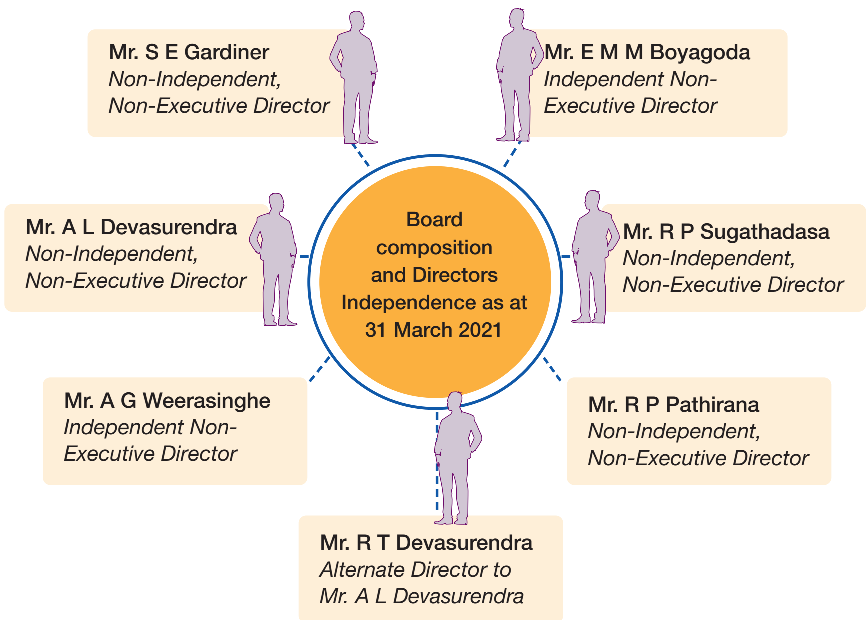
We at Ambeon Holdings PLC is committed to Corporate Governance practices relying on a comprehensive system of internal controls and best practices to achieve this objective. The Company is in compliance with the Continuing Listing Rules of the Colombo Stock Exchange (CSE), Companies Act No. 7 of 2007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

The Board

The Board of Directors takes responsibility for good Corporate Governance of the Company. The Board sets out the Company's strategic direction, oversees business and connected affairs of the Company, and also formulates the policy framework for the Company. As at 31 March 2021, all Directors were Non-Executive Directors, of which two (02) are Independent Non-Executive Directors. Independent Directors meet the criteria set out in the CSE Listing Rules for "independence". Annual declarations are obtained from Non-Executive Directors and submitted to the Board. The Board represents extensive industry expertise. Profiles of the Directors are given on pages 15 to 16.

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.



Responsibilities of the Chairman and the CEO

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

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

Chairman	Managing Director/CEO
Responsibility for Board	Executive responsibility for running the Group's business
Provide Leadership to the Board	Implement policies, strategies approved by the board
Efficient Organization and conduct board functions	Develop business plans, budgets
Encourage effective relations amongst Board members	Make recommendations to the Board
Financial risk	Malfunctioning of critical machinery
Macro-economic risks	Lack of engagement

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

Board Meetings and attendance

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

pandemic situation which prevailed during the year prevented the Board from meeting as planned. However a total of three physical Board Meetings via online platform were held during the financial year and matters which required approval of the Board were obtained by Circular Resolutions. The attendance at Board meetings during the year are given below:

Name of the Director	Attendance
Mr. S E Gardiner	3/3
Mr. A L Devasurendra	3/3
Mr. A G Weerasinghe	3/3
Mr. R P Sugathadasa	3/3
Mr. E M M Boyagoda	3/3
Mr. R P Pathirana	3/3

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

Directors' Remuneration

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

Shareholder Relations

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

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

Accountability and Audit

From a financial reporting perspective, the Board believes that independent verification is necessary to safeguard the integrity of the Group's accounting and financial reporting. The Board aims to provide and present a balanced and understandable assessment of the Group's position and prospects. Therefore, the Board has established a formal and transparent process to independently verify and safeguard the integrity of the Group's accounting and financial reporting and internal control systems which are periodically reviewed and monitored to ensure effectiveness.

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

Board Sub-Committees

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

CORPORATE GOVERNANCE

Board Sub-Committee	Areas of oversight	Composition	Further information
Audit Committee	• Financial Reporting • Statutory compliance • Internal controls and Risk Management • Internal and External Audit	Three Non-Executive Directors	Audit Committee report presented on pages 48.
Remuneration Committee	• Assist the Board on succession planning • Determine the rewards strategy • Make recommendations to the Board on rewards and remuneration of executive and non-executive directors	Three Non-Executive Directors	Remuneration Committee report on pages 49.
Related Party Transactions Review Committee	• Review related party transactions • Ensure that interests of shareholders are taken into account when entering into a transaction	Two Non-Executive Directors	Related Party Transactions Review Committee report on pages 50.

Institutional Shareholders and Investing/Divesting Decision

The Board encourages shareholders to participate at Annual General Meetings (AGM) and make effective dialogue with the Board and use their voting rights. Shareholders are free to raise any queries on agenda items listed in the notice of AGM. In addition, the Board is also conscious of its relationship with all stakeholders including the community within which its group operates with sustainable practices.

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

	Requirement	Remarks
a)	Names of persons who during the financial year were Directors of the Entity	page 51.
b)	Principal activities of the entity and its subsidiaries during the year, and any changes therein.	pages 68 to 69.
c)	The names and the number of shares held by the 20 largest shareholders of voting and non-voting shares and the percentage of such shares held	pages 143 to 144.
d)	The public holdings percentage	page 142.
e)	A statement of each Director’s holding and Chief Executive Officer’s holding in shares of the Entity at the beginning and end of each financial year	page 143.
f)	Information pertaining to material foreseeable risk factors of the Entity.	page 43 to 47.
g)	Details of material issues pertaining to employees and industrial relations of the Entity.	page 53.
h)	Extent, locations, valuations and the number of buildings of the Entity’s land holdings and investment properties.	page 145.
i)	Number of shares representing the Entity’s Stated Capital	page 53.
j)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings.	page 142 to 144.
k)	Financial ratios and market price information	page 7 and 142.
l)	Significant changes in the Entity’s or it’s subsidiaries fixed assets, and the market value of land, if the value differs substantially from the book value.	page 88 to 94.
m)	Details of funds raised through a public issue, rights issue and a private placement during the year.	N/A
n)	Information in respect of Employees Share Ownership or Stock Option Scheme	N/A
o)	Disclosures pertaining to Corporate Governance practices in terms of Rule 7.10.3, 7.10.5 C, and 7.10.6 C of Section 7 of the Listing Rules of the CSE	page 39 to 42.
p)	Related Party Transactions exceeding 10% of the equity and 5% of the total assets of the Entity as per the audited financial statements, whichever is lower.	page 132.

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

Section	Requirement	Compliance Status	Remarks
7.10.1 (a)	The Board of Directors of a Listed Entity shall include at least two Non-Executive Directors or such number of Non-Executive Directors equivalent to 1/3rd of the total number of Directors whichever is higher.	Complied	All Directors are Non-Executive Directors
7.10.2 (a)	Two or 1/3rd of the Non-Executive Directors appointed to the Board of Directors, whichever is higher shall be 'independent'.	Complied	Out of the Non-Executive Directors, two are independent.
7.10.2 (b)	The Board shall require each Non-Executive Director to submit a signed and dated declaration annually of his/her independence or non-independence against the specified criteria	Complied	Non-Executive Directors have submitted their confirmation of independence as per the criteria set out by the CSE Rules.
7.10.3 (a)	The Board shall determine annually as to the independence or non-independence of each Non-Executive Director based on such declaration and other information available to the Board and shall set out in the Annual Report the names of Directors determined to be 'independent'.	Complied	The Board has made such determination and the basis for determination of 'Independence' is in line with the definition of the CSE Regulations in force.
7.10.3 (b)	In the event a Director does not qualify as 'independent' against any of the criteria set out in the regulation but if the Board, taking into account all the circumstances, is of the opinion that the Director is nevertheless 'independent', the Board shall specify the criteria not met and the basis for its determination in the Annual Report.	Complied	Non-Executive Directors have declared their independence or non-independence.
7.10.3 (c)	The Board shall publish in its Annual Report a brief resume of each Director on its Board which includes information on the nature of his/her expertise in relevant functional areas.	Complied	Profile of each Director is given on pages 15 and 16 of the Annual Report
7.10.3 (d)	Upon appointment of a new Director to its Board, the entity shall forthwith provide to the Colombo Stock Exchange a brief resume of such Director for dissemination to the public.	Complied	Whenever there is a new Director appointed to the Board, disclosure is made to the Colombo Stock Exchange together with his/her brief resume.
7.10.5 (a)	The Remuneration Committee shall comprise of a minimum of two Independent Non-Executive Directors (in instances where an Entity has only two Directors on its Board); or of the Non-Executive Directors a majority of whom shall be independent, whichever shall be higher.	Complied	Composition of the Remuneration Committee is given on page 49 of the Annual Report under Remuneration Committee Report.
7.10.5 (b)	The Remuneration Committee shall recommend the remuneration payable to the Executive Directors and Chief Executive Officer of the Listed Entity and/or equivalent position thereof, to the Board of the Listed Entity which will make the final decision upon consideration of such recommendation	Complied	Remuneration received by the Directors is set out in Note 34.2 to the Financial Statements on page 131.
7.10.5 (c)	The Annual Report should set out the names of the Directors comprising the Remuneration Committee, contain a statement of the remuneration policy and set out the aggregate remuneration paid to Executive and Non-Executive Directors.	Complied	The names of the Directors of the Remuneration Committee are set out on page 49 of this Report.

CORPORATE GOVERNANCE

Section	Requirement	Compliance Status	Remarks
7.10.6 (a)	The Audit Committee shall comprise of a minimum of two Independent Non-Executive Directors (in instances where an Entity has only two Directors on its Board); or of the Non-Executive Directors a majority of whom shall be independent, whichever shall be higher.	Complied	The Audit Committee consists of two Independent Non-Executive Directors and one Non-Independent Non-Executive Director. Report of the Audit Committee is given on page 48 to the Annual Report.
	The Chief Executive Officer and the Chief Financial Officer of the Listed Entity shall attend Audit Committee Meetings.		The General Manager-Finance attends the Audit Committee Meetings by invitation.
	The Chairman or one Member of the Committee should be a Member of a recognized professional accounting body.		Out of the three members, one member is from a recognized professional accounting body.
7.10.6 (b)	Functions of the Audit Committee shall include, Overseeing of the preparation, presentation and adequacy of disclosures in the financial statements of a Listed Entity, in accordance with Sri Lanka Accounting Standards. Overseeing of the Entity's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements. Overseeing the processes to ensure that the Entity's internal controls and risk management are adequate, to meet the requirements of the Sri Lanka Auditing Standards. Assessment of the independence and performance of the Entity's external auditors. To make recommendations to the Board pertaining to appointment, re-appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors.	Complied	Report of the Audit Committee set out on page 48 of the Annual Report describes the scope performed by the Committee during the year under review.
7.10.6 (c)	The names of the Directors comprising the Audit Committee should be disclosed in the Annual Report. The Committee shall make a determination of the independence of the auditors and shall disclose the basis for such determination in the Annual Report. The Annual Report shall contain a Report by the Audit Committee, setting out the manner of compliance by the Entity in relation to the above, during the period to which the Annual Report relates.	Complied	Name of the Directors on the Audit Committee, and its report is given on page 48 of the Annual Report. Statement of Auditors Independence is disclosed in page 48 of the Audit Committee Report.

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

Section	Requirement	Compliance Status	Remarks
9.2.1 & 9.2.2	All Related Party Transactions should be reviewed by the "Related Party Transactions Review Committee". The Committee should comprise a combination of Non-Executive Directors and Independent Non-Executive Directors. The composition of the Committee may also include Executive Directors, at the option of the Listed Entity. One Independent Non-Executive Director shall be appointed as Chairman of the Committee.	Complied	Composition of the Related Party Transactions Review Committee is given on page 50 of the of the Related Party Transactions Review Committee Report. Chairman of the Committee is an Independent Non-Executive Director.
9.2.4	The Committee shall meet at least once a calendar quarter. The Committee shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors	Complied	Attendance of the Related Party Transactions Review Committee is given on page 50 of the Annual Report under the Related Party Transactions Review Committee Report.
9.3.1	A Listed Entity shall make an immediate announcement to the Colombo Stock Excgange of any non-recurrent Related Party Transaction with a value exceeding 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements or of the latest transaction, if the aggregate value of all non-recurrent Related Party Transactions entered into with the same Related Party during the same financial year amounts to 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements. The Listed Entity shall disclose subsequent non-recurrent transactions which exceed 5% of the Equity of the Entity, entered into with the same Related Party during the financial year.	Complied	Related Party Transactions are disclosed on Note 34 to the Financial Statements. During the Financial year there were no non-recurrent related party transactions that require immediate disclosure to Colombo Stock Exchange (CSE).
9.3.2 (a)	In the case of Non-recurrent Related Party Transactions, if aggregate value of the non-recurrent Related Party Transactions exceeds 10% of the Equity or 5% of the Total Assets, whichever is lower, of the Listed Entity as per the latest Audited Financial Statements, the related information must be presented in the Annual Report.	Complied	There were no non-recurrent related party transactions that require disclosure in the financial statements.
9.3.2 (b)	In the case of Recurrent Related Party Transactions, if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue/income (or equivalent term in the Income Statement and in the case of group entity consolidated revenue) as per the latest Audited Financial Statements, the Listed Entity must disclose the aggregate value of recurrent Related Party Transactions entered into during the financial year in its Annual Report	Complied	Please refer Note 34 to the Financial Statements.

CORPORATE GOVERNANCE

Section	Requirement	Compliance Status	Remarks
9.3.2 (c)	The Annual Report shall contain a report by the Related Party Transactions Review Committee, setting out the following; Names of the Directors comprising the Committee A statement to the effect that the Committee has reviewed the Related Party Transactions during the financial year and has communicated the comments/ observations to the Board of Directors The policies and procedures adopted by the Committee for reviewing the Related Party Transactions. The number of times the Committee has met during the Financial Year.	Complied	Please refer Report of the Related Party Transactions Review Committee on page 50 of the Annual Report.
9.3.2 (d)	A declaration by the Board of Directors in the Annual Report as an affirmative statement of the compliance with these Rules pertaining to Related Party Transactions or a negative statement in the event the Entity has not entered into any Related Party Transaction/s.	Complied	Affirmative statement is included on page 53 of the Annual Report.

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

Section Reference	Requirement	Annual Report Reference
168 (1) (a)	The nature of the business of the Group and the Company together with any change thereof during the accounting period	page 51.
168 (1) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed	pages 60 to 140.
168 (1) (c)	Auditors' Report on Financial Statements of the Group and the Company	pages 56 to 59.
168 (1) (d)	Accounting Policies and any changes made during the accounting period	page 68 to 84.
168 (1) (e)	Particulars of the entries made in the Interest Register during the accounting period	pages 130 to 132.
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Note 34.2 on page 131.
168 (1) (g)	Corporate donations made by the Company during the accounting period	page 52.
168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period	page 51 and pages 147 to 149.
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period	page 53.
168 (1) (j)	Auditors' relationship or any interest with the Company and its subsidiaries	page 53
168 (1) (k)	Acknowledgement of the contents of this Report and Signatures on behalf of the Board	page 53.

RISK MANAGEMENT

The management of risk has never been more in the spotlight since the onset of the global pandemic. With the new challenges thrown at us through the pandemic the Risk Team was quick to analyze all the challenges faced, develop a cohesive mitigation plan, and make timely recommendations to the Management. In this context, the Group intensified focus on risk identification and mitigation.

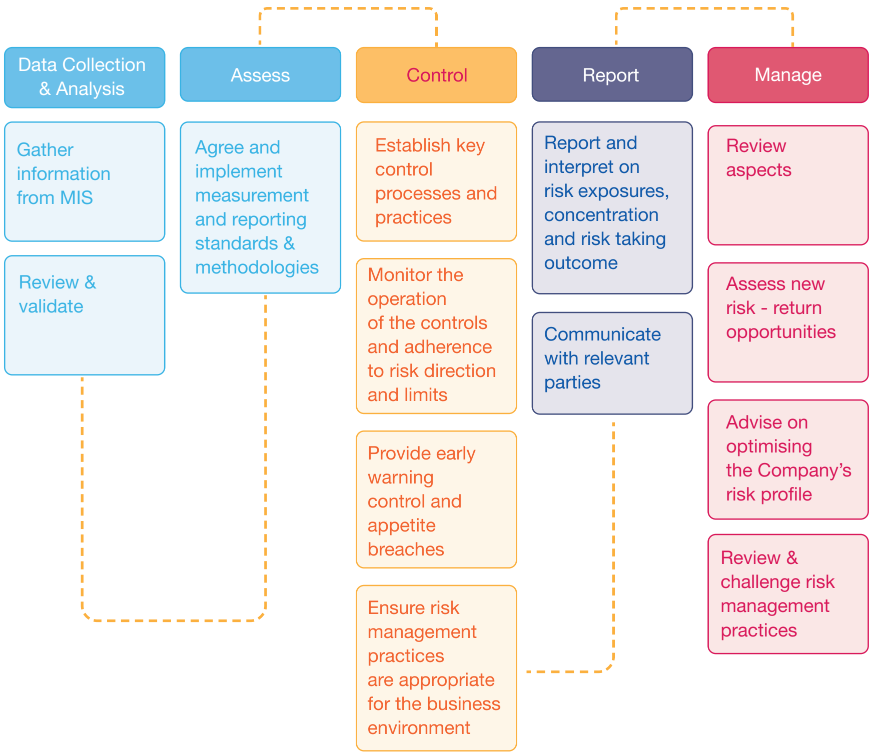
The financial year 2020/21 has been a challenging year to say the least. The pandemic which, in risk terminology is considered a “black swan event”, created an unstable environment for businesses. The Group’s robust risk awareness and efficient management practices and pragmatic responses have thankfully provided a detailed roadmap for not only a recovery but future-proofing the Group from such calamities in the future.

Risk Management Tools

The online risk management system has enabled Ambeon to be one of the few companies in Sri Lanka to implement best practices with regards to ERM by deploying frameworks that comply with the COSO Enterprise Risk Management Integrated Framework. This system also ensures compliance with the ISO 1000:2009 international risk management standard.

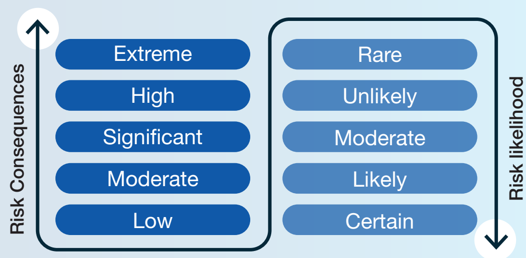
In addition, the Group employs the following risk management framework to ensure a robust risk management mechanism.

Risk Management Framework



Risk Assessment

The Group compartmentalizes risk assessment into three parts; 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 MANAGEMENT

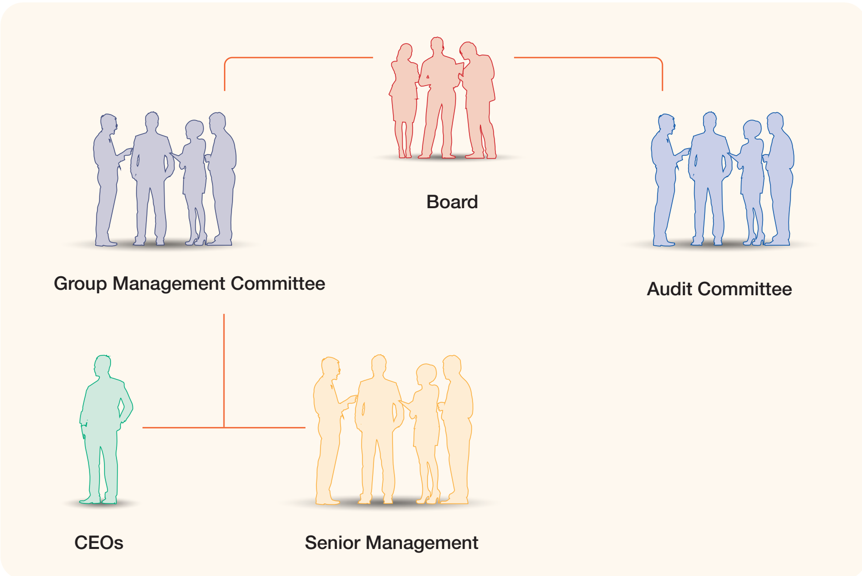
Risk Governance

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

The Group has also implemented the 'CAMMS ERM' which is an essential tool that has been inbuilt into the entire framework of the Group's Enterprise Risk Management (ERM) system. The 'CAMMS ERM' platform, is an international, online automated risk management solution, which has enabled the Group to implement practices and processes that are essential for the proper functioning of our IRM approach. The solution uses a framework that is in compliance with the COSCO Enterprise Risk Management Framework, and it also complies with the ISO 31000 (2008) International Risk Management Standards. Implemented in 2017, the CAMMS ERM online system identifies and categorizes risks as strategic, operational and at project level. The Board is responsible for developing mitigation plans to address strategic risks which are implemented across the various subsidiaries. Chief Executive Officers of each subsidiary bear the responsibility of identifying operational risks and developing mitigation plans in collaboration with senior management with the approval of the Board.

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

Risk Governance Structure



Internal and Statutory Audits

Ambeon Holdings 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 three-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 three-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.

Risk Exposure and Impact	Mitigating Activities	Net Risk Assessment	
		Impact	Likelihood
Economic Environment The economic environment faced by Sri Lanka in 2020/21 has been chaotic to say the least. Beginning with debt repayment moratoria, import bans, significant money printing (debt monetization), low rupee interest rates, and runaway currency devaluation. Two national lockdowns and a travel ban, have left the hospitality and services industry battered and bruised. Unless significant dollar inflows happen through FDIs or loans, Sri Lanka is headed for a bleak outlook for 2021/22	Most of Ambeon's manufacturing is destined for international buyers. Ambeon has been fortunate to have had a robust demand from international markets, thankfully due to the global explosion of e-commerce. The Board and the Senior Management reviews the performance regularly to ascertain the extent to which the impact is on economic performance and on internal budget and strategic plans. There is an increased focus within the Group on enhancing product quality and providing value-for-money as well as attractive product offerings. There is an ongoing transformation plan to improve performance irrespective of macro-economic factors. Building strategic plans and business plans based on varying economic conditions.	Major	Likely
Government Policies and Economic Variable Volatility In an effort to conserve much needed foreign exchange, there is a risk of prolonged import limitations by the Government. Fortunately, so far, imports for re-exports have been allowed and the raw materials required by the porcelain cluster have not been blocked. Imports for technology hardware (much needed by MillenniumIT ESP) has also been allowed. The Government's relationship with foreign countries could have a direct implication on the Group's top-line as it could affect trade terms to certain markets. It is obvious that the macro-economic policies of the Government will have a profound impact on variables such as inflation, taxation, exchange rates and interest rates and would impact all industries either positively or negatively. The Sri Lankan rupee has depreciated significantly during this year and this has resulted in increased raw material costs in key industries including construction and agriculture in the aftermath of the pandemic.	Vacillation in macro-economic factors such as the inflation, interest rate and exchange rate are closely monitored by the Group. Actions are taken by finance, treasury, and supply chain to minimize the impact wherever possible. Joint industry action is constantly initiated to promote favorable terms of trade with other countries.	Major	Likely
Supply Chain Disruptions A global imbalance in trade has caused businesses difficulty in finding vessel space for both inbound and outbound cargo. Import restrictions and exchange (LC) restrictions will compel companies to maintain a far larger raw material stock than normal (in order to not disrupt customer commitments). These circumstances will compel companies to 1. Pre-book shipping space very early at a high cost as well as to incur a very high raw material holding cost in order to ensure smooth commercial operations.	Ambeon is of the opinion that these are short term temporary problems which will eventually disappear towards late 2021. During this period, the supply chain management will have to incur these additional costs to ensure that customer commitments are met with little to no disruptions.	High	Likely

RISK MANAGEMENT

Risk Exposure and Impact	Mitigating Activities	Net Risk Assessment	
		Impact	Likelihood
Investment As things stand, apart from critical investments, most capital expenditure across the Group has been curtailed. Consequently, any new investment opportunity will be thoroughly vetted to assess its potential for value addition to the Group.	The Group's investments are evaluated by a team of professionals using several techniques including Net Present Values (NPV) and internal rate of return (IRR) and other valuation tools.	Moderate	Possible
Competition The level of rivalry determines the market share and drives down the margins in specific markets.	Building stronger relationships with suppliers. Increasing greater visibility through wider distribution channels. Ensuring value for money to end users.	High	Possible
Product Risk The product risk arises when the output from production is defective, non-functional or obsolete for the market in terms of price, functionality, and perceived value.	The subsidiaries plant and machinery is maintained and upgraded periodically. The machineries are also serviced in a timely manner. Established quality control systems and product testing processes to ensure that the product quality is maintained. Proactive customer engagement activities used to ensure that the Company is aware of the aspirations and needs of the customers in order to serve the correct products.	Moderate	Possible
Human Resources and Employee Relations Employee relations remain pivotal for the Group. Our service companies such as the financial services and MIT rely heavily on relationships and confidence that staff have built up within their industries. This factor is equally important in the manufacturing cluster where efficiency and product quality is pivotal to the success of the SBU.	The Group endeavors to recruit the best talent with the right skills and aptitude. Collective agreements are in place with trade unions to maintain an equitable balance between the interests of the employer and employee and to provide a basis for negotiations when issues arise. The company offers training and development opportunities to ensure retention levels. Remuneration levels are benchmarked to remain competitive along with industry standards along with incentives.	Moderate	Possible
Socio Economic Risks The socio economic environment of Sri Lanka has a direct impact on the customer and investment climate. Periodic social unrest and political instability weakens the image of the country.	The Group periodically reviews prices in relation to the inflation and strives to negotiate prices and better credit terms with key suppliers. The Group serves both local and global markets with its products portfolio which insulates against any loss of revenue to domestic instability.	High	Possible
Environment and Climate Change Key business sectors in the Group are engaged in manufacturing activities. The environmental changes due to the COVID 19 has had serious implications on the overall supply chain, which was especially prevalent in 2021 with global logistical constraints. The continuous supply of vital raw materials at a predictable price remains pivotal to ensure smooth and successful business operation. The Group is also cognizant of the environmental impact created by its manufacturing facilities and discharge of effluents.	The Group seeks the use of alternative materials for its production thereby creating new opportunities. All factories comply with the environmental regulations and standards The Group recognizes and opts for energy saving manufacturing processes and equipment. The Group is planning to harness solar energy at its facilities.	High	Unlikely

Risk Exposure and Impact	Mitigating Activities	Net Risk Assessment	
		Impact	Likelihood
Interest Rate Risk IR are currently at an all time low. We however expect IR to gradually move up as market liquidity is mopped up.	The adverse impact of fluctuating interest rates could be minimized by optimizing the levels and mix of short- and long-term borrowings. The Group has used the income from its recent asset divestments to drastically trim down its their debt exposure.	High	Likely
Liquidity Risk Inadequate liquidity can have an adverse impact on the continuity of operations, marketing and investment in new products and markets	The liquidity position of the Group is regularly reviewed and reported to the Board. The Groups gearing ratios have been brought down over the past year, and simultaneously, bank facilities have been kept open by the SBUs to cater to any sudden funding needs. The Group strives to maintain strong relationships and facilities with banks and relies on broad-based sources of funds to ensure continuous and reliable access to funds.	High	Low
Supply Chain Timely distribution of our products to our retail outlets is a critical success factor. As we work with overseas and local suppliers, knowledge of the upstream and downstream suppliers' risk universes will ensure key risks are identified and an uninterrupted supply is maintained with minimal disruption to the production process	Supplier rationalization was undertaken for the manufacturing cluster during the year. Regular review of distribution plans. Monthly operational meetings to review the forecast, level of inventory and procurement requirements etc. Relying on many suppliers without depending on a single supplier. Raw material holding capacity has been widened to cater to current local as well as global supply chain constraints.	High	Likely

REPORT OF THE AUDIT COMMITTEE

Composition

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

Mr. Mangala Boyagoda - Chairman
Mr. A G Weerasinghe - Member
Mr. Priyantha Maddumage - Member *(ceased to be a member w.e.f. 01 June 2020)*
Mr. Ranil Pathirana - Member *(appointed as a member w.e.f. 01 June 2020)*

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

The profiles of the members are given on pages 15 to 16 of the Annual Report.

Meetings

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

Name of the Director	Attendance
Mr. E M M Boyagoda	4/4
Mr. A G Weerasinghe	4/4
Mr. R P Pathirana	4/4

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

Role of the Committee

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

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

Financial Reporting

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

Regulatory Compliance

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

External Auditors

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

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

Independence of Auditors

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

Re-appointment of Auditors

The Audit Committee having evaluated the performance of the External Auditors, has decided to recommend to the Directors the re-appointment of Messrs. Ernst & Young, Chartered Accountants for the financial year ending 31 March 2022 upto the next Annual General Meeting, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

Conclusion

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

Sgd.
Mangala Boyagoda
Chairman
Audit Committee

30 August 2021

REPORT OF THE REMUNERATION COMMITTEE

Composition

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

Mr. A L Devasurendra (Chairman) – Non-Independent, Non-Executive Director *(appointed w.e.f. 01 June 2020)*
Mr. E M M Boyagoda – Independent Non-Executive Director
Mr. A G Weerasinghe – Independent Non-Executive Director *(appointed w.e.f. 01 June 2020)*
Mr. R P Sugathadasa - Non-Independent, Non-Executive Director *(resigned w.e.f. 01 June 2020)*
Mr. Priyantha Maddumage - Independent Non-Executive Director *(resigned w.e.f. 01 June 2020)*

Policy

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

Scope

The scope and responsibility of the remuneration committee include;

- To consider internal as well as external remuneration factors and to ensure that the remuneration policy of the company recognizes and addresses the short and long-term needs of the organization in relation to performance, talent retention and reward.
- To recommend to the Board a competitive remuneration and reward structure which is linked to performance.
- To decide on the remuneration packages of Key Management Personnel.
- To evaluate the performance of the Key Management Personnel, management development plans and succession planning.
- To approve annual salary increments, bonuses, changes on perquisites and incentives.

Remuneration

All Non-Executive Directors receive a fee reflecting the time, commitment and responsibility of their role and is based on industry and market surveys. They do not receive any performance or incentive payments. Due to the pandemic situation which prevailed during the year, in the country, the Non-Executive Directors weren't paid any fees for their services.

Meetings

The Committee meets at least once a year with a view to discharging its duties. The pandemic situation which prevailed during the year prevented the Committee from meeting and also the need did not arise for the Committee to meet.

Professional Advice

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

Sgd.
A L Devasurendra
Chairman
Remuneration Committee

30 August 2021

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

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

Composition

The Committee consists of three members with a combination of Non-Executive Directors and Executive Directors. The members of the Committee are;

Mr. A G Weerasinghe – Chairman
Mr. Mangala Boyagoda – Member
Mr. Ruwan Sugathadasa – Member *(resigned w.e.f. 01 June 2020)*
Mr. Murali Prakash – Member *(appointed w.e.f. 01 June 2020 and resigned on 31 January 2021)*

The above composition is in compliance with the provisions of the Listing Rules of the Colombo Stock Exchange. Brief profiles of the members are given on pages 15 to 16 of the Annual Report.

Charter of the Related Party Transactions Review Committee

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

a) Receive regular reports from the Management and be provided with any information it requires relating to its responsibilities.

b) Establish policies and procedures that provide general pre-approvals to certain types of related party transactions.

c) Review and evaluate the terms, conditions, and the advisability of any related party transaction.

d) Determine whether the relevant related party transaction is fair, and in the best interest of the Company and its shareholders as a whole.

e) Recommend to the Board what action, if any, is required to be taken by the Board with respect to any related party transaction.

f) Obtain advice and assistance from legal, technical, financial and other advisors from within or outside the Company as deemed necessary by the Committee in order to carry out its duties.

Meetings

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

Name of the Director	Attendance
Mr. A G Weerasinghe	4/4
Mr. E M M Boyagoda	4/4
Mr. N M Prakash *(resigned on 31 January 2021)*	3/3

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

Policies & Procedures

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

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

The Committee is satisfied that all RPTs have been reviewed by the Committee during the financial year and have communicated their observations to the Board. The details of related party transactions entered into during the financial year are given on Note 34 to the Financial Statements, on pages 130 to 132 of this Annual Report.

Declaration

A declaration by the Board of Directors on compliance with the rules pertaining to related party transactions appears on the report of the Board of Directors on page 53 of this Annual Report.

Sgd.
A G Weerasinghe
Chairman
Related Party Transactions Review Committee

30 August 2021

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

The Board of Directors of Ambeon Holdings PLC takes pleasure in presenting their Report on the Affairs of the Company together with the Financial Statements for the year ended 31 March 2021, conforming to the requirements of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards. The report also includes certain disclosures required to be made under Listing Rules of the Colombo Stock Exchange and are guided by the recommended best practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Colombo Stock Exchange.

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

The principal activity of the company is to operate as an Investment Holding and Management Company. As at 31 March 2021 the company had investments in various sectors such as manufacturing, real estate, information technology and finance. A review of the operations of the company during the twelve months period and the results of those operations are contained on pages 56 to 140.

	Group		Company	
	2020/2021 LKR '000	2019/2020 LKR '000	2020/2021 LKR '000	2019/2020 LKR '000
Revenue	17,917	19,693	679	207
Profit/(Loss) Before Tax from Continuing Operations	(1,925)	843	(2,151)	618
Income Tax Reversal/(Expenses)	(177)	(132)	27	(56)
Profit/(Loss) After Tax from Continuing Operations	(2,102)	711	(2,124)	562
Profit/(Loss) after Tax from Discontinued Operations	(346)	(302)	-	-
Profit/(Loss) for the year	(2,103)	409	(2,124)	562

Group Structure

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

Review of Performance

A review of the Company and its subsidiaries performance during the Financial Year together with the Future outlook is available in the Chairman's message and Directors' Review on pages 8 to 13.

Financial Statements

The Financial Statements of the Company for the year ended 31 March 2021 are duly certified by the General Manager - Finance and approved by the Board of Directors and signed on behalf of the Board by two Directors in compliance with the Companies Act No. 07 of 2007 and are given on pages 56 to 140 of this Annual Report.

Accounting Policies and Changes

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 68 to 84 as required by Section 168 (1) (d) of the Companies Act.

Directors' Responsibility for Financial Reporting

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

Board of Directors

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

Mr. Sanjeev Gardiner – Chairman/Non-Executive Director (appointed w.e.f. 01 June 2020)

Mr. Ajith Devasurendra – Deputy Chairman/Non-Executive Director (appointed w.e.f. 01 June 2020)

Mr. Murali Prakash – Group Managing Director/CEO (resigned w.e.f. 31 January 2021)

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

Mr. Ruwan Sugathadasa – Non-Executive Director

Mr. Mangala Boyagoda – Independent Non-Executive Director

Mr. Priyantha Maddumage – Independent Non-Executive Director (resigned w.e.f. 01 June 2020)

Mr. Ranil Pathirana - Non-Executive Director (appointed w.e.f. 01 June 2020)

Mr. Shalike Karunasena – Alternate Director to Mr. Priyantha Maddumage (ceased to be an Alternate Director w.e.f. 01 June 2020)

Mr. Revantha Devasurendra – Alternate Director to Mr. Ajith Devasurendra (appointed as an Alternate Director w.e.f. 01 June 2020)

Mr. R P Sugathadasa retires by rotation at the Annual General Meeting in terms of the Articles of Association and being eligible is recommended by the Directors for re-appointment.

The Directors have recommended the re-appointment of Mr. A. G. Weerasinghe and Mr. Mangala Boyagoda, who have reached the

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

age of 70 years, as Directors of the Company. Accordingly a resolution will be placed before the shareholders in terms of Section 211 of the Companies Act with regard to the said re-appointments.

The present Directors of the Company and their profiles are shown on pages 15 to 16 of the Annual Report.

Board Sub Committees

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

The Board approved Terms of Reference of these Sub Committees conform to the recommendations made by various regulatory bodies such as the Institute of Chartered Accountants of Sri Lanka, The Securities and Exchange Commission of Sri Lanka and the Colombo Stock Exchange.

Interests Register

Directors' Interest in Transactions

The Directors have made general disclosures as provided for in Section 192 (2) of the Companies Act No. 07 of 2007. Arising from this, details of contracts in which they have an interest are disclosed in Note 34 to the Financial Statements on pages 130 to 132.

Directors' Remuneration

The Directors' Remuneration is disclosed in Note 29 to the Financial Statements on page 127.

Directors' Interest in Shares

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

Details pertaining to Directors' direct and indirect shareholdings are given below;

	As at 31 March 2021	As at 31 March 2020
Ambeon Capital PLC *(Represented by M/s S E Gardiner, A L Devasurendra. R P Pathirana and Ruwan Sugathadasa)*	290,597,377	290,597,377
Taprobane Wealth Plus (Private) Limited *(Represented by M/s A G Weerasinghe)*	85,000	85,000
Mr. N M Prakash Prakash *(resigned w.e.f. 31 January 2021)*	785,541	785,541

Corporate Governance

The Board is committed to maintaining high standards of governance, the process by which the Company is directed and managed. Risks are identified and controlled, and accountability assured. The Board of Directors is of the view that it has put in place the resources and processes to ensure that the Company is substantially compliant with the code of best practices on corporate governance issued by Institute of Chartered Accountants of Sri Lanka and the Colombo Stock Exchange. The Corporate Governance Report is given on pages 36 to 42 of the Annual Report.

Risk Management and Internal Controls

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

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

The Directors periodically review and evaluate the risks that are faced by the Company. The various exposures to risks by the Company and specific steps taken by the Company in managing risks are detailed under the "Risk Management" on pages 43 to 47 of this Annual Report.

Donations

The Group has donated LKR 32,000 and the Company hasn't made any donations, during the year under review.

Taxation

The Company's liability to taxation has been computed according to the provisions of the Inland Revenue Act. No. 10 of 2006 and subsequent amendments thereto and details are given in note 28 to the Financial Statements on pages 125 to 126.

Property, Plant and Equipment

Capital expenditure during the year under review on Property, Plant and Equipment by the Company and Group were LKR 9.1 Mn and LKR 89,9 Mn respectively.

Extents, locations, number of buildings and the valuation of the properties of the Group are given in note 6.8 to the Financial Statements on pages 91 to 93 of the Annual Report.

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

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

Employment

The Company's and Group's strength of manpower as at 31 March 2021 is 23 and 2,718 respectively.

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

Employee Share Ownership plans

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

Stated Capital

The stated capital of the Company as at 31 March 2021 was LKR 5,331,775,177 represented by 356,869,666 fully paid Ordinary Shares.

Share Information

There were 4,833 registered shareholders as at 31 March 2021.

Distribution schedule of shareholders

The distribution of shareholdings is shown on page 142 of the Annual Report.

Information on Ratios and Market Price Information

Disclosures under section 7.6 (xi) of the Listing Rules of the Colombo Stock Exchange is indicated on pages 7 and 142.

Substantial Shareholdings and Other Share Information

The names of the twenty largest Shareholders, the number of shares held, and the percentages are given on pages 143 to 144 of the Annual Report.

Disclosures required under section 7.6 (iv) of the Listing Rules of the Colombo Stock Exchange is indicated on page 142 of the Annual Report.

Equitable Treatment of Shareholders

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

Related Party Transactions

The identified Related Parties as well as the Related Party Transactions undertaken during the year are set out in note 34 to the Financial Statements on pages 130 to 132.

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

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

Statutory Payments

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

Events occurring after the Balance Sheet date

No circumstances have arisen since the balance sheet date which would require adjustments to or disclosure in the accounts as disclosed in the Note 35 to the Financial Statements.

Going Concern

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

Independent Auditors' Report, Remuneration and Appointment

The Financial Statements of the Company for the twelve months ended 31 March 2021 have been audited by M/s. Ernst & Young, Chartered Accountants and the Independent Auditors' Report thereon is given on pages 56 to 59 of the Annual Report as required by the Section 168 (1) (c) of the Companies Act No. 07 of 2007.

A sum of LKR 1,109,391 was paid to them as audit fee during the period under review. Based on the declaration from M/s. Ernst & Young, Chartered Accountants and as far as the Directors are aware, the Auditors do not have any relationship or interest in the Company other than that disclosed herein.

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

Annual General Meeting

The Annual General Meeting of the company will be held on 29 September 2021. The notice of the Annual General Meeting appears on page 150.

Acknowledgement of the contents of the Annual Report

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

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

Sgd.
Sanjeev Gardiner
Chairman

Sgd.
A G Weerasinghe
Director

Sgd.
P W Corporate Secretarial (Private)
Limited
Secretaries

30 August 2021

STATEMENT OF DIRECTORS RESPONSIBILITIES

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

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

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

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

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

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

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

By order of the Board of
Ambeon Holdings PLC

Sgd.
P W Corporate Secretarial (Pvt) Ltd
Secretaries

Colombo
30 August 2021

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

Building a better working world

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Chartered Accountants
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TO THE SHAREHOLDERS OF AMBEON HOLDINGS PLC

Report on the audit of the consolidated Financial Statements

Opinion

We have audited the Financial Statements of Ambeon Holdings PLC (the "Company"), and the consolidated Financial Statements of the Company and its subsidiaries (the "Group"), which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements of the Company and Group give a true and fair view of the financial position of the Company and Group as at 31 March 2021, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuS). Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the Financial Statements section of our report.

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

Key Audit Matters

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

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

Building a better working world

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Annual impairment assessment of Intangible assets with Infinite useful Life</td></tr>
<tr><td>The Group's Statement of Financial Position includes an amount of Rs. 1.3 Bn relating to Goodwill and Brand Name acquired on the business combination of Millennium I.T.E.S.P (Pvt) Ltd and Royal Fernwood Porcelain Ltd. Goodwill and Brand Name are tested annually for impairment based on the recoverable amount determined by Management using value in use computations (VIU).

Such Management VIU calculations are based on the discounted future cash-flows of each Cash Generating Unit (CGU) to which Goodwill and Brand Name has been allocated. A deficit between the recoverable value and the carrying values of the CGUs including Goodwill would result in an impairment

Impairment testing of Goodwill was a key audit matter due to:

• the degree of underlying Management assumptions coupled with inherent estimation uncertainties that arise when deriving the estimated future cashflows used for value in use calculations

Key areas of significant judgments, estimates and assumptions included key inputs and assumptions related to the value in use computations of future cash flows, discount rates and terminal growth rates including the potential impacts of the prevailing COVID-19 pandemic.</td><td>Our audit procedures included the following;

• We gained an understanding of how Management has forecast its discounted future cash flows which included consideration of the impacts of the prevailing COVID-19 pandemic on its operations;

• We checked the calculations of the discounted future cash flows and cross checked the data used by Management to relevant underlying accounting records, to evaluate their completeness and accuracy;

• We engaged our internal specialized resources to assist us in:

▪ Assessing the reasonableness of significant assumptions used by the Group, in particular those relating to the forecast revenue growth, profit margins and discount rates of the CGUs of the Group; and

▪ evaluating the sensitivity of the discounted cash flows, by considering possible changes in key assumptions

• We assessed the adequacy of the disclosures made in Note 08 in the financial statements.</td></tr>
<tr><td colspan="2">Fair value of land and buildings</td></tr>
<tr><td>Property, Plant and Equipment and Investment Properties include Land and Buildings carried at fair value.

The fair values of land and buildings were determined by external valuers engaged by the Group.

Valuation of Land and Buildings was a key audit matters due to:

• Materiality of the reported Land and Buildings and Investment property balances which amounted to Rs. 2.9 Bn and Rs. 2.6 Bn respectively and collectively account for 25% of Total Assets as at 31 March 2021.

• The degree of significant assumptions, judgements and estimation uncertainties associated with such fair valuations which included consideration of the impact of COVID-19. The fair valuation this year contains higher estimation uncertainties as there were fewer market transactions (as a consequence of the prevailing pandemic), which are ordinarily a strong source of evidence regarding fair value.

Key areas of significant judgments, estimates and assumptions included the following:

• Estimate of per perch value of the land

• Estimate of the per square foot value of the buildings</td><td>Our audit procedures included the following;

• We evaluated the competence, capability and objectivity of the external valuers engaged by the Group;

• We read the reports of the external valuers and understood the key estimates made and the approach taken by the valuers in determining the valuation of land & buildings;

• We engaged our internal resources to assist us in assessing the appropriateness of the valuation techniques used and the reasonableness of the significant judgements and assumptions such as per perch price and value per square foot used by the valuers; and

We have also assessed the adequacy of the disclosures made in Note 06 and 07 to the financial statements.</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT

Revenue recognition of Information Technology and Related Services	
For the year ended 31 March 2021, reported revenue from providing Information Technology and related services amounts to Rs 6.7 Bn (Note 5) and represents approximately 38% of group revenue. The recognition of revenue from Information Technology and related services was a key audit matter due to: • significance of the amount involved • use of significant management judgements when determining performance obligations for multiple element arrangements with customers, whether such performance obligations are satisfied over time or at a point in time and considering other key contractual terms in the recognition of revenue.	Our audit procedures included, amongst others, the following: • Evaluating the design and operating effectiveness of relevant controls over revenue recognition; • Understanding the arrangements with customers and their key contractual terms relevant to revenue recognition; • Evaluating the reasonableness of significant management judgements used for multiple element arrangements when identifying performance obligations, determining their completion or delivery and transfer of control of the relevant good or services to the customer by reference to details of the contracts and relevant supporting documents; and • Evaluating the adequacy of disclosures relevant to significant judgments as set out in Note 2.10.1 to the financial statements

Other information included in the Group's 2021 Annual Report

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

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of management and those charged with governance

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

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

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

Auditors' responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and Group.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditors' report is 1864.

Ernst & Young

30 August 2021
Colombo

STATEMENT OF PROFIT OR LOSS

Year ended 31 March	Note	Group 2021 LKR	Group 2020 LKR	Company 2021 LKR	Company 2020 LKR
Continuing Operations					
Revenue	5	**17,917,569,776**	19,693,286,605	**679,519,658**	207,459,771
Cost of Sales		**(13,996,901,007)**	(15,566,550,055)	**-**	-
Gross Profit		**3,920,668,769**	4,126,736,550	**679,519,658**	207,459,771
Other Income	25	**72,013,031**	53,565,063	**-**	27,190,475
Selling & Distribution Expenses		**(949,980,542)**	(883,094,179)	**-**	-
Administrative Expenses		**(3,374,270,780)**	(2,756,483,422)	**(563,021,089)**	(259,095,888)
Change in Fair Value of Financial Assets Measured at Fair Value Though Profit or Loss		**(5,400,685)**	13,420,084	**(5,410,666)**	890,863
Operating Profit/(Loss)		**(336,970,207)**	554,144,096	**111,087,903**	(23,554,779)
Finance Cost	26	**(525,159,128)**	(696,028,567)	**(358,896,595)**	(382,645,527)
Finance Income	27	**184,298,958**	200,628,800	**-**	-
Change in Fair Value of Investment Property	7	**(1,247,597,313)**	787,720,265	**-**	-
Change in Fair Value of Investment in Subsidiary	10	**-**	-	**(1,903,837,280)**	1,024,604,680
Share of Results of Equity Accounted Investee	12	**229,296**	(3,070,456)	**-**	-
Profit/(Loss) before Tax from Continuing Operations	29	**(1,925,198,394)**	843,394,138	**(2,151,645,972)**	618,404,374
Income Tax Reversal/(Expense)	28	**(177,491,921)**	(132,542,262)	**27,102,534**	(56,346,373)
Profit / (Loss) for the year from Continuing Operations		**(2,102,690,315)**	710,851,876	**(2,124,543,438)**	562,058,001
Discontinued Operations					
Loss after Tax from Discontinued Operations for the year	4	**(346,804)**	(301,832,221)	**-**	-
Profit / (Loss) for the year		**(2,103,037,119)**	409,019,655	**(2,124,543,438)**	562,058,001
Attributable to:					
Equity Holders of the Parent		**(2,142,899,813)**	155,800,920		
Non-Controlling Interests		**39,862,694**	253,218,735		
		(2,103,037,119)	409,019,655		
Earnings/ (Loss) per share	30				
Basic (LKR)		**(6.00)**	0.44	**(5.95)**	1.57
Diluted (LKR)		**(6.00)**	0.44	**(5.95)**	1.57
Earnings per share from Continuing Operations	30				
Basic (LKR)		**(6.00)**	1.28		
Diluted (LKR)		**(6.00)**	1.28		

Figures in brackets indicate deductions.
The accounting policies and notes on pages 68 through 140 form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March	Note	Group 2021 LKR	Group 2020 LKR	Company 2021 LKR	Company 2020 LKR
Profit/(Loss) for the Year		**(2,103,037,119)**	409,019,655	**(2,124,543,438)**	562,058,001
Other Comprehensive Income					
Other Comprehensive Income to be reclassified to profit or loss in subsequent period					
Functional/Foreign Currency Translation Difference	18	**86,042,561**	156,075,551	**-**	-
Tax on Functional Currency Translation Difference	20	**(12,066,828)**	(21,832,534)	**-**	-
Effect of Cashflow Hedge Accounting	18	**(14,271,328)**	(40,764,925)	**-**	-
Tax on Cashflow Hedge Accounting	20	**2,858,556**	6,476,630	**-**	-
Other Comprehensive Income to be Reclassified to Profit or Loss		**62,562,961**	99,954,722	**-**	-
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods					
Revaluation Gain of Land and Building		**118,480,763**	189,717,148	**-**	-
Tax on Revaluation Gain	20	**155,385,815**	(68,703,210)	**-**	-
Change in Fair Value of FVOCI Financial Assets		**56,809,833**	(8,786,128)	**56,809,833**	(8,786,128)
Actuarial Gain /(Loss) on Defined Benefit Plans	21	**(88,306,536)**	(26,133,877)	**781,527**	96,571
Tax on Actuarial Gain /(loss) on Defined Benefit Plans	20	**14,133,969**	5,960,229	**(187,566)**	(27,040)
Other Comprehensive Income not to be Reclassified to Profit or Loss		**256,503,844**	92,054,162	**57,403,794**	(8,716,597)
		319,066,805	192,008,884	**57,403,794**	(8,716,597)
Total Comprehensive Income for the year, net of tax		**(1,783,970,314)**	601,028,539	**(2,067,139,644)**	553,341,404
Attributable to:					
Equity Holders of the Parent		**(1,857,375,582)**	331,781,809		
Non-Controlling Interest		**73,405,268**	269,246,730		
		(1,783,970,314)	601,028,539		

Figures in brackets indicate deductions.
The accounting policies and notes on pages 68 through 140 form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Group		Company	
		2021 LKR	2020 LKR	2021 LKR	2020 LKR
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	6	**4,667,238,431**	4,761,560,422	**13,941,626**	10,622,963
Investment Property	7	**2,007,343,212**	3,829,940,525	**-**	-
Intangible Assets	8	**1,596,499,686**	1,758,465,379	**7,198,290**	9,370,257
Right-of-Use Assets	9	**147,919,042**	148,414,130	**-**	-
Investment in Subsidiaries	10	**-**	-	**10,768,503,000**	12,672,340,280
Other Non-Current Financial Assets	11	**1,548,355,033**	1,667,276,105	**477,024,388**	524,237,578
Investment in Equity Accounted Investee	12	**12,158,840**	11,929,544	**-**	-
Deferred Tax Asset	20	**122,748,598**	81,878,408	**-**	-
		10,102,262,842	12,259,464,513	**11,266,667,304**	13,216,571,078
Current Assets					
Inventories	13	**3,997,481,882**	4,094,933,962	**-**	-
Trade and Other Receivables	14	**5,249,186,279**	6,352,844,653	**414,590,781**	685,568,938
Other Financial Investments	15	**977,052,255**	955,146,167	**737,123,390**	662,418,343
Income Tax Receivables		**88,672,733**	45,966,455	**-**	25,244,945
Cash in Hand and at Bank	31	**833,186,197**	753,591,961	**7,765,494**	112,006,406
		11,145,579,346	12,202,483,198	**1,159,479,665**	1,485,238,632
Investment Property held for sale	4	**575,000,000**	-	**-**	-
		11,720,579,346	12,202,483,198	**1,159,479,665**	1,485,238,632
Total Assets		**21,822,842,188**	24,461,947,711	**12,426,146,969**	14,701,809,710
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Stated Capital	16	**5,331,775,177**	5,331,775,177	**5,331,775,177**	5,331,775,177
Other Components of Equity	18	**1,021,744,243**	678,719,832	**(205,544,860)**	(262,354,693)
Retained Earnings		**(46,358,279)**	2,154,041,714	**3,541,482,149**	5,665,431,626
Equity attributable to equity holders of the parent		**6,307,161,141**	8,164,536,723	**8,667,712,466**	10,734,852,110
Non-Controlling Interests		**1,601,598,090**	1,610,303,097	**-**	-
Total Equity		**7,908,759,231**	9,774,839,820	**8,667,712,466**	10,734,852,110

As at 31 March	Note	Group		Company	
		2021 LKR	2020 LKR	2021 LKR	2020 LKR
Non-Current Liabilities					
Other Financial Liabilities	24	**968,906**	944,966	**968,906**	944,966
Interest Bearing Borrowings	19	**1,156,854,645**	1,799,399,787	**1,801,037,815**	2,163,795,885
Deferred Tax Liability	20	**588,977,461**	782,776,317	**305,096,678**	375,759,112
Employee Benefit Liabilities	21	**571,285,686**	442,357,447	**5,997,418**	5,739,888
		2,318,086,698	3,025,478,517	**2,113,100,817**	2,546,239,851
Current Liabilities					
Trade and Other Payables	23	**6,004,948,082**	3,917,986,733	**181,629,746**	23,304,104
Income Tax Payable		**284,481,984**	212,399,005	**18,502,524**	-
Contract Liability	22	**1,132,288,807**	924,172,960	**-**	-
Interest Bearing Borrowings	19	**4,171,021,586**	6,607,070,676	**1,445,201,416**	1,397,413,645
		11,592,740,459	11,661,629,374	**1,645,333,686**	1,420,717,749
Liabilities Directly Associated with Investment Property Held For Sale	4	**3,255,800**	-	**-**	-
Total Equity and Liabilities		**21,822,842,188**	24,461,947,711	**12,426,146,969**	14,701,809,710

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

....
Isuru Fernando
General Manager - Finance

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

....	....
A G Weerasinghe	R P Sugathdasa
Director	Director

Figures in brackets indicate deductions.
The accounting policies and notes on pages 68 through 140 form an integral part of the financial statements.

30 August 2021
Colombo

STATEMENT OF CHANGES IN EQUITY

GROUP	Note	Attributable to equity holders of the parent			
		Stated Capital LKR	Revaluation Reserve LKR	Other Reserves LKR	Foreign/ Functional Currency Translation Reserve LKR
Balance as at 01 April 2019		5,331,775,177	1,332,932,395	3,100,000	(318,008,650)
Profit for the Year		-	-	-	-
Other Comprehensive Income		-	96,473,374	-	130,995,287
Total Comprehensive Income		-	96,473,374	-	130,995,287
Effect of Changes in Holding/Ownership		-	-	-	-
Subsidiary Dividend to Minority Shareholders		-	-	-	-
Transfer to Retained Earnings due to Disposal		-	(277,886,027)	-	-
Balance as at 31 March 2020		5,331,775,177	1,151,519,742	3,100,000	(187,013,363)
Profit/(Loss) for the Year		-	-	-	-
Other Comprehensive Income		-	223,103,665	-	72,230,269
Total Comprehensive Income		-	223,103,665	-	72,230,269
Subsidiary Dividend to Minority Shareholders	37	-	-	-	-
Balance as at 31 March 2021		**5,331,775,177**	**1,374,623,407**	**3,100,000**	**(114,783,094)**

COMPANY	Note	Stated Capital LKR	Other Reserves LKR	Other Capital Reserves LKR
Balance as at 01 April 2019		5,331,775,177	220,140	3,100,000
Profit for the Year		-	-	-
Other Comprehensive income		-	-	-
Total comprehensive income		-	-	-
Balance as at 31 March 2020		5,331,775,177	220,140	3,100,000
Loss for the Year		-	-	-
Other Comprehensive income		-	-	-
Total comprehensive income		-	-	-
Balance as at 31 March 2021		**5,331,775,177**	**220,140**	**3,100,000**

Figures in brackets indicate deductions.
The accounting policies and notes on pages 68 through 140 form an integral part of the financial statements.

	Attributable to equity holders of the parent						
	Revenue Reserve LKR	Fair Value Through OCI Reserve LKR	Currency/ Exchange Hedge Reserve LKR	Retained Earnings LKR	Total LKR	Non-Controlling Interests LKR	Total Equity LKR
	220,140	(256,888,705)	-	1,650,091,096	7,743,221,453	1,610,056,817	9,353,278,270
	-	-	-	155,800,920	155,800,920	253,218,735	409,019,655
	-	(8,786,128)	(23,431,854)	(19,269,790)	175,980,889	16,027,995	192,008,884
	-	(8,786,128)	(23,431,854)	136,531,130	331,781,809	269,246,730	601,028,539
	-	-	-	89,533,461	89,533,461	(240,999,501)	(151,466,040)
	-	-	-	-	-	(28,000,949)	(28,000,949)
	-	-	-	277,886,027	-	-	-
	220,140	(265,674,833)	(23,431,854)	2,154,041,714	8,164,536,723	1,610,303,097	9,774,839,820
	-	-	-	(2,142,899,813)	(2,142,899,813)	39,862,694	(2,103,037,119)
	-	56,809,833	(9,119,356)	(57,500,180)	285,524,231	33,542,574	319,066,805
	-	56,809,833	(9,119,356)	(2,200,399,993)	(1,857,375,582)	73,405,268	(1,783,970,314)
	-	-	-	-	-	(82,110,275)	(82,110,275)
	220,140	**(208,865,000)**	**(32,551,210)**	**(46,358,279)**	**6,307,161,141**	**1,601,598,090**	**7,908,759,231**

	Fair Value Through OCI Reserve LKR	Retained Earnings/ (Losses) LKR	Total LKR
	(256,888,705)	5,103,304,094	10,181,510,706
	-	562,058,001	562,058,001
	(8,786,128)	69,531	(8,716,597)
	(8,786,128)	562,127,532	553,341,404
	(265,674,833)	5,665,431,626	10,734,852,110
	-	(2,124,543,438)	(2,124,543,438)
	56,809,833	593,961	57,403,794
	56,809,833	(2,123,949,477)	(2,067,139,644)
	(208,865,000)	**3,541,482,149**	**8,667,712,466**

STATEMENT OF CASH FLOWS

	Note	Group		Company	
		2021 LKR	2020 LKR	2021 LKR	2020 LKR
Operating Activities					
Profit/(Loss) before tax from Continuing Operations		**(1,925,198,394)**	843,394,138	**(2,151,645,972)**	618,404,374
Loss before tax from Discontinuing Operations		**(346,804)**	(301,832,221)	**-**	-
Non - Cash Adjustments to Reconcile Profit Before Tax to Net Cash Flows:					
Depreciation of Property, Plant Equipment	6	**365,166,926**	337,650,864	**5,852,088**	7,525,254
Impairment of Property, Plant Equipment	6	**46,110,921**	45,802,799	**-**	-
Amortization of Intangible Assets	8	**105,480,761**	133,803,341	**1,089,467**	1,110,953
Amortization of Right of use Assets	9	**52,815,483**	38,509,645	**-**	-
Impairment of Goodwill	8	**-**	126,536,713	**-**	-
Change in Fair Value of Financial Assets Measured at Fair Value Through Profit or Loss		**5,400,685**	(13,420,084)	**5,410,666**	(890,863)
Allowance for Obsolete and Slow Moving Inventories	13	**185,105,769**	182,309,473	**-**	-
Provision for Employee Benefit Liabilities	21	**102,794,508**	85,923,543	**1,984,057**	2,194,671
Impairment of Trade/Other Receivables	14	**72,155,412**	238,735,462	**95,115,987**	85,000,000
Profit from Disposal of Current Investment		**(3,707,363)**	(13,537,873)	**(3,707,363)**	(6,958,730)
Loss from Disposal of Property Plant & Equipment	29	**3,527,639**	1,636,604	**-**	-
Change in Fair Value Adjustment of Investment Property	7	**1,247,597,313**	(787,720,265)	**-**	-
Share of Results of Equity Accounted Investee	12	**(229,296)**	3,070,456	**-**	-
Finance Income	27	**(184,298,958)**	(200,628,800)	**-**	-
Interest on other Financial Liabilities		**23,940**	23,940	**23,940**	23,940
Finance Cost	26	**525,159,128**	696,028,567	**358,872,655**	382,621,587
Script Dividend		**(399,984)**	-	**(399,984)**	-
Loss on Disposal of Subsidiary		**-**	38,863,011	**-**	-
Provision for Corporate Guarantee		**153,000,000**	-	**153,000,000**	-
(Gain)/Loss on fair valuation of investment in subsidiaries		**-**	-	**1,903,837,280**	(1,024,604,680)
Impairment of Intangible Assets	8	**1,082,500**	-	**1,082,500**	-
Impairment Provision for Non Current Financial Assets		**180,000,000**	-	**180,000,000**	-
Impairment of Other Financial Investments		**35,555,213**	-	**-**	-
		966,795,399	1,455,149,313	**550,515,321**	64,426,505
Working Capital adjustments:					
Increase in Inventories		**(87,653,689)**	(264,772,350)	**-**	-
(Increase)/Decrease in Trade and Other Receivables		**960,439,441**	(731,447,240)	**(48,701,615)**	(145,932,552)
Increase/(Decrease) in Trade and Other Payables		**1,933,961,349**	(481,872,815)	**5,325,638**	(11,916,137)
Increase in Deferred Income		**208,115,847**	217,308,881	**-**	-
Cash Generated/ (Used) from Operations		**3,981,658,347**	194,365,789	**507,139,344**	(93,422,184)

	Note	Group 2021 LKR	Group 2020 LKR	Company 2021 LKR	Company 2020 LKR
Defined Benefit Plan Costs paid	21	**(62,927,126)**	(35,981,743)	**(945,000)**	(724,204)
Interest Paid		**(380,287,313)**	(463,392,105)	**(358,872,655)**	(382,621,587)
Income Tax Paid		**(230,093,586)**	(175,424,588)	**-**	(332,818)
Net Cash Flows from Operating Activities		**3,308,350,322**	(480,432,647)	**147,321,689**	(477,100,793)
Investing Activities					
Acquisition of Property, Plant & Equipment		**(89,999,803)**	(176,066,430)	**(9,170,751)**	(1,290,107)
Acquisition of Intangible Assets	8	**(1,412,029)**	(497,534,048)	**-**	-
Proceeds from Sale of Investments		**30,801,468**	154,774,226	**30,801,468**	123,591,321
Net cash inflow from disposal of subsidiary		**-**	72,076,736	**-**	-
Loans Granted to Parent/Subsidiaries		**(88,511,149)**	-	**(81,250,000)**	(715,750,904)
Loans Settled by Parent/Subsidiaries		**99,748,472**	-	**173,026,980**	190,390,522
Acquisition of Current Investments		**-**	(64,727,906)	**-**	(64,727,906)
Acquisition of Investment Property	7	**-**	(2,243,110)	**-**	-
Investment in Other Financial Investments		**(32,746,359)**	(955,089,645)	**(50,000,000)**	-
Investment in Equity Account Investee	12	**-**	(15,000,000)	**-**	-
Acquisition from Non Controlling Interest	10	**-**	(151,466,040)	**-**	(151,466,040)
Interest Income from Investment	27	**184,298,958**	200,628,800	**-**	-
Net Cash Flows from /(Used) in Investing Activities		**102,179,558**	(1,434,647,417)	**63,407,697**	(619,253,114)
Financing Activities					
Cash Flow from Financing Activities					
Dividend Paid to Non-Controlling Interest	37	**(82,110,275)**	(28,000,949)	**-**	-
Proceeds From Interest Bearing Loans & Borrowings		**7,522,936,849**	13,271,539,612	**795,587,070**	2,289,643,775
Repayment of Interest Bearing Loans & Borrowings		**(10,400,723,454)**	(11,402,078,116)	**(1,026,919,964)**	(1,244,597,707)
Repayment of Lease Obligations	19	**(68,261,888)**	(59,122,837)	**-**	-
Net Cash Flows from/ (Used in) Financing Activities		**(3,028,158,768)**	1,782,337,710	**(231,332,894)**	1,045,046,068
Net foreign Exchange Difference	18	**86,042,561**	156,075,551	**-**	-
Net Increase / (Decrease) in Cash & Cash Equivalents		**468,413,673**	23,333,197	**(20,603,508)**	(51,307,839)
Cash and Short Term Deposits at the beginning of the year		**(754,676,187)**	(778,009,383)	**(399,874,000)**	(348,566,161)
Cash and Short Term Deposits at the end of the year	31	**(286,262,514)**	(754,676,187)	**(420,477,508)**	(399,874,000)

Figures in brackets indicate deductions.
The accounting policies and notes on pages 68 through 140 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 Reporting Entity

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

1.2 Consolidated Financial Statements

The Financial Statements for the year ended 31 March 2021, comprise "the Company" referring to Ambeon Holdings PLC as the holding Company and "the Group" referring to the companies whose accounts have been consolidated therein.

1.3 Parent Entity

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

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

1.4 Approvals of Financial Statements

The Financial Statements for the year ended 31 March 2021 were authorized for issue in accordance with a resolution by the Board of Directors on 30 August 2021.

1.5 Principal Activities & Nature of Operations

Holding Company

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

Subsidiary – Ceylon Leather Products Limited

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

Subsidiary – South Asia Textiles Limited

During the year, the principal activity of the Company was manufacturing and sale of knitted fabrics for the export and local markets. On 23 April 2021, the company disposed to Hayleys Fabric PLC. (Note 35)

Subsidiary – Palla & Company (Pvt) Limited

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

Subsidiary –Dankotuwa Porcelain PLC

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

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

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

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

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

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

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

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

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

Subsidiary –Colombo City Holdings PLC

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

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

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

Subsidiary – Olancom (Pvt) Limited

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

Subsidiary - Eon Tec (Pvt) Limited

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

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

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

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

Associate Entitiy-Infoseek (Pvt) Ltd through Millennium I.T.E.S.P (Pvt) Ltd

Principal activity of the company is development of software and other IT related activities. The Company has developed an innovative cloud based Human Recourse Information System named as Mint HRM.

Subsidiary - Taprobane Capital Plus (Pvt) Limited

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

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

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

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

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

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

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

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

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

1.6 Responsibility for Financial Statements

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

2. BASIS OF PREPARATION

2.1 Basis of Measurement

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

2.2 Statement of Compliance

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

2.3 Comparative Information

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

2.4 Going Concern

In determining the basis of preparing the financial statements for the year ended 31 March 2021, based on available information, the management has assessed the existing and anticipated effects of COVID-19 on the Group Companies and the appropriateness of the use of the going concern basis. The Group had to take strict measures to adhere to the guidelines imposed by the health authorities in ensuring employee protection. During the year under review, the Group’s streamlining of revenue lines and cost effective measures and the Group’s ability to defer non-essential capital expenditure, debt repayment schedules are measures adopted to mitigate the impact on Group’s performance. The Group has adequate resources and unused credit lines and ability to continue providing goods and services to ensure businesses continuity with minimal impact as possible.

In determining the above significant management judgements, estimates and assumptions the impact of the COVID 19 pandemic has been considered as of reporting date and specific considerations have been disclosed under the relevant notes.

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).

NOTES TO THE FINANCIAL STATEMENTS

Name of the Subsidiary	Functional Currency
South Asia Textile Limited	United States Dollar (USD)

2.6 Basis of Consolidation

The consolidated Financial Statements comprise the Financial Statements of the Company and its subsidiaries as at 31 March 21. The Financial Statements of the subsidiaries are prepared in compliance with the Group's accounting policies.

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

2.7 Subsidiary

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

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

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

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

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

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The Financial Statements of the subsidiaries are prepared for the same reporting period as the parent Company, which is 12 months ending 31 March, using consistent accounting policies.

a. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

b. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

c. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interest
- Derecognizes the cumulative translation differences, recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

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

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

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

2.8 Transactions with Non-Controlling Interests

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

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

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2.9 Significant Accounting Judgements, 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.

Estimates and Assumptions

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

The Group measures land and buildings at revalued amounts with changes in fair value being recognized in Other Comprehensive Income and in the Statement of Equity. In addition, it carries its investment properties at fair value, with changes in fair value being recognized in the income statement. The Group engaged independent valuation specialists to determine fair value of investment property and land and buildings as at 31 March 2021.

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

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

Impairment of non-financial assets

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

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

Fair value of financial instruments

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

Deferred Tax Assets/ Liabilities

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

Employee benefit liability

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

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

NOTES TO THE FINANCIAL STATEMENTS

Cash flow Hedge

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

Details of the key assumptions used in the estimates are contained in Note 18.6.

Judgments

Revenue from IT related Services

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

2.10 Summary of Significant Accounting Policies

There are no Changes in Significant Accounting Policies, the accounting policies have been applied consistently for all periods presented in the Financial Statements by the Group and the Company.

2.10.1 Revenue

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

The following specific criteria are used for recognition of revenue:

a. Revenue from contract with customers

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

b. Goods transferred at a point in time

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

c. Rendering of Services

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

d. Revenue recognition on multiple element arrangements

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

e. Dividend

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

f. Finance income

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

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

g. Rental income

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

h. Gains and losses

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

i. Other income

Other income is recognized on an accrual basis.

2.10.2 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.

2.10.3 Finance costs

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

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

2.10.4 Property, plant and equipment

Basis of recognition

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

Basis of measurement

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

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

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

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

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

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

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

Derecognition

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

Depreciation

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

NOTES TO THE FINANCIAL STATEMENTS

2.10.5 Leases

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

Company as a lessee

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

Right-of-use assets

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

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

Lease liabilities

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

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

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

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

Estimating the incremental borrowing rate

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

2.10.6 Investment Property

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

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

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

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

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

2.10.7 Intangible assets

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

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

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible assets.

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

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

2.10.8 Business combinations and goodwill

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

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

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

2.10.9 Investments in Subsidiaries (Company)

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

2.10.10 Investment in Associate

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

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

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

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

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in 'share of losses of an associate' in the income statement.

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

Group has one associate and details given in note 12.

2.10.11 Foreign currencies

Foreign currency transactions and balances

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

Transactions and balances

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

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

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

Foreign operations

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

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

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

Foreign Currency Translation and Change in Functional Currency - South Asia Textiles Ltd (Company)

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.

2.10.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is higher of asset's or cash generating unit's (CGU) fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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

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

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

2.10.13 Taxes

a. Current income tax

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

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

b. Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

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

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

c. Sales Tax

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

- where the sales tax incurred on a purchase of asset or service is not recoverable from the taxation authorities in which case the sales tax is recognized as a part of the cost of the asset or part of the expense item as applicable and

- receivable and payable that are stated with the amount of sales tax included.

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

2.10.14 Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal Groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Non-current assets and disposal Groups are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded met only when the sale is highly probable and the asset or disposal Group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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

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

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

2.10.15 Inventories

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

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

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

2.10.16 Financial instruments - Initial recognition and subsequent measurement

Initial recognition and measurement

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

  and

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

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

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

Financial assets at fair value through OCI

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

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

  and

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

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

Financial assets designated at fair value through OCI

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

Financial assets at fair value through profit or loss

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

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

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

a. Impairment of financial assets -

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

b. Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

Loans and borrowings

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

Derecognition

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

c. Offsetting of financial instruments

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

d. Fair value of financial instruments

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

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

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

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 36.

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

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

2.10.17 Hedge accounting

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

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

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

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

2.10.18 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.

2.10.19 Employee benefits liabilities

Defined Benefit Plan - Gratuity:

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

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

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

Recognition of Actuarial Gains and Losses

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

Defined Contribution Plans:

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

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

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

2.10.20 Provisions, contingent assets and contingent liabilities

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

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

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

Subsequently, it is measured at the higher of:

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

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

2.10.21 Contract assets

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

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

2.10.22 Contract liabilities

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

Contract liabilities of the Group have been disclosed in current liabilities in note 22.

2.10.23 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 six reportable operating segments as follows:

•	Manufacturing Textile	South Asia Textiles Limited
•	Manufacturing Porcelain	Dankotuwa Porcelain PLC and Royal Fernwood Porcelain Limited and its Subsidiaries
•	Property	Colombo City Holdings PLC and Lexinton Holdings (Pvt) Limited
•	IT and related Services	Eon Tec (Pvt) Limited and Millennium I.T.E.S.P (Pvt) Limited
•	Investments	Ambeon Holdings PLC and Olancom (Pvt) Limited
•	Financial Services	Taprobane Securities (Private) Limited, Taprobane Investments (Private) Limited, Taprobane Wealth Plus (Private) limited and Taprobane Capital Plus (Private) Limited
•	Footwear - Retailing	Ceylon Leather Products Limited and Palla & Company (Pvt) Limited (Discontinued in 2015/16)

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

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

3. CHANGES IN ACCOUNTING STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

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

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 Pandemic.

As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from Covid-19 related rent concession the same way it would account for the change under SLFRS16,if the change were not a lease modification.

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

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

In March 2021, the ICASL adopted amendments to LKAS16-Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

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

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

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

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

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

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

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

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

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

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

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

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

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

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

4. DISCONTINUED OPERATIONS AND ASSETS CLASSIFIED AS HELD FOR SALE

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

4.2 Palla and Company (Pvt) Limited (Palla) is a subsidiary of Ambeon Holdings PLC and a major line of business under the "Footwear Manufacturing" segment. The Company suspended its operations with effect from 31 August 2015.

4.3 The results of the subsidiaries in the "Manufacturing Footwear" after inter company eliminations is presented below;

	Footwear 2021 Palla LKR	Total 2021 LKR	Footwear 2020 Palla LKR	Footwear 2020 CLPDL LKR	Total 2020 LKR
Revenue	-	-	-	258,778,601	258,778,601
Cost of Sales	-	-	-	(387,126,936)	(387,126,936)
Other Income	-	-	-	(464,555)	(464,555)
Administrative Expenses	(346,804)	(346,804)	(790,581)	(48,820,912)	(49,611,493)
Selling and Distribution Expenses	-	-	-	(37,550,065)	(37,550,065)
Finance Cost	-	-	(2,251,174)	(44,801,852)	(47,053,026)
Finance Income	-	-	-	68,264	68,264
Loss before tax from discontinued operations	(346,804)	(346,804)	(3,041,755)	(259,917,455)	(262,959,210)
Loss from disposal of discontinued operations	-	-	-	(38,873,011)	(38,873,011)
Income tax Expense	-	-	-	-	-
Loss for the year from discontinued operations	(346,804)	(346,804)	(3,041,755)	(298,790,466)	(301,832,221)
Attributable to:					
Equity Holders of the Parent	(346,804)	(346,804)	(3,041,755)	(298,790,466)	(301,832,221)
Non Controlling Interest	-	-	-	-	-
Basic Earnings/ (Loss) per share from Discontinued Operation	(0.001)	(0.001)	(0.01)	(0.84)	(0.85)
Diluted Earnings/ (Loss) per share from Discontinued Operation	(0.001)	(0.001)	(0.01)	(0.84)	(0.85)
Statement of Cash Flows					
Net Cash Flows from/(Used) Operating Activities	(1,200)	(1,200)	85,130	-	85,130
Net Cash Flows used in Investing Activities	-	-	-	-	-
	(1,200)	(1,200)	85,130	-	85,130

4.4 **Investment Property Held for Sale**

Board of Directors has decided to sell the Investment Property of Colombo City Holdings PLC during the year ended 31 March 2021 and an agreement was entered in to with an agent to locate a suitable buyer on 30th March 2021. 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.

	2021 LKR	2020 LKR		2021 LKR	2020 LKR
Assets			Liabilities		
Investment Property (Note 7)	575,000,000	-	Income tax liability	3,255,800	-
	575,000,000	-		3,255,800	-
			Net Assets directly associated with the disposal	571,744,200	

NOTES TO THE FINANCIAL STATEMENTS

5. REVENUE

Group

	2021 LKR	2020 LKR	2021 LKR	2020 LKR
5.1 Summary				
Revenue From Contracts with customers				
Gross Revenue	17,917,569,776	19,693,286,605	679,519,658	207,459,771
	17,917,569,776	19,693,286,605	679,519,658	207,459,771
5.1.1 Company				
Rendering of Services			123,757,706	104,114,074
Dividend Income			441,360,599	806,034
Interest Income			114,401,353	102,539,663
			679,519,658	207,459,771

5.2 Segment Information

Group

	Footwear - Retail		Manufacturing Porcelain		Manufacturing Textile	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Total Revenue	11,155,088	57,462,882	2,435,236,411	2,244,026,385	8,320,894,208	9,139,684,246
Segment Results Gross Profit/(Loss)	(279,265)	23,726,573	636,421,415	699,490,661	900,763,348	984,585,508
Finance Cost	(13,963,070)	(11,645,060)	(123,997,275)	(127,495,985)	(99,983,424)	(129,472,716)
Finance Income	-	730	19,265,383	24,762,700	22,616,739	23,767,856
Change in Fair value of Investment Property	(878,104,375)	575,725,765	14,307,062	114,489,200	-	-
Net Results of the Associate	-	-	-	-	-	-
Impairment of intangible assets - continuing Operations	-	-	-	(88,810,653)	-	-
Profit /(Loss) before Income Tax	(1,107,260,519)	469,813,383	(336,248,285)	(104,665,790)	(265,270,267)	33,044,855
Income Tax Expense	18,382,281	40,151,783	(1,944,786)	40,143,238	6,872,658	(9,806,100)
Profit/(Loss) after tax for the year from continuing operations	(1,088,878,238)	509,965,166	(338,193,071)	(64,522,552)	(258,397,609)	23,238,755
Profit/(Loss) after tax for the year from discontinued operations	(346,804)	(301,832,221)	-	-	-	-
Profit/(Loss) for the year	(1,089,225,042)	208,132,945	(338,193,071)	(64,522,552)	(258,397,609)	23,238,755
Purchase and construction of Property Plant and Equipment	16,750	-	40,793,130	58,413,488	239,600,135	335,050,202
Additions to intangible assets	-	-	-	-	1,412,029	79,646,496
Depreciation of Property Plant and Equipment	6,251,657	20,862,121	96,652,885	96,064,367	211,834,303	184,455,646
Amortization of intangible assets	-	-	6,990,670	7,762,795	10,613,158	6,172,075
Gratuity provision and related costs	(27,955)	1,645,128	29,619,136	27,753,313	27,781,781	22,525,880
Impairment of Property Plant and Equipment	39,887,354	45,802,799	6,223,567	-	-	-
Impairment of intangible assets - continuing Operations	-	-	-	88,810,653	-	-
Assets and Liabilities						
Non-Current Assets *	1,220,600,000	2,144,826,633	2,648,891,487	2,597,820,220	2,485,079,191	2,641,445,891
Current Assets	11,961,315	174,492,271	2,052,488,811	2,415,512,918	2,700,017,459	3,578,012,820
Investment Property Classified as Held For Sale	-	-	-	-	-	-
Total assets	1,232,561,315	2,319,318,904	4,701,380,298	5,013,333,138	5,185,096,650	6,219,458,711
Non-Current Liabilities	293,152,950	354,796,257	494,824,773	618,796,212	464,518,642	534,516,870
Current Liabilities	300,832,028	284,209,634	1,805,006,442	1,641,253,970	3,217,595,910	3,787,852,000
Liabilities Directly Associated with Investment Property Classified as Held For Sale	-	-	-	-	-	-
Total Liabilities **	593,984,978	639,005,891	2,299,831,215	2,260,050,182	3,682,114,552	4,322,368,870

*Segment Non current Assets do not include investment in subsidiary and intercompany receivables.
**Segment Liabilities do not include intercompany payables including loans.

Investment		Property		IT and related Services		Financial Services		Total	
2021 LKR	2020 LKR	2021 LKR	2020 LKR	2021 LKR	2020 LKR	2021 LKR	2020 LKR	2021 LKR	2020 LKR
88,942,186	61,862,765	33,673,555	39,901,370	6,722,385,161	8,018,663,874	305,283,167	131,685,082	17,917,569,776	19,693,286,605
88,942,186	61,862,765	29,493,563	34,244,223	1,960,723,283	2,193,608,134	304,604,239	129,218,687	3,920,668,769	4,126,736,550
(173,887,377)	(215,579,036)	(10,061,031)	(20,599,981)	(99,812,307)	(189,924,740)	(3,454,644)	(1,311,049)	(525,159,128)	(696,028,567)
-	-	34,512,079	44,395,445	30,470,091	39,402,796	77,434,666	68,299,272	184,298,958	200,628,800
-	-	(383,800,000)	94,505,300	-	-	-	3,000,000	(1,247,597,313)	787,720,265
-	-	-	-	229,296	(3,070,456)	-	-	229,296	(3,070,456)
(1,082,500)	-	-	(37,726,060)	-	-	-	-	(1,082,500)	(126,536,713)
(581,159,687)	(409,864,971)	(401,486,828)	135,681,222	549,347,609	652,815,609	216,879,583	66,569,830	(1,925,198,394)	843,394,138
(43,514,067)	270,800	3,352,773	(45,399,517)	(97,174,211)	(143,743,826)	(63,466,569)	(14,158,640)	(177,491,921)	(132,542,262)
(624,673,754)	(409,594,171)	(398,134,055)	90,281,705	452,173,398	509,071,783	153,413,014	52,411,190	(2,102,690,315)	710,851,876
-	-	-	-	-	-	-	-	(346,804)	(301,832,221)
(624,673,754)	(409,594,171)	(398,134,055)	90,281,705	452,173,398	509,071,783	153,413,014	52,411,190	(2,103,037,119)	409,019,655
9,170,751	1,290,107	1,117,474	806,236	17,708,297	96,760,279	170,500	237,054	308,577,037	492,557,365
-	-	-	-	-	417,887,550	-	-	1,412,029	497,534,048
5,852,087	7,525,254	6,766,043	6,057,675	37,003,170	21,318,807	806,781	1,366,994	365,166,926	337,650,864
1,089,467	1,110,953		-	86,787,466	118,757,518	-	-	105,480,761	133,803,341
1,984,057	2,194,671	189,900	313,149	39,939,624	28,844,324	3,307,965	2,647,078	102,794,508	85,923,543
-	-	-	-	-	-	-	-	46,110,921	45,802,799
1,082,500	-	-	37,726,060	-	-	-	-	1,082,500	126,536,713
1,842,090,558	1,694,956,105	621,535,398	1,530,151,311	679,787,451	977,464,149	604,278,757	672,800,204	10,102,262,842	12,259,464,513
821,061,920	950,025,813	306,981,317	342,995,749	4,871,996,965	4,593,749,675	381,071,559	147,693,951	11,145,579,346	12,202,483,198
-	-	575,000,000	-	-	-	-	-	575,000,000	-
2,663,152,478	2,644,981,918	1,503,516,715	1,873,147,060	5,551,784,416	5,571,213,824	985,350,316	820,494,155	21,822,842,188	24,461,947,711
753,300,645	1,121,745,009	15,277,453	39,504,071	276,139,473	331,461,229	20,872,762	24,658,869	2,318,086,698	3,025,478,517
999,106,963	794,895,433	179,816,685	34,789,349	4,946,728,411	4,997,289,987	143,654,020	121,339,001	11,592,740,459	11,661,629,374
-	-	3,255,800	-	-	-	-	-	3,255,800	-
1,752,407,608	1,916,640,442	198,349,938	74,293,420	5,222,867,884	5,328,751,216	164,526,782	145,997,870	13,914,082,957	14,687,107,891

NOTES TO THE FINANCIAL STATEMENTS

6. PROPERTY, PLANT & EQUIPMENT

6.1 Gross Carrying Amounts

GROUP	Balance As at 01 April 2020 LKR	Additions LKR	Disposals LKR	Transfers LKR	Impairment LKR	Revaluation LKR	Exchange Gain/(Loss) LKR	Carrying Value As at 31 March 2021 LKR
Cost or Valuation								
Freehold Land	1,136,188,151	-	-	-	-	31,035,000	-	**1,167,223,151**
Freehold Buildings	821,797,589	2,352,889	-	-	-	46,389,523	-	**870,540,001**
Furniture & Fittings	139,137,320	11,304,790	-	-	(955,663)	-	1,282,225	**150,768,672**
Computer Equipment	332,942,854	25,108,315	(161,401)	-	-	-	4,044,981	**361,934,749**
Motor Vehicle	75,291,125	-	-	-	(1,705,322)	-	2,758,149	**76,343,952**
Plant & Machinery	3,904,141,616	25,476,509	(58,491,034)	-	(6,302,799)	-	118,618,227	**3,983,442,519**
Office Equipment	278,749,687	2,759,231	-	-	(681,278)	-	1,221,733	**282,049,373**
Shop Assets	20,763,421	-	-	-	-	-	-	**20,763,421**
Roadways and Fence	2,687,404	-	-	-	-	-	-	**2,687,404**
Other Equipment	4,281,282	1,089,274	-	-	-	-	6,156,820	**11,527,376**
Network Hardware	618,031	-	-	-	-	-	-	**618,031**
Land Development Cost	21,365,476	-	-	-	-	-	1,116,031	**22,481,507**
Factory Equipment	104,700,297	590,327	-	-	-	-	5,009,464	**110,300,088**
Kumarimulla River Embankment Project	46,605,594	-	-	-	-	-	2,434,456	**49,040,050**
Water Purification Project	93,901,526	-	-	-	(36,465,859)	-	2,212,668	**59,648,335**
Waste Water Project	38,326,684	212,058,075	-	-		-	15,022,023	**265,406,782**
	7,021,498,058	280,739,410	(58,652,435)	-	(46,110,921)	77,424,523	159,876,777	**7,434,775,411**
Assets on Finance Leases								
Cost or Valuation								
Building on Leasehold land	928,811,317	1,317,651	(3,274,140)	-	-	(41,532,700)	42,909,294	**928,231,422**
	928,811,317	1,317,651	(3,274,140)	-	-	(41,532,700)	42,909,294	**928,231,422**
In the Course of Construction								
Capital Working Progress	5,020,772	10,580,101	-	(5,020,772)	-	-	-	**10,580,101**
Machinery Installation	215,416,090	15,939,875	-	(213,556,461)	-	-	(880,617)	**16,918,887**
	220,436,862	26,519,976	-	(218,577,233)	-	-	(880,617)	**27,498,988**
	8,170,746,237	308,577,037	(61,926,575)	(218,577,233)	(46,110,921)	35,891,823	201,905,454	**8,390,505,821**

6.2 Accumulated Depreciation

At Cost or Valuation	Balance As at 01 April 2020 LKR	Charge for the Year LKR	Disposals LKR	Revaluation LKR	Exchange Gain/(Loss) LKR	Carrying Value As at 31 March 2021 LKR
Freehold Building	7,350,634	37,903,413	-	(31,877,734)	-	**13,376,313**
Furniture & Fittings	83,985,751	12,457,453	-	-	1,160,709	**97,603,913**
Computer Equipment	220,169,631	41,575,140	(90,788)	-	3,755,643	**265,409,626**
Motor Vehicle	69,650,858	1,483,205	-	-	2,755,165	**73,889,228**
Plant & Machinery	2,539,957,555	191,054,802	(55,398,693)	-	64,828,559	**2,740,442,223**
Office Equipment	233,507,440	10,916,613	-	-	1,038,193	**245,462,246**
Shop Assets	20,763,421	-	-	-	-	**20,763,421**
Roadways and Fence	2,012,577	73,164	-	-	-	**2,085,741**
Other Equipment	309,896	2,129,513	-	-	6,166,549	**8,605,958**
Network Hardware	618,032	-	-	-	-	**618,032**
Land Development Cost	21,200,654	20,184	-	-	1,108,661	**22,329,499**
Factory Equipment	61,451,496	7,595,052	-	-	3,170,869	**72,217,417**
Kumarimulla River Embankment Project	37,311,134	3,086,375	-	-	2,138,454	**42,535,963**
Water Purification Project	43,633,325	8,005,328	-	-	1,935,592	**53,574,245**
Waste Water Project	24,045,530	13,178,807	-	-	2,065,181	**39,289,518**
	3,365,967,934	329,479,049	(55,489,481)	(31,877,734)	90,123,575	**3,698,203,343**
Assets on Finance Leases						
Building on Leasehold land	43,217,881	35,687,877	(2,909,455)	(50,711,207)	(221,049)	**25,064,047**
	43,217,881	35,687,877	(2,909,455)	(50,711,207)	(221,049)	**25,064,047**
	3,409,185,815	365,166,926	(58,398,936)	(82,588,941)	89,902,526	**3,723,267,390**

NOTES TO THE FINANCIAL STATEMENTS

6.3 Net Book Values

	As at 31 March 2021 LKR	As at 31 March 2020 LKR
Cost or Valuation		
Furniture & Fittings	**53,164,759**	55,151,570
Computer Equipment	**96,525,124**	112,773,223
Motor Vehicle	**2,454,723**	5,640,268
Plant & Machinery	**1,243,000,296**	1,364,184,056
Office Equipment	**36,587,128**	45,242,248
Roadways and Fence	**601,663**	674,827
Other Equipment	**2,921,418**	3,971,386
Land Development Cost	**152,008**	164,822
Factory Equipment	**38,082,672**	43,248,801
Kumarimulla River Embankment Project	**6,504,086**	9,294,462
Water Purification Project	**6,074,090**	50,268,200
Waste Water Project	**226,117,263**	14,281,155
	1,712,185,230	1,704,895,018
At Valuation		
Freehold Land	**1,167,223,151**	1,136,188,151
Freehold Building	**857,163,687**	814,446,955
	2,024,386,838	1,950,635,106
Assets on Leasehold Land		
Cost or Valuation		
Building on Leasehold land (Note 6.7)	**903,167,375**	885,593,436
	903,167,375	885,593,436
In the Course of Construction		
Capital Working Progress	**10,580,101**	5,020,772
Machinery Installation	**16,918,887**	215,416,090
	27,498,988	220,436,862
	4,667,238,431	4,761,560,422

6.4 During the financial year, the Group acquired Property, Plant & Equipment to the aggregate value of LKR 89,999,803/- (2020- LKR 176,066,430/-).

6.5 During the financial year, following the disposal of the shoe manufacturing business, the Group impaired the assets which are not in the useable condition and no recoverable value amounting to LKR 46,110,921/- (2020 LKR 45,802,798).

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

6.7 Leasehold rights over the buildings and subsequent improvement.

6.8 Revaluation of Land and Building

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

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

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

6.8.2 Description of Significant Unobservable Inputs to Valuation

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

Property		Method of Valuation	Inputs used for measurement	Area	Range	Sensitivity of Fair value to unobservable inputs
South Asia Textiles Limited *						
2021						
Buildings on Leasehold Land	Pugoda	Cost Approach	Per sq.ft. rate	405,430 sq.ft	LKR 12 - 50	Positively correlated
(Remaining leasehold period - 33 years)						
2020						
Buildings on Leasehold Land	Pugoda	Income Approach	Per sq.ft. rate	405,430 sq.ft	LKR 12 - 50	Positively correlated
(Remaining leasehold period - 34 years)						
Royal Fernwood Porcelain Limited						
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.ft	LKR 1,000/- to 5,000/-	Positively correlated
2020						
Freehold Land	Kosgama	Market Approach	Per perch rate	2,178 Perches	LKR 70,000- 175,000	Positively correlated
Freehold Buildings	Kosgama	Cost Approach	Per sq.ft. rate	177,630 sq.ft	LKR 1,000 - 4,500	Positively correlated

NOTES TO THE FINANCIAL STATEMENTS

6. PROPERTY, PLANT & EQUIPMENT (Contd.)

6.8.2 Description of Significant Unobservable Inputs to Valuation

Property		Method of Valuation	Inputs used for measurement	Area	Range	Sensitivity of Fair value to unobservable inputs
Dankotuwa Porcelain PLC						
2021						
Freehold Land	Dankotuwa	Market Approach	Per perch rate	3,153.40 perches	LKR 250,000/-	Positively correlated
Freehold Buildings	Dankotuwa	Cost Approach	Per sq.ft. rate	260,015 sq.ft	LKR 1,500/- LKR 4,500/-	Positively correlated
2020						
Freehold Land	Dankotuwa	Market Approach	Per perch rate	3,277.76 Perches	LKR 230,000	Positively correlated
Freehold Buildings	Dankotuwa	Cost Approach	Per sq.ft. rate	260,015 sq.ft	LKR 2,200 - 4,400	Positively correlated
Lexinton Holdings (Pvt) Limited						
2021						
Freehold Land	Rajagiriya	Market Approach	Per perch rate	17.15 Perches	LKR 8,399,417	Positively correlated
Freehold Buildings	Rajagiriya	Cost Approach	Per sq.ft. rate	17,150 sq.ft	LKR 8,394	Positively correlated
2020						
Freehold Land	Rajagiriya	Market Approach	Per perch rate	17.15 Perches	LKR 7,500,000	Positively correlated
Freehold Buildings	Rajagiriya	Cost Approach	Per sq.ft. rate	17,150 sq.ft	LKR 7,500	Positively correlated

6.8.3 Description of Significant Unobservable Inputs to Valuation

The carrying amount of revalued assets of the Group that would have been included in the financial statements had that been carried at cost less depreciation is as follows:

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

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

6. PROPERTY, PLANT & EQUIPMENT (Contd.)

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

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

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

6.9 Company

	As at 31.03.2020 LKR	Additions LKR	Disposals LKR	As at 31.03.2021 LKR
At Cost				
Furniture, Fixtures & Other Equipment	2,691,342	4,699,780	-	**7,391,122**
Computer	25,362,422	4,470,971	-	**29,833,393**
Motor Vehicle	13,549,904	-	-	**13,549,904**
Total assets	41,603,668	9,170,751	-	**50,774,419**
Total assets	41,603,668	9,170,751	-	**50,774,419**

Depreciation	Balance As at 31.03.2020 LKR	Charge for the Year LKR	Disposals LKR	Balance As at 31.03.2021 LKR
At Cost				
Furniture, Fixtures & Other Equipment	2,493,545	719,943	-	**3,213,488**
Computer	14,982,733	5,100,905	-	**20,083,638**
Motor Vehicle	13,504,427	31,240	-	**13,535,667**
Total depreciation	30,980,705	5,852,088	-	**36,832,793**

NOTES TO THE FINANCIAL STATEMENTS

6. PROPERTY, PLANT & EQUIPMENT (Contd.)

Net Book Values	2021 LKR	2020 LKR
At Cost		
Furniture, Fixtures & Other Equipment	4,177,633	197,797
Computer	9,749,755	10,379,689
Motor Vehicles	14,238	45,477
Total Carrying Amount of Property, Plant & Equipment	13,941,626	10,622,963

6.10 During the financial year the Company acquired Property, Plant & Equipment to the aggregate value of LKR 9,170,751 /- (2020 - LKR 1,290,107/-).

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

	2021	2020
Building on Leasehold Land - under BOI agreement	50 Years	50 Years
Building on Leasehold Land - Other	5 Years	5 Years
Building on freehold land	10-40 Years	10-40 Years
Furniture & Fittings	4-10 Years	4-10 Years
Computer Equipment	1-4 Years	1-4 Years
Motor Vehicles	4-6 Years	4-6 Years
Plant & Machinery		
Plant & Machinery	10 Years	10 Years
Kiln Furniture	3 Years	3 Years
Kilns	15 Years	15 Years
Office Equipment	4-5 Years	4-5 Years
Shop Assets	10 Years	10 Years
Roadways & Fence	40 Years	40 Years
Other Equipment	8-18 Years	8-18 Years
Land Development Cost	10 Years	10 Years
Factory Equipment	8-18 Years	8-18 Years
Kumarimulla River Embankment Project	10 Years	10 Years
Water Purification Project	10 Years	10 Years
Waste Water Project	10 Years	10 Years
Company		
The useful lives of the assets of the companies in the group is estimated as follows.		
Furniture, Fixtures & Other Equipment	4 Years	4 Years
Computer	4 Years	4 Years
Motor Vehicle	6 Years	6 Years

7. INVESTMENT PROPERTY

	Note	2021 LKR	2020 LKR
Balance as at the beginning of the year		**3,829,940,525**	3,039,977,150
Additions		**-**	2,243,110
Fair value Gain/(Loss)		**(1,247,597,313)**	787,720,265
		2,582,343,212	3,829,940,525
Asset classified to held for sale	4	**(575,000,000)**	-
Balance as at the end of the year		**2,007,343,212**	3,829,940,525

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

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

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

7.1.1

Company	Property	Incorporate Valuer 2021	Incorporate Valuer 2020	2021	2020
Dankotuwa Porcelain PLC	Dankotuwa	FRT Valuation Services (Pvt) Ltd	Mr. S. Sivaskantha	31-Mar-21	29-Feb-20
Royal Fernwood Porcelain Ltd	Kosgama	FRT Valuation Services (Pvt) Ltd	Mr. S. Sivaskantha	31-Mar-21	29-Feb-20
Taprobane Securities (Pvt) Ltd	Kosgama	FRT Valuation Services (Pvt) Ltd	Mr. W. M. Chandrasena	31-Mar-21	29-Feb-20
Ceylon Leather Products Ltd	Mattakkuliya	FRT Valuation Services (Pvt) Ltd	Mr. S. Sivaskantha	31-Mar-21	29-Feb-20

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

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

Company	Property	Method of Valuation	Inputs used for measurement	2021 LKR	2020 LKR
Dankotuwa Porcelain PLC	Land (Dankotuwa)	Open Market Value	Per perch rate	175,000	6,000-175,000
Royal Fernwood Porcelain Ltd	Land (Kosgama)	Open Market Value	Per perch rate	70,000	70,000
Taprobane Securities (Pvt) Ltd	Land (Kosgama)	Open Market Value	Per perch rate	72,500	72,500
Ceylon Leather Products Limited	Land (Mattakkuliya)	Open Market value	Per perch rate	1,600,000	2,700,000
	Buildings (Mattakkuliya)	Replacement Cost	Per sq.ft. rate	500-2,000	2,500-5,000

NOTES TO THE FINANCIAL STATEMENTS

7.4 Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2021 and 2020 are as shown below;

Investment Property	Valuation technique	Significant unobservable inputs	Rate LKR	Sensitivity of input to fair value
Dankotuwa Porcelain PLC				
As at 31 March 2021				
Land 3,899.35 perches	Open Market value	Per perch rate	175,000	Postively Correlated
As at 31 March 2020				
Land 3,985.95 perches	Open Market value	Per perch rate	6,000 - 175,000	Postively Correlated
Royal Fernwood Porcelain Ltd				
As at 31 March 2021				
Land 1,753.07 perches	Open Market value	Per perch rate	70,000	Postively Correlated
As at 31 March 2020				
Land 1,753.07 perches	Open Market value	Per perch rate	70,000	Positively Correlated
Taprobane Securities (Pvt) Ltd				
As at 31 March 2021				
Land 1,162.37 perches	Open Market value	Per perch rate	72,500	Positively Correlated
As at 31 March 2020				
Land 1,162.37 perches	Open Market value	Per perch rate	72,500	Positively Correlated
Ceylon Leather Products Limited				
As at 31 March 2021				
Land 721.62 perches (river reservation 44 perches)	Open Market value	Per perch rate	1,650,000	Positively correlated
Buildings 81,428 sq.ft	Replacement Cost	Per sq.ft. rate	500 - 2,000	Positively correlated
As at 31 March 2020				
Land 765.56 perches	Open Market value	Per perch rate	2,700,000	Positively correlated
Buildings 75,010 sq.ft	Replacement Cost	Per sq.ft. rate	2,500- 5,000	Positively correlated

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

8. INTANGIBLE ASSETS

	Note	2021 LKR	2020 LKR
Goodwill	8.1	**984,761,910**	984,761,910
Computer Software	8.2	**264,931,744**	425,814,937
Brand Name	8.3	**324,644,574**	324,644,574
License Fees	8.4	**22,161,458**	23,243,958
		1,596,499,686	1,758,465,379

8.1 Goodwill

	Note	2021 LKR	2020 LKR
Balance at the beginning of the year		**984,761,910**	1,111,298,623
Impairment of Goodwill	8.5	**-**	(126,536,713)
Balance at the end of the year		**984,761,910**	984,761,910

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

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

8.2 Software

	Note	2021 LKR	2020 LKR
Balance at the beginning of the year		**425,814,937**	57,452,313
Additions during the period		**1,412,029**	497,534,048
Amortization during the period		**(105,480,761)**	(133,803,341)
Deffered Amortisation		**(60,329,433)**	-
Exchange Adjustment		**3,514,972**	4,631,917
Balance at the end of the year	8.2.1	**264,931,744**	425,814,937

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

8.3 Brand Names

	Note	2021 LKR	2020 LKR
Balance at the beginning of the year		**324,644,574**	324,644,574
Balance at the end of the year	8.5	**324,644,574**	324,644,574

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

NOTES TO THE FINANCIAL STATEMENTS

8.4 License Fees

	Note	2021 LKR	2020 LKR
Balance at the beginning of the year		**23,243,958**	23,243,958
Impairment		**(1,082,500)**	-
Balance at the end of the year		**22,161,458**	23,243,958

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

8.5 Impairment Testing of Goodwill and Intangible Assets with Indefinite Lives

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

	At the Beginning of the year LKR	Impairment Provision LKR	At the End of the year LKR
Goodwill			
Textiles	96,241,963	-	96,241,963
Porcelain	41,478,108	-	41,478,108
IT and Related Services	847,041,839	-	847,041,839
	984,761,910	-	984,761,910
Brand Name			
Porcelain	9,723,614	-	9,723,614
IT and Related Services	314,920,960	-	314,920,960
	324,644,574	-	324,644,574

8.5.1 Impairment of goodwill

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

Gross margins

The basis used to determine the value assigned to the budgeted gross margins/contributions is the gross margins/ contributions achieved in the year preceding the budgeted year adjusted for projected market conditions.

Discount rates (Weighted Average Cost of Capital)

The discount rate used is the risk free rate which is the long term bond rate as published by Central Bank of Sri Lanka, adjusted by the addition of an appropriate risk premium.

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 disclosers are further described in the Note 10 of this finanial statements.

8.5.2 The Group has not determined the impairment of goodwill as at the reporting date due to the COVID-19 pandemic. In light of current operational and economic conditions due to the ongoing COVID-19 pandemic, The Group has taken the necessary steps to ensure business continuity, weighing the risks and benefits in the context of the prevalent environment. Accordingly the management has used VIU to determine recoverable value of the CGU and concluded that the recoverable value of CGUs exceeds its carrying values.

8.6 Company

	2021 LKR	2020 LKR
Computer Software (Note 8.6.1)	**7,198,290**	8,287,757
License Fees (Note 8.6.2)	**-**	1,082,500
	7,198,290	9,370,257

8.6.1 Software

	2021 LKR	2020 LKR
Balance at the beginning of the year	**8,287,757**	9,398,710
Amortization during the period	**(1,089,467)**	(1,110,953)
Balance at the end of the year	**7,198,290**	8,287,757

8.6.2 License Fees

	2021 LKR	2020 LKR
Balance at the beginning of the year	**1,082,500**	1,082,500
Impairment	**(1,082,500)**	-
Balance at the end of the year (Note 8.4.1)	**-**	1,082,500

9. RIGHT OF USE ASSETS

Right of use assets

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

* Notes and disclosers relating to Lease Liabilty are described in the Note 19.

NOTES TO THE FINANCIAL STATEMENTS

9. RIGHT OF USE ASSETS (Contd.)

9.1 Right to Use Assets

	As At 31.03.2020 LKR	Adjustments & Reassessment LKR	Transfers LKR	Amortization LKR	Exchange LKR	As At 31.03.2021 LKR
Right to Use Asset - Building	120,274,785	24,106,283	27,273,582	(50,628,994)	-	**121,025,656**
Right to Use Asset - Land	19,515,867	-	-	(569,219)	940,530	**19,887,178**
	139,790,652	24,106,283	27,273,582	(51,198,213)	940,530	**140,912,834**
Right to Use Asset Motor Vehicle	8,623,478	-	-	(1,617,270)	-	**7,006,208**
	148,414,130	24,106,283	27,273,582	(52,815,483)	940,530	**147,919,042**

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

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

9.3 In determining the Right of Use Assets, the Group has assessed the impact of the Pandemic. 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.

10. INVESTMENT IN SUBSIDIARIES

10.1 Investments in Equity Securities - Quoted

Company	Holding 2021	Holding 2020	2021 Fair Value LKR	2020 Fair Value LKR
Colombo City Holdings PLC	**77.63%**	77.63%	**1,477,133,000**	1,763,802,507
Dankotuwa Porcelain PLC	**77.51%**	77.51%	**1,947,812,000**	2,050,940,000
			3,424,945,000	3,814,742,507

10.2 Investments in Equity Securities - Unquoted

	Holding 2021	Holding 2020	2021 Fair Value LKR	2020 Fair Value LKR
Ceylon Leather Products Ltd	**99.90%**	99.90%	**560,149,000**	1,610,867,000
Olancom (Pvt) Ltd	**93.15%**	93.15%	**-**	-
South Asia Textiles Ltd	**97.67%**	97.67%	**3,914,368,000**	4,660,403,455
Millennium I.T.E.S.P. (Pvt) Ltd	**0.51%**	0.51%	**19,469,000**	15,556,630
Palla & Company (Pvt) Ltd	**99.90%**	99.90%	**-**	-
Taprobane Capital Plus (Pvt) Ltd	**100.00%**	100.00%	**705,258,000**	649,783,000
Eon Tec (Pvt) Ltd	**78.00%**	78.00%	**2,144,314,000**	1,920,987,688
			7,343,558,000	8,857,597,773
Total Carrying Value of Investments			**10,768,503,000**	12,672,340,280

10.2.1 Investment in Subsidiary Movement

	A the Beginning of the Year LKR	Net Investment/ Disposal LKR	Fair Value Gain/ (Loss) LKR	At the end of the Year LKR
2021	**12,672,340,280**	**-**	**(1,903,837,280)**	**10,768,503,000**
2020	11,496,269,560	151,466,040	1,024,604,680	12,672,340,280

Investment in Subsidiaries are stated at fair value, fair value has been determined in accordance with SLFRS 13 . Professional valuation was performed by KPMG for the year ended 31 March 2021 and for 31 March 2020 by CT CLSA Capital (Pvt) Ltd.

10.2.2 Investments in sub subsidiaries/ associate entity effective holdings

Sub Subsidiaries	Investor	Effective Holding %		Principal Activity	Place of Principal Business
		2021	2020		
Lexinton Financial Services (Pvt) Ltd	Taprobane Capital Plus (Pvt) Ltd	**100.00**	100.00	Carrying out Margin Trading - No operation During the year.	No. 10, Gothami Road, Colombo 08
Ceylon Leather Products Ltd	Ambeon Holdings PLC	**99.90**	99.90	Selling of Leather, Leather Footwear and Leather Goods	115/1, Kelanigaga Mill Road, Mattakkuliya, Colombo 15
South Asia Textiles Ltd	Ambeon Holdings PLC	**97.67**	97.67	Manufacturing and selling of knitted fabrics for the export and local markets	No.70, Felix Dias Bandaranayake Mawatha, Pugoda, Sri Lanka
Palla & Company (Pvt) Ltd	Ambeon Holdings PLC	**99.99**	99.99	Manufacturing shoes for export market - Ceased Operations	No. 10, Gothami Road, Colombo 08
Dankotuwa Porcelain PLC	Ambeon Holdings PLC	**77.51**	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	**74.17**	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	**74.17**	60.40	Manufacturing Decals - No operations during the period	Werellamandiya Estate, Police station road, Kosgama
Fernwood Lanka (Pvt) Ltd	Royal Fernwood Porcelain Ltd	**74.17**	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	**77.63**	63.21	Renting out properties	No.505, Union Place, Colombo 02
Olancom (Pvt) Ltd	Ambeon Holdings PLC	**93.15**	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	**100.00**	81.43	Money Broking	No. 10, Gothami Road, Colombo 08
Taprabane Securities (Pvt) Ltd	Taprobane Capital Plus (Pvt) Ltd	**100.00**	81.43	Share Broking	No. 10, Gothami Road, Colombo 08
Taprobane Wealth Plus (Pvt) Ltd	Taprobane Capital Plus (Pvt) Ltd	**100.00**	81.43	Corporate Finance	No. 10, Gothami Road, Colombo 08

NOTES TO THE FINANCIAL STATEMENTS

10. INVESTMENT IN SUBSIDIARIES (Contd.)

Sub Subsidiaries	Investor	Effective Holding % 2021	Effective Holding % 2020	Principal Activity	Place of Principal Business
Taprobane Capital Plus (Pvt) Ltd	Ambeon Holdings PLC	**100.00**	81.43	Investment Management	No. 10, Gothami Road, Colombo 08
Eon Tech (Pvt) Ltd	Ambeon Holdings PLC	**78.00**	63.52	Investment Holding	No. 10, Gothami Road, Colombo 09
Lexinton Holdings (Pvt) Ltd	Colombo City Holdings PLC	**77.63**	63.21	Real estate Management	No. 10, Gothami Road, Colombo 10
Millennium I.T.E.S.P (Pvt) Ltd	Eon Tech (Pvt) Ltd	**60.75**	49.05	IT Solutions	48 Sir Marcus Fernando Road, Colombo 07
DPL Trading (Pvt) Ltd	Dankotuwa Porcelain PLC	**77.51**	63.12	Retail selling of porcelain tableware to the domestic market	Kurunegala Road, Dankotuwa
Infoseek (Private)	Millennium I.T.E.S.P (Pvt) Ltd	**24.9**	24.9	An innovative Cloud based Human Resource Information System named as MintHRM	No 48 Chitra Lane, Colombo 05

10.3 The company uses fair valuation model of measurement for investment in subsidiaries

Details of investment in subsidiaries stated at fair value included below Fair value Techniques, basis and assumption.

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

* Weighted Average Cost of Capital.

10.4. Sensitivity Analysis

Company	Weigted Average Cost of Capital	Terminal Growth Rate	2021 Effect on Profit or Loss Statement LKR	2021 Effect on Statement of Financial Position LKR	2020 Effect on Profit or Loss Statement LKR	2020 Effect on Statement of Financial Position LKR
Dankotuwa Porcelain PLC	1%		**(181,981,078)**	**(181,981,078)**	(58,517,725)	(58,517,725)
	-1%		**230,594,575**	**230,594,575**	66,753,162	66,753,162
		1%	**171,100,225**	**171,100,225**	19,572,050	19,572,050
		-1%	**(135,746,363)**	**(135,746,363)**	(17,385,493)	(17,385,493)
Royal Fernwood Prorceilane Ltd	1%		**(129,417,358)**	**(129,417,358)**	(38,917,685)	(38,917,685)
	-1%		**165,881,830**	**165,881,830**	43,985,038	43,985,038
		1%	**123,148,613**	**123,148,613**	13,545,324	13,545,324
		-1%	**(96,180,329)**	**(96,180,329)**	(12,032,460)	(12,032,460)
South Asia Textiles Ltd	1%		**(1,034,869,322)**	**1,034,869,322)**	(396,312,629)	(396,312,629)
	-1%		**1,364,849,370**	**1,364,849,370**	459,226,759	459,226,759
		1%	**1,065,506,448**	**1,065,506,448**	104,885,860	104,885,860
		-1%	**(815,660,727)**	**(815,660,727)**	(91,921,144)	(91,921,144)
Millennium I.T E.S.P (Pvt) Ltd	1%		**(181,981,078)**	**(181,981,078)**	(81,904,365)	(81,904,365)
	-1%		**230,594,575**	**230,594,575**	92,047,793	92,047,793
		1%	**171,100,225**	**171,100,225**	23,187,667	23,187,667
		-1%	**(135,746,363)**	**(135,746,363)**	(20,848,792)	(20,848,792)

In light of current operational and economic conditions due to the ongoing COVID-19 pandemic, the Group has reassessed the expected future business performance relating to cash generating units where the management has concluded that the recoverable value of subsidiaries exceeds its carrying values.

Accordingly, the valuer has confirmed in his report that the value reflected as of 31 March 2021 represents the best estimate of fair value as of the reporting date, which in the valuer's opinion meets the requirements in SLFRS 13 Fair Value Measurement.

11. OTHER NON-CURRENT FINANCIAL ASSETS

11.1 Non Current Investments

	Note	Group 2021 LKR	Group 2020 LKR	Company 2021 LKR	Company 2020 LKR
Financial Assets at Amortized Cost					
Deposit with Colombo Stock Exchange		**2,250,000**	2,780,426	**-**	-
Investments in Government Securities		**14,304,886**	14,009,154	**-**	-
Loans and Receivables	14	**1,711,800,147**	1,650,486,525	**657,024,388**	524,237,578
Impairment For Loans and Receivable *		**(180,000,000)**	-	**(180,000,000)**	-
		1,548,355,033	1,667,276,105	**477,024,388**	524,237,578

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

NOTES TO THE FINANCIAL STATEMENTS

12. 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 upto the disposal date. The following table illustrates the summarized Financial Information of the Group's investment in Infoseek (Private) Limited and prior year disposal.

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

Summarized Financial Information

	2021 LKR	2020 LKR
The Associate's Statement of Financial Position		
Total Assets	**28,007,420**	10,239,538
Total Liabilities	**(35,703,483)**	(18,157,784)
Equity	**(7,696,063)**	(7,918,246)
Carrying amount of the investment	**(1,924,015)**	(1,979,546)
Share of Revenue, Profit/(Loss) of the Equity Accounted investee		
Revenue	**36,854,089**	29,843,790
Profit/(Loss)	**917,184**	(12,281,923)
Share of Loss for the Year	**229,296**	(3,070,456)

12.1 Equity Reconciliation

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

13. INVENTORIES

	Note	Group 2021 LKR	Group 2020 LKR
Raw Material		993,734,167	938,318,265
Work in Progress/ Project in Progress		2,232,506,165	1,627,103,314
Finished Goods		1,064,759,198	1,394,399,269
Indirect Material		29,391,726	31,078,685
Spare Stock		35,881,876	36,780,743
General Stock		15,033,659	19,290,385
Consumables		17,961,055	19,148,951
Semi Finished Goods		160,252,210	262,106,240
Packing Material		30,895,039	28,619,459
Others		35,488,360	17,192,102
Less : Allowance for Obsolete & Slow Moving Inventories	13.2	(861,567,225)	(679,173,432)
		3,754,336,230	3,694,863,981
Consumables and Spares		157,872,907	144,557,802
Goods Held for resale and maintenance inventory	13.1	29,850,822	11,942,465
Goods-In-Transit		55,421,923	243,569,714
		3,997,481,882	4,094,933,962
Total Inventories at the Lower of Cost and Net Realizable Value		3,997,481,882	4,094,933,962

		Note	Group 2021 LKR	Group 2020 LKR
13.1	Goods held for resale		14,245,007	-
	Maintenance Inventory		138,715,720	132,340,394
			152,960,727	132,340,394
	Allowance for obsolete & slow moving Inventories	13.2	(123,109,905)	(120,397,929)
			29,850,822	11,942,465

13.2 Allowance for Obsolete & Slow Moving Inventories

	Group 2021 LKR	Group 2020 LKR
Balance at the beginning of the year	799,571,361	617,261,888
Provision made during the year	185,105,769	182,309,473
Balance at the End of the year	984,677,130	799,571,361

13.3 Details of inventories pledged for borrowings are disclosed in Note 33.

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

NOTES TO THE FINANCIAL STATEMENTS

14. TRADE AND OTHER RECEIVABLES

14.1 Summary

	Note	Group		Company	
		2021 LKR	2020 LKR	2021 LKR	2020 LKR
Trade Debtors - Other		**5,934,420,298**	5,793,246,746	**-**	-
Less: Allowance for Bad & Doubtful Debtors	14.1.1	**(1,255,164,729)**	(1,297,398,586)	**-**	-
		4,679,255,569	4,495,848,160	**-**	-
Other Receivables - Related Party	14.2	**37,309,689**	17,565,302	**462,817,152**	416,634,797
- Other		**403,271,492**	459,346,166	**134,746,478**	117,280,935
Loan Receivables	14.3	**97,582,991**	162,471,523	**871,174,737**	1,095,738,528
Less: Allowance for Bad & Doubtful Debtors	14.1.1	**(307,727,340)**	(193,338,071)	**(1,057,992,285)**	(962,876,298)
		4,909,692,401	4,941,893,080	**410,746,082**	666,777,962
Advances and Prepayments		**339,493,878**	1,410,951,573	**3,844,699**	18,790,976
		5,249,186,279	6,352,844,653	**414,590,781**	685,568,938

*Details of trade debtors pledged for borrowing are disclosed in Note 33.

14.1.1 Allowance for Bad & Doubtful Debtors

	Note	Group		Company	
		2021 LKR	2020 LKR	2021 LKR	2020 LKR
Balance at the beginning of the year		**1,490,736,657**	1,252,001,195	**962,876,298**	877,876,298
Provision/(Reversal) made during the year		**72,155,412**	238,735,462	**95,115,987**	85,000,000
Balance at the End of the year		**1,562,892,069**	1,490,736,657	**1,057,992,285**	962,876,298

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

14.2 Other Receivables - Related Party

		Group		Company	
	Relationship	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Ceylon Leather Products Ltd	Subsidiary	-	-	**36,852,111**	31,552,556
South Asia Textiles Ltd	Subsidiary	-	-	**27,826,461**	41,957,563
Palla & Co. (Pvt) Ltd	Subsidiary	-	-	**1,309,288**	963,685
Dankotuwa Porcelain PLC	Subsidiary	-	-	**104,109,854**	71,912,561
Royal Fernwood Porcelain (Pvt) Ltd	Subsidiary	-	-	**48,741,388**	41,134,633
Colombo City Holdings PLC	Subsidiary	-	-	**2,186,873**	2,540,716
Olancom (Pvt) Ltd	Subsidiary	-	-	**195,380,195**	193,066,695
Ambeon Capital PLC	Immediate Parent	**34,364,945**	961,558	**-**	490
Taprobane Capital (Pvt)Ltd	Subsidiary	-	-	**-**	6,849
Millennium I.T.E.S.P (Pvt) Ltd	Subsidiary	-	-	**24,350,922**	33,104,984
Eon Tec (Pvt) Ltd	Subsidiary	-	-	**384,186**	357,186
Taprobane Securities (Pvt) Ltd	Subsidiary	-	-	**21,625,874**	6,237
Taprobane Investments (Pvt) Ltd	Subsidiary	-	-	**-**	30,642
Lexinton Resorts (Pvt) Ltd	Subsidiary	**2,944,744**	2,606,754	**50,000**	-
Loan Given to Directors		**-**	13,996,990	**-**	-
		37,309,689	17,565,302	**462,817,152**	416,634,797

14.3 Loan Receivables - Group

	Relationship	2021 Amount Receivable Within 1 Year LKR	2021 Amount Receivable After 1 Year LKR	2021 Total LKR	2020 Amount Receivable Within 1 Year LKR	2020 Amount Receivable After 1 Year LKR	2020 Total LKR
Group Companies							
CHC Investment (Pvt) Ltd *	Ultimate Parent	**-**	**286,257,900**	**286,257,900**	139,982,367	113,817,420	253,799,787
Ambeon Capital PLC *	Immediate Parent	**67,890,585**	**1,245,542,247**	**1,313,432,832**	-	1,356,669,105	1,356,669,105
Loans to Company Officers (Note 14.3.2)		**63,725**	**-**	**63,725**	81,639	-	81,639
Infoseek (Pvt) Ltd	Associate	**689,363**	**-**	**689,363**	656,111	-	656,111
Others							
D.B. Exim (Pvt) Ltd		**19,307,143**	**-**	**19,307,143**	19,307,143	-	19,307,143
Ceylon Leather Products Manufactures (Pvt) Ltd **		**9,632,175**	**180,000,000**	**189,632,175**	2,444,263	180,000,000	182,444,263
		97,582,991	**1,711,800,147**	**1,809,383,138**	162,471,523	1,650,486,525	1,812,958,048

*Terms and Conditions : Rate of interest at 9% - 10.5% and AWPLR+(1.5%-3.35%) per annum. Long term loan are receivable after 36 Months and short term loans are receivable on demand.

NOTES TO THE FINANCIAL STATEMENTS

14. TRADE AND OTHER RECEIVABLES (Contd.)

**The Company formally known as Ceylon Leather Products Distributors (Pvt) Ltd.Terms and Conditions : Rate of interest at AWPLR+2% per annum.loan receivable within 43 Months . As at the Reporting date loan receivable balance has been fully provided considering the recoverability assessment carried out by the management.

* Terms and conditions

Company Loan Obtained	Company Loan Granted	Rate	Period	Amount LKR
CHC Investment (Pvt) Ltd				
	Ambeon Holdings PLC	AWPLR+1.5%	36 Months	154,292,486
	Colombo City Holdings PLC	AWPLR+1.5%	36 Months	131,965,414
				286,257,900
Ambeon Capital PLC				
	Ambeon Holdings PLC	9.9%-10.5%	30 Months	390,622,487
	Taprobane Investments (Pvt) Ltd	9%	30 Months	193,623,988
	Taprobane Securities (Pvt) Ltd	9%	30 Months	183,069,234
	Lexinton Holdings (Pvt) Ltd	9%	30 Months	247,882,514
	Taprobane Wealth Plus (Pvt) Ltd	9%	30 Months	4,481,320
	Millennium I.T.E.S.P.(Pvt) Ltd	10.50%	30 Months	189,709,805
	South Asia Textiles Ltd	10.50%	30 Months	104,043,484
				1,313,432,832

14.3.1 Loan Receivables - Company

	Relationship	2021 Amount Receivable Within 1 Year LKR	2021 Amount Receivable After 1 Year LKR	2021 Total LKR	2020 Amount Receivable Within 1 Year LKR	2020 Amount Receivable After 1 Year LKR	2020 Total LKR
Group Companies							
Olancom (Pvt) Ltd	Subsidiary	648,667,204	-	648,667,204	648,667,204	-	648,667,204
Ceylon Leather Products Ltd*	Subsidiary	33,337,302	-	33,337,302	24,884,299	-	24,884,299
Ambeon Capital PLC	Immediate Parent	67,890,585	322,731,902	390,622,487	-	344,237,578	344,237,578
Dankotuwa Porcelain PLC	Subsidiary	92,340,328	-	92,340,328	265,383,033	-	265,383,033
CHC Investment (Pvt) Ltd	Ultimate Parent	-	154,292,486	154,292,486	135,052,586	-	135,052,586
Others							
D.B. Exim (Pvt) Ltd**	-	19,307,143	-	19,307,143	19,307,143	-	19,307,143
Ceylon Leather Products Manufactures (Pvt) Ltd***	-	9,632,175	180,000,000	189,632,175	2,444,263	180,000,000	182,444,263
		871,174,737	657,024,388	1,528,199,125	1,095,738,528	524,237,578	1,619,976,106

*During the year, the Loan Balance Receivable from Ceylon Leather Products Ltd has been fully provided considering the recoverability assessment carried out by the management.

**In the High Court of the Western Province, it was agreed that the outstanding amount be settled on or before 15 September 2018. However, the Company (D.B. Exim (Pvt) Limited) requested further 6 months to settle the outstanding. The Borrower has not settled the liability as at 31 March 2021.

***The Company formally known as Ceylon Leather Products Distributors (Pvt) Ltd. Terms and Conditions : Rate of interest at AWPLR+2% per annum.loan receivable within 43 Months . As at the Reporting date loan receivable balance has been fully provided considering the recoverability assessment carried out by the management.

	Payment on or Before	Interest Rate	As at 01 April 2020 LKR	Loans Granted LKR	Loans Settled LKR	Interest Accrued During the year LKR	As at 31 March 2021 LKR
Group Companies							
Olancom (Pvt) Ltd	28 Sep 2015	AWPLR + 1%	648,667,204	-	-	-	**648,667,204**
Ceylon Leather Products Ltd	Within 1 Year	12%- 14.2% and AWPLR+3.5%	24,884,299	4,750,000	-	3,703,003	**33,337,302**
Ambeon Capital PLC	30 Months	9.9%-10.5%	344,237,578	75,000,000	(70,209,577)	41,594,486	**390,622,487**
Dankotuwa Porcelain PLC	Within 1 Year	10.00%	265,383,033	-	(200,000,000)	26,957,295	**92,340,328**
CHC investments (pvt) Ltd	36 Months	AWPLR+1.5%	135,052,586	1,500,000	-	17,739,900	**154,292,486**
Others							
D.B. Exim (Pvt) Ltd	15 September 2018	10%	19,307,143	-	-	-	**19,307,143**
Ceylon Leather Products Manufactures (Pvt) Ltd	Within 43 Months	AWPLR + 2%	182,444,263	-	(8,616,152)	15,804,064	**189,632,175**
			1,619,976,106	81,250,000	(278,825,729)	105,798,748	**1,528,199,125**

14.3.2 Loans to Company Officers

	Group	
	2021 LKR	2020 LKR
Balance at the beginning of the year	**81,639**	617,802
Loans granted during the year	**-**	(536,163)
Less : Repayments during the year	**(17,914)**	-
Balance at the end of the year	**63,725**	81,639

NOTES TO THE FINANCIAL STATEMENTS

15. OTHER FINANCIAL INVESTMENTS

		Group		Company	
		2021 LKR	2020 LKR	2021 LKR	2020 LKR
Financial Instrument -					
Fair Value through Profits or Losses					
Quoted Equities at Market Value	(Note 15.1 and 15.2)	**26,257,756**	54,452,647	**26,235,611**	54,440,398
Fair Value through OCI					
Quoted Equities at Market Value	(Note 15.1 and 15.2)	**610,828,974**	557,919,141	**610,828,974**	557,919,141
Financial Instrument - at Amortized cost					
Bank Deposits		**339,965,525**	307,219,166	**100,058,805**	50,058,804
Commercial Paper - Other*		**-**	35,555,213	**-**	-
		977,052,255	955,146,167	**737,123,390**	662,418,343

*As at the Reporting date Commercial Paper receivable balance from Ceylon Leather Products Manufactures (Pvt) Ltd has been fully provided considering the recoverability assessment carried out by the Management.

15.1 Investments in Equity Securities - Group

	No of Shares		Cost	Market Value	Cost	Market Value
	2021	2020	2021 LKR	2021 LKR	2020 LKR	2020 LKR
Incorporated in Sri Lanka						
Fair Value through Profits or Losses						
B P P L Holdings PLC	**461,281**	645,100	**5,419,162**	**6,227,294**	7,578,680	7,870,220
Seylan Bank PLC	**408,333**	887,051	**38,673,959**	**20,008,317**	82,930,236	46,570,178
Aitken Spence PLC	**399**	399	**88,785**	**22,145**	88,785	12,249
			44,181,906	**26,257,756**	90,597,701	54,452,647
Fair value though OCI						
Pan Asia Banking Corporation PLC	**43,630,641**	43,930,641	**817,969,694**	**610,828,974**	823,593,973	557,919,141
			817,969,694	**610,828,974**	823,593,973	557,919,141
Total Carrying Value of Investment			**862,151,600**	**637,086,730**	914,191,674	612,371,788

Financial assets has been reclassified as per SLFRS 9 “Financial Instruments”, details have been disclosed in Note 36.

15.2 Investments in Equity Securities -Company

	No of Shares		Cost	Market Value	Cost	Market Value
	2021	2020	2021 LKR	2021 LKR	2020 LKR	2020 LKR
B P P L Holdings PLC	461,281	645,100	**5,419,162**	**6,227,294**	7,578,680	7,870,220
Seylan Bank PLC	408,333	887,051	**38,673,959**	**20,008,317**	82,930,236	46,570,178
			44,093,121	**26,235,611**	90,508,916	54,440,398
Fair value though OCI						
Pan Asia Banking Corporation PLC	43,630,641	43,930,641	**817,969,694**	**610,828,974**	823,593,973	557,919,141
Total Carrying Value of Investment			**862,062,815**	**637,064,585**	914,102,889	612,359,539

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

16. STATED CAPITAL

	2021		2020	
	Number	LKR	Number	LKR
Fully Paid Ordinary Shares begining of the year	**356,869,666**	**5,331,775,177**	356,869,666	5,331,775,177
Fully Paid Ordinary Shares end of the year	**356,869,666**	**5,331,775,177**	356,869,666	5,331,775,177

17. DIVIDEND PER SHARE

	Company			
	2021		2020	
	LKR	LKR	LKR	LKR
Equity dividend on ordinary shares declared and paid during the year				
Interim dividends	-	-	-	-
Total Dividend	-	-	-	-

18. OTHER COMPONENTS OF EQUITY

		Group		Company	
	Note	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Revaluation Reserves	18.1	**1,374,623,407**	1,151,519,742	**-**	-
General Reserve	18.2	**220,140**	220,140	**220,140**	220,140
Foreign Currency Translation Reserve	18.3	**(114,783,094)**	(187,013,363)	**-**	-
Fair Value Through Other comprehensive Income		**(208,865,000)**	(265,674,833)	**(208,865,000)**	(265,674,833)
Other Reserves	18.5	**3,100,000**	3,100,000	**3,100,000**	3,100,000
Currency/Exchange Hedge	18.6	**(32,551,210)**	(23,431,854)	**-**	-
		1,021,744,243	678,719,832	**(205,544,860)**	(262,354,693)

NOTES TO THE FINANCIAL STATEMENTS

18. OTHER COMPONENTS OF EQUITY (Contd.)

	Attributable to Equity Holders of Parent		
	Revaluation Reserves LKR	Foreign Currency Translation Reserve LKR	Cashflow Hedge Reserves LKR
Beginning of the year	1,151,519,742	(187,013,363)	(23,431,854)
Revaluation Gain	223,103,665	72,230,269	(9,119,356)
	1,374,623,407	(114,783,094)	(32,551,210)

18.1 Land & Buildings of subsidiaries have been revalued during the year by independent incorporated valuers, FRT Valuation (Pvt) Ltd. The said land and buildings were valued based on Market Approach, Cost Approach and Income Approach as further explained in Note 6.8. The result of such valuations were incorporated in the financial statements by transferring the surplus arisen thereon to the revaluation reserve.

18.2 General Reserve represents amounts set aside by the Directors for general application.

18.3 As at the reporting date, the assets and liabilities of the Indian Branch Operated by Dankotuwa Porcelain PLC and South Asia Textiles Limited were translated into the presentation currency at the exchange rate prevailing at the reporting date and the Profit or Loss is translated at the average exchange rate for the period. The exchange rate differences arising on the translation were taken directly in to Currency Conversion Reserve, which is classified as a part of equity.

18.4 Net foreign Exchange Difference

	Group	
	2021 LKR	2020 LKR
Gain from Foreign Currency Translation during the year	86,042,561	156,075,551
	86,042,561	156,075,551

18.5 Capital Reserve represents amounts set aside by the Directors for further expenditure to meet any contingencies.

18.6 Currency/Exchange Hedge

The Group hedge the variability in the cash flows corresponding to the repayment of the term loan capital, packing credit loans and import loan capital attributable to changes in exchange rates over the period.

	Group	
	2021 LKR	2020 LKR
Balance as at beginning of the Period	**(34,288,295)**	-
Net Impact From Cash flow Hedge	**(14,271,328)**	(45,139,282)
Amount reclassified to profit or loss	**-**	4,374,357
Charge to the other comprehensive income	**(48,559,623)**	(40,764,925)
Tax effect on cashflow hedge	**2,858,556**	6,476,630
	(45,701,067)	(34,288,295)

Forecasted revenue and effectiveness of Hedge were used as key assumptions.

19. INTEREST BEARING LOANS AND BORROWINGS

Summary - Group	Note	2021 Amount Repayable Within 1 Year LKR	2021 Amount Repayable After 1 Year LKR	2021 Total LKR	2020 Amount Repayable Within 1 Year LKR	2020 Amount Repayable After 1 Year LKR	2020 Total LKR
Lease liabilities	19.1	**62,534,231**	**113,390,288**	**175,924,519**	37,618,604	134,257,747	171,876,351
Bank Loans	19.2	**1,586,732,187**	**1,043,464,357**	**2,630,196,544**	2,344,568,633	1,665,142,040	4,009,710,673
Short Term Loan	19.3	**1,396,567,147**	**-**	**1,396,567,147**	2,710,875,981	-	2,710,875,981
Bank Overdraft		**1,119,448,711**	**-**	**1,119,448,711**	1,508,268,148	-	1,508,268,148
Loans from Related Parties	19.4	**5,739,310**	**-**	**5,739,310**	5,739,310	-	5,739,310
		4,171,021,586	**1,156,854,645**	**5,327,876,231**	6,607,070,676	1,799,399,787	8,406,470,463

19.1 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. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Set out below are the carrying amounts of lease liabilities on leasehold properties and the movements for the year ended 31 March 2021.

Lease liabilities

	31.03.2020 LKR	Changes to Lease LKR	Interest Cost LKR	Repayment LKR	Exchange (Gain)/Loss LKR	31.03.2021 LKR
Right to Use Liabilities	171,876,351	51,719,674	21,573,966	(68,261,888)	(983,584)	**175,924,519**
	171,876,351	51,719,674	21,573,966	(68,261,888)	(983,584)	**175,924,519**
Gross Liability	249,574,353					**233,083,067**
Finance Charges allocated to future periods	(77,698,002)					**(57,158,548)**
Net liability	171,876,351					**175,924,519**

	2021 Within 1 Year LKR	2021 After 1 Year LKR	2021 Total LKR	2020 Within 1 Year LKR	2020 After 1 Year LKR	2020 Total LKR
Gross Liability	78,110,928	154,972,139	233,083,067	58,647,352	190,926,991	249,574,343
Finance Charges allocated to future periods	(15,576,697)	(41,581,851)	(57,158,548)	(21,028,748)	(56,669,244)	(77,697,992)
Net liability	62,534,231	113,390,288	175,924,519	37,618,604	134,257,747	171,876,351

* Notes and disclosers relating to Lease Assets are described in the Note 9.

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

NOTES TO THE FINANCIAL STATEMENTS

19.2 Bank Loans

	At the Beginning of the Year LKR	Loans Obtained LKR	Repayment LKR	Exchange Gain/(Loss) LKR	Accrued interest LKR	At The End of the year LKR
2021	4,009,710,673	3,485,678,554	5,021,221,190)	17,908,584	138,119,923	**2,630,196,544**
2020	3,174,292,110	6,562,538,776	6,030,442,232)	115,274,186	188,047,833	**4,009,710,673**

19.2.1 Terms and conditions

Company	Lender/rate of interest	2021 LKR	2020 LKR	Repayment	Security
Royal Fernwood Porcelain Limited	**Hatton National Bank PLC**				
	- Term loan USD (LIBOR + 4.5%)	**180,995,312**	204,304,345	83 Equal monthly Instalments of USD 20,833/-	Primary mortgage bond over immovable property in the factory at Kosgama
	- Term loan LKR (AWPLR + 3.0% p.a.)	**12,674,000**	15,671,000	83 Equal monthly Instalments of Rs. 333,000/-	
	- Packing Credit loan - USD(AWPLR+2%)	**13,153,392**	69,367,655	Settlements Trough sales proceeds	
	- Import loan - USD (AWPLR +2%)	**43,776,276**	12,592,341	Settlements Trough sales proceeds	Primary mortgage bond over immovable property in the factory at Kosgama
	- Import loan EUR (AWPLR +2%)	**54,325**	8,755,922	Settlements Trough sales proceeds	Secondary mortgage bond over land & building at Kosgama for Rs.40Mn
	- Packing Credit loan - LKR(AWPLR+2%)	**-**	34,030,191	Settlements Trough sales proceeds	
	- Import loan LKR (AWPLR+1.5% and LIBOR + 3.5%)	**14,516,178**	-	Settlements Trough sales proceeds	
	People's Bank				
	- Packing credit loan - USD	**10,952,273**	12,291,503	90 days from the loan granted	Corporate guarantee of Parent company - Ambeon Holdings PLC and Title of goods shipped and indemnity of the company
	- Packing Credit Loan - LKR	**13,689,994**	-	90 days from the loan granted	
	DFCC Bank PLC				
	- Import loan (AWPLR +1.5%)	**16,973,286**	65,791,542	120 days from the loan granted	Primary mortgage for Rs:200,000,000/- or dollors 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 favour of the bank
	- Packing Credit Loan - USD (LIBOR+3.5%)	**6,020,792**	140,121,753	120 days from the loan granted	
	- Packing credit loan EUR	**-**	6,728,445	120 days from the loan granted	
	- STL Loan	**112,958,911**	-	120 days from the loan granted	
	- Packing Credit Loan - LKR	**7,868,728**	-	120 days from the loan granted	
	- Term Loan	**20,000,000**	-	24 Months	Corporate guarantee of Ambeon Holdings PLC

Company	Lender/rate of interest	2021 LKR	2020 LKR	Repayment	Security
South Asia Textile Limited	Sampath Bank PLC				
	- Term loan - 1 (4 % p.a + 3 Months LIBOR with a Floor rate of 4.75% p.a.)	-	9,241,970	Monthly LKR 2,050,747	Machineries, and Inventory
	Nations Trust Bank PLC				
	- Term loan - 3 (3 .5% p.a + 3 Months LIBOR with a Floor rate of 4.5% p.a.)	125,637,883	174,791,366	Monthly LKR 4,910,848	
	- Term loan - 3 (3 .5% p.a + 3 Months LIBOR with a Floor rate of 4.5% p.a.)	134,078,390	166,035,288	Monthly LKR 3,858,535	
	People's Bank				
	- Term loan - 2 (4 .5% p.a + 6 Months LIBOR with a Floor rate of 5.25% p.a.)	28,375,860	179,464,950	Monthly LKR 12,291,010	Machineries, inventories and corporate guarantee of Ambeon Holdings PLC.
	Bank of Ceylon				
Dankotuwa Porcelain PLC	- Packing credit loan (AWPLR+2.0% p.a)	-	73,069,241	Maximum 3 Months	Floating hypothecation over stocks and book debts of the company
	People's Bank				
	- Term loan - (4 % p.a.)	25,000,000	-	24 months	Corporate Guarantee of Ambeon Holdings PLC
	Sampath Bank PLC				
	- Packing credit loan (AWPLR+2.0% p.a)	-	28,155,116	Maximum 3 months	Hypothecation Bond for Rs:100Mn over stocks and book debts of the company
	- Packing credit loan (LIBOR+2% subject to minimum of 5.25%)	-	50,345,985	Maximum 3 months	
	- Overdraft facility (AWPLR +2.0% p.a)	105,000,000	10,000,000	On demand	
	Pan Asia Banking Corporation PLC				
	- Packing credit loan (3 months LIBOR+4.% subject to minium	79,163,315	110,679,071	Maximum 4 months	Mortagage bond for US $ 1,000,000 over stocks and book debts for the value of 1.5 times of the facility.
	- Term Loan	26,675,112	-	24 months	Mortgage over inventory and debtors
	NDB Bank				
	- STL Loan (AWPLR+1.25% p.a.)	196,561,940	-	Maximum 3 months	Primary Mortgage over Factory premises Situated in Dankotuwa for LKR 400,000,000/-

NOTES TO THE FINANCIAL STATEMENTS

Company	Lender/rate of interest	2021 LKR	2020 LKR	Repayment	Security
	DFCC Bank PLC				
	- Short term loan (AWPLR+1.25%p.a)	40,487,920	128,357,237	Maximum 3 months	Mortagage bond for Rs 80,000,000 over stocks and book debts for the value of 1.5 times of the facility.
	- Packing Credit loans (3 months LIBOR+3.25% subject to minimum	-	40,000,000	Maximum 4 months	
Ambeon Holdings PLC	Seylan Bank PLC				
	- Tern loan 1 (1 month AWPLR + 2.5%)	400,000,000	400,000,000	12 quarterly equal installments of LKR 100 Mn each	Quoted Shares
	- Term loan - 2 (1 monthAWPLR + 3.0%)	175,000,000	175,000,000	12 quarterly equal installments of LKR 25 Mn each	
	People's Bank				
	- Term Loan (1W AWPLR+2.5%)	312,360,000	562,440,000	36 Monthly installements	UnQuoted Shares
	Sampath bank				
	- Term Loan (1W AWPLR+2.5%)	257,800,000	263,400,000	60 Monthly installements	Property lot B plan no 184/2001
Millennium I.T.E.S.P (Pvt) Limited	The Hongkong and Shanghai Banking Corporation Limited				
	- Long Term loan (Tenure linked COF+2.5% per annum)	130,798,327	248,609,662	Within 180 Days	Mortgage over Inventory and debtors
	- Import Finance loan (Tenure linked COF+2.5% per annum)	51,924,330	746,508,348	Within 180 Days	
	Seylan Bank PLC				
	- Import Finance loan (Month AWPLR+ 1% p.a)	87,700,000	35,568,757	Within 180 Days	Corporate Guarantee of Lanka Century Investments PLC for LKR 2.0 Bn
	DFCC Bank PLC				
	- Import Finance loan (Weekly AWPLR+ 1.5% p.a)	-	38,388,985	Within 180 Days	-
		2,630,196,544	4,009,710,673		

19. INTEREST BEARING LOANS AND BORROWINGS (Contd.)

19.3 Short Term Loan

	At the Beginning of the Year LKR	Loans Obtained LKR	Repayment LKR	Disposal LKR	Exchange Gain/(Loss) LKR	Accrued Interest LKR	At The End of the year LKR
2021	2,710,875,981	4,037,258,295	(5,379,502,264)	-	21,183,243	6,751,892	1,396,567,147
2020	1,645,628,274	6,709,000,836	(5,371,635,884)	(401,529,860)	110,106,394	19,306,221	2,710,875,981

19.3.1 Terms and Conditions

Company	Lender/rate of interest (p.a.)	2021 LKR	2020 LKR	Repayment	Security
South Asia Textiles Limited	People's Bank				
	- Trust Receipt Loans (2.75% p.a + 3 months LIBOR with a Floor rate of 4.25% p.a.)	-	573,141,678	Within a period of 90 days	Machineries, Inventory and corporate guarantee of Ambeon Holdings PLC.
	Sampath Bank				
	- Import/Export Finance Loan (3 months LIBOR +3.25%)	**2,118,997**	-		Inventory and book debtors were pledge
	Seylan Bank				
	- Revolving Import Loans (3 months LIBOR + 2.8% p.a with a floor rate of 4% p.a)	**223,700,751**	425,515,292	Within a period of 60 days	Machineries, Leasehold Building and Inventory were pledged as security.
	Nations Trust Bank PLC				
	- Import finance loan (3.% p.a + 3 months LIBOR with a Floor rate of 3.25% p.a.)	**19,814,371**	169,299,056	Within a period of 90 days	Machineries, Leasehold Building and Inventory were pledged as security.
	DFCC Vardhana Bank				
	- Import/Export Finance Loan (1 months LIBOR + 2.75% p.a)	**377,489,815**	553,616,799	Within a period of 120 days	Machineries, Leasehold Building and Inventory were pledged as security.
Ceylon Leather Products Limited	Bank of Ceylon				
	- STL (AWPLR+1.75% p.a)	**118,250,000**	110,137,318	Within a period of 150 days	Inventory and book debt were pledged
Millennium I.T.E.S.P (Pvt) Limited	Seylan Bank PLC				
	STL-One month AWPLR + 2% per annum	**501,622,268**	375,104,194	Bullet Payment (interest to be serviced monthly)	Corporate Guarantee from Ambeon Holdings PLC
	Short Term Loan (Month AWPLR+ 2.35% p.a)	-	504,061,644		
Colombo City Holdings PLC	Standard Chartered Bank				
	Term Loan (Rate 4.89% p.a.)	**153,570,945**	-	Repayment period – 175 Days	Fixed Deposit Rs.240Mn
		1,396,567,147	**2,710,875,981**		

NOTES TO THE FINANCIAL STATEMENTS

19. INTEREST BEARING LOANS AND BORROWINGS (Contd.)

19.4 Loans from Related Parties

19.4.1 Loans granted by Related Parties

Group	Relationship	As At 31.03.2021 LKR	As At 31.03.2020 LKR
Mr. Eric Wikramanayake	Former Director	**5,739,310**	5,739,310
		5,739,310	5,739,310

* The above loans were granted by the former Director of Olancom (Pvt) Ltd to Olancom (Pvt) Ltd.

19.5 Summary - Company

19.5.1 Interest Bearing Loans and Borrowings

	Note	Amount Repayable Within 1 Year 2021 LKR	Amount Repayable After 1 year 2021 LKR	Total 2021 LKR	Amount Repayable Within 1 Year 2020 LKR	Amount Repayable After 1 year 2020 LKR	Total 2020 LKR
Bank Loan	19.5.2	**381,880,000**	**763,280,000**	**1,145,160,000**	268,880,000	1,131,960,000	1,400,840,000
Related Party - Commercial Paper	19.5.3	**286,520,758**	**-**	**286,520,758**	519,541,557	-	519,541,557
Related Party - Loan **	19.5.3	**348,557,656**	**1,037,757,815**	**1,386,315,471**	97,111,682	1,031,835,885	1,128,947,567
Bank Overdraft*		**428,243,002**	**-**	**428,243,002**	511,880,406	-	511,880,406
		1,445,201,416	**1,801,037,815**	**3,246,239,231**	1,397,413,645	2,163,795,885	3,561,209,530

*Bank Overdraft Facility and Revolving Loan facility are secured on Financial Investments as further described under Assets Pledged (Note 33)

19.5.2 Bank Loan

	As at 01.04.2020 LKR	Loan Obtained LKR	Repayments LKR	Accrued Interest LKR	As at 31.03.2021 LKR
Term Loan 1 - Seylan Bank PLC	400,000,000	-	(40,371,997)	40,371,997	**400,000,000**
Term Loan 2 - Seylan Bank PLC	175,000,000	-	(18,535,889)	18,535,889	**175,000,000**
Term Loan - Peoples bank	562,440,000	-	(301,107,611)	51,027,611	**312,360,000**
Term Loan - Sampath bank	263,400,000	-	(27,326,197)	21,726,197	**257,800,000**
	1,400,840,000	-	(387,341,694)	131,661,694	**1,145,160,000**

19.5.3 Related Party - Loan /Commercial Paper

	Rate	As at Beginning of the year LKR	Loan Obtained Converted LKR	Repayments LKR	Accrued Interest LKR	As at End of the year LKR
2021	Variable AWPLR+1.5%-3.35%	1,648,489,124	475,343,750	(636,005,877)	185,009,232	1,672,836,229
	Fixed 8.75%-10%					
2020	9% - 12.5%	1,100,283,057	880,306,380	(489,977,127)	157,876,814	1,648,489,124

Related party loan and commercial paper Terms and Conditions

Company	Rate	Period	Amount 2021	Amount 2020
Loan Payable				
Colombo City Holdings PLC	8.75%-10%	3 years	**547,001,562**	420,234,190
South Asia Textiles Ltd.	10.00%	3 years	**336,403,982**	330,567,549
Taprobane Investments (Pvt) Ltd.	10.00%		**-**	74,368,131
Millennium I.T.E.S.P (Pvt) Ltd.	AWPLR+1.5%	3 years	**494,729,381**	220,614,295
Eon tec (Pvt) Ltd.	9.00%	withn 1 year	**8,180,546**	83,163,402
Commercial Paper Payable				
Millennium I.T.E.S.P (Pvt) Ltd.	AWPLR+3.35%	3 months	**286,520,758**	519,541,557
			1,672,836,229	1,648,489,124

20. DEFERRED TAX LIABILITY/(ASSET)

20.1 Group

	Note	Asset		Liability	
		2021 LKR	2020 LKR	2021 LKR	2020 LKR
At the beginning of the year		**(81,878,408)**	(143,559,149)	**782,776,317**	805,173,965
Exchange Equalization Reserve		**-**	-	**(7,620,837)**	(21,832,534)
Impairment Provision		**-**	-	**-**	(5,585,005)
Business Acquisition/ (Disposal)		**-**	-	**-**	(8,737,088)
Transfer from/(to) Profit or Loss		**(33,260,146)**	43,705,912	**(33,476,551)**	(68,199,611)
Transfer from/(to) Equity statement		**(7,610,044)**	(3,864,586)	**(152,701,468)**	103,796,005
Transfers between Deferred Tax Liability and (Asset)		**-**	21,839,415	**-**	(21,839,415)
At the end of the year		**(122,748,598)**	(81,878,408)	**588,977,461**	782,776,317

NOTES TO THE FINANCIAL STATEMENTS

20. DEFERRED TAX LIABILITY/(ASSET) (Contd.)

20.2 Transfer from/(to) Statement of Profit or Loss

	Note	2021 LKR	2020 LKR
Transfer from accelerated depreciation and others	28	**81,978,371**	53,839,611
		81,978,371	53,839,611
Transfer from/(to) Other Comprehensive Income			
Tax on Revaluation Gain		**155,385,815**	(68,703,210)
Employee Benefit Liability		**14,133,969**	5,960,229
Effect of Cash flow Hedge Accounting		**2,858,556**	6,476,630
Translation of foreign operations		**(12,066,828)**	(21,832,534)
		160,311,512	(78,098,885)
Foreign currency Translation impact		**(7,620,837)**	(15,023,819)

The Closing Deferred Tax Asset and Liability Balances Relate to the following;

	Asset		Liability	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Fair Valuation of Land and Buildings	**450,000**	450,000	**293,261,191**	960,347,721
Accelerated depreciation and amortization for tax purposes	**2,385,693**	10,523,354	**657,840,287**	445,048,753
Employee Benefit Liability	**(46,480,214)**	(22,934,314)	**(52,080,072)**	(62,151,614)
Losses available for offset against future taxable income	**-**	(9,287,427)	**(142,264,131)**	(392,891,205)
Provision for Debtors	**(44,829,354)**	(36,442,616)	**(11,675,246)**	(29,482,264)
Provision for Inventory	**(24,523,493)**	(16,855,710)	**(109,027,876)**	(96,153,795)
Others*	**(9,751,230)**	(7,331,695)	**(47,076,692)**	(41,941,280)
	(122,748,598)	(81,878,408)	**588,977,461**	782,776,317

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 1,794 million has not been recognised as the management is not certain whether there will be sufficient taxable profit to utilized.

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

20.3 Company

Deferred Tax Liability	Statement of Financial Position		Statement of Profit or Loss		Other Comprehensive Income	
	2021 LKR	2020 LKR Restated	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Accelerated depreciation for tax purposes	1,493,705	1,707,328	(213,623)	140,931	-	-
Fair Valuation of investment in subsidiaries	322,042,353	392,658,953	(70,616,600)	56,617,173	-	-
Deferred Tax Assets						
Defined Benefit Plans	(1,439,380)	(1,607,169)	(19,777)	(411,731)	187,566	27,040
Losses available to offset against future Taxable Income	(17,000,000)	(17,000,000)	-	-	-	-
Deferred Income Tax (Reversal)/Expense			(70,850,000)	56,346,373	187,566	27,040
Net Deferred Tax Liability/ (Asset)	305,096,678	375,759,112				

21. EMPLOYEE BENEFIT LIABILITIES

	Group		Company	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Balance as at 1 April	**442,357,447**	400,384,420	**5,739,888**	4,365,992
Current Service Cost	**58,520,193**	44,099,795	**1,410,068**	1,703,497
Interest Cost on Benefit Obligation	**44,274,315**	41,823,748	**573,989**	491,174
Actuarial Losses / (Gain) on Obligation	**88,306,536**	26,133,877	**(781,527)**	(96,571)
Benefit Paid	**(62,927,126)**	(35,981,743)	**(945,000)**	(724,204)
Business Disposal during the year	**-**	(34,814,792)	**-**	-
Employee Transfer gain	**-**	(1,136,235)	**-**	-
Exchange Adjustment	**754,321**	1,848,377	**-**	-
Balance as at 31 March	**571,285,686**	442,357,447	**5,997,418**	5,739,888

	Group		Company	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Current Service Cost	**58,520,193**	44,099,795	**1,410,068**	1,703,497
Interest Cost on Benefit Obligation	**44,274,315**	41,823,748	**573,989**	491,174
	102,794,508	85,923,543	**1,984,057**	2,194,671
Net Actuarial (Gain) / Loss	**88,306,536**	26,133,877	**(781,527)**	(96,571)
Total Expenses	**191,101,044**	112,057,420	**1,202,530**	2,098,100

NOTES TO THE FINANCIAL STATEMENTS

21. EMPLOYEE BENEFIT LIABILITIES (Contd.)

21.1 The cost of gratuity is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, staff withdrawals, and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. An actuarial valuation of the retirement gratuity payable was carried out as at March 31, 2021 by Messrs. Actuarial & Management Consultants (Pvt) Ltd Actuaries.

	Group		Company	
	2021	2020	2021	2020
Discount Rate	7%	10%	7%	10%
Salary Increment rates used	7%	7%	7%	7%
Staff Turnover Rate	5%	5%	5%	5%
Retirement Age	55 Years	55 Years	55 Years	55 Years

21.2 Maturity Profile of the Defined Benefit Plan

	Group		Company	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Within Next 12 Months	59,494,526	58,592,397	205,823	190,732
Between 1 - 2 Years	102,557,910	75,484,195	541,110	548,387
Between 2 - 5 Years	125,696,879	114,020,925	534,680	777,297
Between 5- 10 Years	125,921,439	102,908,979	2,905,863	2,258,936
Beyond 10 years	157,614,932	91,350,951	1,809,942	1,964,536
	571,285,686	442,357,447	5,997,418	5,739,888

21.3 Break up of the Actuarial (Gain)/ Loss

	Group		Company	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Actuarial (Gain)/ Loss Resulting from Changes in Financial Assumptions	84,707,410	30,482,760	(781,527)	415,626
Actuarial (Gain)/ Loss Resulting from Changes in Demographic Assumptions	(392,258)	(4,892,568)	-	-
Actuarial (Gain)/ Loss Resulting from Changes in Experience Adjustments	3,991,384	543,685	-	(512,197)
	88,306,536	26,133,877	(781,527)	(96,571)

21.4 Sensitivity Analysis

	Group			
	2021 LKR		2020 LKR	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount Rate	**(38,342,225)**	**43,791,141**	(24,920,978)	20,221,354
Salary Increment Rate	**44,351,184**	**(39,573,010)**	24,237,036	(29,191,502)

	Company			
	2021 LKR		2020 LKR	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount Rate	**(521,548)**	**595,704**	(493,866)	562,931
Salary Increment Rate	**591,724**	**(527,556)**	575,239	(512,113)

22. CONTRACT LIABILITY - SERVICE AGREEMENTS

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

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

23. TRADE AND OTHER PAYABLES

		Group		Company	
		2021 LKR	2020 LKR	2021 LKR	2020 LKR
Trade Payable	- Other	**3,829,818,403**	2,217,821,406	**-**	-
Other Payables	- Other*	**816,921,991**	372,217,523	**169,482,740**	19,585,489
	- Related Parties (Note 23.1)	**15,602,832**	29,588,687	**12,147,006**	3,718,615
Payable Related to On Going Project		**938,175,186**	715,268,384	**-**	-
Sundry Creditors Including Accrued Expenses		**404,429,670**	583,090,733	**-**	-
		6,004,948,082	3,917,986,733	**181,629,746**	23,304,104

Sundry creditors including accrued expenses : includes statutory payments, other payable, accrual expenses and other creditors.

* Corporate Guarantee given on behalf of Ceylon Leather products Manufactures (Pvt) Ltd by Ambeon Holdings PLC has been provisioned at the Reporting date.

NOTES TO THE FINANCIAL STATEMENTS

23. TRADE AND OTHER PAYABLES (Contd.)

23.1 Other Payables -Related Parties

	Relationship	Group 2021 LKR	Group 2020 LKR	Company 2021 LKR	Company 2020 LKR
Colombo City Holdings PLC	Subsidiary	-	-	**3,201,100**	744,100
Ceylon Leather Products Ltd	Subsidiary	-	-	**18,291**	18,291
Dankotuwa Porcelain PLC	Subsidiary	-	-	**4,196,864**	2,343,636
South Asia Textiles Ltd	Subsidiary	-	-	**101,088**	101,088
Lexinton Holdings (pvt) Ltd	Sub-Subsidiary	-	-	**3,321,365**	511,500
Ambeon Capital PLC	Immidiate Parent	**15,602,832**	29,588,687	-	-
Taprobane Investments (Pvt) Ltd	Subsidiary	-	-	**141,898**	-
Millenium IT ESP (pvt) Ltd	Sub-Subsidiary	-	-	**1,166,400**	-
		15,602,832	29,588,687	**12,147,006**	3,718,615

24. OTHER FINANCIAL LIABILITIES

Financial Liabilities at amortised cost	Note	No. of Shares	Group Carrying Value 2021 LKR	Group Carrying Value 2020 LKR	Company Carrying Value 2021 LKR	Company Carrying Value 2020 LKR
Preference Shares	24.1	170,625	**968,906**	944,966	**968,906**	944,966
			968,906	944,966	**968,906**	944,966

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

25. OTHER INCOME

	Group 2021 LKR	Group 2020 LKR	Company 2021 LKR	Company 2020 LKR
Scrap Sales	**50,265,093**	23,280,443	-	-
Other miscellaneous Income	**18,383,288**	22,704,480	-	-
Dividend Income	**499**	998	-	-
Gain on Disposal of investment	-	7,579,142	-	-
Creditors Write off	**3,364,151**	-	-	-
Gain on Reimbursement of Expenses	-	-	-	27,190,475
	72,013,031	53,565,063	-	27,190,475

26. FINANCE COST

	Group		Company	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Bank Overdraft/ Loan Interest	99,629,768	136,563,672	38,758,117	46,667,541
Bank Charges	5,142,684	9,380,939	100,346	2,133,262
Lease Interest	23,736,038	23,058,458	-	-
Loan Interest	396,134,206	526,852,610	135,000,756	166,754,301
Interest on Preference Shares	23,940	23,940	23,940	23,940
Interest on Related Party Loan	254,843	-	137,446,208	138,775,576
Interest Expense on Staff welfare fund	237,649	148,948	-	-
Interest on Commercial Paper	-	-	47,567,228	28,290,907
	525,159,128	696,028,567	358,896,595	382,645,527

27. FINANCE INCOME

	Group		Company	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Interest on;				
- FCBU Accounts	2,402,458	442,125	-	-
- Short Term Investments	19,494,805	27,139,345	-	-
- Staff Loan	630,333	119,928	-	-
- Commercial Paper	3,120,108	3,807,209	-	-
- Repo Investment	251,501	350,202	-	-
Parent and ulimate parent	108,274,328	51,676,507	-	-
Interest income on delayed settlement	30,651,771	22,052,673	-	-
Interest Income on Fixed Deposits/bank deposits	19,473,654	95,040,811	-	-
	184,298,958	200,628,800	-	-

28. INCOME TAX EXPENSE / (REVERSAL)

		Group		Company	
	Note	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Current Income Tax					
Current Tax Expense on Ordinary Activities for the Year	28.1	284,887,706	206,645,125	43,747,466	-
Under / (Over) Provision of current taxes in respect of prior years		(25,417,414)	(20,263,252)	-	-
Deferred Income Tax					
Deferred Taxation Charge / (Reversal)	20	(128,751,449)	(53,839,611)	(73,034,667)	56,346,373
Relating to the tax rate change	20	46,773,078	-	2,184,667	-
Income tax charge / (Reversal) reported in the Profit or Loss statement		177,491,921	132,542,262	(27,102,534)	56,346,373

NOTES TO THE FINANCIAL STATEMENTS

28.1 Reconciliation between Current Tax Expense and the product of Accounting Profit.

	Group		Company	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Accounting Profit / (Loss) before Tax from Operations	(1,925,198,394)	843,394,138	(2,151,645,972)	618,404,374
Profit / (Loss) before Tax from Discontinuing Operations	(346,804)	(262,959,210)	-	-
	(1,925,545,198)	580,434,928	(2,151,645,972)	618,404,374
Income Exempt from Tax	(561,994,441)	(1,134,180,886)	(127,492,635)	(806,034)
Aggregate Disallowed items	3,248,493,580	891,267,888	2,347,491,357	98,613,913
Aggregate Allowable credits	(649,393,071)	(545,537,212)	(20,217,914)	(1,033,546,374)
Other income included in profit from operation	(231,021,509)	(172,179,678)	-	-
Business Profit / (Loss)	(119,460,639)	(380,194,960)	48,134,836	(317,334,121)
Taxable Profit	-	1,015,388,217	-	-
Interest Income	372,989,491	200,382,914	8,529,067	
	372,989,491	1,215,771,131	8,529,067	-
Less : Tax Loss utilized (Note 28.2)	(151,384,548)	(162,846,099)	(56,663,903)	-
Taxable Income	221,604,943	1,052,925,032	-	-
Applicable Rate - 14%	1,946,475	147,154,659	-	-
Applicable Rate - 18%	32,960	-	-	-
Applicable Tax Rate - 24%	218,823,957	46,106,599	-	-
Income tax on dividend Income	64,084,314	13,383,867	43,747,466	-
Income Tax Attributable to Continuing Operations	284,887,706	206,645,125	43,747,466	-
Income Tax Expense	284,887,706	206,645,125	43,747,466	-

28.2 Tax Losses Carried Forward

	Group		Company	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Tax losses brought forward	2,187,502,311	1,583,903,043	871,939,723	554,605,602
Tax losses arising during the year	277,665,869	766,445,367	-	317,334,121
Utilization of tax losses	(151,384,548)	(162,846,099)	(56,663,903)	-
Adjustment in respect of prior years	74,108,379	-	(50,067,544)	-
Tax losses carried forward	2,387,892,011	2,187,502,311	765,208,276	871,939,723

28.2.1 Group Tax rates

Group Companies are taxed at 14% to 24%.

28.3 Tax Assessment

The Ambeon Holdings PLC and Lexinton Holdings (Pvt) Limited has received tax assessment for the period 2017/18 and 2011/12 respectively, the management has appeal against the assessment. The Group is of the view that the above assessments will not have any material impact on the financial statements.

29. PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS

	Group		Company	
Stated after Charging/(Crediting)	2021 LKR	2020 LKR	2021 LKR	2020 LKR
- Included under Cost of Sales				
- Depreciation & Amortization	**339,134,861**	330,583,104	**-**	-
- Salaries	**934,895,674**	1,092,529,492	**-**	-
- Employee Benefits Liability	**37,345,052**	34,197,171	**-**	-
- Defined Contribution Plan Costs - EPF & ETF	**85,675,219**	68,541,582	**-**	-
- Bonus	**1,639,955**	3,238,179	**-**	-
- Other Staff Costs	**33,706,121**	52,166,283	**-**	-
- Allowance for Obsolete & Slow Moving Inventories	**(7,263,540)**	80,240,029	**-**	-
- Minimum Lease payments on operating lease	**-**	3,784,668	**-**	-
- Included under Administration Expenses				
- Depreciation & Amortization	**172,921,770**	171,191,786	**5,852,087**	7,525,253
- Directors' Remuneration	**22,997,367**	40,693,092	**-**	3,600,000
- Salaries	**1,076,728,247**	1,208,856,923	**37,063,987**	35,379,725
- Bonus	**61,364,729**	22,427,666	**-**	16,768,688
- Employee Benefits Liability	**62,325,268**	49,779,181	**1,984,057**	2,194,671
- Defined Contribution Plan Costs - EPF & ETF	**144,734,081**	161,388,613	**12,837,939**	17,082,814
- Other Staff Costs	**15,572,403**	21,205,801	**-**	-
- Auditors Remuneration	**8,478,580**	8,958,688	**1,109,391**	1,178,727
- Legal fees	**1,357,882**	3,265,909	**-**	-
- Included under Selling & Distribution Expenses				
- Depreciation & Amortization	**11,406,540**	8,189,959	**-**	-
- Salaries	**30,741,095**	72,953,873	**-**	-
- Employee Benefits Liability	**3,124,188**	1,947,192	**-**	-
- Defined Contribution Plan Costs - EPF & ETF	**3,407,703**	5,656,858	**-**	-
- Other Staff Costs	**9,629,463**	12,467,972	**-**	-
- Rent	**18,134,322**	18,134,322	**-**	-
Allowances for Obsolete & Slow Moving Inventories	**192,369,309**	102,069,444	**-**	-
Impairment Goodwill	**-**	126,536,713	**-**	-
Impairment of Property Plant & Equipment	**46,110,921**	45,802,799	**-**	-
Loss from disposal of Property, Plant & Equipment	**3,527,639**	1,636,604	**-**	-
Impairment of Trade and Other receivable	**72,155,412**	238,735,462	**96,198,487**	85,000,000
Provision for Corporate Guarantee	**153,000,000**	-	**153,000,000**	-
Impairment Provision for Non Current Financial Assets	**180,000,000**	-	**180,000,000**	-
Impairment of Other Financial Investments	**35,555,213**	-	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

30. EARNINGS PER SHARE

30.1 Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

30.2 The following reflects the income and share data used in the basic Earnings Per Share computations.

	Group	
	2021	2020
Amount Used as the Numerator:	LKR	LKR
Net Profit/(Loss) from continuing operations attributable to equity holders of the parent for basic Earnings per share	**(2,142,899,813)**	155,800,920
Net Profit/(Loss) attributable to equity holders of the parent for basic Earnings per share	**(2,142,899,813)**	155,800,920
Net Profit attributable continuing operations	**(2,142,553,009)**	457,633,142
Number of Ordinary Shares Used as Denominator:		
Ordinary shares at the beginning of the year	**356,869,666**	356,869,666
Weighted Avarage number of shares Issued during the year	**-**	-
Weighted average number of ordinary shares adjusted for the Basic EPS	**356,869,666**	356,869,666
Weighted average number of ordinary shares adjusted for the effect of dilution	**356,869,666**	356,869,666

31. CASH AND SHORT TERM DEPOSITS 2021

		Group		Company	
		2021	2020	2021	2020
		LKR	LKR	LKR	LKR
31.1	**Favourable Cash and Short term Deposits**				
	Cash and Bank Balances	**508,228,015**	455,484,184	**7,765,494**	8,006,406
	Short Term Investments	**324,958,182**	298,107,777	**-**	104,000,000
		833,186,197	753,591,961	**7,765,494**	112,006,406
31.2	**Unfavourable Cash and Cash Equivalent**				
	Bank Overdraft (Note 19)	**(1,119,448,711)**	(1,508,268,148)	**(428,243,002)**	(511,880,406)
	Cash & Short term Deposits at the end of the year for the Purpose of Statement of Cash Flow	**(286,262,514)**	(754,676,187)	**(420,477,508)**	(399,874,000)

32. CONTINGENT LIABILITIES AND COMMITMENTS

32.1 Ambeon Holdings PLC

	2021	2020
Bank Guarantees	LKR Mn	LKR Mn
Guarantees given to Tax Appeal Commission on behalf of the company	**9**	9
Guarantees given to following facilities on behalf of South Asia Textiles Ltd;		
People's Bank (USD 4.4Mn)	**804**	832
Guarantees given to following facility on behalf of Royal Fernwood Porcelain Ltd;		
People's Bank PLC	**65**	65
DFCC Bank PLC	**20**	20
Guarantees given to following facility on behalf of Millennium I.T.E.S.P (Pvt) Ltd;		
Seylan Bank PLC	**2,000**	2,000
Guarantees given to following facility on behalf of Ceylon Leather Products Ltd		
Bank of Ceylon	**-**	60
Guarantees given to following facility on behalf of Dankotuwa Porcelain PLC		
People's Bank PLC	**25**	-

32.2 Royal Fernwood Porcelain Ltd

Letter of Credit	2021 LKR Mn	2020 LKR Mn
Letter of credit opened with Banks favouring suppliers	-	50

32.3 Millennium I.T.E.S.P (Pvt) Ltd

	2021 LKR Mn	2020 LKR Mn
Performance Bonds	244	331
Tender Bonds	84	15
Advance payments guarantees	72	28
Custom Guarantee	11	-

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

32.4 Taprobane Securities (Pvt) Ltd

Bank guarantee given to Colombo Stock Exchange on behalf of the company (LKR 1.75Mn).

32.5 There are no material issues pertaining to the Employee and Industrial Relations of the Group.

33. ASSETS PLEDGED

33.1 Assets Pledged by Ambeon Holdings PLC

Nature of Assets	Nature of Liability	Carrying Amount Pledged 2021 LKR Mn	Carrying Amount Pledged 2020 LKR Mn	Included under
Quoted Equity Investments	Overdraft Facility	2,125	2,243	Investments in Subsidiaries and Other Current Financial Assets
	Revolving Loan			
	for Loans and Borrowings			
Un-Quoted Equity Investments	Term loan	560	1,610	Investments in subsidiaries
Property - Lexinton - lot B plan no 184/2001	Term loan	288	-	Property,Plant & Equipment
		2,973	3,853	

33.2 Assets Pledged by Ceylon Leather Products Limited

Immovable Properties	Floating Mortgage for Loans and Borrowings	-	2,098	Property, Plant & Equipment
Raw Materials, Finished Goods and Work in Progress	Floating Mortgage for Loans and Borrowings	-	39	Inventory
Trade Debtors	Floating Mortgage for Loans and Borrowings	-	37	Debtors
		-	2,174	

NOTES TO THE FINANCIAL STATEMENTS

33. ASSETS PLEDGED (Contd.)

33.3 Assets Pledged by South Asia Textiles Limited

Nature of Assets	Nature of Liability	Carrying Amount Pledged 2021 LKR Mn	Carrying Amount Pledged 2020 LKR Mn	Included under
Machineries	Primary Mortgage for Loans and Borrowings	**1,110**	1,207	Property, Plant & Equipment
Raw Materials, Finished Goods and Work in Progress	Primary/Concurrent Mortgage for Loans and Borrowings	**1,575**	2,550	Inventories
Trade Debtors	Primary/Concurrent Mortgage for Loans and Borrowings	**897**	925	Trade and Other Receivables
Margin Accounts	Primary Mortgage for Loans and Borrowings	**-**	16	Other Financial Assets
		3,582	4,698	

33.4 Assets Pledged by Dankotuwa Porcelain PLC

Inventory and Trade Debtors	For Loans and Borrowings	**747**	853	Inventory and Trade Debtors
		747	853	

33.5 Royal Fernwood Porcelain Limited

Land and Buildings & Immovable Machinery	Term Loans and Short Term Borrowings	**546**	592	Property, plant and equipment
		546	592	

34. RELATED PARTY DISCLOSURES

34.1 Transaction with related entities

	Group 2021 LKR	Group 2020 LKR	Company 2021 LKR	Company 2020 LKR
34.1.1 Ultimate Parent				
Loan Granted	**1,500,000**	103,178,981	**1,500,000**	103,178,981
Interest on Loans	**30,958,114**	24,644,383	**17,739,900**	9,846,299
34.1.2 Immediate Parent				
Loan Granted	**87,011,149**	606,831,063	**75,000,000**	400,000,000
Loan Settled	**(279,409,577)**	(282,031,335)	**(70,209,577)**	(163,375,487)
Interest on Loans	**148,702,991**	145,461,268	**41,594,486**	32,664,866

Please refer Note 14.3 for Terms and Conditions.

34.1.3 Transaction with subsidiaries

	Group		Company	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Balance as at 01st April	-	-	(287,071,635)	243,492,266
Interest Income on Loans	-	-	30,660,298	47,931,751
Staff Support & Server Utilisation fees	-	-	129,740,894	110,773,057
Settlement Current Account Balance	-	-	(182,224,497)	(143,762,669)
Reimbursement of Expenses	-	-	34,558,744	130,839,265
Cost sharing arrangement	-	-	40,781,051	41,820,676
Loans / Financial Assistance provided	-	-	10,031,000	115,369,710
Commercial Paper Obtained	-	-	-	(508,806,380)
Commercial papers interest	-	-	(47,567,227)	(19,101,238)
Commercial Paper Interest settlement / Capitalization	-	-	22,575,007	8,366,061
Loan obatined/obtained though Commercial Paper Conversion	-	-	(475,343,750)	(371,500,000)
Novation of Loan/Current Ac	-	-	-	(285,329,624)
Loan Interst	-	-	(137,442,006)	(138,775,576)
Loan Settle	-	-	413,430,870	481,611,066
Balance as at 31 March	-	-	(447,871,251)	(287,071,635)

34.1.4 Other Related Parties

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

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

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

34.2 Transactions with Key Management Personnel

Key Management Personnel include Members of the Board of directors of Ambeon Holdings PLC and its parent, ultimate parent and its subsidiaries.

	Group		Company	
Key Management Personnel Compensation	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Short-Term employee benefits	103,006,073	162,817,176	25,864,456	49,556,291
Post Employment Benefit	35,734,593	-	3,699,668	-
	138,740,666	162,817,176	29,564,124	49,556,291

NOTES TO THE FINANCIAL STATEMENTS

34. RELATED PARTY DISCLOSURES (Contd.)

34.3 Terms and conditions of transactions with related parties

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

34.4 Disclosure in terms of Section 9.3.2 of the Listing Rules of the Colombo Stock Exchange

Non-Recurrent Related Party Transactions

Name of the Related Party	Relationship	Nature of the Transaction	Value of the related Party Transaction (During the FY) LKR Mn	Value of the related Party Transaction as a % of Equity and as a % of total Asset	Terms and Conditions of the related party Transaction	The Rationale for the Transaction
Dankotuwa Porcelain PLC	Subsidiary	Corporate Guarantee given to Peoples Bank by Ambeon Holdings PLC	25	Total Asset 0.2% Equity 0.3%	24 months	To support working capital

Recurrent Related Party Transactions

Name of the Related Party	Relationship	Nature of the Transaction	Value of the related Party Transaction (During the FY) LKR	Aggregate value of Related Party Transactions as a % of Net Revenue/Income	Terms and Conditions of the related party Transaction
Aggregate value of recurrent related party transaction does not exceed 10% of the Group consolidated revenue					

35. EVENTS OCCURRING AFTER THE REPORTING DATE

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

Colombo City Holdings PLC

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

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

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

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

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

36. FINANCIAL ASSETS AND LIABILITIES

36.1 Fair values of Financial Assets and Liabilities -Group

The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data
Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 9.

	Notes	Fair Value Hierarchy	2021			2020	
			Carrying Value LKR	Fair Value LKR		Carrying Value LKR	Fair Value LKR
Assets Measured at Fair value							
Investment Properties		Level 3	**2,007,343,212**	**2,007,343,212**	Level 3	3,829,940,525	3,829,940,525
Financial Instrument at Amortised Cost		Level 2	**14,304,886**	**14,304,886**	Level 2	14,009,154	14,009,154
Land		Level 3	**1,169,423,152**	**1,169,423,152**	Level 3	1,136,188,150	1,136,188,150
Freehold Buildings		Level 3	**870,547,100**	**870,547,100**	Level 3	814,446,954	814,446,954
Building on Lease Hold Land		Level 3	**868,000,000**	**868,000,000**	Level 3	805,500,000	805,500,000
Fair Value through Profit and Loss							
Other Financial Investment	15	Level 1	**26,257,756**	**26,257,756**	Level 2	54,452,647	54,452,647
Fair Value through OCI							
Other Financial Investment	15	Level 1	**610,828,974**	**610,828,974**	Level 1	557,919,141	557,919,141
Total			**637,086,730**	**637,086,730**		612,371,788	612,371,788

36.2 Categories of Financial Assets and Liabilities - Company

Financial assets and liabilities in the tables below are split into categories in accordance SLFRS 9.

	Notes	Fair Value Hierarchy	2021		2020	
			Carrying Value LKR	Fair Value LKR	Carrying Value LKR	Fair Value LKR
Financial Assets						
Financial Instruments in -Current Assets						
Fair Value Through Profit and Loss						
Other Financial Investment	15	Level 1	**26,235,611**	**26,235,611**	54,440,398	54,440,398
Fair Value Through OCI						
Other Financial Investment	15	Level 1	**610,828,974**	**610,828,974**	557,919,140	557,919,140
Investment in subsidiaries		Level 3	**10,768,503,000**	**10,768,503,000**	12,672,340,280	12,672,340,280
Total			**11,405,567,585**	**11,405,567,585**	13,284,699,818	13,284,699,818

Financial Assets and Liabilities measured or disclosed at Fair Value

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of the quoted equities are based on market prices reported at March 2021 and prior year based on market value at the reporting date

Long-term fixed-rate borrowings are evaluated by the Group based on interest rates.

Those assumptions for assets categorised as Level 3 has been described under respective note numbers.

During the reporting period ended 31 March 2021 and 2020,Investment in quoted shares has been classified from level 2 to level 1 in Fair Value hierarchy. Previous Year the group used market prices reported between 31 December 2019 and 20 March 2020 as fair value due to the unavailability of information in the equity market as at the 31 March 2020. During the year the Group used market prices reported as of 31 March 2021 as fair value.

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL ASSETS AND LIABILITIES (Contd.)

36.3 Financial Risk Management - Objectives and Policies

The Group has loans and other receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Group also holds financial assets at a fair value through profit or loss.

The Group's principal financial liabilities comprise of loans and borrowings, trade and other payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations.

The Group's risk management is overlooked by the Company, in close corporation with the board of directors and focuses on actively securing the group's short to medium term cash flows by minimizing the exposure to financial markets. Long term financial investments are managed to generate lasting returns. The group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the group is exposed are described below.

The Group is exposed to market risk, credit risk and liquidity risk.

36.3.1 Credit Risk

Credit risk is the risk that the counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group trades only with recognized, credit worthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, such as cash and cash equivalents, available-for-sale financial investments and other financial investments, the Group's exposure to credit risk arises from default of the counter party. The Group manages its operations to avoid any excessive concentration of counterparty risk and the Group takes all reasonable steps to ensure the counter parties fulfil their obligations.

Risk exposure

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts (without consideration of collateral, if available). Following table shows the maximum risk positions.

Risk Exposure - Group

	Notes	2021 LKR	% of allocation	2020 LKR	% of allocation
Bank Deposits	15	339,965,525	5%	307,219,166	5%
Trade and Other receivables	14	4,909,692,401	82%	4,941,893,080	82%
Cash and Short term Deposits	31	833,186,197	13%	753,591,961	13%
Total credit risk exposure		6,082,844,123	100%	6,002,704,207	100%
Financial assets at fair value through profit & loss	15	26,257,756	0%	54,452,647	9%
Financial assets at fair value through OCI	15	610,828,974	10%	557,919,141	91%
Total equity risk exposure		637,086,730	100%	612,371,788	100%
Total		6,719,930,853		6,615,075,995	

Risk Exposure - Company

	Notes	2021 LKR	% of allocation	2020 LKR	% of allocation
Bank Deposits	15	**100,058,805**	15%	**50,058,805**	6%
Trade and other receivables	14	**410,746,082**	84%	**666,777,962**	80%
Cash in hand and at bank	31	**7,765,494**	1%	**112,006,406**	14%
Total credit risk exposure		**518,570,381**	100%	**828,843,173**	100%
Financial assets at fair value through profit & loss	15	**26,235,611**	4%	**54,440,398**	9%
Financial assets at fair value through OCI	15	**610,828,974**	96%	**557,919,141**	91%
Total equity risk exposure		**637,064,585**	100%	**612,359,539**	100%
Total		**1,155,634,966**		**1,441,202,712**	

Trade and Other receivables

Customers credit risk is managed by each business unit subject to the Group's established policies and procedures relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with the assessment.

Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letter of credit or other forms of credit insurance.

The requirement for an impairment is analysed at each reporting date on an individual basis for major customers. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data.

Credit quality of trade receivables that are neither past due or impaired is explained below.

Trade receivables	Note	Group 2021 LKR	Group 2020 LKR	Company 2021 LKR	Company 2020 LKR
Neither past due, not impaired		**2,752,833,523**	1,780,255,145	-	-
Past due but not impaired					
31-60 days		**648,724,030**	1,077,117,816	-	-
61-90 days		**523,567,091**	309,943,294	-	-
>90 days		**1,000,189,315**	1,715,420,739	-	-
Allowance for Bad & Doubtful Debtors		**1,009,106,339**	910,509,752	-	-
Gross Carrying Value		**5,934,420,298**	5,793,246,746	-	-
Less: Allowance for Bad & Doubtful Debtors		**(1,255,164,729)**	(1,297,398,586)	-	-
Total		**4,679,255,569**	4,495,848,160	-	-

Cash and Short term Deposits

In order to mitigate settlement and Operational risk related to cash and Short term deposits, the group uses several banks with acceptable ratings for its deposits.

The Group held cash & short term deposits of LKR 833 Million as at 31 March 2021 (2020 - LKR 754 Million)

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL ASSETS AND LIABILITIES (Contd.)

Financial Assets and Liabilities for which Fair Value Approximates Carrying Value

The following describes the methodologies and assumptions used to determine the fair values for those financial assets & Liabilities which are not already recorded at fair value in the Financial Statements.

The Following is a list of financial assets and liabilities whose carrying amount is a reasonable approximation of fair value due to short-term maturities of these instruments.

Assets

Other Non-Current Financial Assets

Trade and Other Receivables

Other Financial Investments

Cash in Hand and at Bank

Liabilities

Other Financial Liabilities

Interest Bearing Borrowings (Current)

Trade and Other Payables

36.3.2 Liquidity Risk

The Group's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the Group has available funds to meet its medium term capital and funding obligations, including organic growth and acquisition activities, and to meet any unforeseen obligations and opportunities. The Group holds cash and undrawn committed facilities to enable the Group to manage its liquidity risk.

The Group monitors its risk to a shortage of funds using a daily cash management process. This process considers the maturity of both the Group's financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of multiple sources of funding including bank loans and overdrafts.

Liquidity risk management

The business units attempt to match contracted cash outflows in each time bucket using a combination of operational cash inflows and other inflows that can be generated through the liquidation of short term investments, repurchase agreements or other secured borrowings.

Contractual maturity analysis

The table below summarizes the maturity profile of the Group's financial liabilities at 31 March 2021 based on contractual undiscounted payments.

Group	Less than 3 months LKR	3 to 12 months LKR	1 to 5 years LKR	> 5 Years LKR	Total LKR
Other Financial Liabilities	-	-	-	968,906	968,906
Interest Bearing Borrowings	2,135,823,330	2,460,411,013	1,370,793,509	-	5,967,027,852
Trade and Other Payables	2,922,060,072	3,003,168,759	71,912,563	7,806,688	6,004,948,082
	5,057,883,402	5,463,579,772	1,442,706,072	8,775,594	11,972,944,840

The table below summarizes the maturity profile of the Company's financial liabilities at 31 March 2021 based on contractual undiscounted payments.

Company	Less than 3 months LKR	3 to 12 months LKR	1 to 5 years LKR	> 5 Years LKR	Total LKR
Other Financial Liabilities	-	-	-	968,906	968,906
Interest Bearing Borrowings	1,101,808,480	1,242,171,859	1,231,629,390	-	3,575,609,729
Trade and Other Payables	181,629,746	-	-	-	181,629,746
	1,283,438,226	1,242,171,859	1,231,629,390	968,906	3,758,208,381

The table below summarizes the maturity profile of the Group's financial liabilities at 31 March 2020 based on contractual undiscounted payments.

Group	Less than 3 months LKR	3 to 12 months LKR	1 to 5 years LKR	> 5 Years LKR	Total LKR
Other Financial Liabilities	-	-	-	944,966	944,966
Interest Bearing Borrowings	1,508,268,148	5,608,682,781	1,979,339,766	-	9,096,290,695
Trade and Other Payables	3,366,209,410	519,269,079	32,508,244	-	3,917,986,733
	4,874,477,558	6,127,951,860	2,011,848,010	944,966	13,015,222,394

The table below summarizes the maturity profile of the Company's financial liabilities at 31 March 2020 based on contractual undiscounted payments.

Company	Less than 3 months LKR	3 to 12 months LKR	1 to 5 years LKR	> 5 Years LKR	Total LKR
Other Financial Liabilities	-	-	-	944,966	944,966
Interest Bearing Borrowings	1,255,012,256	444,428,956	2,459,491,219	-	4,158,932,431
Trade and Other Payables	23,304,097	-	-	-	23,304,097
	1,278,316,353	444,428,956	2,459,491,219	944,966	4,183,181,494

Capital Management

Capital includes equity attributable to the equity holders of the parent.

The primary objective of the Group's capital management is to ensure shareholder value is maximized.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2021.

36.3.3 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (specially due to currency risk and interest rate risk)

The objective of market risk management is to manage and control market risk exposures within the acceptable parameters while optimising the return.

The sensitivity analysis in the following sections related to the position as at 31 March 2021 and 2020.

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL ASSETS AND LIABILITIES (Contd.)

The analysis excludes the impact of movements in market variables on the carrying value of other post-retirement obligations, provisions and the non-financial assets and liabilities.

The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held as at 31 March 2021 and 2020.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the profit before tax (through the impact on floating rate borrowings)

		Effect on Profit before Tax (LKR)	
	Increase/(Decrease) in basis points	Group	Company
2021	+100	(14,238,227)	-
	-100	14,238,227	-
2020	+100	(16,651,420)	-
	-100	16,651,420	-

The assumed spread of the interest rate is based on the current observable market environment.

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

		Effect on Profit before Tax (LKR)	
	Increase/(Decrease) in basis points	Group	Company
2021	5%	(69,487,906)	-
	-5%	69,487,906	-
2020	5%	(51,479,018)	-
	-5%	51,479,018	-

The assumed spread of the interest rate is based on the current observable market environment.

Other Price Risk

The Group is exposed to equity price risk in respect of its listed equity securities. The Group manages those risks by monitoring the markets closely. According to Group policies amounts invested in volatile assets such as shares are restricted by limits set by Group management.

37. MATERIAL PARTLY-OWNED SUBSIDIARIES

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

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

Name	Proportion of NCI		Accumulated Balances of NCI		Profit allocated to NCI	
	2021	2020	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Non-Controlling Interests material individually						
Dankotuwa Porcelain PLC	**22.49%**	22.49%	**521,517,069**	571,772,456	**(89,479,619)**	(50,411,156)
Colombo City Holdings PLC	**22.37%**	22.37%	**425,638,733**	508,250,775	**(68,382,626)**	41,356,858
Millennium I.T.E.S.P (Private) Limited	**39.25%**	39.25%	**440,200,520**	302,123,873	**197,070,043**	216,202,026
Non-controlling interest material in aggregate			**214,241,768**	227,909,713	**654,896**	46,071,007
Total			**1,601,598,090**	1,610,056,817	**39,862,694**	253,218,735

Dividend Paid to NCI Shareholders	2021 LKR	2020 LKR
		-
Colombo City Holdings PLC	**14,239,850**	-
Eontec (Pvt) Ltd	**15,013,436**	-
Millennium I.T.E.S.P (Private) Limited	**48,895,856**	28,000,949
Others	**3,961,133**	-
	82,110,275	28,000,949

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

37.2 Summarised statement of Profit or Loss for the period ending 31 March

	Dankotuwa Porcelain PLC		Colombo City Holdings PLC		Millennium I.T.E.S.P (Private) Limited	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Revenue	**2,432,418,285**	2,233,871,330	**56,024,234**	61,051,870	**6,722,385,161**	8,023,314,226
Operating Income/(Costs)	**(2,701,303,295)**	(2,367,653,158)	**(444,940,244)**	77,493,761	**(6,146,357,770)**	(7,251,584,396)
Finance Costs	**(146,335,050)**	(155,129,201)	**(10,061,030)**	(20,599,981)	**(99,812,307)**	(189,924,740)
Finance Income	**19,265,384**	24,762,701	**89,942,610**	112,347,432	**108,780,600**	95,394,302
Share of result of equity account investee	**-**	-	**-**	-	**229,297**	(3,070,456)
Tax Expense	**(1,839,835)**	40,038,286	**3,345,435**	(45,416,648)	**(83,135,700)**	(130,359,959)
Profit or Loss from Continuing Operations	**(397,794,511)**	(224,110,042)	**(305,688,987)**	184,876,434	**502,089,281**	543,768,977
Other Comprehensive Income	**174,376,964**	94,961,685	**46,643**	19,533	**(25,726,215)**	(19,737,488)
Total Comprehensive Income	**(223,417,547)**	(129,148,357)	**(305,642,344)**	184,895,967	**476,363,066**	524,031,489

*Fair valuation gain from investment in subsidiaries and respective deferred tax impact has been eliminated from company profitability.

NOTES TO THE FINANCIAL STATEMENTS

37. MATERIAL PARTLY-OWNED SUBSIDIARIES (Contd.)

37.3 Summarised Statement of Financial Position for the period 31 March

	Dankotuwa Porcelain PLC		Colombo City Holdings PLC		Millennium I.T.E.S.P (Private) Limited	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Current Assets	**2,064,222,453**	2,418,880,140	**1,086,478,121**	356,075,903	**5,381,464,429**	5,108,769,743
Non-current Assets	**2,765,164,265**	2,714,092,997	**1,021,354,515**	1,993,470,943	**974,190,963**	1,004,395,004
Total Assets	**4,829,386,718**	5,132,973,137	**2,107,832,636**	2,349,546,846	**6,355,655,392**	6,113,164,747
Current Liabilities	**2,071,702,614**	2,027,795,097	**189,752,294**	38,959,591	**4,966,259,930**	5,011,628,988
Non-current Liabilities	**494,824,773**	618,901,163	**15,301,923**	38,523,643	**276,139,475**	341,665,036
Total Liabilities	**2,566,527,387**	2,646,696,260	**205,054,217**	77,483,234	**5,242,399,405**	5,353,294,024

*Cumulative impact of fair valuation gain from investment in subsidiaries and respective deferred tax impact has been eliminated from non current asset and non current liabilities.

37.4 Summarised Cash Flow Information for the year ending 31 March

Operating	**482,444,469**	(371,391,494)	**(25,049,198)**	16,575,078	**1,266,065,365**	666,683,837
Investing	**(20,838,654)**	(41,344,851)	**(51,851,203)**	169,197,981	**(17,600,248)**	(1,071,545,106)
Financing	**(296,655,360)**	297,542,870	**86,357,150**	-	**(1,357,119,220)**	481,235,654
Net increase/(decrease) in cash and cash equivalents	**164,950,455**	(115,193,475)	**9,456,749**	185,773,059	**(108,654,102)**	76,374,385

*Fair valuation gain from investment in subsidiaries and respective deferred tax impact has been eliminated from company profitability.

38. FUTURE OUTLOOK

The continued impact of the pandemic on Sri Lanka's economy, global demand and supply cannot be accurately forecasted at this time. The recovery period and the ordinary industry activities depends on the pandemic spread 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 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.

SUPPLEMENTARY INFORMATION

INVESTOR INFORMATION

The issued ordinary shares of Ambeon Holdings PLC (GREG) are listed with the Colombo Stock Exchange (CSE). The trading of GREG ordinary shares commenced on 01 January 1970.

Ordinary Shareholders

Analysis of shareholders according to the number of shares as at 31 March 2021.

Range of Shareholding	Number of Shareholders	No. of Shares	%
1 to 1,000 shares	2,792	861,130	0.24
1,001 to 10,000 shares	1,573	5,573,386	1.56
10,001 to 100,000 shares	405	11,699,694	3.28
100,001 to 1,000,000 shares	51	11,458,711	3.21
Over 1,000,000 shares	12	327,276,745	91.71
TOTAL	4,833	356,869,666	100.00

Public Shareholding

Information pertaining to public shareholding is as follows;

	31 March 2021	31 March 2020
Number of public shares	65,401,748	65,401,748
Public holding percentage	18.33%	18.33%
Number of public shareholders	4,828	5,053
Float adjusted market capitalization (LKR)	1,112,041,566.22	529,855,099.20

The Company is compliant with the Minimum Public Holding requirement under option 2 of rule 7.13.1 (b) of the Listing Rules of the Colombo Stock Exchange.

Market Price per share (traded dates)

Ordinary Shares	2020/2021	2019/2020
Highest value per share recorded during the period (LKR)	26.70 (15.01.2021)	14.00 (14.10.2019)
Lowest value per share recorded during the period (LKR)	7.30 (14.05.2020)	7.90 (16.05.2019)
Market value per share as at last traded date (LKR)	17.00 (31.03.2021)	8.10 (20.03.2019)

Share Trading

No. of transactions	13,163	6,851
No. of shares traded	81,057,052	25,834,991
Value of shares traded (LKR)	1,616,034,910.30	317,037,860.70

There were 4,833 registered shareholders as at 31 March 2021 (5,057 as at 31 March 2020).

Director's Shareholdings as at

	Name	31 March 2021	31 March 2020
1.	Mr. S E Gardiner (appointed on 01 June 2020)	**Nil**	N/A
2.	Mr. A L Devasurendra (appointed on 01 June 2020)	**Nil**	N/A
3.	Mr. N M Prakash (resigned on 31 January 2021)	**785,541**	785,541
4.	Mr. A G Weerasinghe	**Nil**	Nil
5.	Mr. R P Sugathadasa	**Nil**	Nil
6.	Mr. M Boyagoda	**Nil**	Nil
7.	Mr. P P Maddumage (resigned on 01 June 2020)	**N/A**	Nil
8.	Mr. R P Pathirana (appointed on 01 June 2020)	**Nil**	N/A
9.	Mr. R T Devasurendra (appointed on 10 June 2020)	**Nil**	N/A

Twenty Major Ordinary Shareholders as at

Name of Shareholder	31 March 2021		31 March 2020	
	No. of shares	%	No. of shares	%
1. National Development Bank PLC/Ambeon Capital PLC	**145,000,000**	**40.63**	-	-
Seylan Bank PLC/Ambeon Capital PLC (Collateral)	**112,790,122**	**31.61**	112,790,122	31.61
Pan Asia Banking Corporation PLC/Ambeon Capital PLC	**32,807,255**	**9.19**	177,807,255	49.82
TOTAL	**290,597,377**	**81.43**	290,597,377	81.43
2. Hatton National Bank PLC/Almas Organisation (Private) Limited	**11,947,292**	**3.35**	-	-
Amana Bank PLC/Almas Organisation (Private) Limited	**5,239,134**	**1.47**	7,408,955	2.08
Almas Organisation (Private) Limited	**2,202,051**	**0.62**	-	-
TOTAL	**19,388,477**	**5.44**	7,408,955	2.08
3. Hatton National Bank PLC/Carlines Holdings (Private) Limited	**6,110,772**	**1.71**	5,439,845	1.52
Carlines Holdings (Private) Limited	**-**	**-**	21	0.00
TOTAL	**6,110,772**	**1.71**	5,439,866	1.52
4. Seylan Bank PLC/W.D.N.H. Perera	**3,506,000**	**0.98**	-	-
5. Ceylinco General Insurance Limited	**2,412,633**	**0.68**	9,443,196	2.65
6. Hotel International (Private) Limited	**2,154,986**	**0.60**	2,154,986	0.60
7. Mr. N Balasingam	**1,906,500**	**0.53**	1,906,500	0.53
8. Mr. K V Hewavitarne	**1,200,000**	**0.34**	1,382,401	0.39
9. People's Leasing & Finance PLC/L.P. Hapangama	**965,836**	**0.27**	955,836	0.27
10. Mr. N M Prakash	**785,541**	**0.22**	785,541	0.22
11. Mr. C R Perera	**605,504**	**0.17**	727,381	0.20
12. Dr. S Yaddehige	**557,127**	**0.16**	557,127	0.16
13. Bank of Ceylon No. 1 Account	**385,000**	**0.11**	385,000	0.11
14. Macksons Holdings (Pvt) Ltd	**380,982**	**0.11**	138,244	0.04
15. Hatton National Bank PLC/Madhura Supun Hiripitiya	**322,327**	**0.09**	259,427	0.07
16. Dialog Finance PLC/H.A.S.M. Abeynayake	**305,542**	**0.09**	-	-
17. Mr. S P Jayakumar	**295,607**	**0.08**	14,500	0.00
18. Mrs. F R Buhardeen	**295,128**	**0.08**	33,772	
19. Commercial Bank of Ceylon PLC/A.N. Weerakkody	**291,144**	**0.08**	-	-
20. Mr. K L G Udayananda	**283,511**	**0.08**	-	-

INVESTOR INFORMATION

Preference Share

Analysis of Shareholders according to the number of shares as at 31 March 2021

Range of Shareholding	Number of Shareholders	No. of Shares	%
1 to 1,000 shares	2,792	861,130	0.24
1,001 to 10,000 shares	1,573	5,573,386	1.56
10,001 to 100,000 shares	405	11,699,694	3.28
100,001 to 1,000,000 shares	51	11,458,711	3.21
Over 1,000,000 shares	12	327,276,745	91.71
TOTAL	4,833	356,869,666	100.00

Twenty Major Preference Shareholders as at

Name of Shareholder	31 March 2021		31 March 2020	
	No. of shares	%	No. of shares	%
1. Standard Finance Ltd	18,616	10.91	18,616	10.91
2. Mr. G C W De Silva	9,484	5.56	9,484	5.56
3. Mr. M V Theagarajah	8,744	5.12	8,744	5.12
4. Life Insurance Corporation of India	8,146	4.77	8,146	4.77
5. Mr. K Theagarajah	8,000	4.69	8,000	4.69
6. Mrs. B L Macrae	6,658	3.90	6,658	3.90
7. Mr. A L Clare	6,658	3.90	6,658	3.90
8. Mr. M V Theagarajah	6,447	3.78	6,447	3.78
9. Shalsri Investment Ltd	5,000	2.93	5,000	2.93
10. The Land & House Property Company Ltd	4,500	2.64	4,500	2.64
11. The Administratix of The Estate of Pietro Fernando	4,000	2.34	4,000	2.34
12. Mr. S Sivalingam Attorney for Mrs R Sivaraman	3,672	2.15	3,672	2.15
13. Mr. M B Muthunayagam Mahesweri Brito	3,500	2.05	3,500	2.05
14. Mr. B Selvanayagam	3,000	1.76	3,000	1.76
15. Ms. A M Felsinger	2,684	1.57	2,684	1.57
16. Ms. K N Woutersz	2,684	1.57	2,684	1.57
17. Mr. Navarathnam Sumanathiran	2,682	1.57	2,682	1.57
18. Mr. M G Sabaratnam	2,500	1.47	2,500	1.47
19. Mr. S A Scharenguivel	2,450	1.44	2,450	1.44
20. Mr. P S Wijewardenephilip Seevali	2,194	1.29	2,194	1.29

DECADE AT A GLANCE

LKR "000"	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Operating Results**										
Revenue	**17,917,570**	19,693,287	17,231,736	12,272,998	10,762,068	9,394,710	9,359,565	8,636,013	7,184,808	5,997,944
Profit/(Loss) before taxation	**(1,925,545)**	541,562	1,246,604	584,885	480,384	(1,657,676)	(14,645)	(618,543)	(184,252)	138,433
Profit/(Loss) after taxation	**(2,103,037)**	409,020	864,468	680,818	394,104	(1,641,605)	(58,090)	(677,790)	(226,104)	75,944
Attributable to:										
Equity Holders of the Parents	**(2,142,900)**	155,801	528,310	540,941	271,698	(1,698,267)	22,539	(662,873)	(237,172)	107,459
Non-Controlling Interest	**39,863**	253,219	336,158	139,878	122,406	56,662	(80,629)	(14,917)	11,068	(31,515)
	(2,103,037)	409,020	864,468	680,819	394,104	(1,641,605)	(58,090)	(677,790)	(226,104)	75,944
Capital Employed										
Stated Capital	**5,331,775**	5,331,775	5,331,775	7,871,564	7,724,139	7,724,139	7,724,139	7,724,139	7,724,139	7,724,139
Reserves	**1,021,744**	678,720	761,355	930,399	515,619	449,281	143,133	7,957	59,474	50,357
Retained Earnings/ (Losses)	**(46,358)**	2,154,042	1,650,091	(963,749)	(1,369,019)	(1,463,267)	12,037	(401,648)	241,242	501,019
Non-Controlling Interest	**1,601,598**	1,610,303	1,610,057	1,055,156	988,420	682,124	433,400	1,025,477	1,097,935	1,231,968
	7,908,759	9,774,840	9,353,278	8,893,370	7,859,159	7,392,276	8,312,709	8,355,925	9,122,790	9,507,483
Assets Employed										
Non Current Assets Excluding Deferred Tax	**9,979,514**	12,177,586	10,367,516	8,149,191	5,709,160	6,607,653	8,291,740	7,677,501	8,037,152	6,166,071
Current Assets	**11,720,579**	12,202,483	12,075,674	11,781,223	8,019,309	6,380,048	5,060,516	4,638,518	3,994,455	6,640,974
Deferred Tax	**122,749**	81,878	143,559	256,090	68,974	75,646	24,342	15,558	14,138	5,994
	21,822,842	24,461,948	22,586,749	20,186,504	13,797,443	13,063,347	13,376,598	12,331,577	12,045,745	12,813,039
Liabilities										
Non Current Liabilities	**2,318,087**	3,025,479	2,036,469	2,530,592	1,403,367	1,090,278	1,018,061	1,075,072	502,599	462,017
Current Liabilities	**11,595,996**	11,661,629	11,197,002	8,762,542	4,534,918	4,580,793	4,045,828	2,900,581	2,603,615	2,843,539
	13,914,083	14,687,108	13,233,471	11,293,134	5,938,285	5,671,071	5,063,889	3,975,653	3,106,214	3,305,556
Key Indicators										
Basic Earnings/(Loss) Per Share (LKR)	**(6.00)**	0.44	1.48	1.54	0.78	(4.86)	0.06	(1.90)	(0.68)	0.03
Net Assets Per Share (LKR)	**17.67**	22.88	21.70	21.96	19.67	19.21	22.55	20.98	22.97	23.69

Details of the Group Properties 2020/21

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

GLOSSARY OF FINANCIAL TERMINOLOGY

ACCRUAL BASIS

Recording revenues and expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

CAPITAL EMPLOYED

Shareholders' funds plus minority interest and total debt.

CONTINGENT LIABILITIES

A condition or situation existing at the reporting date due to past events, where the financial effect is not recognised, because:

1. The obligation is crystallised by the occurrence or non-occurrence of one or more future events, or
2. A probable outflow of economic resources is not expected, or
3 It is unable to be measured with sufficient reliability.

CURRENT RATIO

Current assets divided by current liabilities.

DEBT-EQUITY RATIO

Debt as a percentage of shareholders' funds, including minority interest.

Diluted Earnings/(Loss) Per Share (DPS) Profit/(Loss) attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue during the period adjusted for options granted but not exercised.

EBIT

Earnings before interest and tax (includes other operating income).

EARNINGS/(LOSS) PER SHARE

Net profit/(Loss) attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue during the period.

INTEREST COVER

Consolidated profit before interest and tax over finance expenses.

MARKET CAPITALISATION

Number of shares in issue at the end of period multiplied by the market price at end of period.

NET ASSETS

Total assets minus current liabilities, minus long-term liabilities, minus minority interest.

NETASSETS PER SHARE

Net assets as at the particular financial year divided by the number of shares in issue as at the current financial year end.

NET PROFIT MARGIN

Profit after tax divided by turnover inclusive of share of associate company turnover.

NET WORKING CAPITAL

Current assets minus current liabilities

OPERATING MARGIN

Operating profit as a percentage of total sales.

QUICK RATIO

Cash plus short-term investments plus receivables divided by current liabilities.

RETURN ON ASSETS

Profit after tax divided by the total assets.

RETURN ON CAPITAL EMPLOYED

Consolidated profit before interest and tax as a percentage of capital employed.

RETURN ON EQUITY

Profit/(Loss) attributable to shareholders as a percentage of shareholder's funds including minority interest.

SHAREHOLDERS' FUNDS

Total of stated capital, capital reserves and revenue reserves.

TOTAL DEBT

Long-term loans plus short-term loans and overdrafts.

TOTAL EQUITY

Shareholders' funds plus minority interest.

SUBSIDIARIES OF AMBEON HOLDINGS PLC

Subsidiary Companies	Directors
Ceylon Leather Products Limited No. 10, 5th Floor, Gothami Road, Colombo 8 Tel: 011 5 700 700 Fax: 033 2 258 751 E-mail: info@ambeongroup.com	Mr. N C Peiris (Chairman) Mr. A G Weerasinghe Mr. P D J Fernando
Colombo City Holdings PLC No. 10, 5th Floor, Gothami Road Colombo 8 Tel: 011 5 700 000 Fax: 011 2 680 225 E-mail: info@ambeongroup.com	Mr. A G Weerasinghe (Chairman) Mr. R N Asirwatham Mr. R P Sugathadasa Mr. N M Prakash Mr. A W Atukorala Mr. C S Devasurendra Dr. K S Narangoda
Dankotuwa Porcelain PLC No. 10, 5th Floor, Gothami Road Colombo 8 Tel: 011 5 700 700 Fax: 011 2 680 225 Email: info@dankotuwa.com	Mr. R N Asirwatham (Chairman) Mr. A L Devasurendra (Deputy Chairman) Mr. E M M Boyagoda Mr. S E Gardiner Mr. P P Maddumage Mr. R T Devasurendra Mr. N M Prakash Mr. N S Wijesekera Mr. R P Peris Mr. Y Kanagasabai Mr. C S Karunasena (Alternate Director to Mr. P P Maddumage) Mr. C S Devasurendra (Alternate Director to Mr. A L Devasurendra)
Eon Tec (Private) Limited No. 10, 5th Floor, Gothami Road Colombo 8 Tel: 011 5 700 700 Fax: 011 2 680 225 Email: info@eontec.lk	Mr. Y Kanagasabai (Chairman) Mr. M S Hamzadeen Mr. R T Devasurendra Mr. P P Maddumage Mr. R P Sugathadasa Mr. F A Azhar (Alternate Director to Mr. M S Hamzadeen) Mr. C S Karunasena (Alternate Director to Mr. P P Maddumage)
Olancom (Private) Limited No. 10, 5th Floor, Gothami Road Colombo 8 Tel: 011 5 700 700 Fax: 011 2 680 225	Dr. K S Narangoda
Palla & Company (Private) Limited No. 10, 5th Floor, Gothami Road Colombo 8 Tel: 011 5 700 700 Fax: 011 2 680 225	Mr. A G Weerasinghe Dr. K S Narangoda Mr. H C P Goonetilleke
Taprobane Capital Plus (Private) Limited No. 10, 5th Floor, Gothami Road Colombo 8 Tel: 011 5 328 100 Fax: 011 5 328 109 Email: contact@taprobane.lk	Mr. Y Kanagasabai (Chairman) Mr. R P Sugathadasa (Managing Director/CEO) Mr. A G Weerasinghe Mr. E M M Boyagoda

SUBSIDIARIES OF AMBEON HOLDINGS PLC

Sub-Subsidiary Companies	Directors
Millennium I.T.E.S.P. (Private) Limited No. 48, Sir Marcus Fernando Mawatha Colombo 7 Tel: 011 7 484 000 Fax: 011 2 691 322 Email: info@millenniumitesp.com	Mr. S E Gardiner (Chairman) Mr. N M Prakash Mr. P D J Fernando Mr. Y Kanagasabai Mr. G S M Goonetilleke Mr. S R Wijetilaka Mr. M I Wijenayake Mr. Y I S Premarathne Dr. K S Narangoda (Alternate Director to Mr. N M Prakash)
D P L Trading (Private) Limited No. 10, 5th Floor, Gothami Road Colombo 8 Tel: 011 5 700 700 Fax: 011 2 680 225	Mr. A L Devasurendra Mr. N M Prakash
Taprobane Investments (Private) Limited No. 10, Gothami Road Colombo 8 Tel: 011 5 328 100 Fax: 011 5 328 109 E-mail: contact@taprobane.lk	Mr. A G Weerasinghe
Taprobane Securities (Private) Limited No. 10, Gothami Road Colombo 8 Tel: 011 5 328 100 Fax: 011 5 328 177 Email: contact@taprobane.lk	Dr. K S Narangoda (Chairman) Mr. N S Niles Mr. C A Kamaladasa
Lexinton Holdings (Private) Limited No. 10, Gothami Road Colombo 8 Tel: 011 5 328 100 Fax: 011 5 328 177 Email: contact@taprobane.lk	Mr. A G Weerasinghe
Lexinton Financial Services (Private) Limited No. 10, Gothami Road Colombo 8 Tel: 011 5 328 100 Fax: 011 5 328 177 Email: contact@taprobane.lk	Mr. A G Weerasinghe

Sub-Subsidiary Companies	Directors
Royal Fernwood Porcelain Limited No. 10, 5th Floor, Gothami Road Colombo 8 Tel: **011 5 700 700** Fax: **011 2 680 225** Email: **fernwood@fernwoodporcelain.com**	Mr. A G Weerasinghe (Chairman) Dr. L J A Peiris Mr. R P Sugathadasa Mr. E M M Boyagoda Mr. S Y E Fernando
Fernwood Lanka (Private) Limited No. 10, 5th Floor, Gothami Road Colombo 8 Tel: **011 5 700 700** Fax: **011 2 680 225**	Mr. A G Weerasinghe Mr. R P Sugathadasa Dr. L J A Peiris
Lanka Decals (Private) Limited No. 10, 5th Floor, Gothami Road Colombo 8 Tel: **011 5 700 700** Fax: **011 2 680 225**	Mr. A G Weerasinghe Mr. R P Sugathadasa Dr. L J A Peiris

NOTICE OF MEETING

Taking into consideration the current regulations/restrictions prevailing in the country due to the COVID-19 pandemic, the Board of Directors of Ambeon Holdings PLC has decided to hold the Annual General Meeting (AGM) as a Virtual Meeting on Wednesday, 29 September 2021 at 12.00 noon in line with the guidelines issued by the Colombo Stock Exchange (CSE) for hosting of virtual AGMs.

Hence, Notice is hereby given that the Annual General Meeting of the Company will be held by way of electronic means on Wednesday, 29 September 2021 at 12.00 noon centered at the Boardroom of the Company at No. 10, Gothami Road, Colombo 8, Sri Lanka, for the following business:

1. To receive and consider the Report of the Directors and the Statement of Accounts for the year ended 31 March 2021 together with the Report of the Auditors thereon (Resolution 1).

2. To re-appoint Mr. R P Sugathadasa, Director who retires by rotation in terms of Article No. 27 (8) of the Articles of Association (Resolution 2)

3. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. A G Weerasinghe who has reached the age of 79 years (Resolution 3).

   "IT IS HEREBY RESOLVED that the age limit referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. A G Weerasinghe, who has reached the age of 78 years prior to the Annual General Meeting and that he shall accordingly be re-appointed."

4. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. E M M Boyagoda who has reached the age of 70 years (Resolution 4).

   "IT IS HEREBY RESOLVED that the age limit referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. E M M Boyagoda, who has reached the age of 70 years prior to the Annual General Meeting and that he shall accordingly be re-appointed."

5. To re-appoint M/s. Ernst & Young, Chartered Accountants, the retiring auditors and to authorize the Directors to determine their remuneration (Resolution 5).

6. To authorise the Directors to determine donations for charitable and other purposes for the year 2021/2022 as set out in the Companies' Donation Act [CAP147] (Resolution 6).

By Order of the Board

Sgd.
P W Corporate Secretarial (Pvt) Ltd
Secretaries

Colombo
30 August 2021

Notes:

1. A shareholder entitled to participate and vote at the above virtual meeting is entitled to appoint a proxy to participate and vote in his/her place by completing the Form of Proxy enclosed herewith.
2. A proxy need not be a shareholder of the Company.
3. Shareholders who are unable to participate in the above virtual meeting are also encouraged to submit a duly completed Form of Proxy appointing the Chairman or any other Member of the Board to participate and vote on their behalf.
4. For more information on how to participate by virtual meeting, please refer Guidelines and Registration Process.

FORM OF PROXY

I/We..

holderofNICNo...of..

....

being a Shareholder/Shareholders of Ambeon Holdings PLC, do hereby appoint ....

.... holder of

NIC No. .... of ....

.... or failing him/her

Mr. S E Gardiner	or failing him
Mr. A L Devasurendra	or failing him
Mr. A G Weerasinghe	or failing him
Mr. R P Sugathadasa	or failing him
Mr. E M M Boyagoda	or failing him
Mr. R P Pathirana	

as *my/our proxy to represent me/us and to speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 29 September 2021 and any adjournment thereof and at every poll which may be taken in consequence thereof.

Resolutions	For	Against
1. To adopt the Audited Accounts for the year ended 31 March 2021	☐	☐
2. To re-appoint Mr. A G Weerasinghe	☐	☐
3. To re-appoint Mr. E M M Boyagoda	☐	☐
4. To re-appoint auditors	☐	☐
5. To authorize Directors to make donations	☐	☐

Mark your preference with "X"

Signed on this ....day of .... 2021.

....
Signature

a) * Please delete the inappropriate words.
b) Instructions as to completion are noted on the reverse thereof

Instructions as to the completion of Proxy

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

2. The Proxy shall –

    a. In the case of an individual be signed by the shareholder or by his/her attorney, and if signed by an Attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.

    b. In the case of a company or corporate/statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the company or corporate/statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).

3. Please indicate with a "X" how the Proxy should vote on each resolution. If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.

4. To be valid, the completed Form of Proxy must be deposited with the Registered Office of the Company at No. 10, 5th Floor, Gothami Road, Colombo 8, Sri Lanka or must be emailed to agm2021@ambeongroup.com or by facsimile to +94 11 2680225 by 12.00 noon on Monday, 27 September 2021.

CORPORATE INFORMATION

Name of the Company
Ambeon Holdings PLC

Company Registration Number
PQ 26

Nature of Business
Investment Holding & Management Company

Legal Form
A Public Quoted Company with Limited Liability Company incorporated in Sri Lanka on 29 December 1910 and listed on the Colombo Stock Exchange on 01 January 1970.

Registered Office
No. 10, 5th Floor
Gothami Road
Colombo 8
Sri Lanka

Telephone: +94 11 5700700
Fax: +94 11 2680225

Email: info@ambeongroup.com
Web: www.ambeongroup.com

Secretaries
P W Corporate Secretarial (Private) Limited
3/17, Kynsey Road
Colombo 8
Sri Lanka

Telephone: +94 11 4640360
Fax: +94 11 4740588

Registrars
SSP Corporate Services (Private) Limited
No. 101, Inner Flower Road
Colombo 3
Sri Lanka

Telephone: +94 11 2573894

Auditors
Ernst & Young
Chartered Accountants
201, De Saram Place
Colombo 10

Telephone: +94 11 2463500

Bankers
National Development Bank PLC
Nations Trust Bank PLC
Pan Asia Banking Corporation PLC
People's Bank
Sampath Bank PLC
Seylan Bank PLC
Standard Chartered Bank

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