



Colombo City Holdings PLC

Staying on Course

Annual Report 2020/21

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Staying on Course

Navigating through a year replete with challenges, we focused on consolidating our presence within the property sector. With a strong belief that the future ahead will create new opportunities for investments, we continue to stay on course, determined to seize opportunities at the right time.

PERFORMANCE HIGHLIGHTS

	Group		Company	
	2020/21	2019/20	2020/21	2019/20
Balance Sheet - LKR				
Cash	20,535,471	10,963,439	19,499,716	10,944,229
Other Financial Investments	240,022,366	276,349,597	240,000,000	276,337,213
Trade & Other Receivables	181,242,166	68,762,867	142,363,356	19,897,259
Total current assets	1,021,354,516	356,075,903	976,863,072	307,178,701
Total long-term assets	1,086,478,121	1,993,470,943	1,110,477,032	2,027,796,371
Total current liabilities	189,752,295	38,959,591	182,517,994	29,978,904
Total long-term liabilities	15,301,923	38,523,643	16,717,870	44,842,434
Total shareholders' equity	1,902,778,419	2,272,063,612	1,888,104,240	2,260,153,734
Income Statement - LKR				
Revenue	56,024,234	61,051,870	11,630,500	10,149,770
Gross profit	51,844,242	55,394,722	10,394,910	8,759,308
Earnings Before Interest, Tax, Depreciation and Amortization	(298,233,028)	251,591,364	(307,136,861)	239,032,592
Profit/(Loss) before taxes	(309,034,421)	230,293,083	(317,135,017)	218,521,103
Net Profit/(Loss)	(305,688,986)	184,876,434	(308,453,287)	180,095,300
KEY RATIOS				
Profitability Ratios				
Return on equity	-16.07%	8.14%	-16.34%	7.97%
Return on assets	-14.50%	7.87%	-14.78%	7.71%
Return on sales	-545.64%	302.82%	-2,652.11%	1,774.38%
Gross profit margin	92.54%	90.73%	89.38%	86.30%
Asset turnover ratio	2.66%	2.60%	0.56%	0.43%
Earnings Per Share	(240.16)	145.25	(242.33)	141.49
Current ratio	5.38	9.14	5.35	10.25
Quick or acid test ratio	2.33	9.14	2.20	10.25
Long-term debt ratio	0.01	0.02	0.01	0.02
Debt to equity ratio	0.11	0.03	0.11	0.03
Net Asset Value	1,494.89	1,785.01	1,483.36	1,775.65
Interest coverage ratio	(29.64)	12.21	(32.00)	11.87

CHAIRMAN'S MESSAGE

I am pleased to present to you the Annual Report along with the Audited Financial Statements of Colombo City Holdings PLC (CCH) for the year 2020/21.

The year under review was one of the most extraordinary years in recent history where lives and livelihoods were impacted. In this challenging setting, the global economy entered one of its deepest recessions with global output contracting by 3.3%.

These negative developments in the global landscape cascaded to the domestic economy. Global travel restrictions, disruptions to international trade affected the Sri Lankan economy, resulting in lowered tourism earnings, export earnings and migrant worker remittances, while recording cash outflows from financial markets. Moreover, measures taken to curtail the spread of the COVID-19 virus, with lockdowns imposed across the country for extended periods, affected production and productivity levels. Resultantly Sri Lanka's GDP declined by 3.6% in 2020.

Accommodative monetary policy measures introduced with the objective of stimulating the economy through multiple reductions in Policy Rates and the Statutory Reserves Ratio, led to sustained reductions in market interest rates which in turn facilitated credit growth. The sovereign rating downgrade by Fitch Ratings, in late 2020 added further pressure on the exchange rate. At the time of compiling this report, the country is beset by the third wave of the COVID -19 virus. In this setting, real estate market activity is muted due to the lacklustre investment climate where many investment decisions are being deferred.

Performance

Traversing through unprecedented challenges, the Company was able to course through the FY 2020/21 in a modest manner. The Company's strategic move of acquiring Lexinton Holdings in 2019 by bringing in the Ambeon Group's Head Office within CCH, has positioned the Company as the Group's dedicated real estate entity. This has infused stability and strengthened the recurring earnings-

base of the Company, paving the way to generate additional revenues in the rental space.

During the year under review, the turnover of CCH as a Group declined marginally by 8% in comparison to the previous financial year to record LKR 56 Mn. The Group recorded a loss of LKR 306 Mn which marked a decline by 265% compared to the previous year's profit of LKR 185 Mn. This loss was mainly attributable to the impairment provisions made to one of our investment properties located in Union Place. CCH as a company has maintained financial stability with robust reserves to the value of LKR 1.9 Bn.

Way Forward

The pandemic has shaped the way for a multitude of new trends. Transition to 'Work from Home' (WFH) has reduced the demand for office space. Purchasing behaviour and patterns have changed to online platforms, thus creating a shift away from traditional brick & mortar retail space. Reduced social interaction in public spaces continues to add pressure on the leisure-based, commercial and retail real estate industries. The hospitality-based real estate sector continues to face uncertainty amidst extended airport closures and limited social gatherings is expected to be the norm in the medium-term horizon.

Nevertheless, as we move into the 'new normal', we will need to adopt a pragmatic approach in adapting to emerging trends. In this context, the local property market provides new opportunities in the form of co-working spaces and flexible office spaces.

Moving ahead we hope to leverage our rich heritage as a century old real estate Company along with our strong financial position, to make prudent and strategic investments. This will further strengthen and elevate the positioning of the Company from a rental property holder to a dynamic and modern property developer, by making strategic investments in the real estate sector in a timely manner to deliver sustainable value to our shareholders.

Appreciation

I extend my appreciation to my fellow Directors for their wise counsel during the year and wish to convey my sincere appreciation to the employees of Colombo City Holdings for their loyalty, dedication and commitment. I place my appreciation to all our stakeholders, especially our tenants, banks, auditors and partners, for their continuous support during the year.

Sgd.

A G Weerasinghe
Chairman

30 August 2021

CHIEF EXECUTIVE OFFICER'S REVIEW

The Company navigated through a challenging business environment adopting a cautious and prudent approach in managing its business. The Covid 19 pandemic and the resultant disruptions that arose due to the various lockdowns not only affected businesses, both locally and across the globe, but also created a new 'Work from Home' (WFH) culture. Considering the fundamentals of our industry, we carefully assessed the unfolding changes in the 'new normal' business environment to appropriately strategize our path and propel the organization to progress in the future.

Performance of the Company

Currently, the Company implements a business model which is based on optimizing the returns from our existing real estate investments. This serves as a sustainable source of income that generates adequate cashflows. These cashflows are then re-invested within the Group and in lucrative financial investments to recoup gains in the most secured manner.

Colombo City Holdings (CCH) as a Group reported its net assets of LKR 1.9 Bn which consisted of revenue reserves to the value of LKR 1.8 Bn. The Group's financial assets increased by 11% to LKR 1.2 Bn during the said year. However, the Group recorded a loss of LKR 306 Mn which was mainly attributable to the impairment losses of an investment property.

At the time of writing this report, a strategic decision was made to sell the remaining property located in Union Place, Colombo -02. The Company was successful in securing a noteworthy purchase consideration for this property despite the uncertain investment climate which is currently prevailing within the country due to the pandemic. By disposing of this property, LKR 575 Mn was infused into the company's liquid asset reserves which would be invested prudently in the coming months for higher returns. A more detailed review is captured in the Management Discussion and Analysis section of the Report.

Strategic Overview and Way Forward

Globally many nations have fast-tracked economic revival generating renewed optimism and hopes of revival by the second half of 2021. Sri Lanka too is optimistic with this notion. In addition, amidst the pandemic, the country saw many more real estate companies being listed in the Colombo Stock Exchange. This not only creates confidence but also new opportunities in the property and real estate sector in the country.

As an organization that has survived in a dynamic business landscape for over a century, CCH as a Company continues to observe the unfolding developments of the property sector while constantly evaluating the competitiveness of its portfolio of real estate business in Colombo. At present, the City of Colombo has witnessed 'new developments with modern amenities which have shaped the evolving skyline of the City. We are indeed mindful of the fact, that the post Covid expectations within the 'new normal' environment is for greater reliance on WFH for offices and online shopping for retailers. In addition, the Colombo Port City project which is being completed in stages will position Sri Lanka as an investment hub and we are aware of the additional office space that is created by these new developments. Therefore, the existing asset portfolio will be critically re-evaluated and prudent decisions will be implemented at the most opportune moment.

The Board and Management monitors government policies and legislative changes on a regular basis. Additionally, the Company takes adequate measures to exceed client expectations, maintaining high levels of retention while frequently monitoring tenant behaviour. Security deposits and rental advances are adjusted for inflation to buffer future losses and are obtained prior to signing or renewing formal agreements. Lease terms are also reviewed on a regular basis, mitigating any risks that may arise.

CCH is as reliant on its interest income as it is on its rental income. Low interest market scenarios like what exists currently places considerable strain on the Company's performance. Therefore, interest rates are monitored closely and re-negotiated as much as possible to avoid erosion of income. In addition, alternative strategies are designed, implemented and frequently evaluated to mitigate adverse impacts. As a strategy CCH continuously diversifies its existing portfolio by investing in short-term and long-term investments of varying nature. With these in the backdrop, we continue to look towards the future with optimism.

A Note of Appreciation

I take this opportunity to extend my sincere appreciation to the Chairman and the Board of Directors for their valuable advice and support in steering this entity. I would like to place on record our appreciation to all other stakeholders for their continued support and a special appreciation to the Management and Staff for their relentless efforts.

Sgd.

Sajeewa Narangoda
Executive Director/CEO

30 August 2021

BOARD OF DIRECTORS

Mr. A. G. Weerasinghe

Chairman/Non-Independent, Non-Executive Director

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

Mr. Weerasinghe was a former Deputy General Manager Corporate Banking at Bank of Ceylon. He has served as the 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 Ambeon Holdings PLC, Royal Fernwood Porcelain Limited and Ceylon Leather Products Limited.

Mr. Rajan Asirwatham

Independent Non-Executive Director

Mr. Rajan Asirwatham was the Senior Partner and Country Head of KPMG Ford Rhodes Thornton & Company from 2001 to 2008. Further he was the Chairman of the Steering Committee for the Sustainable Tourism Project funded by the World Bank for the Ministry of Tourism and was also a member of the Presidential Commission on Taxation, appointed by His Excellency the President.

Mr. Asirwatham is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka is a Council Member of the University of Wayamba, Member of the Board of the Post Graduate Institute of Medicine and the Board of Management of the S.W.R.D. Bandaranaike Memorial National Foundation and the Chairman of the Audit Committee of the Institute of Chartered Accountants of Sri Lanka.

He also serves on the Boards of Aitken Spence PLC, Aitken Spence Hotels PLC, Browns Beach Hotels, Ceylon Grain

Elevators PLC, Dankotuwa Porcelain PLC, Dilmah Teas, Mercantile Merchant Bank Limited, Peninsula Properties (Private) Limited, Renuka Hotels (Private) Limited, Royal Ceramics Lanka PLC, Three Acre Farms PLC, Vallibel One PLC & Yarl Hotels (Private) 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 an MBA from the University of Preston, USA.

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

Mr. Murali Prakash

Non-Independent, Non-Executive Director

Mr. Murali Prakash serves as a Non-Executive Director of several public quoted and private entities. He currently serves on the Boards of Laugfs Gas PLC, Laugfs Power PLC, Laugfs Leisure Limited, Laugfs Eco Sri Limited, Dankotuwa Porcelain PLC, Millennium I.T. E.S.P. (Pvt) Ltd and Millennium IT ESP Singapore (Pte) Limited.

With over 35 years of experience handling key management positions in the areas of general management, strategic restructuring, investments/credit management, manufacturing, marketing / sales and business consultancy, some of his previous roles include serving as Group Managing Director/Chief Executive Officer of Ambeon Holdings PLC/Ambeon Capital PLC, Executive Director of Laugfs Holdings Group, Group Managing Director/CEO of Browns Group of Companies, Chairman of Galoya Holdings (Pvt) Ltd and Sales Director of Singer (Sri Lanka) PLC. He has also served on the Boards of Singer (Sri Lanka) PLC, Singer Industries (Ceylon) PLC Ltd and Singer Finance (Lanka) PLC and several other

public, private and quoted companies over the years.

Mr. Prakash holds an MBA from the University of Southern Queensland and is a Certified Professional Marketer (Asia Pacific) and a Certified Management Accountant (Australia). He additionally holds an Executive Diploma in Business Administration from the University of Colombo and is an Alumnus of the National University of Singapore and the Asian Institute of Management, Manila. He is also a Fellow Member of the Chartered Management Institute (London) and the Certified Professional Managers, Sri Lanka.

Mr. Ananda Atukorala

Independent Non-Executive Director

Mr. Ananda Atukorala currently serves as an Independent Non-Executive Director on the Boards of NDB Capital Holdings Ltd., NDB Securities (Pvt) Ltd., NDB Zephyr Partners Ltd., Mauritius., United Motors Lanka PLC, Unimo Enterprises Ltd., Arni Holdings & Investments (Pvt) Ltd., and Unawatuna Boutique Resort (Pvt) Ltd.

He was formerly the Independent Non-Executive Chairman of NDB Bank PLC and DHPL Ltd. He was also an Independent Non-Executive Director of DFCC Bank PLC, DFCC Vardhana Bank Ltd., Union Bank PLC, UB Finance Company Ltd., Orient Finance PLC and TVS Lanka Ltd.

He possesses extensive experience in banking extending to around 40 years, having been with the ANZ Grindlays Banking Group in Sri Lanka, London and overseas territories and having served as the Deputy General Manager of ANZ Grindlays Bank, Sri Lanka and Country Manager - Sri Lanka of Mashreq Bank PSC.

He was also a former advisor to the Ministry of Policy Development & Implementation. He has also served as a Member of the Technology Initiative for the Private Sector - an USAID sponsored project with the Ministry of Industrial Development, a Member of the Commercial Banking Sector of the

Board of directors

Presidential Commission on Finance and Banking and as a Committee Member of the Banker's Club of Sri Lanka.

He was a former Director of the Sri Lanka Banks Association (Guarantee) Ltd. and the Credit Information Bureau of Sri Lanka (CRIB). He holds a BSc (University of Leeds, UK), MTT (North Carolina State University, USA) and an MBA.

Mr. Chirath Devasurendra

Non-Independent, Non-Executive Director

Mr. Chirath Devasurendra holds a First Class Honours in Bachelor of Science in Tourism & Hospitality Management from the University of Surrey, UK, a Certificate in Strategic Marketing from the Imperial College, London and has obtained Executive Education from the Harvard Business School and the London Business School.

Presently, Mr. Devasurendra is the Executive Director of Cyril Rodrigo Restaurants (Private) Limited, which operates the brands Green Cabin and Pagoda and holds directorships in Dankotuwa Porcelain PLC, Navitas Investments (Private) Limited and Nidanwala Watta (Private) Limited.

Dr. Sajeewa Narangoda

Executive Director/CEO

Dr. Sajeewa Narangoda is currently the Group Vice President of Ambeon Holdings PLC and has been serving the Group since January 2017. In addition to his corporate role, Dr. Narangoda has served its various subsidiaries - Dankotuwa Porcelain PLC as Chief Executive Officer and Millennium IT ESP as Director/Chief Operating Officer.

A seasoned professional with over two decades of experience, Dr. Narangoda has served Browns Hospitals Limited (currently known as Melsta Hospitals) as Director/Chief Executive Officer and Hemas Hospitals Group as the Chief Operating Officer. He was also appointed to the Australian Council on Healthcare Standards (ACHSI) as an International Hospital Assessor, a role he has been serving since 2012 and was appointed as its country representative for Sri Lanka since July 2019.

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

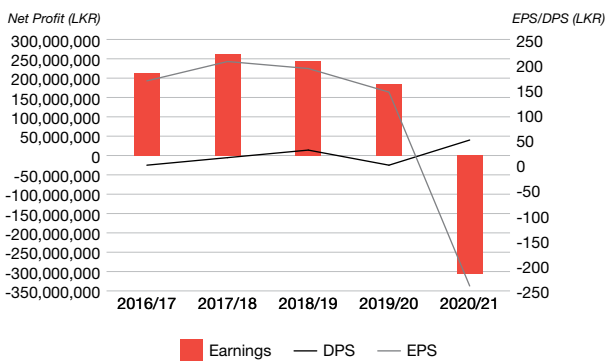
Some of his professional contributions include serving as a Director at the Centre for Excellence in Ceramic Technology (CINTEC), Sri Lanka, Director Suwasevana Hospital Kandy, Director of the Ceramic and Glass Council, Sri Lanka, Council Member of the National Chamber of Exporters, Sri Lanka and Advisor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

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis, together with the Chief Executive Officer's Review and Chairman's Message and the audited financial statements of the Company and the Group, reflect the respective state of affairs of Colombo City Holdings PLC as a Group and Company. The Group comprises of Colombo City Holdings PLC and its subsidiary Lexinton Holdings (Pvt) Ltd which was acquired during 2018/19 Financial year.

Financial Indicators of the Group

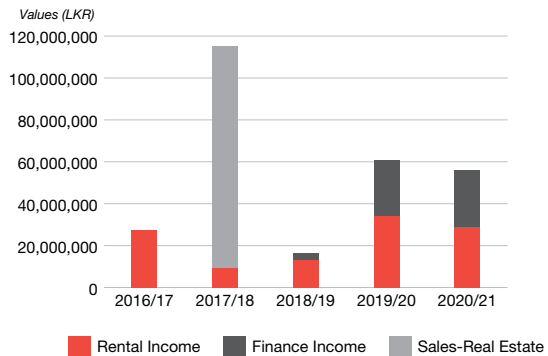
Earnings



During the year under review, despite the challenges experienced in the external business environment, Colombo City Holdings PLC (CCH) together with its subsidiary Lexinton Holdings (Pvt) Limited 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. In addition, CCH recorded a finance income of LKR 90 Mn through its various investments in the form of fixed deposits and lending. Decline in revenue is mainly attributable to the drop in demand for rental space owing to the pandemic situation as most organizations opted to adapt the 'new normal' mode of work, thus facilitating the 'Work from Home' (WFH) concept for their employees.

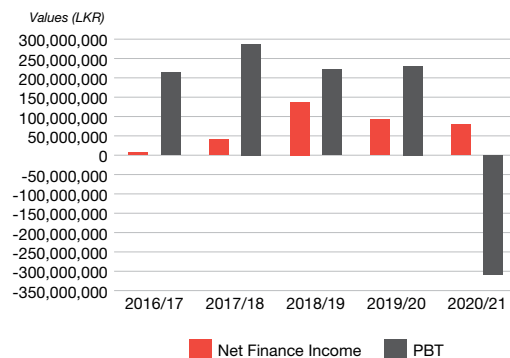
The Group reported a loss of LKR 306 Mn, which was a significant decline of LKR 491Mn when compared to the profit of LKR 185 Mn reported during the previous year. This was mainly due to the significant erosion in the fair value of the investment property located at Union Place. Erosions of this nature are very much a one-off event, which would not be repeated in the future.

Group Revenue Composition



Revenue streams of the Group comprised of the rental income generated from the property located down Union Place Colombo – 02 which was rented out for retail showroom purposes and another property located on Gothami Road, Colombo 8 which was rented out for office purposes. Another source of income is the interest income earned through commercial paper, fixed deposits and lending.

Group Net Finance Income & Profit Before Tax



Finance Income

The group has invested prudently in high return interest bearing instruments, which add revenue streams for the Group. This is reported as finance income in the financials section of this Annual Report.

The finance Income of the Group was reported as LKR 90 Mn, which was a decline of 20% compared to the preceding years. This was mainly due to the low interest rates generated through fixed deposits and commercial paper and lending continuing, due to the low interest scenario in the market.

Direct Operating Expenses

During the year Group direct operating expenses declined by 26%. This was mainly due to the adaptation of the 'new normal' and WFH initiatives which reflected in a reduction in repair and maintenance expenses.

Management discussion and analysis

Administration Expenses

The Group's administration expenses declined by 17% to LKR 22 Mn mainly due to cost rationalization initiatives implemented during the year.

Impairment of Investment

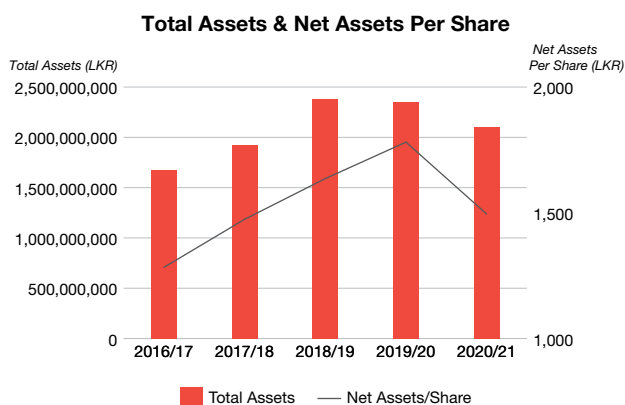
During the financial year, provision for impairment has been made in lieu of investment amounting to the value of LKR 38 Mn made in a commercial paper. This provision was made considering the uncertainty of recoverability of this amount.

Finance Cost

Finance costs of the Group declined significantly by 51% amounting to LKR 10 Mn during the year due to the settlement of bank overdraft facilities obtained by the Group.

Net Profit/ Loss

The Group reported a loss of LKR 306 Mn during the year under review, which is 265% deviation from the profit of LKR 185 made in last year. The fair value erosion of the investment property located at Union Place and the impairment on investments made on the commercial paper were the main reasons that contributed significantly towards the loss. These impairments and erosions are one-off in nature and would not be repeated in the future.



Total Assets

Total assets of the Group decreased marginally by 10% from LKR 2.3 Bn to LKR 2.1 Bn. This was mainly due to the significant erosion in fair value of the investment property which included land and a building located at Union Place, Colombo - 02.

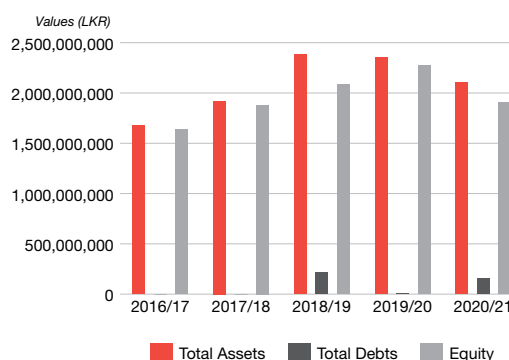
Investment Property

The Group's investment properties include the property directly owned by CCH located in Union Place Colombo 2 and the property owned by its subsidiary Lexinton Holding (Pvt) Ltd at No 10, Gothami Road, Colombo - 08.

The Union Place property which had an extent of 47.2 perches of land and a building was re-classified from a non-current asset to a current asset under 'Investment Property - Held for Sale' as the carrying value of the property will be recovered principally through a sale transaction rather than through continuing use. At the time of compiling this report, CCH was successful in disposing this property despite the negative market sentiments that followed due to the pandemic. The sale proceeds of LKR 575 Mn would be invested prudently for higher returns.

Trade and other receivables of the Group increased considerably by 164% from LKR 69 Mn to LKR 181 Mn. This was mainly due to the loan granted to Ambeon Holdings PLC (the Holding and Management Company) during the year. However, trade receivable balance due from tenants of the Group reduced compared to last year by maintaining long standing relationships with existing tenants and negotiating proper and workable payment mechanisms, terms and conditions to their existing agreements.

Debt, Equity & Total Assets



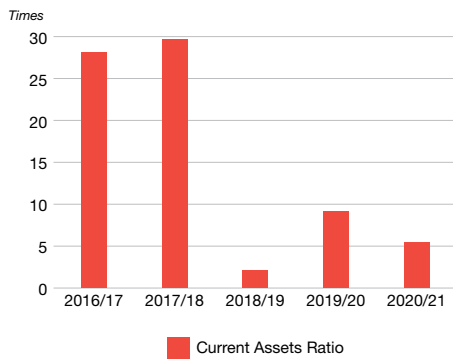
Current Assets

Current assets of the Group increased by 25% (Excluding Investment Property Held For Sale) from LKR 356 Mn to LKR 446 Mn which marks an increase of LKR 90 Mn. This was mainly due to the loan granted to Ambeon Holdings PLC and the accumulated interest during the year. Further Investment Property has been classified from Non Current Asset to Current Asset which is one off classification.

Current Liabilities

Group Current liabilities (Excluding Liabilities Associated with Investment Property Held For Sale) increased by 379% from LKR 39 Mn to LKR 186 Mn when compared to the previous financial year. This was due to a short-term loan amounting to LKR 150 Mn obtained during the year for investment purposes. Due to the sharp increase in current liabilities the Current Ratio of the Group has declined from 9 times to 5 times.

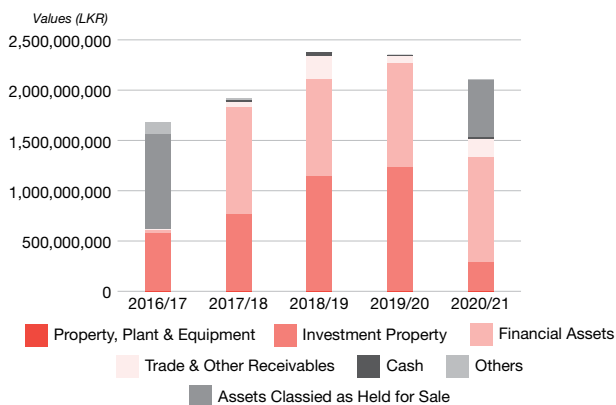
Liquidity



Maintaining Healthy Balance Sheet Metrics

The Group maintains a strong balance sheet and its liquidity was more than enough to cover its liabilities. With strong revenue reserves and an equity base close to LKR 2 Bn, the Group possesses a solid financial foundation.

Group Assets Composition



The Group total assets decreased marginally by 10% to LKR 2.1 Bn as at end-March 2021 due to a significant decline in fair value of the investment property situated at Union Place. However, a major proportion of the assets of the group are from CCH which brings greater stability to maintain healthy balance sheet metrics.

Non-Current Assets of the group declined by 45% due to the fair value erosion of Investment Property located at Union Place as well as the re-classifications of the same Property as 'held for sale' from Non-Current Assets to Current Assets.

Current assets of the group (Including Investment Property Held for Sale) increased by 187%, due to the re-classifications of the Investment Property under Current Assets as an 'Investment Property - held for sale'. Further, in addition to the above, a short term loan granted to Ambeon Holdings PLC and the interest

income accumulated during the year contributed towards the increase in current asset position of the Group.

The Group's equity stood at LKR 1.9 Bn as at end-March 2021, while its retained earnings depict a decline of 16% due to the loss incurred by the Group during the reporting period. However, the company managed to pay a dividend of LKR 50 per share to shareholders which amounted to LKR 64 Mn.

During the year under review, due to the COVID – 19 pandemic and the volatility of the business environment that arose as a result of it, the Group did not pursue investments in real estate. It adopted a more conservative approach by consolidating its existing position. However, the Group's healthy cash flow position acted as a buffer safeguarding the Group from any unforeseen circumstances.

Future Business Stance

The current business dynamics continues to evolve with new trends emerging to work in equilibrium with the current pandemic. In this context, the Company continues to take steps to evaluate the competitiveness of its present portfolio taking into consideration the developments and market realities in the real estate sector. At present, the City of Colombo is being transformed through many development projects and upgrading of infrastructure. The Port City project, once completed would re-shape the city. New modalities of working and shopping such as 'Work from Home' and online shopping has muted demand for office and retail space. We hope to re-evaluate our real estate portfolio in the context of these new developments within the next few months.

We are deeply cognizant of the external developments that are taking place in the form of legislative changes and government policies. Given the dynamic changes in the property sector which are closely intertwined with the pandemic and the resultant economic uncertainty of the country, we are focused on stabilizing our revenue streams generated from both rental and interest income. The Group will be focussed on maintaining the occupancy levels of its buildings by managing expectations of tenants whilst taking steps to enhance occupancy levels. At this juncture, rental advances and deposits will be adjusted at the renewal stages to reflect inflationary effects.

Interest income comprises a major component of CCH's revenue base. In a low interest rate scenario, we will be proactively monitoring the movement of interest rates and implement strategies to soften the negative effect these have on our business by negotiating the interest rates to maximize revenues. The Group will continuously diversify its existing portfolio by investing in high income generating instruments within the short and long-term tenors to maximize revenue.

CORPORATE GOVERNANCE REPORT

The Board is accountable to the shareholders to create and deliver sustainable value through oversight of the management of the Group's business, approving strategic plans, monitoring their implementation, and providing the necessary support for their successful execution. The Board performs its responsibilities within a clearly defined governance framework supported with appropriate monitoring, communication, and reporting mechanisms. Through this framework, the Board, without abdicating its responsibilities, delegates its governance responsibilities to key Committees of the Board and the Management.

The Board retains ultimate accountability and responsibility for the performance and affairs of the Company and ensures that the Group adheres to high standards of ethical behaviour. The Board's commitment to upholding high standards of corporate governance are in compliance with the Listing Rules of the Colombo Stock Exchange (CSE) and other relevant regulations. Thereby the Board confirms that the company is compliant with the requirements stipulated in the Rules on Corporate Governance contained in the Listing Rules of the CSE and the requirements stipulated in the Companies Act No. 7 of 2007.

This report outlines the Corporate Governance framework, application and practice of the Company for the financial year 2020/21.

1. The Board

The company's business is managed under the supervision of the Board. The role of the Board includes:

- Providing entrepreneurial leadership;
- Providing strategic guidance and evaluating, reviewing and approving corporate strategy;
- Approving and monitoring financial and other reporting practices adopted;
- Effectively reviewing and constructively challenging

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 Company to meet its objectives.

The composition of Board of Directors is as follows:

Name of Director	Date of appointment to the Board	Position
Mr. A G Weerasinghe	28 March 2013	Chairman/Non-Independent Non-Executive Director
Mr. R N Asirwatham	24 May 2012	Independent Non-Executive Director
Mr. R P Sugathadasa	29 April 2013	Non-Independent Non-Executive Director
Mr. D A B Dassanayake (resigned on 06 July 2021)	05 June 2013	Executive Director
Mr. N M Prakash	04 May 2016	Non-Independent Non-Executive Director
Mr. A W Atukorala	04 May 2016	Independent Non-Executive Director
Mr. C S Devasurendra	01 April 2019	Non-Independent Non-Executive Director
Dr. K S Narangoda	06 July 2021	Executive Director

Table 1 – Composition of the Board

The profiles of the Directors are found on pages 05 to 06 of this Report.

• Composition and Balance of the Board

The Board comprises of seven (07) Directors of whom six (06) are Non-Executive Directors and one (01) is an Executive Director. The Non-Executive Directors bring with them years of experience in managing sustainable business growth and collectively represent a strong leadership that supports effective decision making. The Board believes that a truly diverse and inclusive Board will not only be able to leverage the differences in perspectives, industry experience, knowledge and skill, it will also help the Group retain its competitive industry edge.

The Board includes one qualified Chartered Accountant who provides the Board with the requisite financial acumen and knowledge on financial matters.

The Board considers that the composition and expertise of the Board is sufficient to meet the present needs of the Company but will continue to review the composition to enhance the mix of skills and expertise on an ongoing basis to align with the evolving business needs and complexity of the environment in which the Company operates.

• Board Independence

Based on the declarations made annually by each of the non-executive directors in accordance with the requirements set out in the Listing Rules of the CSE, Mr. R N Asirwatham and Mr. A W Atukorala are considered independent. These Directors are independent of Management and free from any business or other relationship, which could materially interfere with the exercise of their judgment.

The Board considers the other four Non-Executive Directors, namely Mr. A G Weerasinghe, Mr. Ruwan Sugathadasa, Mr. Murali Prakash and Mr. Chirath Devasurendra as non-independent, since they are nominees of Ambeon Holdings PLC, the major shareholder of the Company.

• Division of Responsibilities

The roles of the Chairman and the CEO are separate with a clear distinction of responsibilities between them, which ensures the balance of accountability and authority between the running of the Board, and the executive responsibility for the running of the business.

The role of the Chairman, Mr. A G Weerasinghe, is to provide leadership to the Board, for the efficient organization and conduct of the Board's function, and to ensure the integrity and effectiveness of the relationship between the non-executive and executive director(s).

Mr. D A B Dassanayake was the Executive Director/CEO until his resignation from the Board as Director on 06 July 2021 and his retirement from the Company as CEO on 12 August 2021.

Dr. K S Narangoda was appointed as Executive Director on 06 July 2021 and as the CEO of the Company on 13 August 2021.

The role of the Executive Director, Dr. K S Narangoda is to implement policies and strategies approved by the Board and develop and recommend to the Board the business plans and budgets that supports long-term strategy and vision that would lead to the maximization of shareholder value.

• Board Meetings and Attendance

The Board Meetings of each calendar year are scheduled in advance to enable the Directors and Management to plan accordingly and fit the year's Board Meetings into their respective calendars.

To ensure that Board Meetings are conducted effectively and efficiently, members of the Management and external advisors are invited as and when required

to attend Board Meetings to present proposals and provide further clarity to the Board. All proceedings of the meetings, including Directors' concerns regarding matters which are not resolved unanimously, are recorded in the Board Minutes.

The Board meets quarterly with a view to discharging its duties. In addition, special Board Meetings are also held whenever necessary to deal with specific matters. However, due to the pandemic situation which prevailed during the year, in the country, the Board could not meet every quarter. Where necessary Board approval was obtained for urgent decisions via a resolution in writing which contained several documents in a like form, each signed and assented to by the Directors who were entitled to receive notice of a board meeting. A total of three (03) meetings were held during the financial year. Attendance of Directors at Board and sub-committee meetings are summarized below.

Name of the Board Member	Board Meetings	Audit Committee	Related Party Transactions Review Committee
Mr. A G Weerasinghe	3/3	4/4	3/3
Mr. R N Asirwatham	3/3	4/4	3/3
Mr. R P Sugathadasa	3/3	-	-
Mr. D A B Dassanayake	3/3	-	-
Mr. N M Prakash	3/3	-	-
Mr. A W Atukorala	3/3	4/4	3/3
Mr. C S Devasurendra	3/3	-	-

Table 2 – Attendance of Directors at Board and sub-committee meetings

• Access to Information

To enable the Board to make informed decisions, the Board is provided with complete and adequate information in advance of each meeting, which includes an agenda, minutes, board papers with background or explanatory information, financial and operational performance reports. The Board also receives regular review reports and presentations on business development, risk profiles and regulatory updates. Any additional information may be requested by any director as and when required.

The Board has separate and independent access to the Management. All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures and applicable rules and regulations are complied with.

• Independent Judgement

Directors' exercise independent judgment on aspects relating to strategy, resource allocation, performance, key appointments as well as standards of business conduct. The Board composition and representation ensures that there is a sufficient balance of power within the Board, with limited tendency for one or a few members to dominate decision making. The Board collectively and the Directors individually act in accordance with the laws of the country of operation which are applicable to the business enterprise. The Board of Directors ensure that procedures and processes are in place to make sure that the Company complies with all applicable laws and regulations and present a compliance checklist to the Audit Committee.

In enhancing the effectiveness of the Board's decision-making and preserve overall independence, the Company seeks independent professional advice when deemed necessary at the expense of the Company.

Corporate governance report

- **Professional Development and Performance Evaluation**

The Directors are provided with the opportunity to update and enhance their skills and knowledge through training conducted by both external and in-house facilitators and are periodically updated with the changes to relevant laws, regulations and accounting standards which may impact the Company's business and the directors.

The Remuneration Committee is responsible for evaluating the Board's performance and decides how the Board's performance may be evaluated and proposes the objective criteria.

- **Delegation of Authority and Board Committees**

Other than the matters reserved for the Board, the Board has adopted Policies and Limits of Authority, by which the Board has delegated authority to its Board Committees and Management. The Policies state the principles and sets out the tone by which business is to be conducted whereas the primary purpose of the Limits of Authority is to set out clear guidance to Management as to the matters over which the Board reserves authority and those which it delegates to Management. The Limits of Authority has established a sound framework of authority and accountability, which facilitates timely, effective and quality decision making at the appropriate level.

The Board is supported by the following Board Committees which have been delegated with certain specific responsibilities:

- Audit Committee
- Remuneration Committee
- Related Party Transactions Review Committee

All Board Committees have written Terms of Reference approved by the Board. Regular reports are provided to the Board updating with the proceedings and deliberations made at the respective Committee meetings. In instances

where committees have no authority to make decisions on matters reserved for the Board, recommendations are highlighted for approval by the Board. The Chairpersons of each of the Board Committees report the outcome of the Committee meetings to the Board and the relevant decisions are incorporated into the minutes of the Board Meetings. The Company Secretary acts as Secretary to all Board Committees.

A brief description of each Board Committee is provided below:

a) Audit Committee

The Audit Committee ensures that the Company complies with applicable financial standards and laws. In addition, it ensures high standards of transparency and corporate disclosure and endeavours to maintain appropriate standards of corporate responsibility, integrity and accountability to the shareholders. The appointed members of the Audit Committee are required to exercise independent judgement in carrying out their functions.

The activities conducted by the Audit Committee are set out in the Audit Committee Report on page 18.

b) Remuneration Committee

The role of the Remuneration Committee is to formulate, review, approve and make recommendations to the Board with regard to the remuneration of the executive and non-executive directors and key positions within the senior management.

c) Related Party Transactions Review Committee

The role of the Related Party Transactions Review Committee is to review related party transactions as prescribed by Section 09 of the Listing Rules of the Colombo Stock Exchange.

The activities conducted by the Related Party Transactions Review Committee are set out in the Report of the Related Party Transactions Review Committee on page 19.

- **Re-appointment and Re-election**

In accordance with the Company's Articles of Association, Directors who were appointed during the year must submit themselves to the shareholders for re-election at the first AGM following their appointment and 1/3 of the non-executive directors are subject to retirement and re-appointment by rotation at every AGM. The directors who retire by rotation are those who have been longest in office since their appointment/reappointment.

2. Remuneration

The Company's remuneration policy endeavours to attract, retain and motivate directors of the quality and experience commensurate with the stature and operational complexity of the Company. The remuneration policy for directors is proposed, evaluated and reviewed by the Remuneration Committee, in keeping with criteria of reasonability.

3. Accountability and Audit

- **Financial Reporting**

The Board is of the view that the independent verification is necessary to safeguard the integrity of the accounting and financial reporting.

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

The Accountant 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.

4. Recognize and Manage Risk

- **Internal Control**

The Board acknowledges its overall responsibility in ensuring that a sound system of internal control is maintained to safeguard shareholders' investment and Company's assets.

The Audit Committee conducts a review of the effectiveness of the system of internal controls and reports its findings to the Board. The review covers all material controls, including financial, operational and compliance controls and risk management systems. The Accountant and the CEO provides the Audit Committee with a certificate of compliance confirming compliance with all applicable statutory and regulatory requirements on a quarterly basis.

- **Risk Management, Compliance & Control**

The Company has established and implemented an Enterprise Risk Management system for identifying, assessing, monitoring and managing material risk throughout the organization, which includes:

- Oversight of the risk management system.
- Examination of the company's risk profile which contains a description of the material risks facing the Company including financial and non-financial matters.
- Assessment of compliance and control.

Assessment of effectiveness – mechanism to review, at least annually, the effectiveness of the company's implementation of the risk management system.

- **Internal Audit**

Internal audits are conducted as and when necessary, by PricewaterhouseCoopers which is independent of Management. The Internal Auditors have access to the Management and the authority to seek information, records, properties

and personnel relevant to the subject of audit review. Once an audit review is completed, a report is submitted to the Audit Committee.

To ensure independence, objectivity and enhance performance of the internal audit function, a direct reporting line has been created from the internal audit function to the Audit Committee.

5. Responsible Decision Making

The Code of Business Ethics and Employee Code of Conduct actively promotes ethical and responsible decision-making and endeavours to influence and guide the directors, employees and other stakeholders of the practices necessary to maintain confidence and to demonstrate the commitment to ethical practices.

6. Respect for the Rights of Shareholders

The Company is committed to having regular, proactive and effective communication with the investors and shareholders. The Company respects the rights of the shareholders and seeks to empower them by communicating effectively and providing ready access to balanced information about the Company.

- **Communication with Shareholders**

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

- Annual General Meeting (AGM)**

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

- Announcements to the Colombo Stock Exchange (CSE)**

Announcements of quarterly interim financial results and announcements on corporate actions are disclosed to the CSE in a prompt and timely manner in compliance with the Listing Rules of the CSE.

- **Investor Relations**

The Group Investor Relations (IR) Team proactively disseminates relevant information about the Company to the investor community, specifically the institutional fund managers and analysts. The IR team maintains close contact with the investor community through regular one-on-one meetings, teleconferences, emails etc. to ensure that the strategies, operational activities and financial performance are well understood and that such information is made available to them in a timely manner.

- **Major Transactions**

There were no transactions during the financial year deemed as a "major transaction" as defined by the Companies Act No. 7 of 2007.

RISK MANAGEMENT

In a turbulent and unpredictable operating landscape, a well-defined risk management framework helps manage risks while optimizing shareholder value. Minimizing the negative impact of risks and determining the best trade-off between risk and return is vital towards gaining the trust of the stakeholders and enhancing the long-term value of the business. The year under review was a challenging year with the pandemic disrupting business operations across the nation, emphasizing the importance of having a robust risk management framework in place. The Group's proactive and systematic Enterprise Risk Management Framework which is guided by a clear policy framework, governance structure and reasonable levels of empowerment played a pivotal role in ensuring the stability of business operations while displaying a resilient performance.

The Group's robust risk management framework has not only helped mitigating risks but has also given its subsidiaries the full impetus to embrace opportunities while pursuing all prospective avenues of sustainable growth. Our integrated risk management framework has been designed not only to ensure stakeholder wealth maximisation but in defining the manner in which we have integrated resilience into the framework when faced with risks that are entirely volatile and uncertain.

Integrated Risk Management Framework

As part of the much stronger and holistic strategic structure of the Ambeon Group, the Colombo City Holdings Group continues to work within a healthy and prudently designed Integrated Risk Management (IRM) process that is solid and has clearly specified levels of risk.

Risk management of all subsidiaries has been centralized under the IRM approach which is a robust framework that can be applied to each distinctive business within the Group's portfolio. This has unified and aligned the risk management process across the Ambeon Group which ensures an efficient and flexible approach to decision-making at a strategic level. Key

strategic risks are overseen at a Group level, while risks that are specific to each business (operational risks) are managed at the company level by the respective risk owner.

Enterprise Risk Management

An essential tool that has been inbuilt within the entire framework is the Ambeon Group's Enterprise Risk Management (ERM) system – 'CAMMS ERM', an international, online automated risk management solution, this has enabled us to implement practices and processes that are essential to the proper functioning of our IRM approach. The solution uses a framework that is in compliance with the COSCO Enterprise Risk Management Framework, and also complies with ISO 31000(2008) International Risk Management Standards. Implemented in 2017, the CAMMS solution has assisted the Group to take an effective and systematic approach in risk management.

Strategic and Operational Risks

CAMMS ERM identifies, and segregates risks as operational, strategic and project related risks at a Ambeon Group level, enabling the Board of Directors to take precautionary mitigation plans for strategic risks which are then taken on and implemented across its subsidiaries. CEOs of the relevant business units, including respective heads of CCH and Lexinton are responsible for developing appropriate mitigation strategies and assigning relevant resources in mitigating the risks, while developing a timeline for the overall process of mitigation.

Operational risks can be categorized as those that may occur from routine operations. Such risks and its sources can be related to physical resources in the internal environment such as human errors, machinery malfunctions and software related disruptions. As per the Group's IRM Framework, the Senior Management of each sub business unit (SBU) including CCH and Lexinton is responsible for identifying such operational risks within their companies and are required to develop a strategy to mitigate such risks or bringing them within the risk tolerance parameters.

Both the operational and strategic risks are updated on a regular basis in the online CAMMS ERM risk register. The Management and the Audit Committee also review the register periodically.

Internal Audits

During the year, several audits were performed for the purpose of identifying risks and devising appropriate risk mitigation strategies. The need to establish health and safety guidelines amidst the pandemic, remained one of the foremost concerns during the FY 2020/21. We moved swiftly by taking prompt measures ensuring a safe and secure environment for our staff and customers.

Meetings were also conducted with internal auditors regularly to identify lapses within the risk control mechanisms and in devising suitable measures, which could be introduced in strengthening the internal control environment as well as further strengthening the risk management framework of the Company.

The Risk Division performed an in-depth analysis of the operational risks during the financial year. With the COVID-19 pandemic situation, the risk landscape of the Group changed significantly which necessitated the Risk and Compliance Division to respond with adequate control mechanisms in mitigating exposure from emerging risks and recommend prudent risk mitigation strategies.

Internal and Statutory Audits

As a crucial component of the risk management process, internal and statutory audits are outsourced to reputed audit firms with the purpose of carrying out bi-annual and annual 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.

Risk Management Reporting Structure



The Board of Directors

Cascading from a top-down approach, the broader oversight of the entire risk management process remains with the Board of Directors. They carry the responsibilities of managing the risk framework and approving control mechanisms as well as implementing policies in the effective implementation of risk mitigation strategies. They are also the leading authority in ensuring that the risk management strategies are shared across

the Company and the group, while creating awareness amongst employees. Directors also conduct periodic reviews of risks and evaluate those that have a perceived level of impact on the Group.

Risk Management Committee

In identifying, evaluating and managing risks across the group’s operations, the Risk Management Committee was formed with the composition of staff that represents the technical areas of finance, production, marketing and supply chain. These members have met on several occasions with the purpose of discussing operational risks, compliance to policies and procedures and in reviewing the status of implementations in relation to the recommended courses of actions by the group risk team and internal auditors.

Audit Committee

Specific to risk management, the Audit Committee primarily engages in examining the adequacy, efficacy of the risk management processes that have been implemented in order to ascertain, prevent and moderate exposure to risks.

Working on behalf of the Board of Directors, and carrying out delegated responsibilities, the Audit Committee conducts periodical reviews of the risk profile of the Group. The committee also reviews reports based on operational, strategic and project-based risks and engages in comprehensive discussions in terms of key risks and mitigation plans. Subsequent to an extensive review and discussion, these are then brought to the attention of the Group Audit Committee for their recommendations and direction.

Risk Management Process

With a capable and comprehensive system of risk management that is linked to the overall strategic objectives of the Group and its subsidiaries, the online risk management framework provides a clear and fully assessed view of risks that are impacting the organization or has the likelihood of impacting operations in the future.

The system automatically generates a ranking/evaluation of the potential risk exposures according to their likelihood of occurrence and the level of impact of the risk.

The IRM system propelled by CAMMS ERM enables risks to be identified and enables businesses at the sector level to ascertain their impact from exposure to risks.



Risks that have been identified at the Group level are then communicated to the respective businesses, where applicable mitigation strategies are devised and implemented under the leadership of the respective CEO.

The process of managing risks, which includes identification, analysis, evaluation, and management of risks is continuously monitored and reviewed by the system, ensuring that adequate controls are implemented to manage and mitigate likely occurrences and responses upon exposure to risks. Most importantly, its purpose is in integrating risk management with organisational plans and performance measurement frameworks as well as key business processes.

Risk management

Risk Management Strategies

The Group's risk management framework has identified and established strategies in mitigating the Strategic, Operational and Financial risks listed below:-

Description of Risk	Mitigation Strategies
Credit Risk	New tenants are assessed on credit worthiness prior to signing a lease agreement. A refundable deposit is taken as additional security alongside a rental advance to maintain a buffer against arrears. The agreement mandates remedies that cover payment defaults and other breaches. A follow-up process is conducted on debtors, assessing whether dues exceed the deposit / rental advance, while recovery actions are backed by our in-house legal division. Further, the Management Investment Committee thoroughly assesses investment options, investing excess funds in financial or non-financial institutions with higher credit ratings and/or in state-backed securities.
Interest Rate Risk	Rates are monitored closely and renegotiated where possible. CCH is as reliant on its interest income as it is on its rental income. Low interest market scenarios like what currently exists places considerable strain on the Company's performance. Alternative strategies are frequently evaluated to mitigate adverse impacts. Continuously CCH diversifies its existing portfolio by investing in short-term and long-term investments of varying nature. The Group's Investment Committee also evaluates investments with the objective of evaluating the return and risk.
Liquidity Risk	Liquidity is maintained prudently to meet forecasted cash needs of the Company including monitoring of daily cash position. The Finance Division conducts periodical cash-flow forecasts and solvency-based analysis to identify current and future cash needs. Working capital is managed appropriately. Strong relations are pursued with banks, while existing loans are serviced in a timely manner. By having a strong cash position, CCH rarely faces any pressure in this area.
Market Risk	The Company evaluates the competitiveness of its portfolio of real estate located in Colombo. At presently, the City of Colombo has witnessed new developments with modern amenities which have shaped the evolving skyline of the City. Currently, the Company does not face a direct threat in terms of competitiveness and most of the properties are rented to Companies within the Ambeon Group. Despite this, it is noted that the post-Covid expectations are for greater reliance on "work from home" for offices and on-line shopping for retailers.
Valuation Risk	A downward valuation in our properties could pose a considerable risk to the CCH balance sheet. This was faced by CCH in 2020/21 with its Union Place property declining in its valuation.
Macro Risk	The Board and Management monitors government policies legislative and changes additionally, takes measures to exceed client expectations, maintain high levels of retention, while monitoring tenant behaviour, frequently. Security deposits and rental advances are adjusted for inflation to buffer future losses and are obtained prior to signing or renewing agreements. Lease terms are also reviewed regularly. The current economic quagmire faced by the country could result in a harsh and punishing 2021/22 fiscal budget for all businesses.
Business Continuity Risk	The respective insurer conducts risk surveys annually on existing policies, with recommended improvements implemented accordingly. The right insurance covers are in place to minimize financial loss in the event of an eventuality. Operational teams inspect buildings frequently for defects related to general maintenance and asset condition.
Data Security	The pandemic and the consequent lockdowns highlighted the importance of Business Continuity Planning. In this backdrop the Company focussed on implementing cyber security control framework. A Business Continuity Plan (BCP), firewalls and IT protocols were also introduced in order to protect and recover from cyber-attacks.
Health and Safety	Health and safety related policies and procedures are considered as a key priority with the pandemic. Ensuring the safety and wellbeing of the employees is a key area of focus of the Group wherein the emerging risks are assessed on a continuous basis in response to the elevated risks in the environment.

Risk Environment

The ability to tackle unforeseen risks and responding swiftly with appropriate strategies has been a critical success factor especially in the year under review. The Company was able to navigate its way through the Easter Sunday attack the previous year and the COVID – 19 pandemic due to the decisive steps taken proactively. This was possible mainly due to its ability to assess the risks emanating from the operating environment early. The Group's Risk Division provided timely recommendations that enabled our business units to reinforce and sustain operations.

Compliance

Compliance is a pivotal area within the Group's IRM framework and corporate governance framework. In order to minimize or eliminate risks that could result from a lack of compliance to laws and regulations, we ensure conformance with legal standards and governance ordinances, regulations and amendments to existing frameworks, ensuring that operations across the company remains undisrupted and successful.

We support a culture of compliance across the company and our subsidiaries, where compliance requirements are embedded into our operations through systematic processes. We ensure that our employees display professional conduct, ethical behaviour and integrity at all times.

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. R N Asirwatham – Chairman/
Independent Non-Executive Director

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

Mr. A W Atukorala – Member/Independent
Non-Executive Director

Mr. R N Asirwatham is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka.

The profiles of the members are given on pages 05 to 06 of the Annual Report.

Meetings

The Audit Committee met four times during the year and attendance by the Committee members at each of these meetings are given in the Corporate Governance Report on page 11.

The Chief Executive Officer and the Accountant 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 subsidiary on a quarterly basis. This report is certified by the Chief Executive Officer and the Accountant. 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 up to 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 assets are safeguarded and that the financial position and the results disclosed in the Audited Accounts are free from any material misstatement.

Sgd.
R N Asirwatham
Chairman
Audit Committee

30 August 2021

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The purpose of the Related Party Transactions Review Committee (the Committee) is to assist the Board in meeting its oversight responsibilities to ensure that the interests of the shareholders as a whole are taken into account when entering into related party transactions (RPTs) 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 Independent Non-Executive Directors and Non-Independent, Non-Executive Directors. The members of the Committee are;

Mr. R N Asirwatham – Chairman/
Independent Non-Executive Director

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

Mr. A W Atukorala – Member/Independent
Non-Executive Director

The above composition is in compliance with the provisions of the Listing Rules of the Colombo Stock Exchange. Brief profiles of the members are given on pages 05 to 06 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 Committee meets quarterly with a view to discharging its duties. However, due to the pandemic situation which prevailed in the country during the year, the Committee could not meet every quarter. Where necessary approval was obtained for urgent related party transactions via a resolution in writing which contained several documents in a like form, each signed and assented to by the members who were entitled to receive notice of a related party transactions review committee meeting. A total of three (03) meetings were held during the financial year. Attendance by the Committee Members at each of these meetings are given in the Corporate Governance Report on page 11.

The Chief Executive Officer and the Accountant 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 has reviewed all RPTs 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 29 to the Financial Statements, on pages 63 to 64 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 pages 21 to 23 of this Annual Report.

Sgd.

R N Asirwatham

Chairman

*Related Party Transactions Review
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 G Weerasinghe – Chairman/Non-Independent, Non-Executive Director

Mr. R N Asirwatham – Member/Independent Non-Executive Director

Mr. A W Atukorala – Member/Independent Non-Executive Director

POLICY

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

SCOPE

The scope and responsibility of the remuneration committee include;

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

REMUNERATION

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

30 August 2021

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

The Board of Directors of Colombo City 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.

Corporate Profile

Colombo City Holdings PLC is a public quoted company with limited liability incorporated on 04 April 1913, re-registered under the Companies Act No. 07 of 2007 on 13 August 2007 and bears registration number PQ71.

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

The principal activity of the company was engagement in real estate.

Financial Statements

The Financial Statements of the Company for the year ended 31 March 2021 are given on pages 29 to 68 of this Annual Report.

Summarized Financial Statements

	31 March 2021 LKR (Group)	31 March 2020 LKR (Group)
Revenue	56,024,234	61,051,870
Profit/(Loss) for the period	(305,688,986)	184,876,434

Auditors' Report

The Report of the Independent Auditors on the Financial Statements of the Company and its subsidiary is given on pages 26 to 28.

Accounting Policies and Changes

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 34 to 43 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. A G Weerasinghe (Chairman) – Non-Independent, Non-Executive Director

Mr. R N Asirwatham – Independent Non-Executive Director

Mr. R P Sugathadasa – Non-Independent, Non-Executive Director

Mr. D A B Dassanayake – Executive Director (resigned on 06 July 2021)

Mr. N M Prakash – Non-Independent, Non-Executive Director

Mr. A W Atukorala – Independent Non-Executive Director

Mr. C S Devasurendra – Non-Independent, Non-Executive Director

Dr. K S Narangoda – Executive Director (appointed on 06 July 2021)

Mr. D A B Dassanayake – Executive Director/CEO resigned from the Board of Directors on 07 July 2021 and retired from the services of Chief Executive Officer of the Company on 12 August 2021. Dr K S Narangoda was appointed as Executive Director on 06 July 2021 and as the Chief Executive Officer of the Company on 13 August 2021.

The present Directors of the Company and their profiles are shown on pages 05 to 06 of the Annual Report.

Re-election/re-appointment and retirement of Directors

In accordance with the provisions of Article 24 (ii) of the Articles of Association, Dr. K S Narangoda, Director appointed since the last Annual General Meeting retires from office at the conclusion of the forthcoming Annual General Meeting. Dr. Narangoda offers himself for election with the unanimous support of the Board.

In accordance with the provisions of Article 24 (iv) of the Articles of Association, Mr. N M Prakash retires by rotation and being eligible offers himself for re-election with the unanimous support of the Board.

In terms of Section 210 of the Companies Act No. 07 of 2007, Mr. R N Asirwatham, Mr. A G Weerasinghe and Mr. A W Atukorala, who have reached the age of 70 vacates their office, at the conclusion of the Annual General Meeting. Mr. R N Asirwatham informed the Board that he will not be seeking re-appointment at the forthcoming Annual General Meeting to be held on 29 September 2021 and accordingly Mr. Asirwatham will cease to be a Director at the conclusion of the Annual General Meeting. In compliance with Section 211 of the Companies Act No. 7 of 2007, a resolution will be tabled for the re-appointment of Mr. A G Weerasinghe and Mr. A W Atukorala with the unanimous support of the Board.

Annual report of the board of directors on the affairs of the company

Board Sub Committees

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

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

Interests Register

Directors' Interest in Transactions

The Directors have made general disclosures as provided for in Section 192 (2) of the Companies Act No. 07 of 2007. Arising from this, details of contracts in which they have an interest are disclosed in note 29 to the Financial Statements on page 64.

Directors' Remuneration

The Directors' Remuneration is disclosed in note 29 to the Financial Statements on pages 63 to 64.

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 Holdings PLC	845,159	845,159

(Represented by M/s A G Weerasinghe, R P Sugathadasa, and C S Devasurendra)

Corporate Governance

The Board is committed to maintaining high standards of governance in the process by which the Company is directed and managed. Risks are identified and controlled, and effective accountability assured. The Board of Directors is of the view that it has put in place the resources and processes to ensure that the Company is substantially compliant with the code of best practices on corporate governance issued by Institute of Chartered Accountants of Sri Lanka and the Colombo Stock Exchange. The Corporate Governance Report is given on pages 10 to 13 of the Annual Report.

Risk Management and Internal Controls

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

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

Donations

The Group and the Company made donations during the year under review amounting to LKR 32,000 and LKR 5,000 respectively.

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 22 to the Financial Statements on pages 58 to 59.

Property, Plant and Equipment

Capital expenditure during the year under review on Property, Plant and Equipment by the Group were LKR 1,117,474.

Fair Value of the investment property held for sale of the Company and the Group is LKR 575,000,000 and LKR 288,000,000 respectively and is disclosed separately under Investment Property note 09 to the Financial Statements on pages 49 to 51.

Extents, locations, number of buildings and the valuation of the properties of the Group are given in note 9.1 to the Financial Statements on page 50.

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

Details of fair values of investment properties are given on note 09 to the Financial Statements.

Employment

The Company's strength of manpower as at 31 March 2021 is four (04).

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 11,137,505 represented by 1,272,857 fully paid Ordinary Shares.

Share Information

There were 1,197 registered shareholders as at 31 March 2021.

Distribution schedule of shareholders

The distribution of shareholdings is shown on page 69 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 69 to 71.

Substantial Shareholdings and Other Share Information

The names of the twenty largest Shareholders, the number of shares held, and the percentages are given on page 70 of the Annual Report.

Disclosures required under section 7.6 (iv) of the Listing Rules of the Colombo Stock Exchange is indicated on page 69 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 Directors declare that the Company is in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the Financial Year ended 31 March 2021.

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 30 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 26 to 28 of the Annual Report as required by the Section 168 (1) (c) of the Companies Act No. 07 of 2007.

A sum of LKR 304,750 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 74.

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.
A G Weerasinghe
Chairman

Sgd.
R P Sugathadasa
Director

Sgd.
Nexia Corporate Consultants (Private) Limited
Secretaries

30 August 2021

STATEMENT OF DIRECTORS' RESPONSIBILITY

The following statement which should be read in conjunction with the Auditor's statement of responsibilities has been made with a view to distinguish between the respective responsibilities of the Directors and the Auditors in relation to the financial statements.

Section 150, 152 (1) and 153 (1) of the Companies Act No. 07 of 2007 requires that the Directors prepare the financial statements and circulate it among the shareholders. These financial statements comprise a Statement of Comprehensive Income, which presents a true and fair view of the profit or loss of the Company for its financial year as well as a Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company as at the end of its financial year.

As the Directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future, the financial statements continue to be prepared on a basis.

In preparing the Financial Statements as disclosed on pages 29 to 68, the Directors consider that the Company and its subsidiary have used appropriate accounting policies that have been applied consistently and supported by reasonable and prudent judgment and estimates, while all accounting standards considered to be applicable and relevant have been followed.

The Directors are responsible for ensuring that the Company and its subsidiary maintain accounting records which disclose with reasonable accuracy, the financial position of the Company and its subsidiary while complying with the provisions of the Companies Act No. 07 of 2007.

The Directors have a general responsibility to take reasonable steps in safeguarding the assets of the Company and its subsidiary, provide proper consideration towards the establishment of appropriate internal control systems with a view to detecting and preventing frauds and other irregularities.

Compliance Report

The Directors confirm to the best of their knowledge that all taxes, duties and levies payable by the Company and its subsidiary, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and its subsidiary, all other known statutory dues which were due and payable by the Company and its subsidiary as at the reporting date have been paid or where relevant provided for in arriving at the financial results for the year under review.

By order of the Board of

Sgd.

Nexia Corporate Consultants (Pvt) Ltd
Secretaries

30 August 2021

FINANCIAL INFORMATIONS

INDEPENDENT AUDITORS' REPORT



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

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

TO THE SHAREHOLDERS OF COLOMBO CITY HOLDINGS PLC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of Colombo City Holdings PLC (the "Company"), and the consolidated Financial Statements of the company and its subsidiary (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 the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2021, and of its financial performance and its 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 Auditor's 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 the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key audit matter	How our audit addressed the key audit matter
Fair value of investment property	
<p>Investment Properties include Land and Buildings carried at fair value.</p> <p>The fair values of land and buildings were determined by external valuers engaged by the Group.</p> <p>In respect of land and building classified as held for sale at the subsequently transacted price.</p> <p>Valuation of Land and Buildings was a key audit matters due to:</p> <ul style="list-style-type: none"> Materiality of the reported Investment property balances which amounted to Rs. 863 Mn and account for 41% of Total Assets as at 31 March 2021. The 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. <p>Key areas of significant judgments, estimates and assumptions included the following:</p> <ul style="list-style-type: none"> Estimate of per perch value of the land Estimate of the per square foot value of the buildings 	<p>Our audit procedures included the following.</p> <ul style="list-style-type: none"> We evaluated the competence, capability and objectivity of the external valuers engaged by the Group. We read the reports of the external valuers and to understand the key estimates made and the approach taken. We checked the subsequently transacted price for the land and building held for sale to the transfer documents. 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 9 to the financial statements.

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

Principals: G B Goudian ACMA Ms. P S Paranavitane ACMA LLB (Colombo) T P M Ruberu FCMA FCCA C A Yalagala ACMA

A member firm of Ernst & Young Global Limited



Other information included in the 2021 Annual Report

Other information consists of the information included in the Annual Report, other than the Financial Statements and our auditor's 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 auditor's 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. We have nothing to report in this regard.

Responsibilities of management and those charged with governance in the financial statement

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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional scepticism 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

Independent auditors' report



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

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

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

Report on Other Legal and Regulatory Requirements

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

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

30 August 2021
Colombo

STATEMENT OF PROFIT OR LOSS

Year ended 31 March	Note	Group		Company	
		2021 LKR	2020 LKR	2021 LKR	2020 LKR
Revenue	4	56,024,234	61,051,870	11,630,500	10,149,770
Direct Operating Expenses		(4,179,992)	(5,657,148)	(1,235,590)	(1,390,462)
Gross Profit		51,844,242	55,394,722	10,394,910	8,759,308
Change in Fair Value of Investment Property	9	(370,200,000)	96,705,300	(383,800,000)	94,505,300
Change in Fair Value of Investments		9,981	10,997,721	-	-
Change in Fair Value of Investment In Subsidiary	8	-	-	27,308,763	47,370,809
Other Income	19	5,881,650	5,423,636	5,881,151	-
Selling & Distribution Expenses		(13,572,228)	(671,542)	-	(171,542)
Administrative Expenses		(21,734,385)	(26,254,739)	(19,091,216)	(24,150,936)
Impairment of Investment	7	(38,172,672)	-	(38,172,672)	-
Finance Income	20	89,942,610	112,347,432	89,942,610	112,347,432
Finance Cost	21	(10,061,030)	(20,599,981)	(9,598,563)	(20,139,268)
Taxes on financial services		(2,972,589)	(3,049,467)	-	-
Profit/(Loss) Before Tax	23	(309,034,421)	230,293,083	(317,135,017)	218,521,103
Income Tax (Expense)/Reversal	22	3,345,435	(45,416,648)	8,681,730	(38,425,803)
Profit/(Loss) For the Year		(305,688,986)	184,876,434	(308,453,287)	180,095,300
Earnings/(Loss) per Share	24	(240.16)	145.25	(242.33)	141.49

The accounting policies and notes on pages 34 through 68 form an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March	Note	Group		Company	
		2021 LKR	2020 LKR	2021 LKR	2020 LKR
Profit /(Loss) for the year		(305,688,986)	184,876,434	(308,453,287)	180,095,300
Other Comprehensive Income					
Other comprehensive income not to be reclassified to income statement in subsequent periods (net of tax):					
Actuarial Gain on Defined Benefit Plans	15	61,372	25,701	61,372	25,701
Income tax effect on Other Comprehensive Income	13	(14,729)	(6,168)	(14,729)	(6,168)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		46,643	19,533	46,643	19,533
Other Comprehensive Income for the Year, Net of Tax		46,643	19,533	46,643	19,533
Total Comprehensive Income/(Loss) for the Year, net of tax		(305,642,343)	184,895,967	(308,406,644)	180,114,833

The accounting policies and notes on pages 34 through 68 form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION

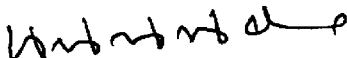
As at 31 March	Note	Group		Company	
		2021	2020	2021	2020
		LKR	LKR	LKR	LKR
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	5	2,798,583	2,421,472	227,783	254,281
Investment Property	9	288,000,000	1,233,200,000	-	958,800,000
Investment in Subsidiary	8	-	-	560,800,713	533,491,950
Non Current Financial Assets	10	795,679,538	757,849,471	547,797,024	534,051,617
Right - of Use - Assets	14	-	-	1,651,512	1,198,523
		1,086,478,121	1,993,470,943	1,110,477,032	2,027,796,371
Current Assets					
Trade and Other Receivables	6	181,242,166	68,762,867	142,363,356	19,897,259
Other Financial Investments	7	240,022,366	276,349,597	240,000,000	276,337,213
Income Tax recoverable		4,554,513	-	-	-
Cash in Hand and at Bank	25	20,535,471	10,963,439	19,499,716	10,944,229
		446,354,516	356,075,903	401,863,072	307,178,701
Investment Property Held For Sale	9.2	575,000,000	-	575,000,000	-
		1,021,354,516	356,075,903	976,863,072	307,178,701
TOTAL ASSETS		2,107,832,637	2,349,546,846	2,087,340,104	2,334,975,072
EQUITY AND LIABILITIES					
Equity					
Stated Capital	11	11,137,505	11,137,505	11,137,505	11,137,505
Retained Earnings		1,891,640,914	2,260,926,107	1,876,966,735	2,249,016,229
Total Equity		1,902,778,419	2,272,063,612	1,888,104,240	2,260,153,734
Non-Current Liabilities					
Employee Benefit Liability	15	930,249	801,721	930,249	801,721
Deferred Tax Liability	13	14,371,674	37,721,922	14,356,610	43,043,153
Lease Liability	16	-	-	1,431,011	997,559
		15,301,923	38,523,643	16,717,870	44,842,434
Current Liabilities					
Trade and Other Payables	17	26,813,559	26,501,809	19,256,803	17,418,845
Lease Liability	16	-	-	322,455	262,148
Interest Bearing Loans and Borrowings	18	156,888,396	3,202,168	156,888,396	3,042,297
Income Tax Payable		2,794,540	9,255,614	2,794,540	9,255,614
		186,496,495	38,959,591	179,262,194	29,978,904
Liabilities Associated with Investment Property Held For Sale	9.2	3,255,800	-	3,255,800	-
		189,752,295	38,959,591	182,517,994	29,978,904
TOTAL EQUITY & LIABILITIES		2,107,832,637	2,349,546,846	2,087,340,104	2,334,975,072

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



Achini Fernando
Accountant

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



A.G. Weerasinghe
Chairman



R.P. Sugathadasa
Director

The accounting policies and notes on pages 34 through 68 form an integral part of the Financial Statements.

30 August 2021
Colombo

STATEMENT OF CHANGES IN EQUITY

Group	Note	Stated	Retained	Total
		Capital	Earnings	
		LKR	LKR	LKR
Balance as at 01.04.2019		11,137,505	2,076,030,140	2,087,167,645
Profit for the period		-	184,876,434	184,876,434
Other Comprehensive Income		-	19,533	19,533
Total Comprehensive Income		-	184,895,967	184,895,967
Balance as at 01.04.2020		11,137,505	2,260,926,107	2,272,063,612
Loss for the period		-	(305,688,986)	(305,688,986)
Other Comprehensive Income		-	46,643	46,643
Total Comprehensive Income		-	(305,642,343)	(305,642,343)
Dividend Paid (LKR 50/- per share)	12	-	(63,642,850)	(63,642,850)
Balance as at 31.03.2021		11,137,505	1,891,640,914	1,902,778,419
Company				
		Stated	Retained	Total
		Capital	Earnings	
		LKR	LKR	LKR
Balance as at 01.04.2019		11,137,505	2,068,901,396	2,080,038,901
Profit for the Year		-	180,095,300	180,095,300
Other Comprehensive Income		-	19,533	19,533
Total Comprehensive Income		-	180,114,833	180,114,833
Balance as at 01.04.2020		11,137,505	2,249,016,229	2,260,153,734
Loss for the period		-	(308,453,287)	(308,453,287)
Other Comprehensive Income		-	46,643	46,643
Total Comprehensive Income		-	(308,406,644)	(308,406,644)
Dividend Paid (LKR 50/- per share)	12	-	(63,642,850)	(63,642,850)
Balance as at 31.03.2021		11,137,505	1,876,966,735	1,888,104,240

The accounting policies and notes on pages 34 through 68 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

Year ended 31 March	Note	Group		Company	
		2021	2020	2021	2020
		LKR	LKR	LKR	LKR
Cash flows from operating activities					
Profit/(Loss) before tax		(309,034,421)	230,293,083	(317,135,017)	218,521,103
Adjustments for;					
Depreciation	5	740,363	698,300	87,948	72,590
Change in Fair Value of Investment Property	9	370,200,000	(96,705,300)	383,800,000	(94,505,300)
Change in Fair Value of Investment In Subsidiary	8	-	-	(27,308,763)	(47,370,809)
Provision for Doubtful Receivables		42,922,672	671,542	38,172,672	171,542
Bad & Doubtful Debtors Interest Receivable Written Off		8,822,228	-	-	-
Provision for Defined Benefit Plans	15	189,900	313,149	189,900	313,149
Creditor Provision writeback	19	(3,364,151)	-	(3,364,151)	-
Dividend Income	19	(499)	(998)	-	-
Profit from disposal of Financial Assets	19	-	(5,423,636)	-	-
Interest Income		(117,315,780)	(112,347,432)	(89,942,610)	(112,347,432)
Gain/Loss on Asset Disposal		-	5,062	-	5,062
Change in Fair Value of Investments		(9,981)	(10,997,721)	-	-
Amortisation of Right of Use Assets	14	-	-	311,645	299,631
Finance cost	21	10,061,030	20,599,981	9,598,563	20,139,268
Operating Profit/(Loss) before working capital adjustments		3,211,361	27,106,030	(5,589,813)	(14,701,197)
Changes in Working Capital					
(Increase)/ Decrease in Trade & Other Receivables		(2,221,557)	53,329,117	3,488,152	45,412,414
Increase/ (Decrease) in Trade & Other Payables		3,675,901	(28,433,772)	5,202,113	(29,301,724)
Cash generated (Used) from operating activities		4,665,705	52,001,376	3,100,451	1,409,493
Interest Paid		(4,931,406)	(20,599,981)	(4,334,068)	(19,976,327)
Income Tax Paid		(23,224,818)	(14,106,317)	(23,224,818)	(14,106,317)
Gratuity Paid	15	-	(720,000)	-	(720,000)
Net cash flow from operating activities		(23,490,519)	16,575,078	(24,458,434)	(33,393,151)
Cash flows from investing activities					
Acquisition of Property, Plant & Equipments	5	(1,117,474)	(806,236)	(61,450)	(244,650)
Investments in Financial Assets		(150,000,000)	(58,362,194)	(150,000,000)	-
Proceeds from Non Current Financial Assets		-	171,649,837	-	171,649,837
Proceeds from Financial Assets		61,709,409	37,231,917	61,709,409	10,329,518
Dividend Received	19	499	998	-	-
Interest Received		37,556,363	19,483,658	36,698,084	38,164,536
Net cash flows from (Used in) investing activities		(51,851,203)	169,197,981	(51,653,957)	219,899,241
Cash flows from financing activities					
Proceed from Interest Bearing Loans and Borrowings	18	220,000,000	-	220,000,000	-
Dividend Paid	12	(63,642,850)	-	(63,642,850)	-
Repayment of loan borrowings	18	(71,558,679)	-	(71,558,679)	-
Rental paid	16	-	-	(405,746)	(401,388)
Net cash flows from (Used in) financing activities		84,798,471	-	84,392,725	(401,388)
Net Increase/(Decrease) in Cash and Cash Equivalents		9,456,749	185,773,059	8,280,334	186,104,703
Cash & cash equivalents at the beginning of the year		7,761,271	(178,011,788)	7,901,931	(178,202,772)
Cash & cash equivalents at the end of the period		17,218,020	7,761,271	16,182,265	7,901,931

The accounting policies and notes on pages 34 through 68 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 Reporting Entity

Colombo City Holdings PLC, (“Company”) is a Limited Liability Company Incorporated in Sri Lanka and listed on the Colombo Stock Exchange. The registered office of the Company is located at No.10, 5th Floor, Gothami Road, Colombo 08.

1.2 Consolidated Financial Statements

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

1.3 Parent Entity and Ultimate Parent Entity

In the opinion of the directors, the Company’s parent entity is Ambeon Holdings PLC and the Company’s ultimate parent is CHC Investments (Pvt) Ltd. Ambeon Holdings PLC and CHC Investments (Pvt) Ltd are companies incorporated and domiciled in Sri Lanka

1.4 Approval of Financial Statements by Directors

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

1.5 Principal Activities

Holding Company

The principal activity of the Company is engaging in Real Estate through renting out the Investment Property. Accordingly, the Company will continue to engage in Real Estate by purchasing, developing and selling of land.

Subsidiary – Lexinton Holdings (Pvt) Ltd

During the year, the principal activities of the Company were lending and maintaining of commercial property, leasing of dwelling flats.

1.6 Responsibility for Financial Statements

The responsibility of the Directors in relation to the Financial Statements is set out in the Statements 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 property and fair value through profit & loss investment that have been measured at fair value.

2.2 Statement of Compliance

The Consolidated Financial Statements which comprise the Statement of Profit or Loss, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the Statement of Cash Flows together with the Accounting Policies and Notes 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 Going Concern

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

dispose the Investment Property owned by Colombo City Holdings PLC and use the proceeds from the disposal to acquire new properties.

2.4 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.

2.5 Presentation and Functional Currency

The Consolidated Financial Statements are presented in Sri Lanka Rupees, the Group’s functional and presentation currency, which is the currency of 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.

2.6 Basis of Consolidation

The consolidated Financial Statements comprise the Financial Statements of the Company and its subsidiary as at 31st March 2021. The Financial Statements of the subsidiary are prepared in compliance with the Group’s accounting policies unless otherwise stated.

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

2.7 Subsidiary

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

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

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

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

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

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

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

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

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

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

of its subsidiaries included in consolidation are shown in the statement of financial position.

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

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

2.8 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.

Judgements

Estimates and Assumptions

Fair value of investment property

The Group measures its investment property at fair value, with changes in fair value being recognized in the income

Notes to the financial statements

statement. The Group engaged an independent valuation specialist to determine fair value of investment property as at 31 March 2021.

The valuer has used valuation techniques such as Contractor's method and Investment method where there was lack of comparable market data available based on the nature of the Property.

The methods used to determine the fair value of the investment properties and the Sensitivity of input to Fair value, are further explained in Note 09.

Taxes

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 judgement is required to determine the amount of deferred tax that can be recognised based upon the likely timing and the levels of future taxable profits. More information regarding deferred tax assets is given in Note 13.

2.9 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.9.1 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

a) Rental income

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

term and is included in revenue due to its operating nature.

b) Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as loans & receivables, interest income or expense is recorded 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 statement of Profit or Loss.

c) Others

Other income is recognised on an accrual basis.

2.9.2 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.

2.9.3 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.

2.9.4 Foreign currency translation

The Financial Statements are presented in Sri Lanka Rupees, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction.

2.9.5 Taxes

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 recognised directly in equity is recognised 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.

Deferred tax

Deferred income 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 income tax liabilities are recognized for all taxable temporary differences except where the deferred income tax liability 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 the taxable profit or loss.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets 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 assets and unused tax losses can be utilised except where the deferred income 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.

The carrying amount of deferred income 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 income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws), that have been enacted or substantively enacted at the date of reporting Statement of Financial Position. Deferred income tax relating

to items recognized directly in equity is recognized in Statement of Changes in Equity and not in the Statement of Comprehensive Income.

2.9.6 Borrowing Costs

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 capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a Qualifying asset is recognized in the Statement of Comprehensive Income.

2.9.7 Cash and Cash Equivalents

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

2.9.8 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 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:

Notes to the financial statements

- 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.

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.

a. Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at

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

Loans and borrowings

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

d. Offsetting of financial instruments

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

e. 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.

2.9.9 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

Notes to the financial statements

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 derecognises 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 recognised in the income statement as incurred.

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.

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.

Derecognition

An item of property, plant and equipment are derecognised 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 derecognised.

Depreciation

Depreciation is calculated by using a straight-line method on the cost or valuation of all property, plant and equipment, in order to

write off such amounts over the estimated useful economic life of such assets.

2.9.10 Investment Property

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

Gains or losses arising from changes in fair value are included in the income statement in 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 recognised 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.

2.9.11 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 09 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value either in profit or loss or as a change to other comprehensive income (OCI). If the contingent consideration is not within the scope of SLFRS 09, 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.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

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.

2.9.12 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Net realisable 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 formulae:-

Real Estate – Land	- At purchase cost
Other Cost	- At cost directly identifiable

2.9.13 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised 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 recognised as a finance cost.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote.

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

2.9.14 Retirement Benefit Obligations

(a) Defined Benefit Plan - Gratuity:

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

The Group measures the present value of the promised retirement benefit for gratuity, which is a defined benefit plan using the projected unit credit method (PUC) as required by LKAS No. 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.

Recognition of Interest Cost and Current Service Cost

Interest cost and current service cost are recognized immediately in Statement of Profit or Loss.

(b) Defined Contribution Plans – Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations. The

Notes to the financial statements

companies contribute the defined percentages of gross emoluments of employees to an approved Employees' Provident Fund and to the Employees' Trust Fund respectively, which are externally funded.

2.9.15 Lease Income

Lease income from operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Costs incurred in earning the lease income are recognised as an expense.

2.9.16 Segmental Information

The Group's internal organization and management is structured based on services which are similar in nature and process and where the risk and return are similar.

As such for management purposes, the Group is organized into engaging in Real Estate through renting out the Investment Property business unit based on their services and reported as one business segment.

2.9.17 Investment Property Held-for-Sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as 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 plan to sell the asset and the sale expected to be completed within one year from the date of the classification. Property, plant and equipment and intangible assets once classified as held for sale/distribution to owners are not depreciated or amortized.

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 statement of profit or loss. Additional disclosures are provided in Note 9. All other notes to the Financial Statements mainly include amounts for continuing operations, unless otherwise mentioned.

2.9.18 Leases

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

Company as a lessee

The Company 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 Company 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 14 and are subject to impairment in line with the Company'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 Company 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 Company 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 Company 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.

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of financial statements are disclosed below. The 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 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.

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.

Notes to the financial statements

Year ended 31 March	Group		Company	
	2021	2020	2021	2020
	LKR	LKR	LKR	LKR

4. REVENUE

4.1 Summary

Rental income from investment property	28,651,064	34,325,132	11,630,500	10,149,770
Finance Income	27,373,170	26,726,738	-	-
	56,024,234	61,051,870	11,630,500	10,149,770

4.2 Segment Information

Group

Group engage only in the Real Estate. There are no separate activities other than the Real estate segment in the Group.

5. PROPERTY, PLANT & EQUIPMENT

Group

	Balance as at 01.04.2020	Additions	Balance as at 31.03.2021
	LKR	LKR	LKR

5.1 Gross Carrying Amounts

At Cost

Description

Furniture & Fittings	3,336,942	-	3,336,942
Computer Equipment	1,069,400	-	1,069,400
Office & Electrical Equipment	2,077,843	61,450	2,139,293
Generator	2,327,155	-	2,327,155
Air Conditioner	3,268,227	1,056,024	4,324,251
Tools & Equipment	67,710	-	67,710
Total Value of Depreciable Assets	12,147,277	1,117,474	13,264,751

Accumulated Depreciation and Impairment

	Balance as at 01.04.2020	Depreciation for the year	Balance as at 31.03.2021
	LKR	LKR	LKR

At Cost

Description

Furniture & Fittings	2,360,328	205,002	2,565,330
Computer Equipment	900,716	63,375	964,091
Office & Electrical Equipment	1,038,577	311,410	1,349,987
Generator	2,327,155	-	2,327,155
Air Conditioner	3,068,559	147,034	3,215,593
Tools & Equipment	30,470	13,542	44,012
Total Depreciation	9,725,805	740,363	10,466,168

Net Book Values

	As at	As at
	31.03.2021	01.04.2020
	LKR	LKR
At Cost		
Description		
Furniture & Fittings	771,612	976,614
Computer Equipment	105,309	168,684
Office & Electrical Equipment	789,306	1,039,266
Air Conditioner	1,108,658	199,668
Tools & Equipment	23,698	37,240
Total Carrying Amount of Property, Plant and Equipment	2,798,583	2,421,472

5.1.1 During the financial year the Group acquired Property, Plant & Equipment to the aggregate value of LKR 1,117,474/- (2020 - LKR 806,236/-).

5.1.2 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of LKR 8,380,745/- (2020 - LKR 7,515,954/-).

Company

	Balance		
	as at	Additions	Balance as at
	01.04.2020		31.03.2021
	LKR	LKR	LKR
5.2 Gross Carrying Amounts			
At Cost			
Description			
Furniture & Fittings	196,327	-	196,327
Computer Equipment	1,069,400	-	1,069,400
Office & Electrical Equipment	381,593	61,450	443,043
Total Value of Depreciable Assets	1,647,320	61,450	1,708,770

Accumulated Depreciation and Impairment

	Balance		Balance
	as at	Depreciation	as at
	01.04.2020	for the year	31.03.2021
	LKR	LKR	LKR
At Cost			
Description			
Furniture & Fittings	181,882	11,015	192,897
Computer Equipment	900,716	63,375	964,091
Office & Electrical Equipment	310,441	13,558	323,999
Total Depreciation	1,393,039	87,948	1,480,987

Notes to the financial statements

Net Book Values

	As at	As at
	31.03.2021	01.04.2020
	LKR	LKR
At Cost		
Description		
Furniture & Fittings	3,430	14,445
Computer Equipment	105,309	168,684
Office & Electrical Equipment	119,044	71,152
Total Carrying Amount of Property, Plant and Equipment	227,783	254,281

5.2.1 During the financial year the Company acquired Property, Plant & Equipment to the aggregate value of LKR 61,450/- (2020 - LKR 244,650).

5.2.2 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of LKR 1,227,926/- (2020 - LKR 1,214,989/-).

5.3 The useful lives of the assets are estimated as follows.

	Group		Company	
	2021	2020	2021	2020
Furniture & Fittings	8-10 Years	8-10 Years	8 Years	8 Years
Computer Equipment	4 Years	4 Years	4 Years	4 Years
Office & Electrical Equipment	5 - 6.6 Years	5 - 6.6 Years	6.6 Years	6.6 Years
Generator	5 Years	5 Years	-	-
Air Conditioner	4 Years	4 Years	-	-
Tools & Equipment	5 Years	5 Years	-	-

6. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	LKR	LKR	LKR	LKR

6.1 Summary

Trade Receivables - Related Parties (Note: 6.2)	4,776,123	10,231,760	4,776,123	4,769,926
- Other	1,372,861	32,484,819	1,372,861	5,026,778
	6,148,984	42,716,579	6,148,984	9,796,704
Loan Receivables (Note: 6.3)	88,735,067	-	88,735,067	-
Loan Interest Receivables - Related Parties (Note:10)	42,434,886	4,929,781	42,434,886	4,929,781
Other Receivables - Related Parties (Note: 6.5)	30,035,736	6,772,401	3,201,100	744,100
Advances, Prepayments and Other	20,869,592	20,527,230	2,575,418	9,109,798
Less: Provision for Impairment (Note: 6.4)	(6,982,099)	(6,183,124)	(732,099)	(4,683,124)
	181,242,166	68,762,867	142,363,356	19,897,259

		Group		Company	
Relationship		2021	2020	2021	2020
		LKR	LKR	LKR	LKR
6.2	Trade Receivables - Related Parties				
	Ceylon Leather Products Limited	2,639,475	698,008	2,639,475	698,008
	Dankotuwa Porcelain PLC	2,112,692	4,586,422	2,112,692	4,030,154
	Ambeon Holdings PLC	-	511,500	-	-
	Taprobane Securities (Pvt) Ltd	23,263	784,263	23,263	41,764
	Royal Fernwood Porcelain Ltd	693	-	693	-
	Taprobane Investments Ltd	-	495,000	-	-
	Lexinton Resorts (Pvt) Ltd	-	2,606,754	-	-
	ARRC Capital (Pvt) Ltd	-	49,500	-	-
	Ambeon Capital PLC	-	500,313	-	-
		4,776,123	10,231,760	4,776,123	4,769,926

Terms and conditions relating to related party receivables have been disclosed under Note 29.1.3

		As at	Loan	Accrued	As at
Relationship		01.04.2020	Granted	Repayments	Interest
		LKR	LKR	LKR	LKR
6.3	Loan Receivables				
	Ambeon Holdings PLC	-	150,000,000	(70,000,000)	8,735,067
	Immediate Parent Company	-	150,000,000	(70,000,000)	8,735,067
					88,735,067

Terms and Conditions

Ambeon Holdings PLC

Period of the Loan - 12 Months

Interest Rate - 8.75%

		Group		Company	
Relationship		2021	2020	2021	2020
		LKR	LKR	LKR	LKR

6.4	Provision for Impairment				
	Balance at the beginning of the year	6,183,124	5,511,582	4,683,124	4,511,582
	Writeoff of Debtors	(3,951,025)	671,542	(3,951,025)	171,542
	Charge for the Year	4,750,000	-	-	-
	Balance at the end of the year	6,982,099	6,183,124	732,099	4,683,124

		Group		Company	
Relationship		2021	2020	2021	2020
		LKR	LKR	LKR	LKR

6.5	Other Receivables - Related Parties				
	Taprobane Securities (Pvt) Ltd	-	36,966	-	-
	Lexinton Resorts (Pvt) Ltd	2,894,744	-	-	-
	Taprobane Investments Ltd	-	558,048	-	-
	Taprobane Capital Plus (Pvt) Ltd	5,236,007	5,236,007	-	-
	Ambeon Holdings PLC	6,581,874	941,379	3,201,100	744,100
	Ambeon Capital PLC	15,233,277	-	-	-
	Ceylon Leather Products Ltd	89,833	-	-	-
		30,035,736	6,772,401	3,201,100	744,100

Notes to the financial statements

7. OTHER FINANCIAL INVESTMENTS

Financial Instrument

	Group		Company	
	2021	2020	2021	2020
	LKR	LKR	LKR	LKR

7.1 Amortized Cost

Investments in Commercial Paper (Note: 7.3)	-	36,337,213	-	36,337,213
Investments In Fixed Deposit	240,000,000	240,000,000	240,000,000	240,000,000
	240,000,000	276,337,213	240,000,000	276,337,213

7.2 Fair Value through Profits or Losses

Quoted Equities at Market Value (Note: 7.4)	22,366	12,384	-	-
	240,022,366	276,349,597	240,000,000	276,337,213

7.3 Investments in Commercial Paper

Terms and Conditions

Commercial paper is invested for a interest rate of AWPLR + 2% at Ceylon Leather Products Manufacturers Limited was fully impaired during the year.

Movement In Investment In Commercial Paper	At the	Accrued			At the end of
	beginning of	Interest	Repayment	Impairment	the Year
	the Year	Interest	Repayment	Impairment	the Year
	LKR	LKR	LKR	LKR	LKR
2021	36,337,213	3,406,027	(1,570,568)	(38,172,672)	-

Group

7.4 Investments in Equity Securities - Quoted

	31 March		31 March		31 March	
	2021 - No. of	31 March	2021 -	2020 - No. of	31 March	2020 -
	Shares	2021 - Cost	Market Value	Shares	2020 - Cost	Market Value
	LKR	LKR		LKR	LKR	

Fair Value through Profits or Losses

Aitken Spence PLC	399	88,785	22,145	399	88,785	12,249
Ambeon Capital PLC	45	-	221	45	-	135
	444	88,785	22,366	444	88,785	12,384

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.

8. INVESTMENT IN SUBSIDIARY

Non-Quoted	Country of Incorporation	No of Ordinary Shares	Effective Holding		2020
			2021	2021	
			LKR		LKR
Lexinton Holdings (Pvt) Ltd	Sri Lanka	68,911,528	100%	560,800,713	533,491,950
				560,800,713	533,491,950

On 28 January 2019, the company acquired 100% of the voting shares of Lexinton Holdings(Pvt) Limited, an unlisted company engage in the business of lending and maintaining of commercial property, leasing and dwelling flats.

Investment in Subsidiary Movement

	At the		
	Beginning of the Year	Fair Value Gain	At the end of the Year
	LKR	LKR	LKR
2021	533,491,950	27,308,763	560,800,713
2020	486,121,141	47,370,809	533,491,950

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

The company uses fair valuation model of measurement for investment in subsidiary.

Details of investment in subsidiaries stated at fair value included below.

Company	Valuation Techniques	Level
Lexinton Holdings (Pvt) Limited	Net Assets Value	Level 3

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.

9. INVESTMENT PROPERTY

	Group		Company	
	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Balance as at the beginning of the year	1,233,200,000	1,136,494,700	958,800,000	864,294,700
Fair value change	(370,200,000)	96,705,300	(383,800,000)	94,505,300
	863,000,000	1,233,200,000	575,000,000	958,800,000
Classified as Held for Sale (Note : 9.2)	(575,000,000)	-	(575,000,000)	-
Balance as at the end of the year	288,000,000	1,233,200,000	-	958,800,000

Notes to the financial statements

- 9.1** Group's Investment Property comprise that of Lexinton Holdings (Pvt) Ltd (Located at Colombo 08) and Colombo City Holdings PLC (Located at Union Place).

Investment properties are stated at fair value, which have been determined on the basis of a market value of land and building. Investment property is appraised in accordance with SLFRS 13, LKAS 40 and International Valuation Standards. Professional valuation was performed on the investment property of the Lexinton Holdings (Pvt) Ltd as at 31 March 2021 by FRT Valuation Services (Pvt) Ltd.

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 9.2. Accordingly, The Investment Property has been classified as Held for Sale as at 31 March 2021.

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 5,657,148/-).

The Company has reported rental income amounting to LKR 11,630,500/- (2020- LKR 10,149,770/-) from this investment property and incurred direct operating expenses (including repairs and maintenance) amounting to LKR 1,235,590/- (2020 - LKR 1,390,462/-).

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

Property	Method of Valuation	Inputs used for measurement	Fair Value Hierarchy	Market Value per Perch		Sensitivity of input to Fair value	
				2021	2020		
				LKR	LKR		
Lexinton Holdings (Pvt) Ltd							
Land and Buildings (Gothami Road, Colombo 08)	Land 17.15 perches	Investment Method	Average Rate per Perch	Level 3	8,399,417	7,500,000	Positively correlated
	Main building 17,150 sqft	Replacement Cost	Average Rate per Sqft.	Level 3	8,393.59	7,500	Positively correlated

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.

9.2 Investment Property Classified as Held for Sale

Board of Directors has decided to sell the Investment Property of Colombo City Holdings PLC during the year ended 31 March 2021 and an agreement was entered in to with an agent to locate a suitable buyer on 30th March 2021. Accordingly, the said property, Union place premises Lot No.01 was sold to Vision Care Optical Services (Pvt) Ltd for a consideration of Rs.575 Mn on 3rd 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.

	Group		Company	
	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Assets				
During the year Re Classified from Investment Property	575,000,000	-	575,000,000	-
Balance as at the end of the Year	575,000,000	-	575,000,000	-
Liabilities Associated with Investment Property Classified as Held for sale				
Income tax liability (Note : 22)	3,255,800	-	3,255,800	-
Net Assets directly associated with the disposal	571,744,200	-	571,744,200	-

10. NON CURRENT FINANCIAL ASSETS

	Group		Company	
	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Loan Receivables - Non Current	749,937,962	750,008,452	526,210,598	526,210,598
Interest Receivable - Non Current	45,741,576	7,841,019	21,586,426	7,841,019
	795,679,538	757,849,471	547,797,024	534,051,617
Interest Receivable - Current (Note 6.1)	42,434,886	4,929,781	42,434,886	4,929,781
	838,114,424	762,779,252	590,231,910	538,981,398
	As at		Accrued	As at
Loan Receivables - Group	01.04.2020	Repayments	Interest	31.03.2021
	LKR	LKR	LKR	LKR
Ambeon Holdings PLC	420,234,197	(8,663,159)	46,695,456	458,266,495
Ambeon Capital PLC	223,797,854	-	24,084,660	247,882,514
CHC Investments (Pvt) Ltd	118,747,201	-	13,218,214	131,965,415
	762,779,252	(8,663,159)	83,998,330	838,114,424
	As at		Accrued	As at
Loan Receivables - Company	01.04.2020	Repayments	Interest	31.03.2021
	LKR	LKR	LKR	LKR
Ambeon Holdings PLC	420,234,197	(8,663,159)	46,695,456	458,266,495
CHC Investments (Pvt) Ltd	118,747,201	-	13,218,214	131,965,415
	538,981,398	(8,663,159)	59,913,670	590,231,910

Notes to the financial statements

Terms and Conditions	
Ambeon Holdings PLC	The repayment of interest will be made on quarterly basis and the repayment of capital will be within twelve months after the twelve months of grace period. (Interest Rate 10% p.a) Period of the loan - 36 Months
Ambeon Capital PLC	The repayment will be made within twelve months after the twelve months of grace period. (Interest Rate 9% p.a) Period of the loan - 30 Months
CHC Investments (Pvt) Ltd	The repayment of Capital & Interest will be on 31st July 2022, 31st July 2023 and on 31st July 2024. (Interest Rate AWPLR +1.5% p.a) Period of the loan - 36 Months

11. STATED CAPITAL

	2021		2020	
	Number	LKR	Number	LKR
Fully Paid Ordinary Shares	1,272,857	11,137,505	1,272,857	11,137,505
	1,272,857	11,137,505	1,272,857	11,137,505

12. DIVIDEND PER SHARE

	2021		2020	
	LKR	LKR	LKR	LKR
Equity dividend on ordinary shares declared and paid during the year				
Interim dividends	50	63,642,850	-	-
	50	63,642,850	-	-

13. DEFERRED TAX (ASSET) / LIABILITY

	Liabilities	Liabilities
	2021	2020
	LKR	LKR

13.1 Group

At the Beginning of the Year	37,721,922	20,824,147
Transfer from/(to) Income Statement (Note 13.2)		
Due to change in tax rate	(15,460,214)	-
Due to change in temporary difference	(7,904,763)	22,074,941
Transfer from/(to) Other Comprehensive Income (Note 13.2)		
Due to change in tax rate	-	-
Due to change in temporary difference	14,729	6,168
Transfers between Deferred Tax Liability and (Asset)	-	(5,183,334)
At the End of the Year	14,371,674	37,721,922

13.2 Deferred Tax Liability

	Statement of Financial Position		Statement of Profit or Loss		Other Comprehensive Income	
	2021	2020	2021	2020	2021	2020
	LKR	LKR	LKR	LKR	LKR	LKR
Deferred Tax Liability						
Accumulated depreciation	199,894	3,380,022	(8,492,129)	176,304	-	-
Fair Valuation of Investment Properties for tax purposes	54,720,000	88,277,679	(28,245,679)	11,748,893	-	-
	54,919,894	91,657,702	(36,737,808)	11,925,197	-	-
Deferred Tax Assets						
Defined Benefit Plans	(223,260)	(234,198)	(3,792)	105,232	14,729	6,168
Carried forward Tax Losses	(40,324,960)	(53,701,582)	13,376,623	10,044,512	-	-
	(40,548,220)	(53,935,780)	13,372,831	10,149,744	14,729	6,168
Deferred Income Tax (Reversal)/Expense			(23,364,977)	22,074,941	14,729	6,168
Net Deferred Tax Liability/ (Asset)	14,371,674	37,721,922				

The effective Tax rate used is 24% (28% in 2020).

	2021	2020
	LKR	LKR

13.3 Company

At the Beginning of the Year	43,043,153	27,952,890
Transfer from/(to) Income Statement (Note 13.4)		
Due to change in tax rate	(40,015)	-
Due to change in temporary difference	(28,661,257)	15,084,095
Transfer from/(to) Other Comprehensive Income (Note 13.4)		
Due to change in tax rate	-	-
Due to change in temporary difference	14,729	6,168
At the End of the Year	14,356,610	43,043,153

Notes to the financial statements

	Statement of Financial Position		Statement of Profit or Loss		Other Comprehensive Income	
	2021	2020	2021	2020	2021	2020
	LKR	LKR	LKR	LKR	LKR	LKR
13.4 Deferred Tax (Asset)/Liability						
Deferred Tax Liability						
Accumulated depreciation	7,640	3,182,980	(3,175,339)	179,811	-	-
Fair Valuation of Investment Properties for tax purposes	-	28,245,679	(28,245,679)	9,450,530	-	-
Fair Valuation of Investment in Subsidiary	14,596,700	11,865,824	2,730,876	4,737,081	-	-
	14,604,340	43,294,483	(28,690,142)	14,367,423	-	-
Deferred Tax Assets						
Defined Benefit Plans	(223,260)	(234,197)	(3,792)	105,231	14,729	6,168
Carried forward Tax Losses	-	-	-	628,573	-	-
ROU Assets *	(24,469)	(17,132)	(7,337)	(17,132)	-	-
	(247,729)	(251,329)	(11,129)	716,673	14,729	6,168
Deferred Income Tax (Reversal)/Expense			(28,701,272)	15,084,095	14,729	6,168
Net Deferred Tax Liability/ (Asset)	14,356,610	43,043,153				

* Deferred Tax for ROU Assets has been eliminated in consolidation.

14. RIGHT OF USE ASSET

Assets hold under lease have been recognised as Right of Use Assets under SLFRS 16.

	Company	
	2021	2020
	LKR	LKR
Right of use Asset		
Assets as at 01 April	1,198,523	1,498,154
Amortisation Charge for the year	(311,645)	(299,631)
Reassessment of Asset	764,634	-
Assets as at 31 March	1,651,512	1,198,523
	Company	
	2021	2020
	LKR	LKR
Operating lease commitments as at 01 April	2,174,912	1,985,388
Incremental Borrowing Rate as at 01 April	7.00%	11.72%
Discounted operating lease commitments (Right of Use Assets)	1,830,624	1,498,154
Lease Liability	1,753,466	1,498,154

15. EMPLOYEE BENEFIT LIABILITIES

	Group		Company	
	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
As at 1 April	801,721	1,234,273	801,721	1,234,273
Current Service Cost	143,250	254,007	143,250	254,007
Actuarial Gain on Obligation	(61,372)	(25,701)	(61,372)	(25,701)
Interest Cost on benefit Obligations	46,650	59,142	46,650	59,142
Payments made during the year	-	(720,000)	-	(720,000)
As at 31 March	930,249	801,721	930,249	801,721

The retirement benefit gratuity of the Company is based on Projected unit cost method. The principal assumptions used in determining the cost of employee benefits were;

	Group		Company	
	2021	2020	2021	2020
	Salary increment Rate	7.0%	7.0%	7.0%
Discount Rate	7.0%	11.5%	7.0%	11.5%
Retirement Age	55 Years	55 Years	55 Years	55 Years

A quantitative sensitivity analysis for significant assumption as at 31 March 2021 and 2020 is shown below;

Sensitivity Level	Salary Increment Rate		Discount rate		
	Increase	Decrease	Increase	Decrease	
	1%	1%	1%	1%	
2021	Impact on Defined Benefit Obligation - LKR	17,315	(16,982)	(16,826)	17,480
2020	Impact on Defined Benefit Obligation - LKR	29,594	(28,784)	(27,395)	28,644

16. LEASE CREDITOR

16.1 Corresponding lease liability for the Right of Use Asset has been recognised.

	Company	
	2021	2020
	LKR	LKR
Lease Liability as at 01 April	1,259,707	1,498,154
Accretion of Interest	134,871	162,941
Reassessment of Lease Value	764,634	-
Rentals paid during the year	(405,746)	(401,388)
Lease Liability as at 31 March	1,753,466	1,259,707

Notes to the financial statements

	Company	
	2021	2020
	LKR	LKR
After one year	1,431,011	997,559
Within one Year	322,455	262,148
	1,753,466	1,259,707

	2021			2020		
	Within 1 Year	After 1 Year	Total	Within 1 Year	After 1 Year	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Gross Liability	434,982	1,631,184	2,066,167	396,000	1,188,000	1,584,000
Finance Charges allocated to future periods	(112,527)	(200,173)	(312,701)	(133,852)	(190,441)	(324,293)
Net Liability	322,455	1,431,011	1,753,466	262,148	997,559	1,259,707

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Trade Payable - Other	1,206,793	1,200,779	1,206,793	1,200,779
- Related Party (Note 17.1)	1,001,650	1,001,650	1,001,650	1,001,650
Other Payables - Sundry Creditors Including Accrued Expenses	15,731,308	15,452,932	14,854,358	12,619,436
- Related Parties (Note 17.2)	8,873,808	8,846,448	2,194,002	2,596,980
	26,813,559	26,501,809	19,256,803	17,418,845

17.1 Trade Payables - Related Party

Relationship	Group		Company		
	2021	2020	2021	2020	
	LKR	LKR	LKR	LKR	
Dankotuwa Porcelain PLC	Group Company	767,440	767,440	767,440	767,440
Ceylon Leather Products Ltd	Group Company	234,210	234,210	234,210	234,210
		1,001,650	1,001,650	1,001,650	1,001,650

17.2 Other Payables - Related Parties

		Group		Company	
Relationship		2021	2020	2021	2020
		LKR	LKR	LKR	LKR
Lexinton Holdings (Pvt) Ltd	Subsidiary Company	-	-	-	33,000
Lexinton Financial Services (Pvt) Ltd	Group Company	6,047,806	5,650,468	-	-
Taprobane Investments (Pvt) Ltd	Group Company	7,359	-	7,359	-
Ambeon Holdings PLC	Immediate Parent	2,818,643	3,195,980	2,186,643	2,563,980
		8,873,808	8,846,448	2,194,002	2,596,980

18. INTEREST BEARING LOANS AND BORROWINGS

		Group		Company	
		2021	2020	2021	2020
		LKR	LKR	LKR	LKR
Short Term Loan		153,570,945	-	153,570,945	-
Bank Overdraft (Note : 25.1)		3,317,451	3,202,168	3,317,451	3,042,297
		156,888,396	3,202,168	156,888,396	3,042,297

Movement in Short Term Loan

Short Term Loan	At the beginning of the Year	Loans Obtained	Repayment	Accrued Interest	At the end of the of the Year
	LKR	LKR	LKR	LKR	LKR
2021	-	220,000,000	71,558,679	5,129,624	153,570,945

Terms & Conditions

Interest Rate : 4.89%

Tenure : 175 Days

Security : Fixed Deposit (LKR 240 Mn)

19. OTHER INCOME

		Group		Company	
		2021	2020	2021	2020
		LKR	LKR	LKR	LKR
Creditors Write off		3,364,151	-	3,364,151	-
Dividend Income		499	998	-	-
Other		2,517,000	-	2,517,000	-
Gain on Disposal of Shares		-	5,422,638	-	-
		5,881,650	5,423,636	5,881,151	-

Notes to the financial statements

20. FINANCE INCOME

	Group		Company	
	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Interest on Commercial Paper	3,120,108	3,807,209	3,120,108	3,807,209
Interest Income on REPO Investment	251,501	350,202	251,501	350,202
Interest Income on Fixed Deposits	17,458,323	25,399,279	17,458,323	25,399,279
Interest Income on Loan Granted	68,648,737	82,750,070	68,648,737	82,750,070
Interest Income on Savings Account	463,941	40,672	463,941	40,672
	89,942,610	112,347,432	89,942,610	112,347,432

21. FINANCE COST

	Group		Company	
	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Interest Expenses	5,726,962	623,654	5,129,624	-
Overdraft Interest	4,334,068	19,976,327	4,334,068	19,976,327
ROU Interest	-	-	134,871	162,941
Lease Interest	10,061,030	20,599,981	9,598,563	20,139,268

*Terms and conditions relating to Interest Expense on loans obtained have been disclosed under Note 18.

22. INCOME TAX EXPENSE

	Group		Company	
	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Current Income Tax				
Current Tax Expense on Ordinary Activities for the Year (Note 22.1)	17,621,113	20,806,447	17,621,113	20,806,447
(Over) / Under Provision of Current Taxes in respect of Prior Years	2,398,429	2,535,260	2,398,429	2,535,260
Deferred Income Tax				
Deferred Taxation Charge / (Reversal) (Note 13)	(23,364,977)	22,074,941	(28,701,272)	15,084,095
Income tax expense/(Reversal) reported in the Income Statement	(3,345,435)	45,416,648	(8,681,730)	38,425,803

22.1 Reconciliation between Current Tax Expense and the product of Accounting Profit

	Group		Company	
	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Accounting profit before income tax	(309,034,421)	230,293,083	(317,135,017)	218,521,103
Aggregate Disallowable Expenses	432,532,525	4,837,538	424,577,036	1,160,861
Aggregate Allowable Expenses	(10,962,125)	(7,584,234)	(5,011,950)	(1,330,185)
Profit/(Loss) on disposal of capital assets	-	5,061	-	5,061
Income not subject to Tax	(15,310,479)	(113,126,657)	(29,008,763)	(94,505,300)
Other income included in profit from operations	(89,942,610)	(136,924,182)	(89,942,610)	(112,347,432)
Taxable Profit/(Loss)	7,282,890	(22,499,391)	(16,521,305)	11,504,108
Business Profit	23,771,200	13,806,125	-	-
Other income	89,942,610	136,924,182	89,942,610	112,347,432
Less: Carried forward tax loss utilized	(40,292,505)	(76,421,567)	(16,521,305)	(38,038,691)
Taxable Income	73,421,305	74,308,740	73,421,305	74,308,740
Statutory Tax Rate	24%	28%	24%	28%
Current Income Tax Expenses	17,621,113	20,806,447	17,621,113	20,806,447

The Company is liable for income tax at rate of 24%.

22.2 Tax Losses Carried Forward

	Group		Company	
	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Tax losses brought forward	406,155,201	447,099,823	-	2,561,746
Tax losses arising during the year	16,521,305	35,476,945	16,521,305	35,476,945
Tax filling differences	-	-	-	-
Utilization of tax losses	(40,292,505)	(76,421,567)	(16,521,305)	(38,038,691)
Tax losses carried forward	382,384,001	406,155,201	-	-

Notes to the financial statements

23. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

	Group		Company	
	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Stated after Charging/(Crediting)				
- Included under Administration Expenses				
- Depreciation of Property, Plant & Equipment	740,363	698,300	87,948	72,590
- Directors' Remuneration	-	5,380,974	-	5,380,974
- Salaries	6,252,473	5,653,000	6,252,473	5,653,000
- Defined Benefit Plan Costs - Gratuity	189,900	313,149	189,900	313,149
- Defined Contribution Plan Costs - EPF & ETF	937,871	816,375	937,871	816,375
Auditors Remuneration	715,979	607,722	591,779	385,622
Fair value change of Investment Property	370,200,000	(96,705,300)	383,800,000	(94,505,300)
Allowance for Doubtful Receivables	42,922,672	671,542	38,172,672	171,542

24. EARNINGS PER SHARE

24.1 Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

24.2 The following reflects the income and share data used in the basic Earnings Per Share computations.

	Group		Company	
	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Amount Used as the Numerator:				
Net profit from operations attributable to equity holders for basic earnings per share	(305,688,986)	184,876,434	(308,453,287)	180,095,300
	2021	2020	2021	2020
	Number	Number	Number	Number
Number of Ordinary Shares Used as Denominator:				
Number of ordinary shares for basic earnings per share	1,272,857	1,272,857	1,272,857	1,272,857
Effect of dilution:				
Share warrants/Options	-	-	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	1,275,857	1,272,857	1,272,857	1,272,857

25. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
25.1 Favourable Cash and Cash Equivalents Balance				
Cash and Bank Balances	8,726,666	10,963,439	7,690,911	10,944,229
Repo Investments	11,808,805	-	11,808,805	-
	20,535,471	10,963,439	19,499,716	10,944,229
Unfavourable Cash and Cash Equivalents Balance				
Bank Overdrafts	(3,317,451)	(3,202,168)	(3,317,451)	(3,042,297)
Cash & Cash Equivalents at the end of the year for the Purpose of Cash Flow Statement	17,218,020	7,761,271	16,182,265	7,901,931

26. FAIR VALUE MEASUREMENT

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

The Group held the following financial instruments carried at fair value in the statement of financial position:

Group

	Notes	Level 1		Level 2		Level 3	
		2021	2020	2021	2020	2021	2020
		LKR	LKR	LKR	LKR	LKR	LKR
Assets Measured at Fair Value							
Investment Property	9	-	-	-	-	288,000,000	1,233,200,000
Investment in Quoted Shares	7.4	22,366	-	-	12,384	-	-
Investment Property Held For Sale	9.2	-	-	-	-	575,000,000	-
Total		22,366	-	-	12,384	863,000,000	1,233,200,000

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.

Those assumptions for assets categorised as Level 3 has been described under respective note numbers

During the reporting period 31 March 2021 and 2020, investment in quoted shares transferred from Level 1 to Level 2. Fair value measurement based on the available active CSE market prices.

Notes to the financial statements

Company

		Level 1		Level 2		Level 3	
		2021	2020	2021	2020	2021	2020
Notes		LKR	LKR	LKR	LKR	LKR	LKR
Assets Measured at Fair Value							
Investment Property	9	-	-	-	-	-	958,800,000
Investment in Subsidiary	8	-	-	-	-	560,800,713	533,491,950
Investment Property Held For Sale	9.2	-	-	-	-	575,000,000	-
Total		-	-	-	-	1,135,800,713	1,492,291,950

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.

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, there were no transfers between Level 1 and Level 2 fair value measurements.

27. ASSETS PLEDGED

Company has pledged a cash deposit of Rs.240 Mn as a security for the banking facilities obtained from the Standard Chartered Bank.

Lexinton Holdings (Pvt) Ltd has pledged the following asset to Sampath Bank PLC on behalf of Ambeon Holdings PLC to obtain a facility of Rs. 265 Mn

		2021	2020
		LKR	LKR
Nature of Assets	Nature of Liability	Carrying Amount of the Property	
Investment Property	Term Loan	288,000,000	274,400,000

28. COMMITMENTS AND CONTINGENCIES

The Company does not have significant commitments and contingencies as at the reporting date.

Lexinton Holdings (Pvt) Ltd has filed following petitions of appeal to Tax appeals commission against the assessments.

1. Assessments No. - ITA 14281100120 - IV. Total Tax Assessed was Rs. 50,787,184/-.
2. Assessments No. - VATFS/BFSU/2018/934. Total Tax Assessed was Rs. 1,592,394/-.

Having sought professional advice, management is confident that the grounds for the appeal are strong and as such no liability would arise.

29. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

29.1 Transaction with Parent and related entities

	Group		Company	
	2021	2020	2021	2020
	LKR	LKR	LKR	LKR

29.1.1 Ultimate Parent - CHC Investment (Pvt) Ltd

Balance as at 01 April	118,747,201	103,949,116	118,747,201	103,949,116
Interest Receivable on Loan	13,218,214	14,798,085	13,218,214	14,798,085
Balance as at 31 March	131,965,415	118,747,201	131,965,415	118,747,201

Terms & Conditions: Rate of Interest AWPLR + 1.5% per annum (Note 10).

	Company	
	2021	2020
	LKR	LKR

29.1.2 Transactions With Subsidiary

Balance as at 01 April		33,000	366,429
Purchase of Services		405,746	421,471
Settlement of Dues		(438,746)	(754,899)
Balance as at 31 March		-	33,000

29.1.3 Transaction with/between related parties

Nature of Transaction	Group		Company	
	**Other Related Parties		**Other Related Parties	
	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Balance as at 01 April	688,432,665	782,786,318	459,461,690	617,776,639
Receipt of Rental Income	(11,089,744)	(9,687,683)	(11,089,744)	(9,687,683)
Rendering of services (Rental Services)	24,561,004	24,918,850	11,082,000	10,128,965
Purchase of Goods/Services	44,501	-	44,501	-
Staff Support and Asset Utilisation Fees	(3,497,400)	(1,544,676)	(3,497,400)	(1,544,676)
Interest Income on Loans	80,064,113	94,913,227	55,430,524	71,920,940
Loan Granted	171,925,000	(66,162,194)	150,000,000	-
Repayments of Loans and interest	(102,590,223)	(138,751,988)	(78,663,159)	(228,000,000)
Interest received/Settlement	-	(874,689)	-	(874,689)
Reclassification of Related party balances	(37,278,404)	-	(37,278,404)	-
Reimbursement of Expenses	5,562,824	2,835,499	2,641,531	(257,808)
Settlement of Dues	3,666,312	-	3,666,312	-
Balance as at 31 March	819,800,648	688,432,665	551,797,851	459,461,690

Notes to the financial statements

** Other Related Parties include the following companies

Ambeon Capital PLC
Ambeon Holdings PLC
Dankotuwa Porcelain PLC
Royal Fernwood Porcelain Ltd
Ceylon Leather products Ltd
Taprobane Securities Pvt Ltd
ARRC Capital (Pvt) Ltd
Taprobane Investments Ltd
Lexinton Resorts (Pvt) Ltd
Lexinton Financial Services (Pvt) Ltd

“Other Related Parties are companies controlled / jointly controlled by Key Management Personnel.”

Terms and conditions :

Transactions with related parties are carried out 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. Rental Income are at pre-determined rates and terms.

29.2 Transactions with Key Management Personnel of the Company

The key management personnel of the Company are the members of its Board of Directors, Board of Directors of immediate parent, intermediate parent & ultimate parent.

	Group		Company	
	2021	2020	2021	2020
Key Management Personnel Compensation	LKR	LKR	LKR	LKR
Short-term employee benefits	4,600,950	10,662,974	4,600,950	10,662,974
Post employment benefits	424,575	1,167,750	424,575	1,167,750

29.3 Disclosure in terms of Section 9.3.2 of the Listing Rules of Colombo Stocks Exchange - Company

Non Recurrent

Name of the Related Party	Ambeon Holdings PLC
Relationship	Immediate Parent
Nature of the Transaction	Loan
Value of Related Party Transactions entered into during the financial year (LKR)	150,000,000
Value of Related Party Transactions as a % of Equity or Assets	6% (Total Assets), 7% (Total Equity)
Terms and Conditions of the Related Party Transactions	Interest Rate - 8.75%
Rational to enter into Transaction	Investment Purpose

Recurrent

Name of the Related Party	Dankotuwa Porcelain PLC
Relationship	Group Company
Nature of the Transaction	Rent Income
Value of Related Party Transactions entered into during the financial year (LKR)	9,120,000
Aggregate value of Related Party Transactions as a % of net Revenue/Income	78%
Terms and Conditions of the Related Party Transactions	as per the lease agreement

30. EVENTS OCCURRING AFTER THE REPORTING DATE

Except below, no circumstances has arisen since the reporting date which requires to be disclosed.

Colombo City Holdings PLC

On 03 August 2021 the Company disposed the investment property consisting of 47.2 perches together with the building standing thereon at Union Place, Colombo 2 for a consideration of Rupees Five Hundred and Seventy Five Million (Rs. 575,000,000/-). The said investment property has been classified as held for sale.

Lexinton Holdings (Pvt) Ltd - Reduction of Stated Capital

On 09 June 2021 Lexinton Holdings (Pvt) Limited reduced its Stated Capital to LKR 533,491,950/- in accordance with Section 59 of the Companies Act No. 7 of 2007 without any change to the number of shares issued.

31. FINANCIAL ASSETS AND LIABILITIES

31.1 Financial Assets and Liabilities for which Fair Value Approximates Carrying 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 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

Trade and Other Receivables
Other Financial Investments
Cash in Hand and at Bank

Liabilities

Trade and Other Payables
Interest Bearing Borrowings

Methods and assumptions used to estimate fair value are disclosed under note 26 to the Financial Statements.

Reclassification of financial assets

There were no reclassifications during 2021 & 2020.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Group's principal financial liabilities comprise of trade and other payables and Interest Bearing Borrowings. The main purpose of these financial liabilities is to finance the Group's operations.

The Risk management is overlooked by the Group, in close corporation with the board of directors and parent Company. It 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.

Notes to the financial statements

32.1 Credit Risk

Credit risk is the risk that counterparty 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.

The Group trades only with recognized, creditworthy 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.

32.2 Trade and Other receivables

Customers credit risk is managed through 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.

The requirement for an impairment is analyzed 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.

	Group		Company	
	2021	2020	2021	2020
Trade receivables	LKR	LKR	LKR	LKR
Neither past due, not impaired	992,013	2,571,294	992,013	1,162,498
Past due but not impaired				
31-60 days	1,050,772	2,001,478	1,050,772	1,057,605
61-90 days	246,746	1,747,480	246,746	785,765
>90 days	3,127,354	30,213,203	3,127,354	2,107,710
Past due and impaired	732,099	6,183,124	732,099	4,683,124
Total	6,148,984	42,716,579	6,148,984	9,796,704

32.3 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 and 31 March 2020 based on contractual undiscounted payments.

	Less than 3	3 to 12	1 to 5		
Group	Months	Months	Years	> 5 Years	Total
	LKR	LKR	LKR	LKR	LKR
2021					
Trade and Other Payables	2,458,858	1,605,377	14,942,635	7,806,689	26,813,559
Interest Bearing Loans and Borrowings	156,888,396	-	-	-	156,888,396
	159,347,254	1,605,377	14,942,635	7,806,689	183,701,955
2020					
Trade and Other Payables	7,970,762	842,834	5,904,998	11,783,215	26,501,809
Interest Bearing Loans and Borrowings	3,202,168	-	-	-	3,202,168
	11,172,930	842,834	5,904,998	11,783,215	29,703,977
	Less than 3	3 to 12	1 to 5		
Company	Months	Months	Years	> 5 Years	Total
	LKR	LKR	LKR	LKR	LKR
2021					
Trade and Other Payables	1,506,810	1,310,711	14,942,631	1,496,651	19,256,803
Interest Bearing Loans and Borrowings	156,888,396	-	-	-	156,888,396
	158,395,206	1,310,711	14,942,631	1,496,651	176,145,199
2020					
Trade and Other Payables	5,997,834	875,834	5,877,431	4,667,746	17,418,845
Interest Bearing Loans and Borrowings	3,042,297	-	-	-	3,042,297
	9,040,131	875,834	5,877,431	4,667,746	20,461,142

32.4 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 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 at 31 March 2021 and 2020.

Notes to the financial statements

32.5 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 investment to the financial instruments.

32.6 Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has no significant exposure to foreign currency risk.

INVESTOR INFORMATION

The issued ordinary shares of Colombo City Holdings PLC are listed with the Colombo Stock Exchange (CSE).

Ordinary Shareholders as at 31 March 2021

Range of Shareholding	No. of Shareholders	No. of Shares	%
1 upto 1,000 shares	1,151	79,457	6.24
1,001 to 10,000 shares	39	122,863	9.65
10,001 to 100,000 shares	5	82,477	6.48
100,001 to 1,000,000 shares	2	988,060	77.63
Total	1,197	1,272,857	100.00

Public Shareholding

Information pertaining to public shareholding is as follows;

	2020/21	2019/20
Number of public shares	284,797	284,797
Public holding percentage	22.37%	22.37%
Number of public shareholders	1,195	1,139
Float adjusted market capitalization (LKR)	242,525,685.96	228,416,912.56

The Company is compliant with the Minimum Public Holding requirement under option 5 of rule 7.13.1 (a) of the Listing Rules of the Colombo Stock Exchange.

Market Values (traded dates)

	2020/21	2019/20
Market value per share as at last traded date (LKR)	851.75 (31.03.2021)	802.20 (13.03.2020)
Highest value per share recorded during the period (LKR)	1,550.25 (25.01.2021)	1,050.00 (30.09.2019)
Lowest value per share recorded during the period (LKR)	675.00 (20.05.2020)	650.00 (28.05.2019)

Share Trading

	2020/21	2019/20
No. of transactions	2,777	742
No. of shares traded	70,240	153,153
Value of shares traded (LKR)	63,099,873.35	158,239,247.30

There were 1,197 registered shareholders as at 31 March 2021 (1,141 as at 31 March 2020).

Investor information

Twenty largest shareholders as at

Name of shareholder	31 March 2021		31 March 2020	
	No. of shares	%	No. of shares	%
Seylan Bank PLC/Ambeon Holdings PLC (Collateral)	845,159	66.40	845,159	66.40
Ambeon Holdings PLC	142,901	11.23	142,901	11.23
Total	988,060	77.63	988,060	77.63
Est. of Late J E Costa	25,559	2.01	25,559	2.01
Sampath Bank PLC/Dr. T Senthilvel	16,327	1.28	16,912	1.33
Mr. H E B De Mel	15,613	1.23	15,613	1.23
Mr. S N C W M B C Kandegedara	12,700	1.00	12,783	1.10
Laugfs Gas PLC	12,278	0.96	12,000	0.94
MBSL/ K S Devshankar	9,345	0.73	9,345	0.73
Thurston Investments Limited	9,262	0.73	9,262	0.73
Mrs. I A Goonetilleke	8,800	0.69	8,800	0.69
Mrs. M M Misso	8,492	0.67	8,492	0.67
Mrs. E De Silva	8,433	0.66	8,433	0.66
Mrs. S C Fernando	7,700	0.60	7,700	0.60
Sea Consortium Lanka (Private) Limited	4,600	0.36	4,600	0.36
Mr. K A N L Ratnasekera	4,400	0.35	-	0.00
Mr. M T Rajabkhan	4,333	0.34	4,333	0.34
Mr. N A Foley	4,031	0.32	4,181	0.33
Mr. G Bawa Estate of Deceased	3,268	0.26	3,268	0.26
Miss G W M Jansen	3,080	0.24	3,080	0.24
Mr. S N M Semasinghe	3,025	0.24	-	0.00
Mr. C N Pakianathan	2,904	0.23	3,004 *	0.24

* Asha Financial Services Limited/Mr. C N Pakianathan

Director's Shareholdings as at

Name	31 March 2021	31 March 2020
Mr. A G Weerasinghe	Nil	Nil
Mr. R N Asirwatham	Nil	Nil
Mr. R P Sugathadasa	Nil	Nil
Mr. D A B Dassanayake (resigned on 06 July 2021)	Nil	Nil
Mr. N M Prakash	Nil	Nil
Mr. A W Atukorala	Nil	Nil
Mr. C S Devasurendra	Nil	Nil
Dr. K S Narangoda (appointed on 06 July 2021)	N/A	N/A

DETAILS OF PROPERTY & FIVE YEAR FINANCIAL SUMMARY

Details of Property

Investment Property	Location	Extent	No: of Buildings	Value
Investment Property - Classified As Held For Sale	Union Place	47.2	1	575,000,000
Freehold Land & Building	Colombo 08	17.15	1	288,000,000

Five Year Financial Summary

LKR ('000)	Group			Company	
	2021	2020	2019	2018	2017
Revenue	56,024	61,052	16,551	114,879	27,679
Profit/ (Loss) Before Tax	(309,034)	230,294	222,119	287,032	213,264
Taxation (Expense)/Reversal	3,345	(45,417)	22,524	(24,665)	120
Profit/(Loss) After Tax	(305,689)	184,877	244,643	262,368	213,383

Equity

Stated Capital	11,138	11,138	11,138	11,138	11,138
Retained Earnings	1,891,641	2,260,927	2,076,031	1,869,607	1,626,379
Total Equity	1,902,778	2,272,064	2,087,169	1,880,744	1,637,517

Assets Employed

Non Current Assets	1,086,478	1,993,471	1,814,656	793,134	618,235
Current Assets	1,021,355	356,076	566,742	1,126,707	1,057,722
Non Current Liabilities	(15,302)	(38,524)	(22,059)	(1,088)	(792)
Current Liabilities	(189,752)	(38,960)	(272,271)	(38,009)	(37,648)
Capital Employed	1,902,778	2,272,064	2,087,168	1,880,744	1,637,517

On 28th January 2019, the company acquired 100% stake in Lexinton Holdings (Private) Limited.

Ratio Analysis

	2020/2021	2019/2020
Earnings/(Loss) per share (LKR)	(240.16)	145.25
Net Assets per share (LKR)	1,494.89	1,785.01
Dividend per ordinary share (LKR)	50	NIL
Dividend pay out ratio	(0.21)	NIL
Currant Assets ratio	5.38	9.14

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 Colombo City Holdings PLC has decided to hold the Annual General Meeting (AGM) as a Virtual Meeting on Wednesday, 29 September 2021 at 9.30 a.m. in line with the guidelines issued by the Colombo Stock Exchange (CSE) for hosting of virtual AGMs.

Hence, Notice is hereby given that the 108th Annual General Meeting of the Company will be held by way of electronic means on Wednesday, 29 September 2021 at 9.30 a.m. 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 elect Dr. K S Narangoda, Director appointed since the last Annual General Meeting in terms of Article No. 24 (ii) of the Articles of Association (Resolution 2).
3. To re-appoint Mr. N M Prakash, Director who retires by rotation in terms of Article No. 24 (vi) of the Articles of Association (Resolution 3).
4. 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 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. A G Weerasinghe, who has reached the age of 79 years prior to the Annual General Meeting and that he shall accordingly be re-appointed.”
5. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. A W Atukorala who has reached the age of 72 years (Resolution 5).

“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 W Atukorala, who has reached the age of 72 years prior to the Annual General Meeting and that he shall accordingly be re-appointed.”
6. Mr. R N Asirwatham who is over 70 years of age does not offer himself for re-appointment, and has notified his intention of stepping down from the Board in terms of section 210 of the Companies Act No. 7 of 2007.
7. To re-appoint M/s. Ernst & Young, Chartered Accountants, the retiring auditors and to authorize the Directors to determine their remuneration (Resolution 6).
8. To authorise the Directors to determine donations for the year 2021/2022 (Resolution 7).

By Order of the Board

Sgd.
Nexia Corporate Consultants (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

holder of NIC No. of

..... being a Shareholder/Shareholders of

Colombo City Holdings PLC, do hereby appoint

holder of NIC No. of or failing him/her

Mr. A. G. Weerasinghe or failing him
 Mr. R. N. Asirwatham or failing him
 Mr. R. P. Sugathadasa or failing him
 Mr. N. M. Prakash or failing him
 Mr. A. W. Atukorala or failing him
 Mr. C. S. Devasurendra or failing him
 Dr. K. S. Narangoda

as *my/our proxy to represent me/us and to speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 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	<input type="checkbox"/>	<input type="checkbox"/>
2. To elect Dr. K. S. Narangoda	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-appoint Mr. N. M. Prakash	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Mr. A. G. Weerasinghe	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Mr. A. W. Atukorala	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-appoint auditors	<input type="checkbox"/>	<input type="checkbox"/>
7. To authorize Directors to make donations	<input type="checkbox"/>	<input type="checkbox"/>

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

Form of proxy

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 cchagm2021@colombocityholdings.com by 9.30 a.m. on Monday, 27 September 2021.

CORPORATE INFORMATION

Name of Company	- Colombo City Holdings PLC
Registered Office	- No. 10, 5th Floor Gothami Road Colombo 8 Tele: 011 5700700 or 011 5960000
Legal Form	- A Public Quoted Company with limited liability incorporated on 04 April 1913, re-registered under the Companies Act No. 07 of 2007 on 13 August 2007.
Company Registration No.	- PQ 71
Directors	- 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
Secretaries	- Nexia Corporate Consultants (Private) Limited 181, Nawala Road Narahenpita, Sri Lanka Tele: 011-4510709
Registrars	- S S P Corporate Services (Private) Limited 101, Inner Flower Road Colombo 3, Sri Lanka Tele: 011-2573894
Auditors	- Ernst & Young Chartered Accountants 201, De Saram Place Colombo 10 Tele: 011-2463500
Bankers	- National Development Bank Pan Asia Banking Corporation PLC Seylan Bank PLC Standard Chartered Bank

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Colombo City Holdings PLC

No. 10, 5th Floor, Gothami Road, Colombo 8