

HARNESSING
AMBITIONS

About this Report



We welcome you to the Annual Report of Ambeon Holdings PLC

This 2022/23 Annual Report presents a comprehensive review of Ambeon Holdings PLC, and its subsidiaries. This report details quantitative and qualitative information to provide an insightful overview of varied operational and business aspects of the Group.

Purpose

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

Scope & Boundary

This Report presents the performance of the Group's operations, non-financial and operational information. The Group follows an Annual Reporting cycle and our previous performance for the financial year ending 31 March 2022 was covered in the 2021/22 Annual Report.

The financial statements included in this Annual Report have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs/LKASs) and have been duly audited by the external auditors of the Group. Information detailed in the Annual Report adheres to the framework stipulated by the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange (CSE). Corporate Governance related disclosures presented in this report complies fully with the Code of Best Practice on Corporate Governance (2017) issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

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

Assurance

Messrs. Ernst & Young, Chartered Accountants have provided assurance on the financial statements (refer pages 41 to 43).

Board Responsibility Statement

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

Forward Looking Statements

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

Feedback on the Report

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

Print Available on request



Online Available as PDF



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Vision

Re-Engineering Success

Mission

To take the leap that transforms
latent opportunities

Values

• Moving First

Catalyzing opportunities through readiness

• Channeling Teamwork

Harnessing the collective strength of our
diverse minds

• Actioning Results

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

• Seeing Beyond

Constantly challenging ourselves to look
beyond

• Inspiring Each Other

Encouraging each other's success

ABOUT US

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

Financial Services Cluster



Taprobane Capital Plus (Pvt) Ltd

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

Manufacturing Cluster



Dankotuwa Porcelain PLC

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



Royal Fernwood Porcelain Limited

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

Technology Cluster



MillenniumIT ESP (Pvt) Ltd

MillenniumIT ESP, in its 27-year journey, has strengthened its hold in the IT sector through its delivery of successful innovations and projects in various industries. MillenniumIT ESP, a complete Enterprise Solutions Provider, offers technology solutions and services around Core Infrastructure, Cloud, Cyber Security, Enterprise Applications, Intelligent Automation and Data, Smart Buildings, and Managed Services. The company has a strong presence across a variety of industry sectors including Telecommunications and Media, Banking and Financial Services, Manufacturing and Retail, Government, and Commercial Sector which focuses on Healthcare, Transportation, Hospitality, IT and BPO Companies, and other Conglomerates. Currently, the company is on a growth drive with plans to expand its footprint globally across all sectors, with new regional offices in Singapore and Bangladesh.

Real Estate Cluster

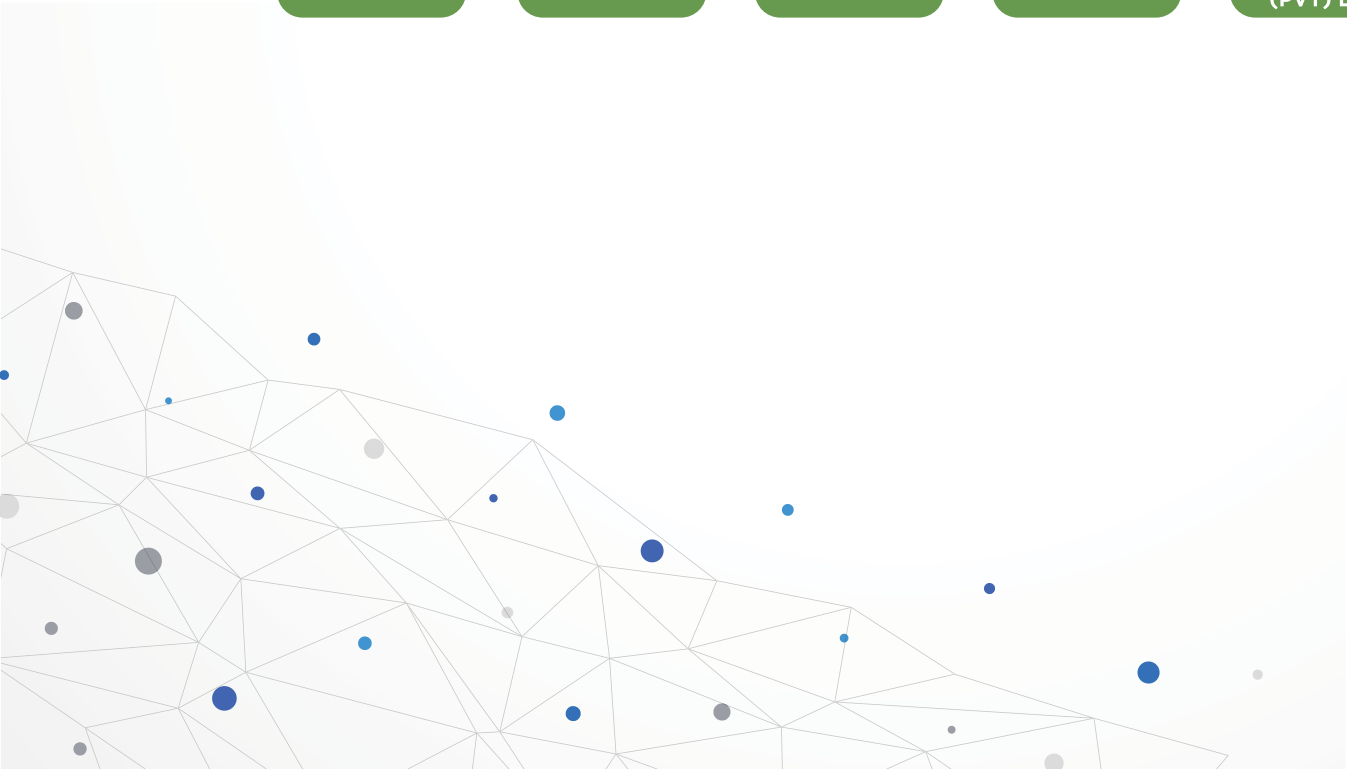
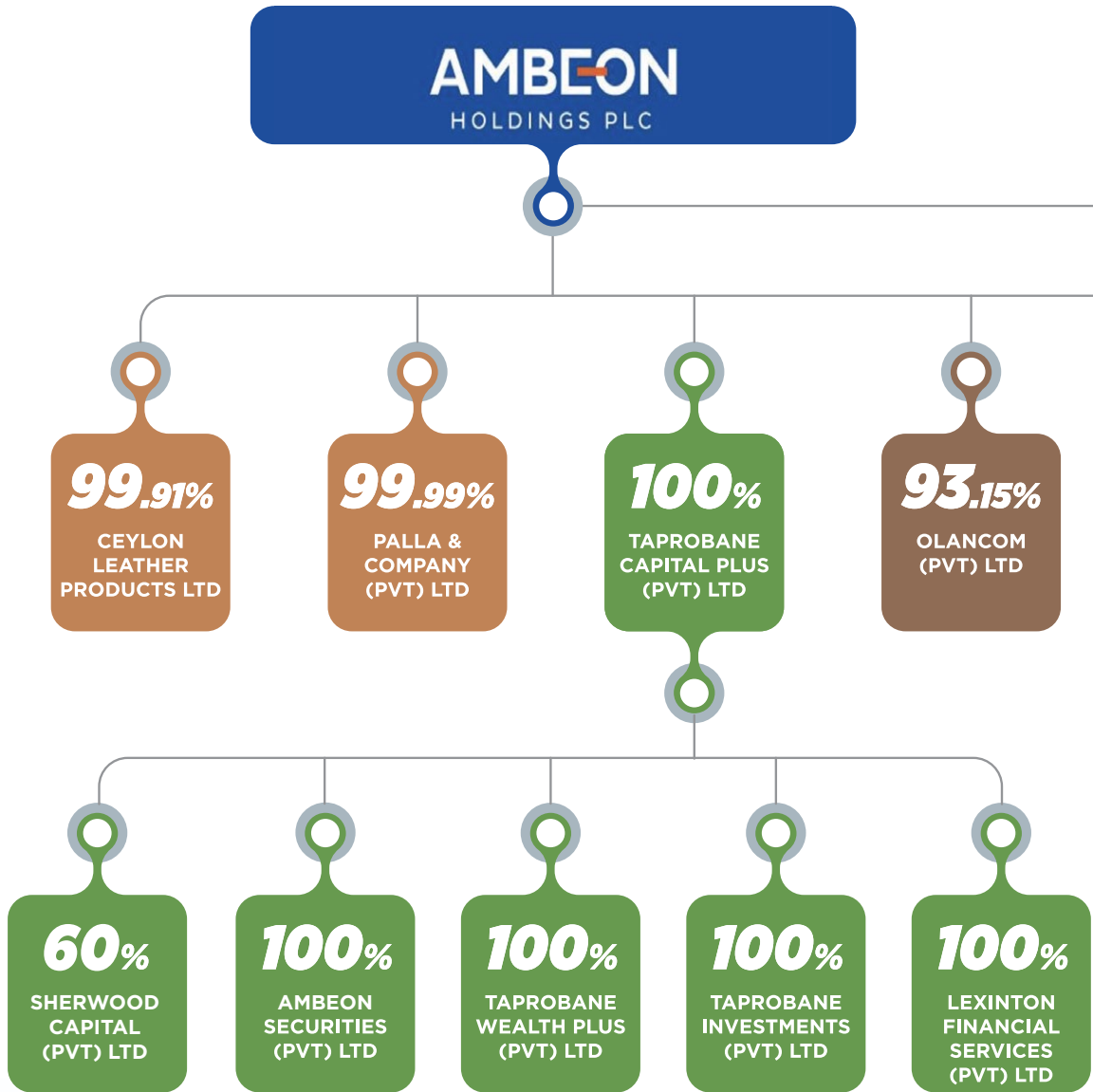


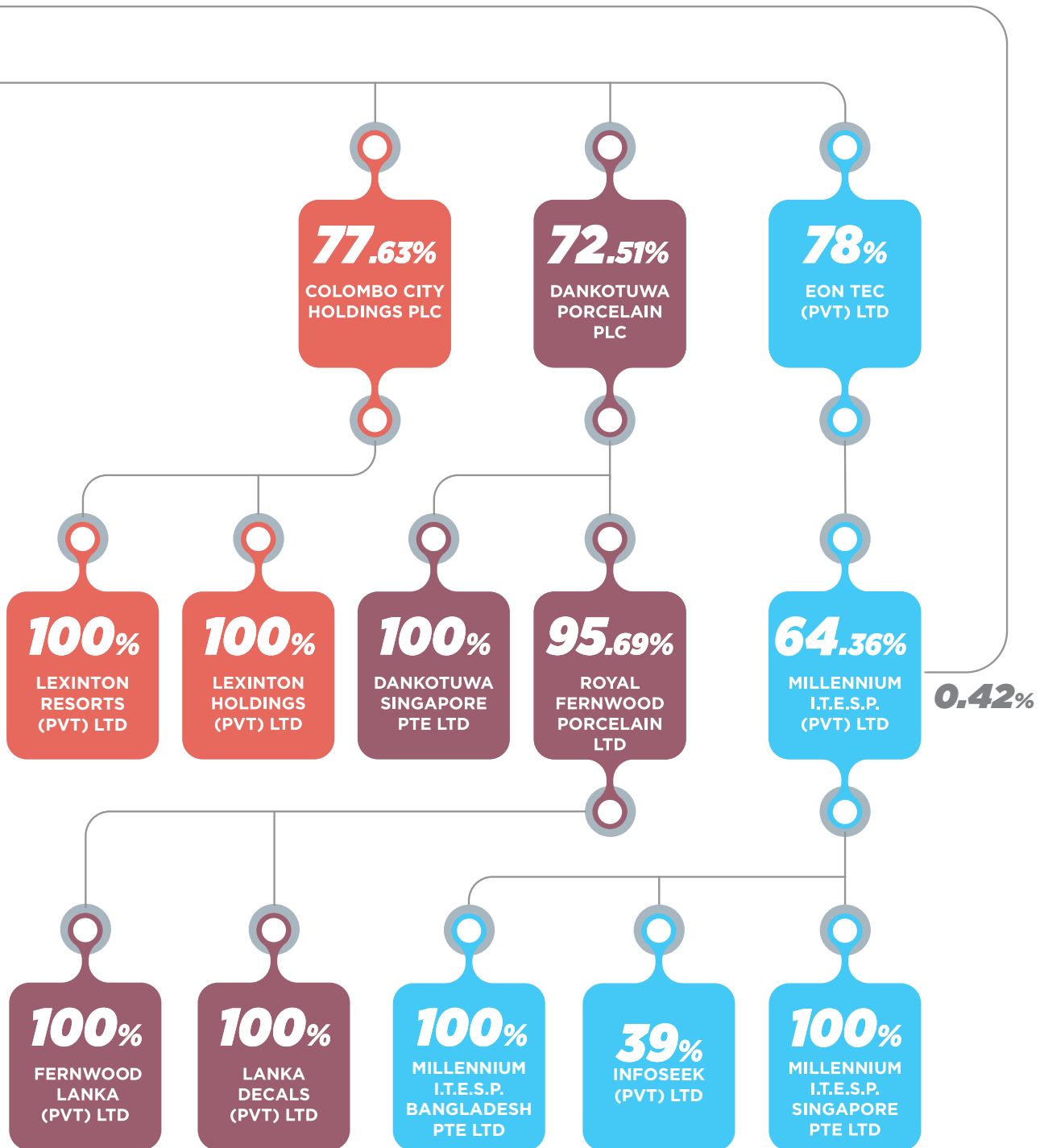
Colombo City Holdings PLC

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

PERFORMANCE HIGHLIGHTS

	2022/23	2021/22	Change
	LKR	LKR	%
Financial Performance (Continuing Operations)			
Revenue	20,697,862,597	14,155,889,834	46%
Gross Profit	5,766,247,061	3,896,239,061	48%
Operating Profit/(Loss)	2,828,444,795	1,380,416,829	105%
Profit/(Loss) before Tax	2,216,183,710	1,271,375,121	74%
Profit After Tax	1,645,169,577	935,516,598	76%
Profit After Tax - Including Discontinued Operations	1,645,169,577	2,519,124,876	-35%
Interest Cover	2.98	4.98	-40%
Return on Equity	14.45%	23.71%	-39%
Return on Capital Employed	19.70%	10.80%	82%
Financial Position			
Total Assets	26,406,250,685	22,892,405,607	15%
Total Debts	5,519,223,611	4,103,238,789	35%
Total Equity	11,384,023,428	10,623,355,507	7%
No of shares in Issue	356,869,666	356,869,666	0%
Net Assets per Share	24.93	24.99	0%
Gearing Ratio	32.65%	27.86%	17%
Debt/Total Assets	20.90%	17.92%	17%
Current Ratio	1.46	1.54	-5%
Quick Asset Ratio	1.20	1.26	-4%
Market Price per Share	35.0	38.80	-10%
Market Capitalisation	12,490,438,310	13,846,543,041	-10%





Chairman's Message



Dear Shareholders,

During the year 2022, the entire nation encountered immense uncertainties within the macroeconomic environment. This transformed the way we as a Group approached and managed businesses. The situation required us to be more agile and change our strategies in order to adopt to relevant market dynamics.

I am pleased to present to you the Annual Report and Audited Financial Statements of Ambeon Holdings PLC for the financial year 2022/23. Further, I am pleased to announce that despite the challenges in the Financial Year ending 31st March 2023, we were able to be profitable for Ambeon Holdings and its subsidiaries.

Economic, political and social divergence

The nation's economic stability came under significant pressure as it struggled with defaulted debt payments and unsustainable debt structures, with currency depreciation the inability to service debt and eventually debt defaults. The nation's foreign reserves sunk to depressing levels which resulted in an unprecedented turmoil across the economy. With foreign remittances dwindling, tourism contracting to low levels and a slow uptick in export earnings became unfavourable for the country's foreign reserves.

Towards the latter part of 2022, the trade deficit contracted with lower merchandise import expenditure but was met with declining merchandise export earnings. The foreign currency appreciation boded well with export companies while high-interest income against higher interest expenses continued throughout the year.

Confidence amidst turmoil

Ambeon Holdings as a Group and a Company had to face some critical challenges. Having taken several pragmatic decisions in the previous two years, we commenced the financial year with a lean and balanced portfolio. By the end of the financial year, Group consolidated profit after tax was reported as LKR 1,668 Mn. Group revenue stood at LKR 20,707 Mn, which is a 46.3 % growth compared to last year. Ambeon Holdings as a standalone company generated a net profit of LKR 514 Mn.

Despite expansions and investments within the technology and real-estate clusters, the overall mood was on restraining capital-intensive projects. Ambeon Holdings, as a Company, has a low gearing ratio - a result of prudent forecasting of interest rates and a disciplined approach to reducing dependence on borrowing. We have disbursed a dividend of LKR 1,070 Mn to our shareholders – distributing value from our gains.

Investments in human capital

Skill migration became a serious concern as the country's youth searched for better prospects across borders. In 2022,

amidst this backdrop, we provided employees with timely remuneration and financial incentives without retrenchments. Similarly, our subsidiaries made commitments to ensure that employees received necessary reinforcements. The porcelain cluster made special provisions for staff with special needs, while the technology, financial and real-estate clusters provided their respective employees with timely remuneration and additional incentives. Training programs were carried out with increasing momentum since physical restrictions similar to that during the pandemic were relaxed.

Corporate Governance and compliance

As a listed entity, Ambeon Holdings PLC upheld its obligations to the various regulatory bodies in Sri Lanka. As a Group and as a Company, we ensured compliance with all applicable governance regulations and legal obligations in maintaining transparency and integrity of transactions and management conduct. By committing to our internal governance and risk management frameworks and the Code of Best Practice on Corporate Governance 2017, we have ensured full compliance. For a more detailed discussion of our compliance and governance mechanisms, please refer the Corporate Governance section on pages 22 to 28 of this Report.

Future Direction

The past year's economic turbulence was expediently addressed with prudent decisions and strategic transformation executed in the best interest of the Group and subsidiaries. We will continue to maintain the same forward-thinking approach with necessary constraints in making significant investments. Nevertheless, as the past year proved, we will adopt calculated changes, especially those with the potential to reap future rewards.

At the time of penning this message, interest rates reduced. The IMF bailout package becoming a reprieve for the local economy, we anticipate better days in terms of economic relief. We expect a further decrease in interest rates and prices of goods and services to reduce in the coming months. Rupee appreciation might bode

unfavourably for our foreign currency-earning subsidiaries, but we anticipate offsets in the form of reduced operational expenditure mainly from reductions in interest and finance expenses.

Acknowledgement

It has been a tough Financial Year with the need for strategic reinforcements from the Board of Directors and the Executive Leadership. I appreciate the work of my colleagues on the Board and for sharing their insights, good business judgement and overall support. I thank the Senior Management and all employees of Ambeon Holdings PLC for being champions of the Ambeon values and melding their strengths in overcoming an uncertain environment.

I convey my appreciation to all the Heads of our Business Subsidiaries for working with proactive thinking and accountability to ensure that Group expectations and stakeholder requirements were met. I must also thank our valuable shareholders for being part of the Ambeon Group and for placing your trust in our ability to create sustainable value.

Sgd.

Sanjeev Gardiner

Chairman

28 August 2023

Executive Director's Review



Dear Stakeholders,

As we navigated against the tide during the financial year of 2022/23, combining our cumulative strengths in order to create a balanced business portfolio that ensures shareholder wealth, I must state that we completed the year on a positive with resilience, facing what was considered one of the toughest in the recent past. At the end of the financial year, we gained a steady top line ensuring that the Group achieved profitability. Hence, it is with immense pleasure that I present the Annual Report and Audited Financial Statements of Ambeon Holdings PLC for the Financial Year 2022/23.

Challenging Business Environment

The reflection of the past year created a depiction of unprecedented disruptions. As prospects for national economic prosperity stalled, socioeconomic progress made in previous years regressed drastically. What commenced with a slew of untimely policy decisions coupled with pandemic-induced disruptions manifested in reduced government revenue and widening of trade deficits. As the country defaulted on its external debt payments in April 2022, the negative credit ratings made it challenging to secure international funding. This coupled with low foreign revenue and external debt servicing caused the country's foreign reserves to deplete, while inflation surged to its highest in September 2022.

A Resilient Performance

As a diversified conglomerate, we faced these unprecedented complexities and ambiguities with resilience and confidence. Our subsidiaries also focused on tackling similar adversities while balancing business performances and stakeholder expectations. Consequently, for the year under review, the Group earned a consolidated profit of LKR 1,645 Mn; and as a company, we surpassed previous expectations by posting a net profit of LKR 498 Mn for the said financial year.

The Group's growth in revenue increased by 46%, achieving a total of LKR 20,697 Mn compared to the LKR 14,155 Mn gained during the previous year. This was a direct result of increased revenue achieved by our two main clusters - technology and porcelain manufacturing. It must be noted that the discontinuation of South Asia Textiles in FY 2021/22 helped shed debts and stabilise the Group's business portfolio enabling us to focus on profitable segments. Moreover, Sherwood Capital (an organisation that deals in government securities), which was formerly a direct subsidiary of the parent company Ambeon Capital PLC, was positioned under Taprobane Capital Plus, which is a direct subsidiary of Ambeon Holdings, giving the Group the much-needed balance in business portfolio management.

I am pleased to state that from the perspective of Ambeon Holdings as a company, our debt burdens decreased to a commendable low, ensuring sound financial health during the financial year under review. As such, I am also pleased to announce that we declared a dividend payment of LKR 1,070 Mn after a pause of several years. This is testament to the fact that we take great pride and satisfaction in being able to share our financial success with all our shareholders, especially at a time when macroeconomic deterrents were at their worst.

Combined Efforts

During the financial year under review, all four of our business clusters and respective subsidiaries weathered inflation, high-interest expenses, energy shortages and various other disruptions - all of which posed considerable pressure on their operational and financial performance. However, due to strong decision-making and diligent work, all our main subsidiaries delivered better-than-anticipated results.

Technology

MillenniumIT ESP, which represents our technology cluster, executed a year of well-rounded business initiatives with a holistic focus on stakeholder expectations. In a strategic move towards global expansions, the company established operations in Bangladesh as MillenniumIT ESP Bangladesh. This was subsequent to the company's inaugural cross-border entry into Singapore. Moreover, setting its footprint in the Middle Eastern region, MillenniumIT ESP formed a new partnership with the Sultanate of Oman to power projects towards Oman's Vision 2040 of digital transformation.

Financially, the company had a progressive year, with revenue surpassing LKR 13,847 Mn, marking a nearly 50% increase from LKR 9,255 Mn reported in the previous financial year. Net profit soared to LKR 470 Mn, surpassing the profit after tax of LKR 259 Mn recorded in 2021/22. Although Millennium IT ESP enjoyed a dollar revenue increase, the company incurred significant direct costs due to the sizeable rupee depreciation against several foreign currencies.

Manufacturing

The manufacturing cluster fared well compared to the previous financial year. Cluster subsidiary, the Dankotuwa Group, which consists of Dankotuwa Porcelain PLC and its subsidiary Royal Fernwood Porcelain Limited, marked a top line of LKR 5,913 Mn. Both companies recorded gains from

increased national sales and enhanced rupee earnings from exports. Revenue for the FY 2022/23 surpassed the previous year's gains by 57%.

As a company, Dankotuwa Porcelain PLC achieved a net profit increase of 47% to LKR 622 Mn at the end of 2022/23 from LKR 422 recorded in the previous year. Royal Fernwood Porcelain Limited made a commendable turnaround in its bottom line from the previous year's losses, marking LKR 200 Mn in net profit after a top-line growth of 80% to LKR 2,558 Mn in the year under review.

The cluster adopted calculated approaches to capital expenditures, making only necessary investments to improve production capabilities. The Group focused on expanding business within the Indian subcontinent and Dubai while partially rerouting focus from markets impacted by the global recession.

The cluster also focused on research and development, pursuing partnerships to enhance tableware designs and adopt international trends. In addition, Dankotuwa Porcelain PLC introduced several non-tableware innovations focused on carving a stronger position within the giftware market. Across the year, the Dankotuwa Group faced challenges from surges in material costs, energy and other operational expenditures due to rising import prices and local inflation. In addition to their satisfactory operational conduct, both Dankotuwa Porcelain and Royal Fernwood adopted an accelerated focus on environmental and social sustainability.

Financial Services

Representing our financial services cluster Taprobane Capital Plus which consists of Ambeon Securities (Pvt) Ltd., Taprobane Investments (Pvt) Ltd., and Sherwood Capital (Pvt) Ltd operated resiliently earning a revenue of LKR 303 Mn. For the year under review, the group recorded a

decelerated net profit, which amounted to LKR 85 Mn.

Ambeon Securities, which deals in stock broking, remained profitable despite the struggles of the Colombo stock market in 2022 which was due to macro-economic uncertainties including the high returns on fixed-income securities. As an authorised money broker, Taprobane Investments also weathered the negative dynamics throughout the year, witnessing market improvements much later in early 2023. Sherwood Capital, which joined the cluster in 2022, achieved a profit of LKR 60.9 Mn after delivering revenue of LKR 242.5 Mn.

Colombo City Holdings PLC

Colombo City Holdings (CCH) performed satisfactorily, marking a 164% increase in net profit in FY 2022/23. Net profit amounted to LKR 86, surpassing the profit after tax of LKR 32.6 Mn secured in the previous financial year. Across the year, the company took measures to maintain a diversified investment portfolio and position itself as a group with diversified business interests. Moreover, CCH invested LKR 575 Mn in an 8-acre beach-front property in Kosgoda with strategic interests in mind.

An Optimistic but Cautious Focus

Within this volatile but progressive business environment, we continue to remain optimistic and cautious of any turn of events, which may impact our businesses while the country continues to navigate through economic challenges towards sustainable progress. Amidst this backdrop with the objective of increasing shareholder wealth, we will continue to monitor both opportunities and challenges before expediting prospective investments to elicit better rewards and justify costs.

At the time of compiling this report, Ambeon Holdings PLC disposed 50.1 per cent of its shares held in Dankotuwa Porcelain PLC and 99.5% of shares held in Ceylon Leather Products Limited.

Sincere Appreciation

The commendable financial outcome achieved by Ambeon Holdings was the result of prudent decision-making by the respective boards and senior management teams across the Group. I convey my deep appreciation to the Chairman and Board of Directors of Ambeon Holdings for continued support and direction. I extend my sincere appreciation to the respective Boards

of Directors and CEOs, corporate management, and staff of our subsidiaries for pursuing growth amidst the chaos.

I commend all employees of Ambeon Holdings for their team efforts, positive attitude, dedication and professionalism shown during the toughest macroeconomic conditions we have witnessed in decades. Your resilience and commitment enabled us to wade through the year successfully.

I also convey my sincere gratitude to our partners, especially financial partners for continuing to support Ambeon Holdings even during trying times. A special note of gratitude is extended to all our shareholders. It is your support and trust in our ability that continues to enable the generation and distribution of economic value.

Sgd.

Sajeeva Narangoda (Dr)

Executive Director

28 August 2023

Board of Directors



Mr. Sanjeev Gardiner

Chairman/Non-Executive Director

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

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



Mr. Ajith Devasurendra

Deputy Chairman/Non-Executive Director

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

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



Mr. Ranil Pathirana

Non-Executive Director

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

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

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



Mr. A. G. Weerasinghe

Independent Non-Executive Director

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

Mr. Weerasinghe was a former Deputy General Manager Corporate Banking at Bank of Ceylon. He has served as Country Manager of Bank of Ceylon, London & Deputy General Manager International at Seylan Bank. He was also a former President of Sri Lanka FOREX Association.



Mr. Mangala Boyagoda

Independent Non-Executive Director

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

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

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



Dr. Sajeeva Narangoda

Executive Director

Dr. Sajeeva Narangoda is currently the Executive Director of Ambeon Holdings PLC. In addition, Dr. Narangoda serves on the respective Boards of Millennium IT ESP, Eon Tec (Pvt) Ltd, Dankotuwa Porcelain PLC., Royal Fernwood Porcelain Limited, Taprobane Capital Plus (Pvt) Ltd, Colombo City Holdings PLC and Sherwood Capital (Pvt) Ltd as a non-Executive Director.

His illustrious career includes serving Colombo City Holdings PLC as its Executive Director/Chief Executive Officer, Dankotuwa Porcelain PLC as its Chief Executive Officer, Millennium IT ESP as Executive Director, Browns Hospitals Limited (currently known as Melsta Hospitals) as Director/Chief Executive Officer and Hemas Hospitals as the Chief Operating Officer.

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

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



Mr. Revantha Devasurendra

Alternate Director to Mr. Ajith Devasurendra

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

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

HEADS OF BUSINESS SUBSIDIARIES



Mr Channa Gunawardana

Chief Executive Officer
Dankotuwa Porcelain PLC and
Royal Fernwood Porcelain Limited



Mr Shevan Goonetilleke

Director/Chief Executive Officer
MillenniumIT ESP (Pvt) Ltd



Mr Somadasa Palihawadana

Director/Chief Executive Officer
Sherwood Capital (Pvt) Ltd



Mr Charith Kamaladasa

Director/Chief Executive Officer
Ambeon Securities (Pvt) Ltd



Mr Lashika Weerasinghe

Director/Chief Executive Officer
Taprobane Investments (Pvt) Ltd

Management Discussion and Analysis

– External Operating Environment

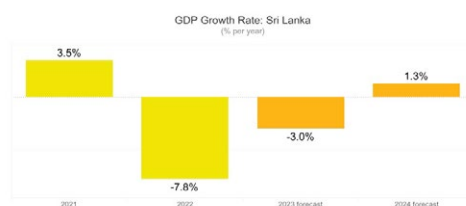
The macroeconomic challenges reported in the previous financial year amplified in the year under review. Although there were signs of improvement in export revenue and tourism arrivals, many other aspects showed meagre signs of recovery. Inflation became a norm across 2022 as we were part of a globally surging cost of living. On top of all the turmoil, Sri Lanka underwent an unprecedented economic catastrophe. The following presentation of facts and figures provides a clear understanding of the performance of the financial year 2022/23 and the early months of 2023.

The global economy

The global economy, which rebounded strongly from the COVID-19 pandemic in 2021, is now growing at its slowest pace since the 1970s. In 2022, world economic growth reached 2.9%, influenced by the lingering effects of the pandemic and the Ukraine war. Developed economies implemented aggressive disinflationary monetary policies, raising concerns about a deeper economic slowdown. Projections indicate that global growth in 2023 will reduce to 1.7%, the third-weakest pace in three decades. Smaller countries heavily reliant on external trade and financing, with limited revenue diversification, elevated debt, and susceptibility to natural disasters, face increased vulnerability to external shocks.

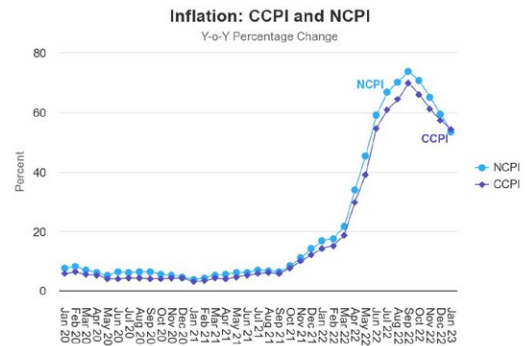
The local economy

Twin deficits marred the economy with substantial socio-economic impacts. The external current account and budget deficits deepened the chasm between the country's requirements and what it can afford. Diminished tax revenue, receded tourism and workers' remittances, slow-paced export revenue receipts, significant import expenditure, and massive government



Source: Asian Development Bank, Asian Development Outlook 2023 (April 2023)

spending negatively impacted the economic trajectory. For the first time in history, Sri Lanka defaulted on its sovereign debt repayments in April 2022 –



Source: Source: Central Bank of Sri Lanka (<https://www.cbsl.gov.lk/rates-and-indicators/exchange-rates/usd-lkr-Indicative-rate-chart>)

Indicators of macroeconomic developments

Based on the Department of Census and Statistics (DCS), real GDP growth contracted by 7.8 per cent compared to the growth of 3.5 per cent in 2021. All economic activity showed contractions, reflecting the impact of the crisis.

Sri Lanka experienced decade-high inflation, which surged since early 2022 as NCPI-based headline inflation peaked at 73.7 per cent in September 2022. However, by March 2023, disinflation demonstrated lower headline inflation as commodity prices gradually shifted downward.

Despite the lacklustre performance of the external sector, merchandise exports crossed USD 1 Bn in March–April 2022, alongside a declining year-on-year import expenditure by April 2022. Consequently, the trade balance also contracted with subdued tourism sector performance and workers' remittances.

Future context

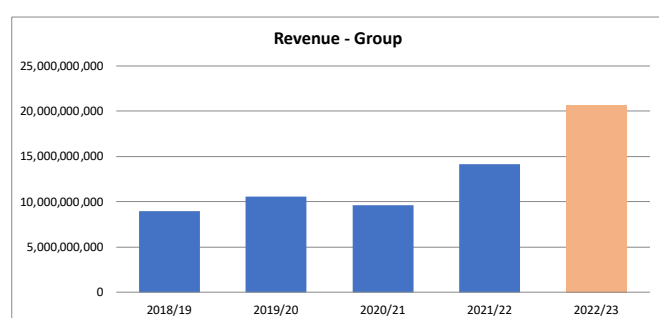
From a broader perspective, we expect that relevant authorities and the Government will make timely strategies to address structural impediments – ensuring long-term stability. Furthermore, the combined effects of tightened monetary policy, utility price reforms, fuel rationing and higher taxation have contributed to some extent of economic stability.

With disinflation setting in, we anticipate prices of goods and services to decelerate and reflect positively on operating profit. In addition, cuts in interest rates at the time of compiling this report show a favourable shift towards reducing finance costs. We hope that 2023 will elevate prospects for financial and non-financial investments as Sri Lanka's economic landscape improves.

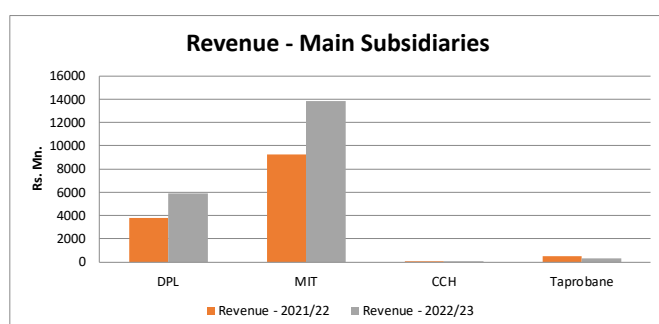
Management Discussion and Analysis - Group Performance Overview

Revenue

The Group successfully navigated the fiscal year by implementing a pragmatic business management strategy and adopting a tactical approach to cost reduction. These measures resulted in a robust financial performance, ensuring the company's stability and fiscal health throughout the year.

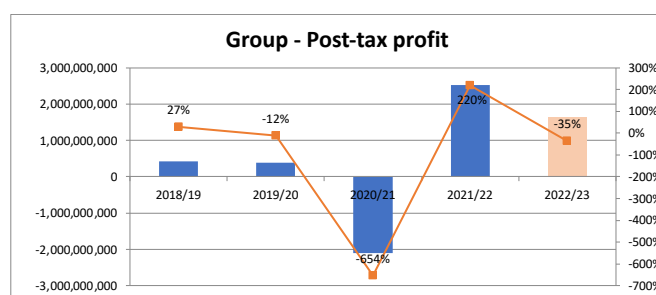


The Group's growth in revenue increased by 46.3%, achieving a total of LKR 20,697 Mn compared to the LKR 14,155 Mn gained during the previous year. This was a direct result of the increased revenue achieved by our two main clusters - technology and porcelain manufacturing, while Ambeon as a standalone company recorded a revenue of LKR 881 Mn for FY 2022/23 as opposed to LKR 850 Mn last financial year.



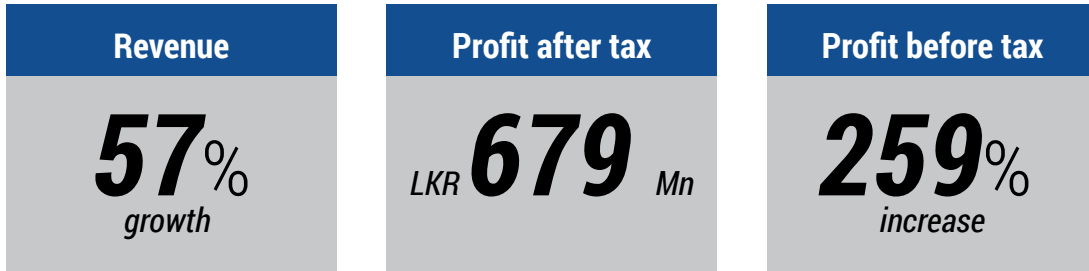
Profitability

For the financial year under review, the Group's profit after tax from continuing operations rose 76% to LKR 1,645 Mn from LKR 935 Mn reported the year before, while operating profit surged by 95% to LKR 2,679 Mn from LKR 1,376 Mn recorded in the previous year.



MANUFACTURING CLUSTER

DANKOTUWA PORCELAIN PLC AND ROYAL FERNWOOD PORCELAIN LIMITED



Background

Dankotuwa Porcelain PLC and Royal Fernwood Ltd hold a legacy of over 40 years as large-scale manufacturers and exporters of porcelain tableware and giftware. As one of Sri Lanka's leading porcelain tableware manufacturers, Dankotuwa Porcelain PLC has earned a reputation for high quality, pristine whiteware and decorated tableware crafted with timeless designs.

Royal Fernwood Ltd., a direct subsidiary of Dankotuwa Porcelain PLC, is known widely for its more vibrantly coloured tableware, as they produce with young consumers in mind. Both companies have a well-guarded reputation for crafting exclusive products for some of the world's renowned high-end retailers and lifestyle brands. The companies operate through two dedicated production facilities located at Dankotuwa and Kosgama, with a combined staff of over 1,500.

As two award-winning exporters and manufacturers with international accreditations, the companies have stayed true to globally accepted quality, safety and durability standards. The companies cater to retail and institutional clientele within Sri Lanka and exports products to retailers, corporates and hospitality clientele across the Middle East, Australia and New Zealand, Europe, North and South America, and South and East Asia. We are pleased to observe that India is emerging as a major importer of Dankotuwa.

Together, the Group caters to a retail brand portfolio, which includes Macy's, Portmerion, Dansk, Caskata, Oneida, NEXT, Jashanmal, Crate & Barrel, Country Road, NotNeutral, VEGA, Porsgrund, Paul, Migros, Narumi, Berghoff, Yalco, Weissstal, Silsal Design House, Wallace & Co, Kashida, Manses Design and Nordic Nest.

External environment

According to the Sri Lanka Export Development Board statistics, the ceramic and porcelain segment-oriented export market increased its export performance during 2022 while recording an overall export value of USD 13.4 Mn for 2023, at the time of compiling this report. The sector's contribution to the broader merchandise export market stood at 0.3% in 2022.

Management approach

Due to the global economic downturn, the local economic crisis and inflation, Dankotuwa Porcelain PLC and Royal Fernwood Porcelain Ltd encountered several challenges from export and domestic markets. Both companies ensured a healthy top-line performance by adopting prudent pricing strategies for local and export markets, timely interventions to expand local sales channels and improve local sales revenue. The companies also adopted cost controls and supplier rationalisation based on pricing and

quality. From a national sales perspective, all the local sales segments fared well compared to the previous year. The Group pursued its operational and financial expectations amidst rising expenditures, especially in fuel, gas and raw materials; therefore, rationalising suppliers based on cost became critical throughout the year, alongside prudent expenditure controls.

Both companies benefitted from the significant rupee depreciation, which increased the rupee value of export earnings; Moreover, the favourable local and export turnover helped counter rising costs for both companies. Dankotuwa Porcelain PLC made a timely decision to pursue business in its Indian and Middle Eastern markets as the global economic crisis and the rising cost of living became concerns for prospects in American and European regions.

Royal Fernwood Porcelain Limited focused on its export business, as client markets remained economically attractive, despite global economic scenarios. The company mostly catered to the North American region, with the USA becoming its top international market in the year under review.

Aligning with specific consumer requirements and mass market needs, both companies experimented with bold colours and textures: they designed and produced product ranges based on various patterns while delivering high-quality tableware for their discerning clientele. To attract a higher base of retail consumers, the two brands pursued seasonal promotions, which became ideal amidst a ban on similar imported products.

Human capital development

In recent years, Dankotuwa Porcelain PLC has achieved tremendous feats in employee development. The company works with the conviction that employee growth and welfare are at the heart of its success as the leader in porcelain tableware in Sri Lanka. Rewarding employee contributions is a way of life at Dankotuwa Porcelain PLC; with employees crafting each aspect of every porcelain product, their hard work helps sustain the world-class quality and credibility the brand has earned across the past.

Across the year, the company group in employee development with numerous well-structured programs. Training programs covered staff at both production facilities and included programs on workplace safety, leadership development, manufacturing practices and professional development.

Recognition from Great Place to Work Sri Lanka proves the effectiveness of its human resource management strategies. For the second consecutive year, Dankotuwa Porcelain PLC secured recognition as a 'Great Place to Work in Sri Lanka' in the manufacturing and production sector. Royal Fernwood Porcelain Limited also received the same recognition for the year 2023.

Corporate stewardship

Across decades, Dankotuwa Porcelain PLC has contributed to uplifting lives within its immediate community. From employment opportunities to caring for the less privileged, the company has consciously and unconsciously impacted persons within the community. During the year, the company made several contributions, providing momentary relief to many during these

troubled economic times. The company undertook meal arrangements for selected establishments apart from various donations offered to low-income earners as well as medical donations.

Financial performance

The Group performed considerably well amidst the country's macroeconomic climate, which deteriorated continuously. Profit before tax (PBT) amounted to LKR 869, which increased by 313% from the previous year. Turnover amounted to LKR 5.9 Bn - a result of higher export and local revenue during the period under review. Profit after tax of the Group amounted to LKR 679 Mn - an increase of LKR 489 Mn from the previous financial year.

Dankotuwa Porcelain PLC, as a stand-alone company, secured a post-tax profit of LKR 622 Mn, which increased by 47% compared to the previous year. The profit growth resulted from a higher profit before tax of LKR 896 Mn, which has a commendable increase compared to the PBT of LKR 491 Mn in 2021/22. The higher bottom line resulted from increased turnover despite a higher cost of goods sold. The company's total turnover stood at LKR 3.4 Bn for 2022/23 against LKR 2.4 Bn reported in the year before. Export turnover increased alongside growth in national sales, which helped offset the administration and distribution costs and higher finance costs for the year; furthermore, the rupee depreciation also worked favourably for export revenue, as it increased the rupee value of gains.

Higher national sales resulted from a considerable increase in revenue gathered through dealers, followed by B2B sales and special sales, showrooms, and e-commerce businesses. Revenue from the dealer channel increased to LKR 757 Mn, while other channels brought in total revenue worth LKR 996 Mn for Dankotuwa Porcelain PLC.

Royal Fernwood recorded an overall revenue of LKR 2.6 Bn compared to LKR 1.4 Bn from the previous year - marking an 80% increase between the two financial years. Export revenue amounted to LKR 1.5 Bn marking a 75% growth while surpassing earnings from national sales operations during the year under review. The total value of exports in dollar terms stood at USD 4.4 Mn, of which, the US market fetched USD 2.3 Mn. On national sales, the dealer network delivered LKR 576 Mn. in revenue, followed by LKR 241 Mn from the B2B sales and another LKR 178 Mn from special business, showrooms and modern trade channels.

Future context

Dankotuwa Porcelain PLC will continue to pursue a prudent mix of national channel growth while pursuing new international clients in prospective markets such as India, the Middle East and Scandinavia. The Group's collective product portfolio and manufacturing capabilities will remain strongholds as it continues to research and develop new tableware designs based on niche and mass-market consumer tastes. Furthermore, we are confident in the Group's capabilities to scale regional markets and national business segments in the year ahead.

TECHNOLOGY SEGMENT

MILLENNIUM I. T. E. S. P. (PRIVATE) LIMITED



Revenue

50%
growth

Profit after tax

LKR **470** Mn

Asset base

LKR **10** Bn

Background

MillenniumIT ESP joined the portfolio of Ambeon Holdings PLC in 2017, making a strategic transformation that resonates with its business focus and objectives. The company has maintained agility and competitiveness by developing in-demand tech solutions while forming formidable global partnerships that have augmented its value proposition.

With over 25 years of market-leading technological solutions, MillenniumIT ESP's objective is to provide solutions that help businesses thrive in a competitively accelerating business world. With frequent advancements that change the technological landscape, MillenniumIT ESP harnesses its intellectual assets and market knowledge to create virtually unmatched solutions and physically robust tech infrastructure for businesses and industries.

External environment

The period from April 2022 to March 2023 became particularly challenging as the country navigated the foreign currency shortage, appreciating foreign currencies and import restrictions. While the country was shaken by the macro economic challenges, the economic crisis impacted the information technology sector, as it experienced subdued earnings. Another concerning repercussion was the increasing tendency of professionals migrating in search of better prospects, which led to a shortage of experienced and technically adept workforce.

Management approach

The Company adopted cost control measures, cushioning itself against the economic crisis. Strategically, it accelerated efforts to acquire overseas

clientele and attract USD earnings to stimulate growth amidst national volatilities. The Company planned expansions to regional markets while leveraging its channel partner program for lead generation and co-delivery. Apart from a growing channel partner ecosystem, the company works with many principal technology partners, including CISCO, Oracle, Microsoft, Fortinet, Dell Technologies and Huawei.

Expanding partnerships

Currently, MillenniumIT ESP works with partners from over ten countries – gathering new business opportunities. The company's channel partner program continues to earn the interest of prospective partners in new markets. During the year, MillenniumIT ESP gathered several new partners, including Salesforce, Veeam, Shopify and Flowdock, increasing its global affiliations. Moreover, relationships with several partners were affirmed, as the Company achieved Partner of the Year status from several of its partners, including Veritas, Hitachi Vantara and Infosys. Partner events with CyberArk and Microsoft became a highlight, which sought to increase customer awareness. The Company also became the technology partner to launch the free-to-air satellite service FreeSat.

In addition,, the company engaged in networking programs to pursue key prospects; these included a sponsorship at Comex, Dubai and NITC in Sri Lanka, which was met with substantial interest mainly for Managed Services. Furthermore, the company engaged in promotional sessions in Bangladesh and Cambodia and participated in LEAP 2023 in Riyadh, Saudi Arabia.

On a national level, MillenniumIT ESP became the solutions provider behind the QR code-based National Fuel Pass (NFP), which was a turning point for

Sri Lanka at a time of a national crisis. The NFP platform, implemented in association with Dialog Axiata, contributed to eliminating fuel queues through a quota-based fuel rationing system developed under the guidance of the Minister of Power and Energy. In addition to receiving recognition from the Minister of Power and Energy, the NFP received the Chairman's Award at the National Best Quality ICT Awards in November 2022. Furthermore, the 'MillenniumIT ESP' brand was recognised as a most respected entity by LMD magazine during the year under review.

Human capital growth

MillenniumIT ESP's workforce sets the pace for its success and market leadership position. Developing their talent, the company launched several programs targeting those in leadership positions. The leadership development program envisioned transforming their abilities towards nurturing a future-ready and skilled workforce. The program covered self-leadership, business leadership and leadership of people through classroom sessions, discussions and 360 feedback sessions.

With several objectives as its rationalisation, the company launched the technology graduate program, offering scholarships to computer faculty undergrads of the Sri Lanka Institute of Information Technology (SLIIT). The program offers a head-start for selected students with job placements while engaging in studies. An MOU was signed between SLIIT and MillenniumIT ESP, which led to absorbing 13 undergraduates into the workforce; Objectives of the program included building capacity and the future talent pipeline, building talent for niche segments, frontloading for future attrition and equipping students with tech skills.

The company launched another unique program to expand the talent pool titled - 'Elevate'. The program equips graduates from non-IT backgrounds with the right skills and knowledge to pursue IT careers. The program will continue over nine months and will result in the permanent absorption of students with exceptional performance to the cadre. In further developing skills for the future, the company launched 'MIAcademy' to execute its talent development strategy. The academy will see its workforce being transformed into a future-ready group with internal talent mobility to support MillenniumIT ESP's global expansions.

Strategic expansions

Following the company's success in establishing its first international presence in Singapore in 2021, the company initiated the process of entering Bangladesh in the year under review - the second base of its global expansion strategy. The purpose of entering the SAARC nation is to capture its fast-growing business opportunities while capitalising on Bangladesh being an attractive commercial destination for multinational companies.

The country's exposure to multinationals, especially within the automobile and apparel sectors, has resulted in opportunities for technological advancements as MNCs pursue digitalisation and automation. Further, the technology skill gap in its working population provides an opportunity to capitalise on the

internal talent pool and provide tech solutions to prospective clientele. During the year under review, the company shifted physical operations to a new location, with facilities that accommodate its growing workforce.

Corporate stewardship

Upholding corporate stewardship, the company undertook several community investments across the year. The company executed several CSR projects under its dedicated CSR banner - the 'MillionPaths' Foundation. Projects included school renovations, providing facilities to underprivileged students, in addition to endorsements for women's entrepreneurship, relief to families during Ramadan and equipping the tech lab of a rural school.

Financial review

Revenue for the year under review increased by 50% compared to the previous year, with the company's Singapore operations contributing to foreign revenue. Hence, the focus on recurrent revenue growth resulted in increased profits. Revenue surpassed LKR 13.8 Bn compared to LKR 9.2 Bn reported in the previous year, as all business segments except state-derived businesses recorded growth. Revenue from Telco and Media amounted to LKR 6.4 Bn, marking a 15% growth alongside a 117% growth in revenue from the Banking and Financial Services (BFSI) segment to LKR 4.6 Bn, a 155% revenue increase in the Commercial business segment to LKR 1.4 Bn, while the Manufacturing segment recorded a 145% increase in revenue to Rs. 1.1 Bn. During the year, the company also accrued revenue by catering to small and midsize businesses; the segment's revenue was recorded as LKR 3.9 Mn. Profit after tax stood at LKR 470 Mn, preceded by a profit before tax of LKR 592 Mn. Total assets reached LKR 10 Bn against total liabilities of LKR 8.8 Bn. Interest incurred on bank borrowings was the main expenditure, mainly as a result of higher interest rates.

Future context

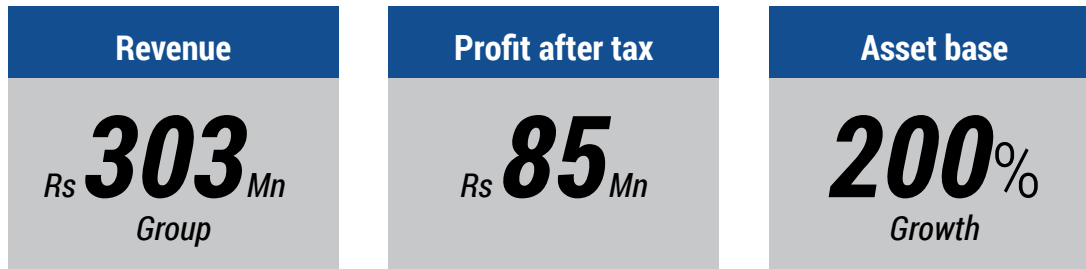
MillenniumIT ESP has realigned its strategy for the next three years to counter the setbacks from the rupee depreciation. The company will focus on increasing overseas revenue growth with an ambitious target of growing earnings by 30-40% within three years. Business focus will be directed towards ASEAN, SAARC and Middle Eastern nations through the company's regional hubs in Singapore, Bangladesh and Dubai, respectively.

The company will undertake structural changes to support strategic scaling and optimised efficiencies. This will require portfolio changes, and an adaptive governance structure alongside leadership appointments to regional offices, ensuring notable outcomes and accountability for achieving objectives.

As its parent company, we have confidence in MillenniumIT ESP's strategic expansions and its ability to increase revenue from cross-border operations. With its presence in Singapore, the company is poised to attract regional and global technological ventures. With one of Sri Lanka's highly capable IT cadres, the company has the right talent pool and knowledge to take on the increasing demand for new technologies in industries such as banking and finance, media, communication and other industry segments.

FINANCIAL SERVICES CLUSTER

TAPROBANE CAPITAL PLUS (PVT) LTD.



Background

Taprobane Capital Plus (Pvt) Ltd., along with its subsidiaries Taprobane Investments (Pvt) Ltd., Ambeon Securities (Pvt) Ltd and Sherwood Capital, represents the financial services cluster of Ambeon Holdings PLC. Taprobane Group of Companies was absorbed into the Ambeon Holdings portfolio in 2018 as a fully owned subsidiary of Ambeon Holdings PLC. Its business portfolio ranges from stock brokerage, money broking and trading activities of government securities.

Ambeon Securities (Pvt) Limited has operated in the domestic stock broking market for over two decades - with retail and corporate client portfolios. Taprobane Investments offers money broking services to licensed commercial banks and primary dealers and holds 26% of the market share amongst authorised money broking companies in Sri Lanka. Sherwood Capital (Pvt) Ltd is engaged in the trade of fixed-income instruments either issued or guaranteed by a company constituted in Sri Lanka or by the Government of Sri Lanka.

External environment

The financial sector weathered numerous challenges throughout 2022, which continued into Q1 of 2023. It felt the brunt of the economic crisis as it weathered a shortage in foreign exchange, mounting inflationary pressures and especially the adverse impacts from external debt servicing default. The money market remained subdued as sentiments turned towards averting risks, while market liquidity remained continuously deficient for half of 2022. However, liquidity began improving through the positive effects of CBSL measures. Moreover, higher returns on fixed-income securities reacted negatively on the equity market amidst the highly complex and ambiguous macroeconomic conditions.

Management approach

With the unprecedented economic downturn which escalated in 2022, Taprobane Capital Plus as a group adopted a watchful approach to market fluctuations and monetary policy decisions. The overall sentiment on Sri Lanka's financial markets remained grim amidst political instability and the standstill on external debt payments. As a Group, Taprobane Capital Plus was committed to safeguarding client investments by providing timely and comprehensive guidance based on sharp monitoring of market trends and analysis. The market was hit by accelerating inflation, corporate profit contractions, high taxes, policy rate increases and a global economic

downturn in 2022.

The potential of Taprobane Investments was impacted by the liquidity deficit in the local money market, which witnessed some improvement after December 2022. Liquidity levels received some respite through increased market rates as the banking sector experienced rising deposits and due to CBSL's veering towards treasury bills via special issuances to meet immediate government cashflow requirements.

On the 28th of March 2023, Taprobane Capital Plus (Pvt) Ltd acquired a 60% stake in Sherwood Capital (Private) Limited from Ambeon Capital PLC bringing all the subsidiaries dealing with financial services under the same umbrella of Taprobane Capital Plus.

Financial review

Taprobane Capital Plus reported a contracted profit after tax of Rs. 85 Mn compared to Rs. 215 Mn reported in 2021/22. Profit before tax was reported as Rs. 151 Mn in 2022/23 compared to Rs. 286 Mn in 2021/22. The 55% contraction in revenue brought the top line to Rs. 313 Mn from Rs. 505 Mn reported in the previous financial year, adversely impacting the bottom line.

Ambeon Securities recorded a post-tax profit of Rs. 103.5 Mn subsequent to a revenue of Rs 263 Mn. Post-tax profit declined for the year under review by 52%, while revenue posted a 41% deceleration in the reviewed financial year.

Taprobane Investments experienced decelerated growth in its bottom-line, with a top-line contraction reported for the year under review. Revenue for the year 2022/23 was Rs 22 Mn., followed by a loss after tax of Rs. 4 Mn.

Sherwood Capital (Pvt) Ltd, which joined the group as a subsidiary of Ambeon Capital PLC, achieved a noteworthy post-tax profit of Rs. 60.9 million - following a commendable revenue of Rs. 242.5 million.

Future context

During the early months of 2023, the financial sector began experiencing improved sentiments and stakeholder confidence due to the finalisation of the Extended Fund Facility (EFF) with the International Monetary Fund (IMF). Moreover, liquidity constraints in the money and foreign exchange markets began easing alongside decreasing government security yields. As these developments create positive sentiments, the Taprobane Group of companies will continue to take stock of economic improvements and market trends to maximise its profitability.

COLOMBO CITY HOLDINGS PLC



Background

Almost a century ago, the Group commenced operations as Colombo Pharmacy and has undergone numerous strategic transformations to place its mark on Colombo's commercial real estate market. The company veered towards real estate management in 2013 under the present corporate identity Colombo City Holdings and has owned and managed a portfolio of properties, which continued to evolve over the years. The group is now on a journey to position itself as an investment holding company with diversified investments, including real estate.

The Group's flagship property is located in Colombo 08 and houses the Head Office of Ambeon Holdings PLC. The property became part of the CCH portfolio in 2019, subsequent to gaining full ownership of Lexinton Holdings (Pvt) Ltd., its subsidiary. In 2021, the Group sold another flagship property in Union Place while taking focused steps towards a diversified investment portfolio apart from its continued focus on real estate.

External environment

In 2022, real estate activities contracted alongside the broader decline of economic growth. Real estate activities which comprise ownership of dwellings plummeted by 12.1% during 2022 compared to the 4.4% growth witnessed in 2021.

Colombo's Grade A office space was expected to meet 1.5 million square feet of new space, by the end of 2022. According to JLL Sri Lanka, 3.1 million square feet of Grade A space is set to be in the pipeline with growing amenities on par with international standards.

During the third quarter of 2022, office leasing activity showed an uptick as interest in Grade A properties gathered momentum. Rental growth in Grade A space was recorded as 27.9% by the third quarter of 2022 while witnessing a stable momentum in rentals. Vacancy rates increased slightly compared to the previous quarter, showing a negative net absorption.

Management approach

In the year under review, CCH adopted a pragmatic approach, similar to that of the previous year while continuing with the same momentum in the year under review. The approach became necessary as the economic volatility

ignited negative market sentiments, especially towards general investments, including real estate. Nevertheless, CCH acquired a beachfront property in Kosgoda with picturesque land that holds potential as a retirement living or hospitality-based property.

Importantly, CCH continued to focus on financial investments by optimising its investments in government securities while securing a diversified equity portfolio. The group's investments in government securities are scattered across both treasury bonds and treasury bills, secured at higher yields that prevailed during the latter part of 2022.

Financial review

CCH as a Group experienced a 164% increase in profit after tax to Rs. 85.9 Mn from Rs 32.6 Mn reported in the previous financial year. Revenue of the group increased by 129% from Rs. 49.7 in 2021/22 to Rs. 88.2 Mn in 2022/23. With a decrease in direct costs of the Group, Gross Profit protracted by 138% to Rs. 85 Mn from Rs. 36 Mn in 2021/22.

A finance income of Rs. 209 Mn secured by CCH as a standalone company positively impacted the Group profitability. In addition, a change in the fair value of investment property of Rs. 46.5Mn also impacted the profit before tax of Rs. 222 Mn, which increased by 287%.

When considering outflows, the Company and the group experienced declined spending on administrative purposes while finance costs increased for the Group and CCH as an entity amidst heightened interest rates.

Due to the Rs. 575 Mn investment in the Kosgoda property, assets of CCH as a Group increased to Rs. 2.3 Bn by 15%. Non-current assets expanded to Rs. 1 Bn from Rs 392 Mn due to the growth in investment property, which rose to Rs. 965 Mn from Rs 300 Mn, in the year under review.

Future context

Amidst the volatile business landscape in Sri Lanka, CCH aims to embrace a cautiously optimistic stance. Vigilance over macroeconomic factors will guide proactive, pragmatic decisions on managing the investment portfolio. Emphasizing sensibility and prudence, CCH aims to seize opportunities, supported by astute judgment in selecting resilient investments.

Corporate Governance

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

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

The Board

The Board of Directors takes responsibility for good Corporate Governance of the Company. The Board sets out the Company's strategic direction and oversees business and connected affairs of the Company and it also formulates the policy framework for the Company. As at the end of the financial year five (05) out of Six (06) Directors were Non-Executive Directors, of which two (02) are Independent Non-Executive Directors. Independent Directors meet the criteria set out in the CSE Listing Rules for "independence". Annual declarations are obtained from Non-Executive Directors and submitted to the Board. The Board represents extensive industry expertise. Profiles of the Directors are given on pages 11 to 12.

Board composition and Directors' Independence as at 31 March 2023

Name of the Director	Type
Mr. S E Gardiner	Non-Independent, Non-Executive Director
Mr. A L Devasurendra	Non-Independent, Non-Executive Director
Mr. R P Pathirana	Non-Independent, Non-Executive Director
Mr. A G Weerasinghe	Independent, Non-Executive Director
Mr. E M M Boyagoda	Independent, Non-Executive Director
Dr. K S Narangoda	Executive Director
Mr. R T Devasurendra	Alternate Director to Mr. A L Devasurendra

Board Meetings and attendance

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. 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 four (04) meetings were held during the financial year. Attendance at Board meetings are given below:

Name of the Director	Board Meetings
Mr. S E Gardiner	4/4
Mr. A L Devasurendra	4/4
Mr. R P Pathirana	4/4
Mr. A G Weerasinghe	4/4
Mr. E M M Boyagoda	4/4
Dr. K S Narangoda	4/4

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

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

Directors' Remuneration

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

Shareholder Relations

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

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

Accountability and Audit

Financial Reporting

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

The Board aims to provide and present a

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

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

Board Sub-Committees

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

Board Sub-Committee	Areas of oversight	Composition	Further information
Audit Committee	<ul style="list-style-type: none"> ■ Financial Reporting ■ Statutory compliance ■ Internal controls and Risk Management ■ Internal and External Audit 	Three Non-Executive Directors	Audit Committee report presented on page 33.
Remuneration Committee	<ul style="list-style-type: none"> ■ Assist the Board on succession planning ■ Determine the rewards strategy ■ Make recommendations to the Board on rewards and remuneration of executive and non-executive directors 	Three Non-Executive Directors	Remuneration Committee report on page 34.
Related Party Transactions Review Committee	<ul style="list-style-type: none"> ■ Review related party transactions ■ Ensure that interests of shareholders are taken into account when entering into a transaction 	Two Non-Executive Directors	Related Party Transactions Review Committee report on page 35.

Institutional Shareholders and Investing/Divesting Decision

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

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

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

Requirement	Page No.
Names of persons who during the financial year were Directors of the Entity	page 36.
Principal activities of the entity and its subsidiaries during the year, and any changes therein.	pages 51 to 52.
The names and the number of shares held by the 20 largest shareholders of voting and non-voting shares and the percentage of such shares held	pages 127 to 128
The public holdings percentage	page 126.
A statement of each Director's holding and Chief Executive Officer's holding in shares of the Entity at the beginning and end of each financial year	page 127.
Information pertaining to material foreseeable risk factors of the Entity.	pages 29 to 32.
Details of material issues pertaining to employees and industrial relations of the Entity.	page 37.
Extent, locations, valuations and the number of buildings of the Entity's land holdings and investment properties.	page 129.
Number of shares representing the Entity's Stated Capital	page 37.
A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings.	page 126 and 128
Financial ratios and market price information	page 3 and 126.
Significant changes in the Entity's or its subsidiaries fixed assets, and the market value of land, if the value differs substantially from the book value.	pages 72 to 78.
Details of funds raised through a public issue, rights issue and a private placement during the year.	N/A
Information in respect of Employees Share Ownership or Stock Option Scheme	N/A
Disclosures pertaining to Corporate Governance practices in terms of Rule 7.10.3, 7.10.5 C, and 7.10.6 C of Section 7 of the Listing Rules of the CSE	pages 24 to 26
Related Party Transactions exceeding 10% of the equity and 5% of the total assets of the Entity as per the audited financial statements, whichever is lower.	page 116

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

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

Section	Requirement	Compliance Status	Remarks
7.10.3 (b)	In the event a Director does not qualify as 'independent' against any of the criteria set out in the regulation but if the Board, taking into account all the circumstances, is of the opinion that the Director is nevertheless 'independent', the Board shall specify the criteria not met and the basis for its determination in the Annual Report.	Complied	Non-Executive Directors have declared their independence or non-independence.
7.10.3 (c)	The Board shall publish in its Annual Report a brief resume of each Director on its Board which includes information on the nature of his/her expertise in relevant functional areas.	Complied	Profile of each Director is given on pages 11 to 12 of the Annual Report
7.10.3 (d)	Upon appointment of a new Director to its Board, the entity shall forthwith provide to the Exchange a brief resume of such Director for dissemination to the public.	Complied	Whenever there is a new Director appointed to the Board, disclosure is made to the Colombo Stock Exchange together with his/her brief resume.
7.10.5 (a)	The Remuneration Committee shall comprise, of a minimum of two Independent Non-Executive Directors (in instances where an Entity has only two Directors on its Board); or of the Non-Executive Directors a majority of whom shall be independent, whichever shall be higher.	Complied	Composition of the Remuneration Committee is given on page 34 of the Annual Report under Remuneration Committee Report.
7.10.5 (b)	The Remuneration Committee shall recommend the remuneration payable to the Executive Directors and Chief Executive Officer of the Listed Entity and/or equivalent position thereof, to the Board of the Listed Entity which will make the final decision upon consideration of such recommendation	Complied	Remuneration received by the Directors is set out in Note 34.2 to the Financial Statements on page 116.
7.10.5 (c)	The Annual Report should set out the names of the Directors comprising the Remuneration Committee, contain a statement of the remuneration policy and set out the aggregate remuneration paid to Executive and Non-Executive Directors.	Complied	The names of the Directors of the Remuneration Committee are set out on page 34 of this Report.
7.10.6 (a)	The Audit Committee shall comprise, of a minimum of two Independent Non-Executive Directors (in instances where an Entity has only two Directors on its Board); or of the Non-Executive Directors a majority of whom shall be independent, whichever shall be higher. The Chief Executive Officer and the Chief Financial Officer of the Listed Entity shall attend Audit Committee Meetings. The Chairman or one Member of the Committee should be a Member of a recognized professional accounting body.	Complied	Audit Committee consists of Two Independent Non-Executive Directors and One Non-Independent Non-Executive Director. Report of the Audit Committee is given on page 33 to the Annual Report. The Executive Director and the Head of Finance attends the Audit Committee Meetings by invitation. Out of the Three Members, one Member is from a recognized professional accounting body.

Section	Requirement	Compliance Status	Remarks
7.10.6 (b)	<p>Functions of the Audit Committee shall include,</p> <ul style="list-style-type: none"> ■ Overseeing of the preparation, presentation and adequacy of disclosures in the financial statements of a Listed Entity, in accordance with Sri Lanka Accounting Standards. ■ Overseeing of the Entity's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements. ■ Overseeing the processes to ensure that the Entity's internal controls and risk management, are adequate, to meet the requirements of the Sri Lanka Auditing Standards. ■ Assessment of the independence and performance of the Entity's external auditors. <p>To make recommendations to the Board pertaining to appointment, re-appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors.</p>	Complied	Report of the Audit Committee set out on page 33 of the Annual Report describes the scope performed by the Committee during the year under review.
7.10.6 (c)	<p>The names of the Directors comprising the Audit Committee should be disclosed in the Annual Report. The Committee shall make a determination of the independence of the auditors and shall disclose the basis for such determination in the Annual Report. The Annual Report shall contain a Report by the Audit Committee, setting out the manner of compliance by the Entity in relation to the above, during the period to which the Annual Report relates.</p>	Complied	<p>Name of the Directors on the Audit Committee, and its report is given on page 33 of the Annual Report.</p> <p>Statement of Auditors Independence is disclosed in page 33 of the Audit Committee Report.</p>

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

Section	Requirement	Compliance Status	Remarks
9.2.1 & 9.2.2	<p>All Related Party Transactions should be reviewed by the "Related Party Transactions Review Committee". The Committee should comprise a combination of Non-Executive Directors and Independent Non-Executive Directors. The composition of the Committee may also include Executive Directors, at the option of the Listed Entity. One Independent Non-Executive Director shall be appointed as Chairman of the Committee.</p>	Complied	Composition of the Related Party Transactions Review Committee is given on page 35 of the Related Party Transactions Review Committee Report. Chairman of the Committee is an Independent Non-Executive Director.
9.2.4	<p>The Committee shall meet at least once a calendar quarter. The Committee shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors</p>	Complied	Attendance of the Related Party Transactions Review Committee is given on page 35 of the Annual Report under the Related Party Transactions Review Committee Report.

Section	Requirement	Compliance Status	Remarks
9.3.1	A Listed Entity shall make an immediate announcement to the Exchange of any non-recurrent Related Party Transaction with a value exceeding 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements. Or of the latest transaction, if the aggregate value of all non-recurrent Related Party Transactions entered into with the same Related Party during the same financial year amounts to 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements. Listed Entity shall disclose subsequent non-recurrent transactions which exceed 5% of the Equity of the Entity, entered into with the same Related Party during the financial year.	Complied	Related Party Transactions are disclosed on Note 34 to the Financial Statements. During the Financial year there were no non-recurrent related party transactions that require immediate disclosure to Colombo Stock Exchange (CSE).
9.3.2 (a)	In the case of Non-recurrent Related Party Transactions, if aggregate value of the non-recurrent Related Party Transactions exceeds 10% of the Equity or 5% of the Total Assets, whichever is lower, of the Listed Entity as per the latest Audited Financial Statements the related information must be presented in the Annual Report.	Complied	Please refer Note 34 to the Financial Statements.
9.3.2 (b)	In the case of Recurrent Related Party Transactions, if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue/income (or equivalent term in the Income Statement and in the case of group entity consolidated revenue) as per the latest Audited Financial Statements, the Listed Entity must disclose the aggregate value of recurrent Related Party Transactions entered into during the financial year in its Annual Report	Complied	Please refer Note 34 to the Financial Statements.
9.3.2 (c)	Annual Report shall contain a report by the Related Party Transactions Review Committee, setting out the following; <ul style="list-style-type: none"> ■ Names of the Directors comprising the Committee ■ A statement to the effect that the Committee has reviewed the Related Party Transactions during the financial year and has communicated the comments/observations to the Board of Directors ■ The policies and procedures adopted by the Committee for reviewing the Related Party Transactions. ■ The number of times the Committee has met during the Financial Year. 	Complied	Please refer Report of the Related Party Transactions Review Committee on page 35 of the Annual Report.
9.3.2 (d)	A declaration by the Board of Directors in the Annual Report as an affirmative statement of the compliance with these Rules pertaining to Related Party Transactions or a negative statement in the event the Entity has not entered into any Related Party Transaction/s.	Complied	Affirmative statement is included on page 38 of the Annual Report.

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

Section Reference	Requirement	Annual Report Reference
168 (1) (a)	The nature of the business of the Group and the Company together with any change thereof during the accounting period	Page 36.
168 (1) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed	Pages 44 to 125.
168 (1) (c)	Auditors' Report on Financial Statements of the Group and the Company	Pages 41 to 43.
168 (1) (d)	Accounting Policies and any changes made during the accounting period	Pages 51 to 67.
168 (1) (e)	Particulars of the entries made in the Interest Register during the accounting period	Pages 115 to 116
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Note 34.2 on Page 116.
168 (1) (g)	Corporate donations made by the Company during the accounting period	Page 37.
168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period	Page 36 and Pages 131 to 133.
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period	Page 38.
168 (1) (j)	Auditors' relationship or any interest with the Company and its subsidiaries	Page 38.
168 (1) (k)	Acknowledgement of the contents of this Report and Signatures on behalf of the Board	Page 38.

RISK MANAGEMENT

Ambeon Group (referred to as "The Group") has consistently adhered to a disciplined approach in managing risks, which has resulted in the Group consistently generating value for stakeholders, safeguarding its competitive advantage, reinforcing financial stability, and enhancing long-term resilience.

Risk management is deeply ingrained in all processes and is the responsibility of every individual within the Group. It is recognized as crucial for long-term growth and sustainability. Consequently, taking risks is an inherent part of any business activity, and the Group endeavors to conduct its operations in a socially responsible manner, striking a balance between its objectives and the risks it is willing to undertake.

During the year, the risk landscape presented new complexities stemming from ongoing economic, political, social, and human challenges. The Group Risk and Control team promptly analyzed the various challenges encountered, devised a comprehensive plan, and provided timely recommendations on whether the identified risks could be transferred, accepted, reduced or avoided.

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

Risk Management Philosophy

The Group understands that Risk Management is a collective responsibility that extends to every individual within the Group. Consequently, risk management is deeply imbedded in all aspects of the organization, including strategic formulation, business development, planning, capital allocation, investment decisions, internal control, and day-to-day operations.

The Group has established clear objectives for its risk management practices:

Strategic Risk Management:

- At a strategic level, the Group focuses on identifying and managing material risks that are inherently associated with pursuing its strategic and business objectives. In its pursuit of growth opportunities, the Group strives to optimize risk and return decisions through a meticulous and independent review and challenge process. This ensures that decisions are based on a thorough understanding and quantification of risks, promoting informed and well-balanced choices.

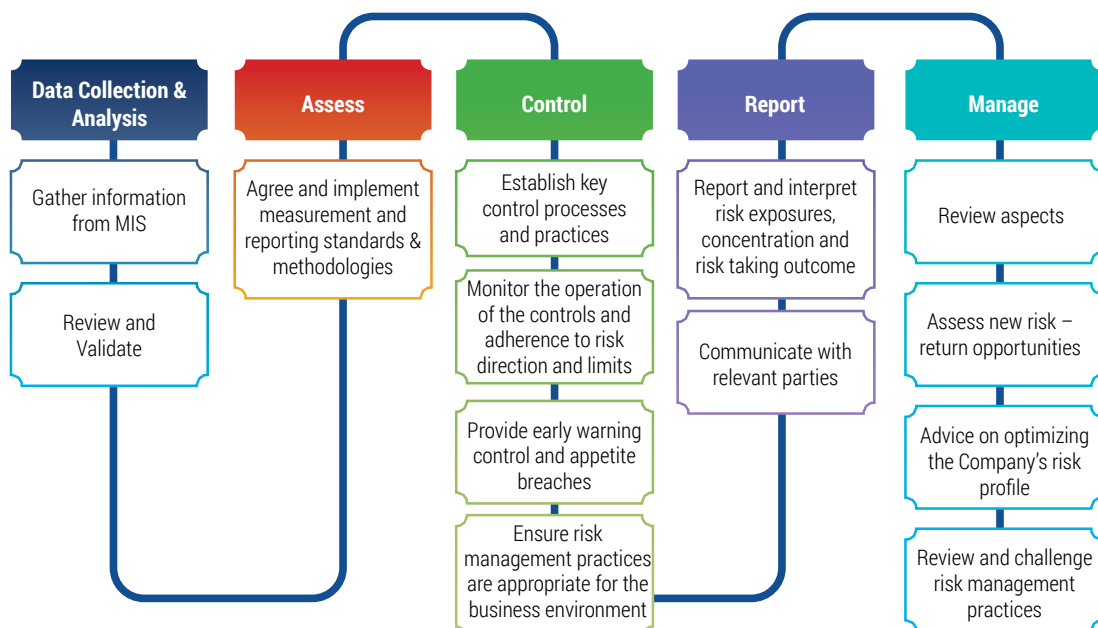
Operational Risk Management:

- At an operational level, the Group focuses on identifying and assessing potential risks across various operational areas, such as technology, human resources, processes, compliance, and external factors. Through careful analysis, the Group gain insights into the potential impact of these risks on the operations, financial performance, reputation, and regulatory compliance.

Risk Management tools

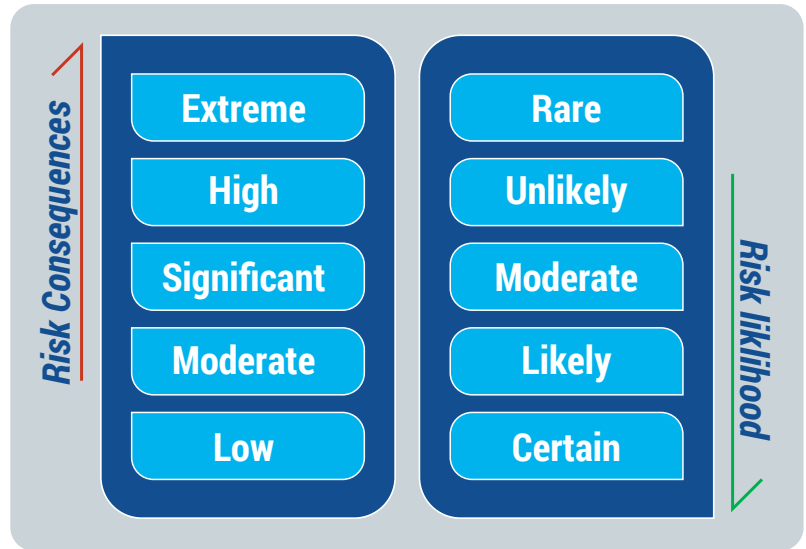
The implementation of the online risk management system has positioned the Group as a pioneer in Sri Lanka, setting it apart as one of the few companies to adopt industry-leading practices in Enterprise Risk Management (ERM). By deploying frameworks aligned with the COSO Enterprise Risk Management Integrated Framework, the Group demonstrates its commitment to adhering to global best practices in risk management. Furthermore, compliance with the ISO 1000:2009 international risk management standard further underscores the Group's dedication to ensuring a comprehensive and internationally recognized approach to risk management.

Risk Management Framework



Risk Assessment

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



Risk Governance

The Board assumes the ultimate responsibility for risk governance and in this capacity sets the Group's risk strategy and provides ongoing supervisory oversight for its implementation. As the apex body responsible for risk governance, the Board establishes the Risk Appetite Framework, and the general principles governing the Group's risk strategy and target risk profile. Cascading from this, the Board approves the risk appetite limits for different types of risks and set out necessary policies and procedures to create a control framework to drive risk fundamentals at an operational level.



The Group has successfully integrated the 'CAMMS ERM' tool into its overall Enterprise Risk Management (ERM) system framework. This international and online automated risk management solution, 'CAMMS ERM', has played a crucial role in implementing essential practices and processes to ensure the effective functioning of our Integrated Risk Management (IRM) approach. The platform adheres to the COSO Enterprise Risk Management Framework and complies with the ISO 31000 (2008) International Risk Management Standards, further enhancing its credibility and alignment with global best practices.

Since its implementation in 2017, the CAMMS ERM online system has proven invaluable in identifying and categorizing risks at different levels, including strategic, operational, and project-specific risks. The Board takes the lead in advising on the mitigation plans to address strategic risks, which are then implemented across various Strategic Business Units (SBUs) within the Group. Furthermore, the Chief Executive Officers of each SBU hold the responsibility of identifying operational risks and collaborating with senior management to develop corresponding mitigation plans, subject to the approval of the Board. This collaborative approach ensures a comprehensive risk management framework that permeates throughout the organization, safeguarding against potential threats and enabling effective risk mitigation.

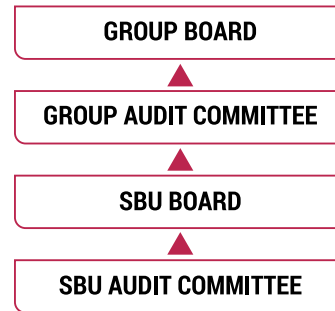
The below table aims to show some of the strategic and operational risks endured by the Group.

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

Risk Governance Structure

While the Board adopts a bottom-up approach in risk management, maintaining a close eye on the finer details, the overall oversight of the entire risk management process rests with the Board. The Audit Committees within each SBU play a pivotal role in escalating relevant matters to their respective Boards. Following this, the key risk factors identified are elevated to the Group level, where a comprehensive evaluation and management approach can be undertaken. This hierarchical structure ensures that risk management is effectively executed at both the operational level

within each SBU and the broader strategic level at the Group level, allowing for a cohesive and robust risk management framework across the organization.

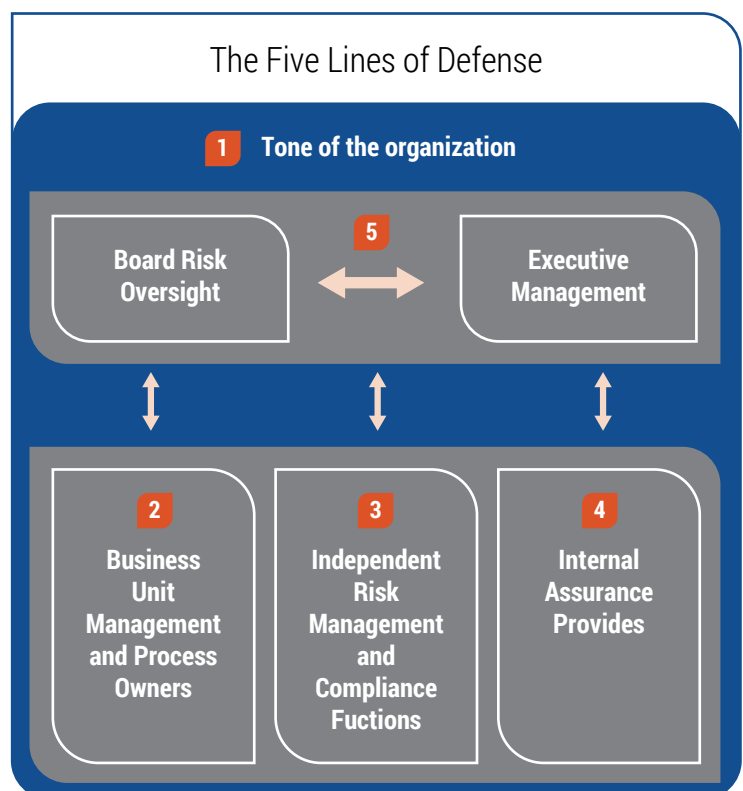


Internal and Statutory Audits

The Group engages reputable audit firms to conduct routine internal and statutory audits. Internal audits are conducted in accordance with the guidelines specified by the Board, and the Audit Committee does thoroughly examine the results of both internal and statutory audits. To handle strategic and operational risks, the Group relies on a well-established system of internal controls that incorporates existing policies and procedures.

Risk Management Approach

The Group utilizes the five-lines of defense model to ensure an efficient allocation of responsibilities and separation of risk functions, resulting in comprehensive risk mitigation throughout the Group and its subsidiaries.



The Group implements a comprehensive five-pronged strategy to address risks, encompassing risk mitigation, acceptance, or transfer. The Group conducts regular assessments and internal audits to evaluate the effectiveness and suitability of risk mitigation plans. Each business unit within the Group bears the responsibility of identifying and mitigating risks that pertain to their specific operations.

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

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

REPORT OF THE AUDIT COMMITTEE

Composition

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

Mr. Mangala Boyagoda - Chairman

Mr. A G Weerasinghe – Member

Mr. Ranil Pathirana – Member

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

The profiles of the members are given on pages 11 to 12 of the Annual Report.

Meetings

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

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

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

Role of the Committee

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

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

Financial Reporting

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

Regulatory Compliance

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

External Auditors

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

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

Independence of Auditors

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

Re-appointment of Auditors

The Audit Committee having evaluated the performance of the External Auditors, has decided to recommend to the Directors the re-appointment of Messrs. Ernst & Young, Chartered Accountants for the financial year ending 31 March 2024 upto the next Annual General Meeting, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

Conclusion

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

Sgd.

Mangala Boyagoda

Chairman

Audit Committee

28 August 2023

REPORT OF THE REMUNERATION COMMITTEE

COMPOSITION

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

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

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

Mr. A G Weerasinghe – Independent Non-Executive Director

POLICY

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

SCOPE

The scope and responsibility of the remuneration committee include;

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

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

REMUNERATION

All Non-Executive Directors receive a fee reflecting the time, commitment and responsibility of their role and is based on industry and market surveys. They do not receive any performance or incentive payments. The Directors emoluments are disclosed on Note 34.2 to the Financial Statements.

MEETINGS

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

PROFESSIONAL ADVICE

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

Sgd.

A L Devasurendra

Chairman

Remuneration Committee

28 August 2023

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

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

Composition

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

Mr. A G Weerasinghe – Chairman

Mr. Mangala Boyagoda – Member

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 11 to 12 of the Annual Report.

Charter of the Related Party Transaction Review Committee

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

- 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. 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 four (04)

meetings were held during the financial year. Attendance by the Committee Members at each of these meetings are given below;

Name of the Director	Attendance at Meetings
Mr. A G Weerasinghe	4/4
Mr. E M M Boyagoda	4/4

The Head of Finance attended all Related Party Transactions Review Committee Meetings by invitation.

Policies & Procedures

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

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

The Committee is satisfied that all RPTs have been reviewed by the Committee during the financial year and have communicated their observations to the Board. The details of related party transactions entered into during the financial year are given on Note 34 to the Financial Statements, on pages 115 to 116 of this Annual Report.

Declaration

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

A declaration by the Board of Directors on compliance with the rules pertaining to related party transactions appears on the report of the Board of Directors on the affairs of the company on page 38 of this Annual Report.

Sgd.

A G Weerasinghe

Chairman

Related Party Transactions Review Committee

28 August 2023

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

The Board of Directors of Ambeon Holdings PLC takes pleasure in presenting their Report on the Affairs of the Company together with the Financial Statements for the year ended 31 March 2023, conforming to the requirements of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards. The report also includes certain disclosures required to be made under Listing Rules of the Colombo Stock Exchange and are guided by the recommended best practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Colombo Stock Exchange.

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

The principal activity of the company is to operate as an Investment Holding and Management Company. As at 31 March 2023 the company had investments in various sectors such as manufacturing, real estate, information technology and investments. A review of the operations of the company during the twelve months period and the results of those operations are contained on pages 41 to 125 of this Annual Report.

Group Structure

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

Review of Performance

A review of the Company and its subsidiaries performance during the Financial Year together with the Future outlook is available in the Chairman's message and Executive Directors Review on pages 6 to 10.

Financial Statements

The Financial Statements of the Company for the year ended 31 March 2023 are duly certified by the Head of Finance and approved by the Board of Directors and signed on behalf of the Board by two Directors in compliance with the Companies Act No. 07 of 2007 and are given on pages 41 to 125 of this Annual Report.

Summarized Financial Statements

LKR Mn	Group		Company	
	2022/2023	2021/2022	2022/2023	2021/2022
Revenue	20,697	14,156	881	851
Profit/(Loss) Before Tax from Continuing Operations	2,216	1,271	756	1,435
Income Tax Reversal/(Expenses)	(571)	(336)	(258)	156
Profit/(Loss) After Tax from Continuing Operations	1,645	935	498	1,591
Profit/(Loss) after Tax from Discontinued Operations	1,645	1,584	498	-
Profit/(Loss) for the year	1,645	2,519	498	1,591

Accounting Policies and Changes

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 51 to 66 as required by Section 168 (1) (d) of the Companies Act.

Directors' Responsibility for Financial Reporting

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

Board of Directors

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

Mr. Sanjeev Gardiner

Chairman/Non-Executive Director

Mr. Ajith Devasurendra

Deputy Chairman/Non-Executive Director

Mr. Ranil Pathirana

Non-Executive Director

Mr. A G Weerasinghe

Independent, Non-Executive Director

Mr. Mangala Boyagoda

Independent Non-Executive Director

Dr. Sajeewa Narangoda

Executive Director

Mr. Revantha Devasurendra

Alternate Director to Mr. Ajith Devasurendra

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

The present Directors of the Company and their profiles are shown on pages 11 to 12 of this Annual Report.

Board Sub Committees

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

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

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

Interests Register

Directors' Interest in Transactions

The Directors have made general disclosures as provided for in Section 192 (2) of the Companies Act No. 07 of 2007. Arising from this, details of contracts in which they have an interest are disclosed in Note 34 to the Financial Statements on pages 115 to 116.

Directors' Remuneration

The Directors' Remuneration is disclosed in Note 29 to the Financial Statements on page 111.

Directors' Interest in Shares

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

Corporate Governance

The Board is committed to maintaining high standards of governance, the process by which the Company is directed and managed. Risks are identified and controlled, and effective accountability assured. The Board of Directors is of the view that it has put in place the resources and processes to ensure that the Company is substantially compliant with the code of best practices on corporate governance issued by Institute of Chartered Accountants of Sri Lanka and the Colombo Stock Exchange. The Corporate Governance Report is given on pages 22 to 28 of this Annual Report.

Risk Management and Internal Controls

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

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

The Directors periodically review and evaluate the risks that are faced by the Group. The various exposures to risks by the Group and specific steps taken by the Group in managing risks are detailed under the "Risk Management" on pages 29 to 32 of this Annual Report.

Donations

The Company and the Group haven't made any donations, during the year under review.

Taxation

The Company's liability to taxation has been computed according to the provisions of the Inland Revenue Act. No. 10 of 2006 and subsequent amendments thereto and details are given in note 28 to the Financial Statements on pages 109 to 110.

Property, Plant and Equipment

Capital expenditure during the year under review on Property, Plant and Equipment by the Group was LKR 247 Mn and the Company LKR 0.8 Mn during the year under review.

Extents, locations, number of buildings and the valuation of the properties of the Group are given in note 6.7 to the Financial Statements on pages 75 to 76 of this Annual Report.

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

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

Employment

The Company's and Group's strength of manpower as at 31 March 2023 is 17 and 2,173 respectively.

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

Employee Share Ownership plans

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

Stated Capital

The stated capital of the Company as at 31 March 2023 was LKR 5,331,775,177/- represented by 356,869,666 fully paid Ordinary Shares.

Share Information

There were 4,201 registered shareholders as at 31 March 2023.

Distribution schedule of shareholders

The distribution of shareholdings is shown on pages 126 to 128 of this Annual Report.

Information on Ratios and Market Price Information

Disclosures under section 7.6 (xi) of the Listing Rules of the Colombo Stock Exchange is indicated on pages 3 and 126.

Substantial Shareholdings and Other Share Information

The names of the twenty largest Shareholders, the number of shares held, and the percentages are given on pages 127 to 128 of this Annual Report.

Disclosures required under section 7.6 (iv) of the Listing Rules of the Colombo Stock Exchange is indicated on pages 126 to 128 of this Annual Report.

Equitable Treatment of Shareholders

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

Related Party Transactions

The identified Related Parties as well as the Related Party Transactions undertaken during the year are set out in note 34 to the Financial Statements on pages 115 to 116.

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

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

Statutory Payments

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

Events occurring after the Balance Sheet date

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

Going Concern

The Board is satisfied that the company will have adequate resources to continue its operations into the foreseeable future. Therefore, the Company

has continued to adopt the going concern basis in preparing the Financial Statements.

Independent Auditors' Report, Remuneration and Appointment

The Financial Statements of the Company for the twelve months ended 31 March 2023 have been audited by M/s. Ernst & Young, Chartered Accountants and the Independent Auditors' Report thereon is given on pages 41 to 43 of this Annual Report as required by the Section 168 (1) (c) of the Companies Act No. 07 of 2007.

A sum of LKR 1,410,000/- was paid to them as audit fee during the period under review. Based on the declaration from M/s. Ernst & Young, Chartered Accountants and as far as the Directors are aware, the Auditors do not have any relationship or interest in the Company other than that disclosed herein.

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

Annual General Meeting

The Annual General Meeting of the company will be held on 20 September 2023. The notice of the Annual General Meeting appears on page 134.

Acknowledgement of the contents of the Annual Report

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

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

Sgd.

Sanjeev Gardiner

Chairman

Sgd.

A L Devasurendra

Deputy Chairman

Sgd.

P W Corporate Secretarial (Private) Limited

Secretaries

28 August 2023

STATEMENT OF DIRECTORS RESPONSIBILITIES

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

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

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

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

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

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

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

By order of the Board of
Ambeon Holdings PLC

Sgd.

P W Corporate Secretarial (Pvt) Ltd

Secretaries

Colombo

28th August 2023

FINANCIAL STATEMENTS

Financial Calendar

1st Quarter Interim Report	-	10th August 2022
2nd Quarter Interim Report	-	14th November 2022
3rd Quarter Interim Report	-	08th February 2023
4th Quarter Interim Report	-	31st May 2023
Annual Report 2022/2023	-	28th August 2023
Annual General Meeting	-	20th September 2023

INDEPENDENT AUDITORS' REPORT



Ernst & Young
Chartered Accountants
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Colombo 10, Sri Lanka

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TO THE SHAREHOLDERS OF AMBEON HOLDINGS PLC

Report on the audit of the consolidated financial statements

Opinion

We have audited the Financial Statements of Ambeon Holdings PLC (the "Company"), and the consolidated Financial Statements of the Company and its subsidiaries (the "Group"), which comprise the statement of financial position as at 31 March 2023, and the income statement and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements of the Company and Group give a true and fair view of the financial position of the Company and Group as at 31 March 2023, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). 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) that are relevant to our audit of

the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

Key audit matter

How our audit addressed the key audit matter

Assessment of fair value of land & buildings

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

This was a key audit matter due to:

- Materiality of the reported Land & Buildings balances which amounted to LKR 5.1Bn and represent 20% of the total assets of the Group.
- The degree of assumptions, judgements and estimation uncertainties associated with assessing the fair value of Land and Buildings.

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

Our audit procedures included the following

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

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

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

Principals: T P M Ruberu FCMA FCCA MBA (US-J-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakhiveli B.Com (Sp)

A member firm of Ernst & Young Global Limited



Key audit matter

How our audit addressed the key audit matter

Annual Impairment assessment of intangible assets with infinite useful life

As at reporting date goodwill and brand name amounting to Rs. 1.2Bn was reported as further detailed in Notes 2.10.8 and 08 to the financial statements.

Assessment of impairment of goodwill and brand name was a key audit matter due to;

- The degree of management assumptions, judgements and estimates associated with deriving the estimated future cashflows used for value-in-use calculations

Key areas of significant management judgments, estimates and assumptions related to the value-in-use calculations and related estimation of future cash flows included long term growth rates, discount rate and assessment of the impact of the current economic conditions.

Our audit procedures included the following;

- Gained an understanding of how management forecast its discounted future cash flows which included consideration of the impacts of the current economic conditions on its operations
- Tested the completeness and accuracy of relevant data used by Management to the underlying accounting records and checked the calculations of the discounted future cash flows
- We assessed the reasonableness of significant judgements, estimates and assumptions used by Management, including the discount rate and growth rates of the estimated future cashflows. We tested the completeness and accuracy of the underlying data used and performed sensitivity analysis of significant assumptions to evaluate the effect on the value in-use calculations.

We also assessed the adequacy of the disclosures made in Notes 2.10.8 and 08 in the financial statements.

Other information included in the Group's 2023 Annual Report

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

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

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

Responsibilities of management and those charged with governance

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

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

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

Auditors' responsibilities for the audit of the Financial Statements

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

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



- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

28 August 2023

Colombo

INCOME STATEMENT

Year ended 31 March	Note	Group		Company	
		2023 LKR	2022 LKR	2023 LKR	2022 LKR
Continuing Operations					
Revenue	5	20,697,862,597	14,155,889,834	881,277,519	850,852,994
Cost of Sales		(14,931,615,536)	(10,259,650,773)	-	-
Gross Profit		5,766,247,061	3,896,239,061	881,277,519	850,852,994
Other Income	25	47,394,077	218,981,179	-	158,500,000
Selling & Distribution Expenses		(1,162,810,107)	(673,161,467)	-	-
Administrative Expenses		(1,892,569,720)	(1,790,354,591)	(134,145,879)	(425,774,689)
Change in Fair Value of Financial Assets Measured at Fair Value Through Profit or Loss		(80,368,904)	(275,687,353)	(20,611,485)	(200,387,260)
Change in Fair Value of Investment Property	7	150,552,388	4,400,000	-	-
Operating Profit		2,828,444,795	1,380,416,829	726,520,155	383,191,045
Finance Cost	26	(1,113,945,114)	(318,813,347)	(196,084,524)	(133,240,987)
Finance Income	27	479,945,279	207,181,753	-	-
Change in Fair Value of Investment in Subsidiaries	10	-	-	225,913,558	1,536,047,042
Share of Results of Equity Accounted Investee	12	5,945,375	2,589,886	-	-
Gain on Bargain Purchase	10	15,793,376	-	-	-
Loss associated with the Loss of control attributed to Subsidiary	4	-	-	-	(350,745,170)
Profit before Tax from Continuing Operations	29	2,216,183,711	1,271,375,121	756,349,189	1,435,251,930
Income Tax Reversal/(Expense)	28	(571,014,133)	(335,858,523)	(257,895,881)	155,613,319
Profit for the year from Continuing Operations		1,645,169,578	935,516,598	498,453,308	1,590,865,249
Discontinued Operations					
Profit after Tax from Discontinued Operations for the year	4	-	1,583,608,276	-	-
Profit for the year		1,645,169,578	2,519,124,876	498,453,308	1,590,865,249
Attributable to:					
Equity Holders of the Parent		1,218,451,233	2,335,303,722		
Non-Controlling Interests		426,718,345	183,821,154		
		1,645,169,578	2,519,124,876		
Earnings per share					
	30				
Basic (LKR)		3.41	6.54	1.40	4.46
Diluted (LKR)		3.41	6.54	1.40	4.46
Earnings per share from Continuing Operations					
	30				
Basic (LKR)		3.41	2.11		
Diluted (LKR)		3.41	2.11		

Figures in brackets indicate deductions.

The accounting policies and notes on pages 51 through 125 form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March	Note	Group		Company	
		2023 LKR	2022 LKR	2023 LKR	2022 LKR
Profit for the Year		1,645,169,578	2,519,124,876	498,453,308	1,590,865,249
Other Comprehensive Income					
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax)</i>					
Exchange differences on foreign currency translation		(24,883,714)	21,180,331	-	-
Effect of Cashflow Hedge Accounting	18	-	54,670,437	-	-
Tax on Cashflow Hedge Accounting	20	-	(8,969,368)	-	-
Net Other Comprehensive Income from Discontinued Operation		-	-	-	-
Reclassification adjustment made to Foreign Currency Revaluation Reserve due to the Disposal of Subsidiary		-	114,254,956	-	-
Net Other Comprehensive Income to be Reclassified to Profit or Loss		(24,883,714)	181,136,356	-	-
<i>Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods</i>					
Revaluation Gain of Land and Building	6	279,569,299	202,138,004	-	-
Tax on Revaluation Gain	20	(386,203,241)	(28,775,245)	-	-
Change in Fair Value of FVOCI Financial Assets		42,020,590	(55,470,180)	42,020,590	(55,470,180)
Actuarial Gain /(Loss) on Defined Benefit Plans	21	(50,465,384)	65,921,632	997,732	(881,679)
Tax on Actuarial Gain /(loss) on Defined Benefit Plans	20.3	11,058,517	(13,869,058)	(299,320)	211,603
Net Other Comprehensive Income from Discontinued Operation		-	-	-	-
Net Other Comprehensive Income not to be Reclassified to Profit or Loss		(104,020,219)	169,945,152	42,719,002	(56,140,256)
Total Other Comprehensive Income for the year, net of tax		(128,903,934)	351,081,508	42,719,002	(56,140,256)
Total Comprehensive Income for the year , net of tax		1,516,265,644	2,870,206,384	541,172,310	1,534,724,993
Attributable to:					
Equity Holders of the Parent		1,150,127,330	2,612,045,822		
Non-Controlling Interest		366,138,314	258,168,562		
		1,516,265,644	2,870,206,384		

Figures in brackets indicate deductions.

The accounting policies and notes on pages 51 through 125 form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Group		Company	
		2023 LKR	2022 LKR	2023 LKR	2022 LKR
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	6	2,948,133,154	2,534,299,058	4,380,603	8,291,169
Investment Property	7	2,780,295,600	2,011,743,212	-	-
Intangible Assets	8	1,255,620,533	1,267,379,716	5,148,276	6,173,283
Right-of-Use Assets	9	463,108,993	521,897,643	-	-
Investment in Subsidiaries	10	-	-	8,054,084,712	8,006,536,733
Other Non-Current Financial Assets	11	646,486,080	651,376,050	199,462,902	552,744,523
Investment in Equity Accounted Investee	12	41,874,323	35,928,948	-	-
Deferred Tax Asset	20	272,217,546	132,224,820	-	-
		8,407,736,229	7,154,849,447	8,263,076,493	8,573,745,708
Current Assets					
Inventories	13	3,222,232,731	2,904,384,507	-	-
Trade and Other Receivables	14	10,040,636,145	9,091,338,143	1,606,838,615	2,364,618,615
Other Financial Investments	15	3,435,273,768	1,564,368,370	751,579,324	710,566,691
Income Tax Receivables		29,232,708	35,698,460	23,512,311	23,331,335
Cash in Hand and at Bank	31	1,271,139,100	2,141,766,680	19,533,986	19,455,889
		17,998,514,452	15,737,556,160	2,401,464,236	3,117,972,530
		17,998,514,452	15,737,556,160	2,401,464,236	3,117,972,530
Total Assets		26,406,250,681	22,892,405,607	10,664,540,729	11,691,718,238
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Stated Capital	16	5,331,775,177	5,331,775,177	5,331,775,177	5,331,775,177
Other Components of Equity	18	1,105,032,945	1,084,908,587	(158,388,010)	(210,635,618)
Retained Earnings		2,458,838,236	2,502,523,198	4,499,613,604	5,081,297,900
Equity attributable to equity holders of the parent		8,895,646,358	8,919,206,962	9,673,000,771	10,202,437,459
Non-Controlling Interests		2,488,377,070	1,704,148,545	-	-
Total Equity		11,384,023,428	10,623,355,507	9,673,000,771	10,202,437,459
Non-Current Liabilities					
Other Financial Liabilities	24	968,906	968,906	968,906	968,906
Interest Bearing Borrowings	19	994,768,253	1,028,919,137	52,800,000	301,634,150
Deferred Tax Liability	20	1,237,337,765	637,363,358	449,300,833	191,105,632
Employee Benefit Liabilities	21	492,800,724	382,816,683	8,352,290	7,227,592
		2,725,875,648	2,050,068,084	511,422,029	500,936,280
Current Liabilities					
Trade and Other Payables	23	4,591,579,295	4,800,113,545	69,628,626	48,421,570
Income Tax Payable		476,349,723	265,545,561	-	-
Contract Liability	22	2,703,967,229	2,079,003,258	-	-
Interest Bearing Borrowings	19	4,524,455,358	3,074,319,652	410,489,303	939,922,929
		12,296,351,605	10,218,982,017	480,117,929	988,344,499
Total Equity and Liabilities		26,406,250,681	22,892,405,607	10,664,540,729	11,691,718,238

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



Anuradha Ranganath - Head of finance

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



S E Gardiner - Chairman



A L Devasurendra - Deputy Chairman

Figures in brackets indicate deductions.

The accounting policies and notes on pages 51 through 125 form an integral part of the financial statements.

28 August 2023

Colombo

STATEMENT OF CHANGES IN EQUITY

GROUP	Attributable to equity holders of the parent										Total Equity
	Stated Capital	Revaluation Reserve	Other Reserves	Foreign Functional currency translation Reserve	Revenue Reserve	Fair Value through OCI Reserve	Currency/Exchange Hedge Reserve	Retained Earnings	Total Non-Controlling Interests		
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Balance as at 01 April 2021	5,331,775,177	1,374,623,407	3,100,000	(114,783,094)	220,140	(208,865,000)	(32,551,210)	(46,358,279)	6,307,161,141	1,601,598,090	7,908,759,231
Profit for the Year	-	-	-	-	-	-	-	2,335,303,722	2,335,303,722	183,821,154	2,519,124,876
Other Comprehensive Income	-	142,537,817	-	13,000,019	-	(55,470,180)	32,551,210	29,868,277	162,487,143	74,339,408	236,826,551
Reclassification adjustment made to Foreign Currency Revaluation Reserve due to the Disposal of Subsidiary	-	-	-	114,254,956	-	-	-	-	114,254,956	-	114,254,956
Total Comprehensive Income	-	142,537,817	-	127,254,975	-	(55,470,180)	32,551,210	2,365,171,999	2,612,045,821	258,160,562	2,870,206,383
Realization of Revaluation Reserve due to the Disposal of Subsidiary	-	(234,088,900)	-	-	-	-	-	234,088,900	-	(48,384,053)	(48,384,053)
Transfer from FVTOCI to Retained Earnings	-	-	-	-	-	50,379,422	-	(50,379,422)	-	-	-
Subsidiary Dividend to Minority Shareholders	-	-	-	-	-	-	-	-	-	(107,226,054)	(107,226,054)
Balance as at 31 March 2022	5,331,775,177	1,283,072,324	3,100,000	12,471,881	220,140	(213,955,758)	-	2,502,523,198	8,919,206,962	1,704,148,545	10,623,355,507
Profit for the Year	-	-	-	-	-	-	-	1,218,451,233	1,218,451,233	426,718,345	1,645,169,578
Other Comprehensive Income	-	(16,923,277)	-	(15,199,972)	-	42,020,590	-	(78,221,236)	(68,323,896)	(60,580,034)	(128,903,931)
Transactions with Non controlling Interest	-	-	-	-	-	-	-	(1,438,976)	(1,438,976)	340,073,664	338,634,688
Total Comprehensive Income	-	(16,923,277)	-	(15,199,972)	-	42,020,590	-	1,138,791,021	1,148,688,361	706,211,978	1,854,900,335
Transfer from FVTOCI to Retained Earnings	-	-	-	-	-	10,227,018	-	(10,227,018)	-	-	-
Share issue by subsidiary	-	-	-	-	-	-	-	(101,639,966)	(101,639,966)	106,559,076	4,919,110
Dividend Paid	-	-	-	-	-	-	-	(1,070,608,998)	(1,070,608,998)	-	(1,070,608,998)
Subsidiary Dividend to Minority Shareholders	-	-	-	-	-	-	-	-	-	(28,542,529)	(28,542,529)
Balance as at 31 March 2023	5,331,775,177	1,266,149,047	3,100,000	(2,728,091)	220,140	(161,708,150)	-	2,458,838,237	8,895,646,359	2,488,377,070	11,384,023,428

Figures in brackets indicate deductions.
The accounting policies and notes on pages 51 through 125 form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

COMPANY	Stated Capital	Revenue Reserves	Other Reserves	Fair Value Through OCI Reserve	Retained Earnings/ (Losses)	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Balance as at 01 April 2021	5,331,775,177	220,140	3,100,000	(208,865,000)	3,541,482,149	8,667,712,466
Loss for the Year	-	-	-	-	1,590,865,249	1,590,865,249
Other Comprehensive income	-	-	-	(55,470,180)	(670,076)	(56,140,256)
Total comprehensive income	-	-	-	(55,470,180)	1,590,195,173	1,534,724,993
Transfer from FVTOCI to Retained Earnings				50,379,422	(50,379,422)	-
Balance as at 31 March 2022	5,331,775,177	220,140	3,100,000	(213,955,758)	5,081,297,900	10,202,437,459
Profit for the Year	-	-	-	-	498,453,308	498,453,308
Dividends					(1,070,608,998)	(1,070,608,998)
Other Comprehensive income	-	-	-	42,020,590	698,412	42,719,002
Total comprehensive income	-	-	-	42,020,590	(571,457,278)	(529,436,688)
Other Comprehensive Income	-	-	-	-	-	-
Transfer from FVTOCI to Retained Earnings	-	-	-	10,227,018	(10,227,018)	-
Balance as at 31 March 2023	5,331,775,177	220,140	3,100,000	(161,708,150)	4,499,613,604	9,673,000,771

Figures in brackets indicate deductions.

The accounting policies and notes on pages 51 through 125 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

Year ended 31 March	Note	Group		Company	
		2023 LKR	2022 LKR	2023 LKR	LKR LKR
Operating Activities					
		2,216,183,711	1,271,375,123	756,349,189	1,435,251,930
		-	1,583,608,276	-	-
Non - Cash Adjustments to Reconcile Profit Before Tax to Net Cash Flows:					
	6	174,909,917	158,421,807	4,744,565	5,650,457
	6	958,330	-	-	-
	8	11,759,183	167,542,725	1,025,007	1,025,007
	9	82,291,381	63,498,922	-	-
		80,368,904	275,687,353	20,611,485	200,387,260
	13	(170,429,165)	(19,009,687)	-	-
	21	110,974,125	62,063,186	2,434,930	1,485,995
	14	199,676,403	61,770,766	-	293,154,395
		(67,777,963)	(471,778,068)	(78,823,484)	(439,014,373)
	25	-	(5,500,000)	-	(5,500,000)
	7	(150,552,388)	(4,400,000)	-	-
	12	(5,945,375)	(2,589,886)	-	-
	27	(479,945,279)	(207,181,753)	-	-
	26	1,113,945,114	318,813,347	196,084,524	133,240,987
	4	-	(1,583,829,828)	(23,073,814)	350,745,170
		-	(153,000,000)	-	(153,000,000)
	10	-	-	(225,913,558)	(1,536,047,042)
		(15,793,376)			
		3,100,623,522	1,515,492,282	653,438,844	287,379,786
Working Capital adjustments:					
		(147,419,060)	(463,620,971)	-	-
		(1,928,068,457)	(2,300,065,963)	129,719,040	106,632,880
		(247,575,733)	1,300,353,502	21,210,546	19,791,824
		624,963,971	946,714,451	-	-
		1,402,524,243	998,873,300	804,368,430	413,804,490

STATEMENT OF CASH FLOWS (Contd...)

Year ended 31 March	Note	Group		Company	
		2023 LKR	2022 LKR	2023 LKR	LKR LKR
Defined Benefit Plan Costs paid	21	(51,552,340)	(44,001,286)	(312,500)	(1,137,500)
Interest Paid	26	(1,005,403,702)	(220,244,496)	(125,577,906)	(133,240,987)
WHT paid		-	-	(180,954)	-
Income Tax Paid		(297,555,896)	(229,001,698)	-	-
Net Cash Flows Generated/ (Used) from Operating Activities		48,012,305	505,625,820	678,297,070	279,426,003
Investing Activities					
Acquisition of Property, Plant & Equipment	6	(311,549,620)	(113,287,332)	834,000	-
Acquisition of Intangible Assets	8	-	(7,084,896)	-	-
Proceeds from Sale of Investments		-	1,460,294,128	353,516,088	1,430,831,155
Investment in Subsidiaries		(759,637,841)	-	-	-
Net cash inflow from partial disposal of subsidiary	10.3.3	201,439,104	-	201,439,104	-
Net cash inflow from disposal of subsidiary	4	-	3,678,476,673	-	3,563,622,831
Net payments of Loans to Parent and Subsidiaries	14	754,355,110	(2,151,907,334)	981,339,342	(2,349,815,094)
Proceeds from Assets Held for Sale		-	571,744,200	-	-
Proceeds on Disposal of Property, Plant and Equipment	6	669,498	6,893,848	-	5,500,000
Investment in Other Financial Investments		389,288,928	(1,904,473,893)	(294,296,132)	(1,296,837,657)
Investment in Equity Account Investee	12	-	(20,000,000)	-	-
Proceeds from Capital Reduction in Subsidiaries	10	-	-	-	383,645,309
Interest Income from Investment	27	479,945,279	207,181,753	-	-
Net Cash Flows Generated / (Used) from Investing Activities		754,510,458	1,727,837,148	1,241,164,402	1,736,946,543
Financing Activities					
Dividend Paid	37	(1,099,151,527)	(107,226,054)	(1,070,608,998)	-
Share issue by Subsidiary		4,919,110	-	-	-
Proceeds From Interest Bearing Loans & Borrowings	19	8,261,626,207	10,077,735,838	1,440,000,000	191,376,059
Repayment of Interest Bearing Loans & Borrowings	19	(8,653,790,829)	(10,228,343,542)	(2,288,774,377)	(1,767,815,208)
Repayment of Lease Obligations	19	(96,317,998)	(60,297,081)	-	-
Net Cash Flows Used from Financing Activities		(1,582,715,037)	(318,130,838)	(1,919,383,375)	(1,576,439,150)
Net foreign Exchange Difference	18	(24,883,714)	21,180,331	-	-
Net Increase / (Decrease) in Cash & Cash Equivalents		(805,075,988)	1,936,512,464	78,097	439,933,397
Cash and Short Term Deposits at the beginning of the year		1,650,249,950	(286,262,514)	19,455,889	(420,477,508)
Cash and Short Term Deposits at the end of the year	31	845,173,962	1,650,249,950	19,533,986	19,455,889
Analysis of cash and cash equivalents					
Cash in hand and at bank		1,271,139,100	2,141,766,680	19,533,986	19,455,889
Bank Overdraft		(425,965,139)	(491,516,730)	-	-
Cash and cash equivalents at the end, for the purpose of statement of cash flow		845,173,962	1,650,249,950	19,533,986	19,455,889

Figures in brackets indicate deductions.

The accounting policies and notes on pages 51 through 125 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

1. CORPORATE INFORMATION

1.1 Reporting Entity

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

1.2 Consolidated Financial Statements

The Financial Statements for the year ended 31 March 2023, comprise “the Company” referring to Ambeon Holdings PLC as the holding Company and “the Group” referring to the companies whose accounts have been consolidated therein.

1.3 Parent Entity

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

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

1.4 Approvals of Financial Statements

The Financial Statements for the year ended 31 March 2023 were authorized for issue in accordance with a resolution by the Board of Directors on 28 August 2023.

1.5 Principal Activities & Nature of Operations

Holding Company

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

Subsidiary – Ceylon Leather Products Limited

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

Subsidiary – Palla & Company (Pvt) Limited

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

Subsidiary –Dankotuwa Porcelain PLC

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

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

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

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

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

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

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

Sub-subsidiary through Dankotuwa Porcelain PLC - Dankotuwa Porcelain Singapore Pte Limited

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

Subsidiary –Colombo City Holdings PLC

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

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

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

Sub-Subsidiary- through Ambeon Holdings PLC - Lexinton Resorts (Pvt) Ltd

On 08 August 2022, Colombo City Holdings PLC acquired the entire issued shares of Lexinton Resorts (Private) Limited. During the year, the principal activity of the Company was managing the real estate.

Subsidiary - Eon Tec (Pvt) Limited

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

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

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

Sub- Subsidiary Entity - Millennium I.T.E.S.P. Bangladesh Pvt. Limited

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

Associate Entity – Infoseek (Private) Limited

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

Subsidiary - Taprobane Capital Plus (Pvt) Limited

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

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

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

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

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

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

Taprobane Capital Plus (Pvt) Ltd, acquired 60% of the equity in Sherwood Capital (Pvt) Ltd for a total consideration of LKR 190 Mn on 28th March 2023. The principal activity of the company is proprietary bond trading and treasury management company which invests in fixed income securities issued by the Government of Sri Lanka.

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

The principal activity of the company is conducting Corporate Finance activities

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

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

1.6 Responsibility for Financial Statements

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

2. BASIS OF PREPARATION

2.1 Basis of Measurement

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

2.2 Statement of Compliance

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

2.3 Comparative Information

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

2.4 Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and being satisfied that it has the resources to continue in business for the foreseeable future, confirm that they do not intend either to liquidate or to cease operations of the Company.

Further, in determining the basis of preparing the financial statements for the year ended 31 March 2023, based on available information, the management has assessed the prevailing and anticipated effects of the current economic conditions on the group and the appropriateness of the use of the going concern basis.

It is the view of the management there are no material uncertainties that may cast significant doubt on the group's ability to continue to operate as going concern due to the improved operating environment despite the ongoing effects of the current economic conditions and the operationalization of risk mitigation initiatives and continuous monitoring of business continuity and response plans along with the financial strength of the group. The

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

management has formed a judgment that the group has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements.

2.5 Presentation and Functional Currency

The consolidated financial statements are presented in Sri Lankan Rupees, the group's functional and presentation currency, which is the primary economic environment in which the holding company operates as their functional currency.

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

Name of the Subsidiary	Functional Currency
Millennium I.T.E.S.P. Singapore Pte. Limited	USD
Millennium I.T.E.S.P. Bangladesh Pvt Limited	BDT

Each material class of similar items is presented cumulatively in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard - LKAS 1 on 'Presentation of Financial Statements'.

2.6 Basis of Consolidation

The consolidated Financial Statements comprise the Financial Statements of the Company and its subsidiaries as at 31 March 2023. The Financial Statements of the subsidiaries are prepared in compliance with the Group's accounting policies.

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

2.7 Subsidiary

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

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

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
 - The contractual arrangement with the other vote holders of the investee;
 - Rights arising from other contractual arrangements; and

- The Group's voting rights and potential voting rights.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

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

2.8 Transactions with Non-Controlling Interests

The profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the parent, directly or indirectly through subsidiaries, is disclosed separately under the heading 'Non-Controlling Interest'. The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2.9 Significant Accounting Judgements, Estimates and Assumptions

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

Estimates and Assumptions

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

The Group measures land and buildings at revalued amounts with changes in fair value being recognized in Other Comprehensive Income and in the Statement of Equity. In addition, it carries its investment properties at fair value, with changes in fair value being recognized in the income statement. The Group engaged independent valuation specialists to determine fair value of investment property and land and buildings as of 31 March 2023.

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

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

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet

committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

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

Fair value of financial instruments

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

Deferred Tax Assets/ Liabilities

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

Employee benefit liability

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

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

Cash flow Hedge

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

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

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Judgments

Revenue from IT related Services

Our contracts with customers often include promises to transfer multiple products and services to a customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. When a multiple element arrangement includes hardware, software and integration component, judgment is required to determine whether the performance obligation is considered distinct and accounted for separately, or not distinct and accounted for together with the other components and recognized over the time. Revenue from long term services and maintenance services is recognized rateably over the period in which the long-term services and maintenance services are provided.

2.10 Summary of Significant Accounting Policies

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

Amendments to SLFRS 3: Definition of a Business – Updating a reference to conceptual framework

The amendments update SLFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. IASB also add to SLFRS 3 a requirement that, for obligations within the scope of LKAS 37, an acquirer applies LKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

The above amendment had no impact on the financial statements of the Group.

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

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

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

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

The above amendment had no impact on the financial statements of the Group.

2.10.1 Revenue

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

The following specific criteria are used for recognition of revenue:

a. Revenue from contract with customers

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

b. Goods transferred at a point in time

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

c. Rendering of Services

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

d. Revenue recognition on multiple element arrangements

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

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e. Dividend

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

f. Finance income

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

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

g. Rental income

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

h. Gains and losses

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

i. Other income

Other income is recognized on an accrual basis.

2.10.2 Expenditure recognition

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

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

2.10.3 Finance costs

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

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to

get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

2.10.4 Property, plant and equipment

Basis of recognition

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

Basis of measurement

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

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

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

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

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

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

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

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Derecognition

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

Depreciation

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

2.10.5 Leases

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

Company as a lessee

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

Right-of-use assets

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

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

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects exercising the option to

terminate. Variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event of condition that triggers the payment occurs.

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

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

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

Estimating the incremental borrowing rate

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

2.10.6 Investment Property

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

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

Investment properties are derecognized when disposed, or permanently

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withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognized in the income statement in the year of retirement or disposal.

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

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

2.10.7 Intangible assets

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

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

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

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount

of the asset and are recognized in the income statement when the asset is derecognized.

2.10.8 Business combinations and goodwill

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

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

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

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

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

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

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation

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disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion the cash-generating unit retained.

2.10.9 Investments in Subsidiaries (Company)

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

2.10.10 Investment in Associate

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

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

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

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

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

the amount of impairment as the difference between the recoverable amount

of the associate and its carrying value and recognises the amount in 'share of losses of an associate' in the income statement.

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

Group has one associate and details given in note 12.

2.10.11 Foreign currencies

Foreign currency transactions and balances

The consolidated financial statements of the group are presented in Sri Lankan Rupees (LKR), which is the parent company's functional and presentation currency. The functional currency is the currency of the primary economic environment in which the entities of the Group operate. All foreign exchange transactions are converted to functional currency, at the rates of exchange prevailing at the time the transactions are affected. Monetary assets and liabilities denominated in foreign currency are retranslated to functional currency equivalents at the spot exchange rate prevailing at the reporting date.

Transactions and balances

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

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

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

Foreign operations

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

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

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

Foreign Currency Translation and Change in Functional Currency - Millennium I.T.E.S.P. Singapore Pte. Limited (Company)

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

2.10.12 Impairment of non-financial assets

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

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

fifth year.

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

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

2.10.13 Government grants

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

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

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

2.10.14 Taxes

a. Current income tax

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

Current income tax relating to items recognized directly in equity is recognized

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

b. Deferred tax

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

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

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

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

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

c. Sales Tax

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

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

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

2.10.15 Non-current assets held for sale and discontinued operations

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

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

Additional disclosures are provided in Note 4. All other notes to the Financial

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Statements mainly include amounts for continuing operations, unless otherwise mentioned.

2.10.16 Inventories

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

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

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

2.10.17 Financial instruments - Initial recognition and subsequent measurement

Initial recognition and measurement

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

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

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

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

instruments and derivative financial instruments.

Subsequent measurement

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

Financial assets at amortised cost

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

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

and

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

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

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

Financial assets at fair value through OCI

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

- 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

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expenses are presented as separate line item in the income statement.

Financial assets designated at fair value through OCI

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

Financial assets at fair value through profit or loss

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

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

Derecognition

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

Impairment of financial assets -

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by SLFRS 9, which requires expected

lifetime losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

Offsetting of financial instruments

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

Fair value of financial instruments

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

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

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

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

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

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

2.10.18 Hedge accounting

At the inception of a hedge relationship, the documentation includes

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

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

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

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

2.10.19 Cash and short-term deposits

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

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

2.10.20 Employee benefits liabilities

Defined Benefit Plan - Gratuity:

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

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

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

Recognition of Actuarial Gains and Losses

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

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Defined Contribution Plans:

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

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

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

2.10.21 Provisions, contingent assets and contingent liabilities

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

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

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

Subsequently, it is measured at the higher of:

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

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

2.10.22 Contract assets

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

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

2.10.23 Contract liabilities

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

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

2.10.24 Segmental Information

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

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

As such for management purposes, the Group is organized into business units based on their products and services and has six reportable operating segments as follows:

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

The principal activities of the cash generating units (Companies) related to

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Year ended 31 March 2023

each segment have been discussed under "Principal activities and nature of operations" section to the Financial Statements.

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

3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The Company is currently assessing the impact the amendments will have on current practice.

Definition of Accounting Estimates - Amendments to LKAS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to LKAS 12

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Disclosure of Accounting Policies - Amendments to LKAS 1 and IFRS Practice Statement 2

Amendments to LKAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

'- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Classification of Liabilities as Current or Noncurrent - Amendments to LKAS 1

Amendments to LKAS 1 Presentation of Financial Statements 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
- Disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

4. DISCONTINUED OPERATIONS AND ASSETS CLASSIFIED AS HELD FOR SALE

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

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

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

	FOOTWEAR	TEXTILE	TOTAL
	2022	2022	2022
	Palla	SAT	
	LKR	LKR	LKR
Revenue	-	-	-
Cost of Sales	-	-	-
Other Income	8,110	-	8,110
Administrative Expenses	(229,661)	-	(229,661)
Selling and Distribution Expenses	-	-	-
Finance Cost	-	-	-
Finance Income	-	-	-
Loss before tax from discontinued operations	(221,551)	-	(221,551)
Income tax Reversal	-	-	-
Loss for the year from discontinued operations	(221,551)	-	(221,551)
Gain associated with the Loss of control attributed to Subsidiary	-	1,583,829,828	1,583,829,828
	(221,551)	1,583,829,828	1,583,608,276
Attributable to:			
Equity Holders of the Parent	(221,551)	1,583,829,828	1,583,608,276
Non Controlling Interest	-	-	-
Basic Earnings/ (Loss) per share from Discontinued Operation	(0.001)	4.4	4.44
Diluted Earnings/ (Loss) per share from Discontinued Operation	(0.001)	4.4	4.44
Summary of Statement of Cash Flows			
Net Cash Flows Generated/(Used) Operating Activities	-	-	-
Net Cash Flows Generated/(Used) in Investing Activities	-	-	-
Net Cash Flows used in Investing Activities	-	-	-
	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

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

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

	LKR
Non-Current Assets	
Property, Plant & Equipments	2,288,728,340
Intangible Assets	72,420,179
Right to use Asset	19,887,189
Loans & Receivables	441,774,888
Total Non-Current Assets	2,822,810,596
Current Assets	
Inventories	1,575,728,035
Trade & Other Receivables	1,055,321,736
Income Tax Receivable	69,448,662
Cash & Bank	13,436,709
Total Current Assets	2,713,935,142
Total Assets	5,536,745,737
Non-Current Liabilities	
Interest Bearing Loans & Borrowings	168,937,738
Deferred Tax Liabilities	154,971,634
Retirement benefit obligations	140,609,271
Total Non-Current Liabilities	464,518,642
Current Liabilities	
Trade & Other Payables	2,352,188,045
Interest Bearing Loans & Borrowings	774,068,361
Overdrafts	128,290,552
Total Current Liabilities	3,254,546,959
Total Liabilities	3,719,065,601
Fair value of Net Assets Disposed	1,817,680,136

	LKR
Gain on disposal of subsidiary - Group	
Total consideration received	3,563,622,830

Net Assets Attributable to Parent		
Fair value of net assets disposed	1,817,680,136	
Goodwill on Acquisition of South Asia Textiles Ltd	96,241,963	
De-recognition of non-controlling interests	(48,384,053)	1,865,538,046
Gain on disposal of subsidiary		1,698,084,784
Reclassification adjustment made to foreign currency revaluation reserve due to the disposal of subsidiary		(114,254,956)
Net Gain from Disposal of subsidiary		1,583,829,828

	Rs 000
Loss on disposal of subsidiary - Company	
Total consideration received	3,563,622,830
Fair Value of Subsidiary	3,914,368,000
Loss associated with the Loss of control attributed to Subsidiary	(350,745,170)

NOTES TO THE FINANCIAL STATEMENTS

5. REVENUE

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
5.1 Summary				
Revenue From Contracts with customers				
Gross Revenue	20,697,862,597	14,155,889,834	881,277,519	850,852,994
	20,697,862,597	14,155,889,834	881,277,519	850,852,994
5.1.1 Company				
Rendering of Services			122,536,688	133,541,360
Investment Income			78,823,484	439,014,373
Dividend Income			169,643,819	111,226,574
Interest Income			510,273,528	167,070,687
			881,277,519	850,852,994

NOTES TO THE FINANCIAL STATEMENTS

5.2 Segment Information

Group	Footwear/Retail		Manufacturing Porcelain	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Total Revenue	-	2,223,888	5,912,058,227	3,762,106,289
Segment Results Gross Profit/(Loss)	-	(20,170,318)	2,052,997,381	1,204,716,172
Finance Cost	(30,420)	(7,821,653)	(342,841,372)	(108,110,622)
Finance Income	-	-	43,427,054	19,990,614
Change in Fair value of Investment Property	72,000,000	4,400,000	67,202,388	-
Net Results of the Associate	-	-	-	-
Impairment of intangible assets - Continuing Operations	-	-	-	-
Profit/(Loss) before Income Tax	57,231,490	(12,361,536)	937,120,093	257,285,294
Income Tax (Expense)/Reversal	(30,002,295)	-	(190,386,304)	(37,747,759)
Profit/(Loss) after tax for the year from continuing operations	27,229,196	(12,361,536)	746,733,789	219,537,535
Profit/(Loss) after tax for the year from discontinued operations	-	(221,551)	-	-
Profit/(Loss) for the year	27,229,196	(12,583,088)	746,733,789	219,537,535
Purchase and construction of Property Plant and Equipment	-	-	191,461,436	115,502,705
Additions to intangible assets	-	-	-	7,084,896
Depreciation of Property Plant and Equipment	-	-	109,896,439	101,858,567
Amortization of intangible assets	-	-	8,407,904	7,334,945
Gratuity provision and related costs	(315,670)	74,316	42,758,543	23,612,026
Impairment of Property Plant and Equipment	-	-	958,330	-
Impairment of intangible assets - continuing Operations	-	-	-	-
Assets and Liabilities				
Non-Current Assets	1,297,000,000	1,225,000,000	3,178,019,867	2,773,713,164
Current Assets	12,583,523	12,316,592	2,924,185,682	2,137,246,732
Investment Property Classified as Held For Sale	-	-	-	-
Total Assets *	1,309,583,523	1,237,316,592	6,102,205,549	4,910,959,896
Non-Current Liabilities	389,100,000	294,239,909	1,223,458,030	634,385,388
Current Liabilities	80,169,139	66,412,930	1,631,863,180	1,592,346,098
Liabilities Directly Associated with Investment Property Classified as Held For Sale	-	-	-	-
Total Liabilities **	469,269,138	360,652,839	2,855,321,211	2,226,731,486

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

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

NOTES TO THE FINANCIAL STATEMENTS

Investment		Property		IT and related Services		Financial Services		Group	
2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
566,409,579	606,487,811	78,046,294	25,657,081	13,838,029,597	9,254,607,641	303,318,901	504,807,123	20,697,862,597	14,155,889,834
566,409,579	606,487,811	74,616,781	22,830,467	2,769,642,744	1,578,623,570	302,580,575	503,751,359	5,766,247,061	3,896,239,061
(125,578,162)	(59,324,222)	(27,421,153)	(2,632,083)	(614,475,977)	(138,188,269)	(3,598,032)	(2,736,498)	(1,113,945,115)	(318,813,348)
-	-	157,902,257	52,343,732	102,196,029	37,308,169	176,419,938	97,539,237	479,945,279	207,181,753
-	-	7,000,000	-	-	-	4,350,000	-	150,552,388	4,400,000
-	-	-	-	5,945,375	2,589,886	-	-	5,945,375	2,589,886
-	-	-	-	-	-	-	-	-	-
293,084,315	337,153,113	129,531,247	5,549,182	619,540,589	346,026,910	179,675,975	337,722,160	2,216,183,710	1,271,375,123
(16,196,078)	42,197,076	(146,532,506)	(28,055,116)	(122,517,607)	(236,083,715)	(65,379,340)	(76,169,009)	(571,014,129)	(335,858,523)
276,888,237	379,350,189	(17,001,259)	(22,505,934)	497,022,982	109,943,195	114,296,636	261,553,150	1,645,169,581	935,516,600
-	1,583,829,828	-	-	-	-	-	-	-	1,583,608,276
276,888,237	1,963,180,017	(17,001,259)	(22,505,934)	497,022,982	109,943,195	114,296,636	261,553,150	1,645,169,581	2,519,124,875
834,000	-	124,200	57,600	172,625,743	41,638,911	35,000	1,833,596	365,080,379	159,032,812
-	-	-	-	-	-	-	-	-	7,084,898
4,744,565	5,650,456	8,049,819	1,153,831	50,949,752	42,243,582	1,269,342	7,515,371	174,909,917	158,421,807
1,025,007	1,025,007	-	-	2,326,272	159,182,774	-	-	11,759,183	167,542,726
2,434,930	1,485,995	273,732	205,397	62,021,769	34,657,305	3,800,821	2,028,147	110,974,125	62,063,186
-	-	-	-	-	-	-	-	958,330	-
-	-	-	-	-	-	-	-	-	-
1,334,384,595	1,236,719,586	1,014,852,066	361,954,884	942,797,523	952,278,874	640,682,179	605,182,940	8,407,736,230	7,154,849,447
2,237,355,910	2,864,286,889	1,146,086,765	1,210,480,539	9,326,996,121	8,743,990,433	2,351,306,453	769,234,975	17,998,514,455	15,737,556,160
-	-	-	-	-	-	-	-	-	-
3,571,740,505	4,101,006,475	2,160,938,832	1,572,435,423	10,269,793,644	9,696,269,307	2,991,988,632	1,374,417,914	26,406,250,684	22,892,405,607
61,096,107	292,310,167	123,030,259	31,860,093	894,866,198	784,549,590	34,325,053	12,722,936	2,725,875,647	2,050,068,084
313,165,595	494,164,440	176,216,201	49,480,480	8,034,456,148	7,721,396,542	2,060,481,342	295,181,525	12,296,351,604	10,218,982,016
374,261,702	786,474,607	299,246,460	81,340,573	8,929,322,346	8,505,946,132	2,094,806,395	307,904,462	15,022,227,251	12,269,050,100

NOTES TO THE FINANCIAL STATEMENTS

6. PROPERTY, PLANT & EQUIPMENT

6.1 Gross Carrying Amounts

GROUP	Balance As at 01 April 2022	Additions	Disposals	Aquisition of subsidiary	Transfers	Revaluation/ (Impairment)	Carrying Value As at 31 March 2023
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
At Cost or Valuation							
Freehold Land	1,171,148,000	-	-	-	-	111,253,400	1,282,401,400
Freehold Buildings	1,016,872,002	680,940	-	-	-	115,899,060	1,133,452,002
Furniture & Fittings	125,433,503	47,710,090	(3,637,710)	-	-	(197,538)	169,308,345
Computer Equipment	318,501,371	84,758,087	(4,358,169)	270,000	-	(121,500)	399,049,788
Motor Vehicle	7,420,877	4,048,119	-	-	-	-	11,468,996
Plant & Machinery	1,623,158,939	69,473,624	-	-	-	(80,014,598)	1,612,617,964
Office Equipment	154,152,193	3,703,139	(6,404,882)	-	-	(2,065,865)	149,384,585
Shop Assets	20,763,421	-	-	-	-	-	20,763,421
Roadways and Fence	2,687,404	37,149,162	-	-	-	-	39,836,566
Other Equipment	7,928,426	124,200	-	-	-	-	8,052,626
Network Hardware	726,679	-	(618,032)	-	-	-	108,648
Factory Equipment	9,496,062	-	-	-	-	-	9,496,062
Water Purification Project	15,075,990	-	-	-	-	-	15,075,990
	4,473,364,868	247,647,360	(15,018,793)	270,000	-	144,752,959	4,851,016,394
Assets on Finance Leases							
At Cost or Valuation							
Building on Leasehold land	52,878,510	-	-	-	-	-	52,878,510
	52,878,510	-	-	-	-	-	52,878,510
In the Course of Construction							
Capital Working Progress	10,135,103	117,433,019	-	-	(54,489,087)	-	73,079,035
Machinery Installation	-	-	-	-	-	-	-
	10,135,103	117,433,019	-	-	(54,489,087)	-	73,079,035
Total	4,536,378,481	365,080,379	(15,018,793)	270,000	(54,489,087)	144,752,959	4,976,973,939

NOTES TO THE FINANCIAL STATEMENTS

6.2 Accumulated Depreciation

At Cost or Valuation	Balance As at 01 April 2022	Charge for the Year	Disposals	Aquisition of subsidiary	Revaluation/ (Impairment)	Carrying Value As at 31 March 2023
	LKR	LKR	LKR	LKR	LKR	LKR
Freehold Building	-	52,416,841	-	-	(52,416,841)	-
Furniture & Fittings	87,326,107	14,057,495	(3,637,710)	-	(90,353)	97,655,539
Computer Equipment	219,144,047	47,588,548	(4,358,169)	58,750	(99,046)	262,334,129
Motor Vehicle	5,189,946	190,754	-	-	-	5,380,700
Plant & Machinery	1,496,919,218	43,603,551	-	-	(79,728,486)	1,460,794,283
Office Equipment	109,447,368	10,237,213	(5,735,383)	-	(1,523,286)	112,425,912
Shop Assets	20,763,421	-	-	-	-	20,763,421
Roadways and Fence	2,158,905	225,728	-	-	-	2,384,633
Other Equipment	6,153,840	1,133,934	-	-	-	7,287,775
Network Hardware	629,350	27,162	(618,032)	-	-	38,480
Factory Equipment	9,496,062	-	-	-	-	9,496,062
Water Purification Project	15,075,990	-	-	-	-	15,075,990
	1,972,304,253	169,481,226	(14,349,294)	58,750	(133,858,012)	1,993,636,923
Assets on Finance Leases						
Building on Leasehold land	29,775,172	5,428,691	-	-	-	35,203,863
	29,775,172	5,428,691	-	-	-	35,203,863
Total	2,002,079,425	174,909,917	(14,349,294)	58,750	(133,858,012)	2,028,840,786

NOTES TO THE FINANCIAL STATEMENTS

6.3 Net Book Values

	Note	As at	As at
		31 March 2023	31 March 2022
At Cost		LKR	LKR
Furniture & Fittings		71,652,806	38,107,397
Computer Equipment		136,715,659	99,357,324
Motor Vehicle		6,088,296	2,230,932
Plant & Machinery		151,823,682	126,239,720
Office Equipment		36,958,673	44,704,826
Shop Assets		-	-
Roadways and Fence		37,451,933	528,499
Other Equipment		764,852	1,774,586
Network Hardware		70,168	97,330
Factory Equipment		-	-
Water Purification Project		-	-
		441,526,069	313,040,614
At Valuation			
Freehold Land		1,282,401,400	1,171,148,000
Freehold Building		1,133,452,002	1,016,872,002
		2,415,853,402	2,188,020,002
Assets on Leasehold Land			
Cost or Valuation			
Building on Leasehold land	6.7	17,674,647	23,103,339
		17,674,647	23,103,339
In the Course of Construction			
Capital Working Progress		73,079,035	10,135,103
		73,079,035	10,135,103
		2,948,133,154	2,534,299,058

6.4 During the financial year, the Group acquired Property, Plant & Equipment to the aggregate value of LKR 247,647,360/- (2022- LKR 113,287,330/-).

6.5 During the previous financial year, the Group impaired the assets which are not in the useable condition and no recoverable value amounting to LKR 82,399,501 (2022 - LKR 46,110,921/-)

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

NOTES TO THE FINANCIAL STATEMENTS

6.7 Revaluation of Land and Building

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

6.7.1.1 Summary description of valuation methodologies.

- Market Approach / Open market value method (OMV)

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

- Cost Approach / Contractors method (CM)

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

- Investment Method

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

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

Company	Property	Method of Valuation	Value		Valuers Details	Effective Date of Valuation
			2023 LKR	2022 LKR		
Dankotuwa Porcelain PLC	Land at Dankotuwa	Market Approach	867,185,000	788,350,000	F. R. T. Valuation Services (Pvt) Limited	31 March 2023
	Buildings at Dankotuwa	Cost Approach	509,153,000	498,028,000		
Royal Fernwood Porcelain Limited	Land at Kosgama	Market Approach	268,716,550	237,023,150	F. R. T. Valuation Services (Pvt) Limited	31 March 2023
	Buildings at Kosgama	Cost Approach	430,799,002	364,119,000		
Lexinton Holdings (Pvt) Limited	Land at Rajagiriya	Market Approach/ Investment Method	145,775,000	145,775,000	F. R. T. Valuation Services (Pvt) Limited	31 March 2023
	Buildings at Rajagiriya	Cost Approach/ Investment Method	194,225,000	154,725,000		

6.7.2 Description of Significant Unobservable Inputs to Valuation

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

Property	Location	Method of Valuation	Inputs used for measurement	Area	Range	Sensitivity of Fair value to unobservable inputs
Royal Fernwood Porcelain Limited						
2023						
Freehold Land	Kosgama	Market Approach	Per perch rate	2,161.05 Perches	LKR 120,000 - 185,000	Positively correlated
Freehold Buildings	Kosgama	Cost Approach	Per sq.ft. rate	141,168 sq.feet	LKR 1,580/- to 7,900/-	Positively correlated
2022						
Freehold Land	Kosgama	Market Approach	Per perch rate	2,161.05 Perches	LKR 105,000- 175,000	Positively correlated
Freehold Buildings	Kosgama	Cost Approach	Per sq.ft. rate	141,168 sq.feet	LKR 1,000 - 5,000	Positively correlated

NOTES TO THE FINANCIAL STATEMENTS

Property	Location	Method of Valuation	Inputs used for measurement	Area	Range	Sensitivity of Fair value to unobservable inputs
Dankotuwa Porcelain PLC						
2023						
Freehold Land	Dankotuwa	Market Approach	Per perch rate	3,153.40 perches	LKR 275,000/-	Positively correlated
Freehold Buildings	Dankotuwa	Cost Approach	Per sq.ft. rate	260,015 Sq feet	LKR 1,500/- LKR 4,500/-	Positively correlated
2022						
Freehold Land	Dankotuwa	Market Approach	Per perch rate	3,153.40 perches	LKR 250,000/-	Positively correlated
Freehold Buildings	Dankotuwa	Cost Approach	Per sq.ft. rate	260,015 Sq feet	LKR 1,500/- LKR 4,500/-	Positively correlated
Lexinton Holdings (Pvt) Limited						
2023						
Freehold Land	Colombo 08	Contractor's Method	Per perch rate	17.15 Perches	LKR.7,000,000/- 9,500,000/-	Positively correlated
Freehold Buildings	Colombo 08		Per sq.ft. rate	17,150 sq feet	LKR.16,000/-	Positively correlated
2022						
Freehold Land	Colombo 08	Investment Method	Per perch rate	17.15 Perches	LKR. 2400 - 2600	Positively correlated
Freehold Buildings	Colombo 08		Per sq.ft. rate	17,150 sq feet		Positively correlated

Yield rate used for 2022 valuation was 7%

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

Class of Asset	Cost	Cumulative Depreciation If assets were carried at cost	Net Carrying Amount 2023	Net Carrying Amount 2022
	LKR	LKR	LKR	LKR
Dankotuwa Porcelain PLC				
Freehold Land	250,000	-	250,000	250,000
Freehold Buildings	165,081,657	137,627,774	27,453,883	36,614,804
	165,331,657	137,627,774	27,703,883	36,864,804
Royal Fernwood Porcelain Limited				
Freehold Land	3,462,294	-	3,462,294	3,462,294
Freehold Buildings	15,849,645	2,060,454	12,784,537	13,789,191
	19,311,939	2,060,454	16,246,831	17,251,485
Lexinton Holdings (Pvt) Limited				
Freehold Land	60,000,000	-	60,000,000	60,000,000
Freehold Buildings	115,000,000	73,600,000	41,400,000	46,000,000
	175,000,000	73,600,000	101,400,000	106,000,000

NOTES TO THE FINANCIAL STATEMENTS

6.8 Company

	As at 01.04.2022	Additions	Disposals	As at 31.03.2023
At Cost	LKR	LKR	LKR	LKR
Furniture, Fixtures & Other Equipment	7,391,121	-	-	7,391,121
Computer	29,833,393	834,000	-	30,667,393
Motor Vehicle	187,405	-	-	187,405
Total assets	37,411,919	834,000	-	38,245,919

	Balance As at 01.04.2022	Charge for the Year	-	Balance As at 31.03.2023
At Cost	LKR	LKR	LKR	LKR
Furniture, Fixtures & Other Equipment	4,421,707	1,194,424	-	5,616,131
Computer	24,511,639	3,550,141	-	28,061,780
Motor Vehicle	187,403	-	-	187,403
Total depreciation	29,120,749	4,744,565	-	33,865,314

Net Book Values	2023	2022
	LKR	LKR
At Cost		
Furniture, Fixtures & Other Equipment	1,774,990	2,969,415
Computer	2,605,613	5,321,754
Motor Vehicles	-	-
Total Carrying Amount of Property, Plant & Equipment	4,380,603	8,291,169

6.9 During the financial year, the Company acquired Property, Plant & Equipment to the aggregate value of LKR 834,000/- (2022 - NIL).

NOTES TO THE FINANCIAL STATEMENTS

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

	2023	2022
Group		
Building on Leasehold Land - Other	5 Years	5 Years
Building on freehold land	10-40 Years	10-40 Years
Furniture & Fittings	4-10 Years	4-10 Years
Computer Equipment	1-4 Years	1-4 Years
Motor Vehicles	4-6 Years	4-6 Years
Plant & Machinery		
Plant & Machinery	10 Years	10 Years
Kiln Furniture	3 Years	3 Years
Kilns	15 Years	15 Years
Office Equipment	4-5 Years	4-5 Years
Shop Assets	10 Years	10 Years
Roadways & Fence	40 Years	40 Years
Other Equipment	8-18 Years	8-18 Years
Factory Equipment	8-18 Years	8-18 Years
Water Purification Project	10 Years	10 Years
Company		
The useful lives of the assets of the companies in the group is estimated as follows.		
Furniture, Fixtures & Other Equipment	4 Years	4 Years
Computer	4 Years	4 Years
Motor Vehicle	6 Years	6 Years

7. INVESTMENT PROPERTY

		2023	2022
	Note	LKR	LKR
Balance as at the beginning of the year		2,011,743,212	2,007,343,212
Additions -Aquisition of Subsidiary	10.3	618,000,000	-
Change in Fair value of investment property		150,552,388	4,400,000
Balance as at the end of the year		2,780,295,600	2,011,743,212

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

7.1.1 The Valuation of group's investment properties were carried out by FRT Valuation Service (Pvt) Ltd professional valuer as at 31 March 2023. FRT Valuation Services (Pvt) Ltd is a specialist in valuing these types of investment properties.

NOTES TO THE FINANCIAL STATEMENTS

7.2 The Group has reported rental income amounting to LKR 6,194,933/- (2022 - LKR 3,520,048 /-) from this investment property and incurred direct operating expenses (including repairs and maintenance) amounting to LKR 3,429,513/- (2022 - LKR 2,280,922/-).

7.3 The significant assumptions used by the valuer in the years 2023 and 2022 are as follows.

Company	Property	Method of Valuation	Inputs used for measurement	2023	2022
				LKR	LKR
Dankotuwa Porcelain PLC	Land (Dankotuwa)	Open Market Value	Per perch rate	275,000	175,000
Royal Fernwood Porcelain Ltd	Land (Kosgama)	Open Market Value	Per perch rate	80,000	70,000
Ambeon Securities (Pvt) Ltd	Land (Kosgama)	Open Market Value	Per perch rate	90,000	72,500
Ceylon Leather Products Limited	Land (Mattakkuliya)	Open Market value	Per perch rate	1,750,000	1,650,000
	Buildings (Mattakkuliya)	Replacement Cost	Per sq.ft. rate	580 - 2,300	580 - 2,300
Lexinton Resorts (Pvt) Ltd*	Land (Balapitiya)	Open Market value	Per perch rate	550,000	-

* Refer note 10.3.1 on acquisition details of Lexinton Resorts (Pvt) Ltd.

NOTES TO THE FINANCIAL STATEMENTS

7.4 Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2023 and 2022 are as shown below;

Investment Property	Valuation technique	Significant unobservable inputs	Rate	Sensitivity of input to Fair value
Dankotuwa Porcelain PLC				
As at 31 March 2023				
Land 3,899.35 perches	Open Market value	Per perch rate	LKR 275,000	Positively Correlated
As at 31 March 2022				
Land 3,899.35 perches	Open Market value	Per perch rate	LKR 175,000	Positively Correlated
Royal Fernwood Porcelain Ltd				
As at 31 March 2023				
Land 1,753.07 perches	Open Market value	Per perch rate	LKR 80,000	Positively Correlated
As at 31 March 2022				
Land 1,753.07 perches	Open Market value	Per perch rate	LKR 70,000	Positively Correlated
Ambeon Securities (Pvt) Ltd				
As at 31 March 2023				
Land 1,162.37 perches	Open Market value	Per perch rate	LKR 90,000	Positively Correlated
As at 31 March 2022				
Land 1,162.37 perches	Open Market value	Per perch rate	LKR 72,500	Positively Correlated
Ceylon Leather Products Limited				
As at 31 March 2023				
Land 721.62 perches	Open Market value	Per perch rate	LKR 1,750,000	Positively correlated
Buildings 81,428 sq.ft	Contractors' cost	Per sq.ft. rate	LKR 580 - 2,300	Positively correlated
As at 31 March 2022				
Land 721.62 perches	Open Market value	Per perch rate	LKR 1,650,000	Positively correlated
Buildings 81,428 sq.ft	Replacement Cost	Per sq.ft. rate	LKR 580 - 2,300	Positively correlated
Lexinton Resorts (Pvt) Ltd*				
As at 31 March 2023				
Land 1373.1 perches	Open Market value	Per perch rate	LKR 550,000	Positively correlated

* Refer note 10.3.1 on acquisition details of Lexinton Resorts (Pvt) Ltd.

NOTES TO THE FINANCIAL STATEMENTS

8. INTANGIBLE ASSETS

	Note	2023 LKR	2022 LKR
Goodwill	8.1	888,519,950	888,519,950
Computer Software	8.2	20,294,551	32,053,734
Brand Name	8.3	324,644,574	324,644,574
License Fees	8.4	22,161,458	22,161,458
		1,255,620,533	1,267,379,716

8.1 Goodwill

Balance at the beginning of the year		888,519,950	985,761,910
Disposal of Subsidiary	4	-	(96,241,960)
Balance at the end of the year		888,519,950	888,519,950

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

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

8.2 Software

	Note	2023 LKR	2022 LKR
Balance at the beginning of the year		32,053,734	264,931,744
Additions during the period		-	7,084,896
Disposal of Subsidiary		-	(72,420,180)
Amortization during the period		(11,759,183)	(167,542,725)
Balance at the end of the year	8.2.1	20,294,551	32,053,734

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

8.3 Brand Names

	Note	2023 LKR	2022 LKR
Balance at the beginning of the year		324,644,574	324,644,574
Balance at the end of the year	8.5	324,644,574	324,644,574

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

NOTES TO THE FINANCIAL STATEMENTS

8. INTANGIBLE ASSETS (Contd...)

8.4 License Fees

	2023	2022
	LKR	LKR
Balance at the beginning of the year	22,161,458	22,161,458
Balance at the end of the year	22,161,458	22,161,458

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

8.5 Impairment Testing of Goodwill and Brand Name with Indefinite Lives

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

	At the Beginning of the year	Disposed during the period	Impairment Provision	At the End of the year
	LKR	LKR	LKR	LKR
Goodwill				
Porcelain	41,478,110	-	-	41,478,110
IT and Related Services	847,041,840	-	-	847,041,840
	888,519,950	-	-	888,519,950
Brand Name				
Porcelain	9,723,614	-	-	9,723,614
IT and Related Services	314,920,960	-	-	314,920,960
	324,644,574	-	-	324,644,574

8.5.1 Impairment of goodwill

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

Gross margins

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

Discount rates (Weighted Average Cost of Capital)

The discount rate used is the risk free rate which is the long term bond rate as published by Central Bank of Sri Lanka, adjusted by the addition of an appropriate risk premium. (Refer Note 10)

NOTES TO THE FINANCIAL STATEMENTS

Inflation

The basis used to determine the value assigned to the budgeted cost inflation, is the inflation rate, based on projected economic conditions as published by Central Bank of Sri Lanka.

Terminal growth rate

Volume growth has been budgeted on a reasonable and realistic basis by taking into account the growth rates of one to four years immediately subsequent to the budgeted year based on Industry growth rates. Cash flows beyond the five year period are extrapolated using 3%-4% growth rates..

* Details of Assumptions and related disclosures are further described in the Note 10 of this financial statements.

8.6 Company

	Note	2023 LKR	2022 LKR
Computer Software	8.6.1	5,148,276	6,173,283
		5,148,276	6,173,283

8.6.1 Software

Balance at the beginning of the year		6,173,283	7,198,290
Amortization during the period		(1,025,007)	(1,025,007)
Balance at the end of the year		5,148,276	6,173,283

NOTES TO THE FINANCIAL STATEMENTS

9. RIGHT OF USE ASSETS

Right of use assets

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

* Notes and disclosures relating to Lease Liability are described in the Note 19.

9.1 Right to Use Assets

	As At 01.04.2022	Amortization	Additions	As At 31.03.2023
	LKR	LKR	LKR	LKR
Right to Use Asset - Building	517,045,830	(80,136,987)	23,502,731	460,411,574
Right to Use Asset - Land	-	-	-	-
	517,045,830	(80,136,987)	23,502,731	460,411,574
Right to Use Asset Motor Vehicle	4,851,813	(2,154,394)	-	2,697,419
	521,897,643	(82,291,381)	23,502,731	463,108,993

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

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

NOTES TO THE FINANCIAL STATEMENTS

10. INVESTMENT IN SUBSIDIARIES

Company

10.1 Investments - Quoted

	Holding		Fair Value	
	2023	2022	2023	2022
	%	%	LKR	LKR
Colombo City Holdings PLC	77.63%	77.63%	1,520,606,000	1,502,594,636
Dankotuwa Porcelain PLC	72.51%	77.51%	3,084,535,000	2,764,897,190
			4,605,141,000	4,267,491,826

10.2 Investments - Unquoted

Ceylon Leather Products Ltd	99.90%	99.90%	833,351,000	538,277,184
Olancom (Pvt) Ltd	93.15%	93.15%	-	-
Millennium I.T.E.S.P. (Pvt) Ltd	0.51%	0.51%	26,591,000	23,421,143
Palla & Company (Pvt) Ltd	99.90%	99.90%	-	-
Taprobane Capital Plus (Pvt) Ltd	100.00%	100.00%	536,219,712	508,958,000
Eon Tec (Pvt) Ltd	78.00%	78.00%	2,052,782,000	2,668,388,580
			3,448,943,712	3,739,044,907
Total Carrying Value of Investments			8,054,084,712	8,006,536,733

10.2.1 Investment in Subsidiary Movement

	At the Beginning of the Year	Net Investment/ (Disposal)	*Capital Reduction	Change in Fair Value	At the end of the Year
	LKR	LKR	LKR	LKR	LKR
2023	8,006,536,733	(178,365,579)	-	225,913,558	8,054,084,712
2022	10,768,503,000	(3,914,368,000)	(383,645,309)	1,536,047,042	8,006,536,733

Investment in Subsidiaries are stated at fair value, fair value has been determined in accordance with SLFRS 13. Professional valuation was performed by KPMG for the year ended 31 March 2023 and for 31 March 2022.

* Disposal of investment relates to partial disposal of Dankotuwa Porcelain PLC (Note 10.3.3).

NOTES TO THE FINANCIAL STATEMENTS

10.2.2 Investments Details

Company	Investor	Effective Holding %		Principal Activity	Place of Principal Business
		2023	2022		
Lexinton Financial Services (Pvt) Ltd	Taprobane Capital Plus (Pvt) Ltd	100.00	100.00	Carrying out Margin Trading - No operation During the year.	No. 10, Gothami Road, Colombo 08
Ceylon Leather Products Ltd	Ambeon Holdings PLC	99.91	99.91	Manufacturing and selling of Leather, Leather Footwear and Leather Goods	No 10, Gothami Road, Colombo 08
Palla & Company (Pvt) Ltd	Ambeon Holdings PLC	99.99	99.99	Manufacturing shoes for export market - Ceased Operations during the period	No 10, Gothami Road, Colombo 08
Dankotuwa Porcelain PLC	Ambeon Holdings PLC	72.51	77.51	Manufacturing and selling of porcelain tableware to export and local markets	Factory and the showroom, Kurunegala Road, Dankotuwa
Dankotuwa Porcelain Singapore Pte Ltd	Dankotuwa Porcelain PLC	72.51	77.51	Manufacturing and selling of porcelain tableware -No operations during the year	"No. 3, Shenton Way# 10 - 05, Shenton House, Singapore "
Royal Fernwood Porcelain Ltd	Dankotuwa Porcelain PLC	69.38	74.17	Manufacturing and selling of porcelain tableware to export and local markets	Werelamandiya Estate, Police station road, Kosgama
Lanka Decals (Pvt) Ltd	Royal Fernwood Porcelain Ltd	69.38	74.17	Manufacturing Decals - No operations during the period	Werelamandiya Estate, Police station road, Kosgama
Fernwood Lanka (Pvt) Ltd	Royal Fernwood Porcelain Ltd	69.38	74.17	Selling of porcelain tableware to domestic market - No operations during the period	Werelamandiya Estate, Police station road, Kosgama
Colombo City Holdings PLC	Ambeon Holdings PLC	77.63	77.63	Real estate Management	No 10, Gothami Road, Colombo 08
Olancom (Pvt) Ltd	Ambeon Holdings PLC	93.15	93.15	Engage in networking business solutions - No operations during the period	No 10, Gothami Road, Colombo 08
Taprobane Investments (Pvt) Ltd	Taprobane Capital Plus (Pvt) Ltd	100.00	100.00	Money Broking	No 10, Gothami Road, Colombo 08
Ambeon Securities (Pvt) Ltd	Taprobane Capital Plus (Pvt) Ltd	100.00	100.00	Share Broking	No. 10, Gothami Road, Colombo 08
Taprobane Wealth Plus (Pvt) Ltd	Taprobane Capital Plus (Pvt) Ltd	100.00	100.00	Corporate Finance	No. 10, Gothami Road, Colombo 08
Taprobane Capital Plus (Pvt) Ltd	Ambeon Holdings PLC	100.00	100.00	Investment Management	No 10, Gothami Road, Colombo 08
Eon Tech (Pvt) Ltd	Ambeon Holdings PLC	78.00	78.00	Investment Holding	No. 10, Gothami Road, Colombo 08
Lexinton Holdings (Pvt) Ltd	Colombo City Holdings PLC	77.63	77.63	Real estate Management	No 10, Gothami Road, Colombo 08
Millennium I.T.E.S.P (Pvt) Ltd	Eon Tech (Pvt) Ltd	50.62	60.75	IT Solutions	No 4500 F A D Mal Mawatha Colombo 03
Millennium I.T.E.S.P Singapore Pte Ltd	Millennium I.T.E.S.P (Pvt) Ltd	50.62	60.75	IT Solutions	531A, Upper Cross Street, Hong Lim Complex, Singapore
Millennium I.T.E.S.P Bangladesh Pvt Ltd	Millennium I.T.E.S.P (Pvt) Ltd	50.62	60.75	IT Solutions	Ka 1/3, North Road, Kalachadpur, Bandhara, Dhaka Bangladesh
Infoseek (Private) Ltd	Millennium I.T.E.S.P (Pvt) Ltd	39.00	39.00	An innovative Cloud based Human Resource Information System named as MirtHRM	No 48 Chitra Lane, Colombo 05
Sherwood Capital (Pvt) Ltd	Taprobane Capital Plus (Pvt) Ltd	60	-	Bond trading and treasury management	No 10, Gothami Road, Colombo 08
Lexinton Resorts (Pvt) Ltd	Colombo City Holdings PLC	77.63	-	Real estate Management	No. 10, Gothami Road, Colombo 08

10.3 Investments and Disposals

10.3.1 Purchase of shares of Lexinton Resorts (Pvt) Ltd by Colombo City Holdings PLC

Colombo City Holdings PLC purchased 229,000,000 ordinary shares of Lexinton Resorts (Pvt) Ltd on 8 August 2022. This purchase represents 100% of the total issued ordinary shares of Lexinton Resorts (Pvt) Ltd.

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

	LKR
Non-Current Assets	
Investment Property	618,000,000
Total Non-Current Assets	618,000,000
Current Assets	
Trade & Other Receivables	40,000
Cash & Bank	131,801
Total Current Assets	171,801
Total Assets	618,171,801
Non-Current Liabilities	
Deferred Tax Liabilities	10,300,000
Total Non-Current Liabilities	10,300,000
Current Liabilities	
Trade & Other Payables	33,523,353
Total Current Liabilities	33,523,353
Total Liabilities	43,823,353
Fair value of Net Assets Acquired	574,348,448
Purchase Consideration	575,000,000
Goodwill recognised on acquisition *	651,551

* Goodwill on acquisition has impaired during the year based on the assessment carried out by the management.

10.3.2 Purchase of shares of Sherwood Capital (Pvt) Ltd by Taprobane Capital Plus (Pvt) Ltd

Taprobane Capital Plus (Pvt) Ltd, which is a wholly owned subsidiary of Ambeon Holdings PLC has purchased 60% stake in Sherwood Capital (Pvt) Ltd on 28th March 2023.

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

	LKR
Non-Current Assets	
Property, Plant & Equipment	211,250
Financial Assets- Ammortized Cost	393,336,264
	393,547,514
Current Assets	
Right of Use Assets	1,239,021
Prepayments & Receivables	1,027,500
Financial Investment- Held for trading	1,832,538,444
Cash and Short Term Deposits	5,230,357
	1,840,035,322
Total Assets	2,233,582,836
Non-Current Liabilities	
Employee Benefits Liabilities	96,872
Lease Liability	1,442,570
Deferred tax Liability	17,822,187
	19,361,629
Current Liabilities	
Income Tax Payable	526,447
Trade and Other Payables	5,496,680
Amounts Due to Related Parties	21,450
Interest Bearing Loans & Borrowings	1,865,187,673
Total Current Liabilities	1,871,232,250
Total Liabilities	1,890,593,879
Fair value of Net Assets Acquired	342,988,960
60% stake of Net assets acquired	205,793,376
Purchase Consideration	190,000,000
Gain on bargain of purchase of the subsidiary*	15,793,376

* Gain on bargain of purchase has recognised in current year consolidated profit & loss account.

NOTES TO THE FINANCIAL STATEMENTS

10.3.3 Disposal of 5% stake in Dankotuwa Porcelain PLC by Ambeon Holdings PLC.

Ambeon Holdings PLC has disposed 8,127,646 equity shares of Dankotuwa Porcelain PLC on 4th October 2022. The disposed share quantity represents 5% of the issued capital of the company & LKR 201,439,104 was realized from the transaction. The impact on disposal has been adjusted in equity statement as the transaction does not incur loss of control in the subsidiary.

10.3.4 Issue of shares to Employees of Millennium I.T.E.S.P (Pvt) Ltd

Millennium I.T.E.S.P (Pvt) Ltd has issued 491,911 new shares on 30th May 2022. The effective share holding of Ambeon Holding PLC has reduced to 50.62% due to new share issue.

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

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

Company	Valuation Techniques	Significant Inputs	Significant Assumption	FV Level	2023	2022	Effective date
Dankotuwa Porcelain PLC	Discounted Cashflow Method	Cash Flow Forecast	WACC *	Level 3	16.30%	17.60%	31-Mar
			Terminal Growth Rate		3.50%	3.50%	
Royal Fernwood porcelain Ltd	Discounted Cashflow Method	Cash Flow Forecast	WACC	Level 3	17.20%	17.10%	31-Mar
			Terminal Growth Rate		3.00%	3.50%	
Millennium I.T.E.S.P (Pvt) Ltd	Discounted Cashflow Method	Cash Flow Forecast	WACC	Level 3	17.59%	14.60%	31-Mar
			Terminal Growth Rate		4.00%	3.50%	
Colombo City Holdings PLC	Net Assets Value	-	-	Level 3	-	-	31-Mar
Ceylon Leather Products Ltd	Net Assets Value	-	-	Level 3	-	-	31-Mar
Palla & Company (Pvt) Ltd	Net Assets Value	-	-	Level 3	-	-	31-Mar
Taprobane Capital Plus (Pvt) Ltd	Net Assets Value	-	-	Level 3	-	-	31-Mar
Olancom (Pvt) Ltd	Net Assets Value	-	-	Level 3	-	-	31-Mar

10.5. Sensitivity Analysis

Company	Weighted Average Cost of Capital	Terminal Growth Rate	2023		2022	
			Effect on Income Statement	Effect on Statement of Financial Position	Effect on Income Statement	Effect on Statement of Financial Position
			LKR	LKR	LKR	LKR
Dankotuwa Porcelain PLC	1%		(129,975,000)	(129,975,000)	(176,636,190)	(176,636,190)
	-1%		152,058,000	152,058,000	207,520,810	207,520,810
		1%	170,821,000	170,821,000	145,977,810	145,977,810
		-1%	(146,013,000)	(146,013,000)	(126,652,190)	(126,652,190)
Royal Fernwood Porcelain Ltd	1%		(98,284,000)	(98,284,000)	(148,136,643)	(148,136,643)
	-1%		113,203,000	113,203,000	174,972,357	174,972,357
		1%	200,794,000	200,794,000	124,112,357	124,112,357
		-1%	(111,811,000)	(111,811,000)	(107,071,643)	(107,071,643)
Millennium I.T.E.S.P (Pvt) Ltd	1%		(364,405,000)	(364,405,000)	(419,023,143)	(419,023,143)
	-1%		422,314,000	422,314,000	510,527,857	510,527,857
		1%	422,434,000	422,434,000	377,444,857	377,444,857
		-1%	(364,523,000)	(364,523,000)	(315,136,143)	(315,136,143)

NOTES TO THE FINANCIAL STATEMENTS

11. OTHER NON-CURRENT FINANCIAL ASSETS

11.1 Non Current Investments

	Note	Group		Company	
		2023	2022	2023	2022
		LKR	LKR	LKR	LKR
Financial Assets at Amortized Cost					
Deposit with Colombo Stock Exchange		1,000,000	1,000,000	-	-
Investments in Government Securities		400,800,405	9,154,942	-	-
Loans and Receivables	14.3	424,685,675	821,221,108	379,462,902	732,744,523
Impairment For Loans and Receivable *		(180,000,000)	(180,000,000)	(180,000,000)	(180,000,000)
		646,486,080	651,376,050	199,462,902	552,744,523

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

12. INVESTMENT IN EQUITY ACCOUNTED INVESTEE

Group

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

	2023	2022
	LKR	LKR
Opening Balance	35,928,948	12,158,840
Investment in Ordinary Shares	-	21,180,222
Share of result of equity accounted investee	5,945,375	2,589,886
	41,874,323	35,928,948
Summarized Financial Information		
The Associate's Statement of Financial Position		
Total Assets	67,430,403	56,787,058
Total Liabilities	(60,230,403)	(52,017,216)
Equity	7,200,000	4,769,842
Carrying amount of the investment	1,799,985	1,192,436
Share of Revenue, Profit/(Loss) of the Equity Accounted investee		
Revenue	82,263,128	52,975,277
Profit for the Year	15,244,551	10,359,627
Share of Profit for the Year	5,945,375	2,589,886

NOTES TO THE FINANCIAL STATEMENTS

12.1 Equity Reconciliation

	Group	
	2023 LKR	2022 LKR
Un-Quoted		
	39.0%	39.0%
Carrying amount as at the beginning of the year	35,928,948	12,158,840
Investment Made During the Year	-	21,180,222
Share of Profit/(Loss) of Equity accounted Investee After Tax	5,945,375	2,589,886
Carrying amount as at the end of the year	41,874,323	35,928,948

13. INVENTORIES

	Note	Group	
		2023 LKR	2022 LKR
Raw Material		447,920,265	419,506,603
Work in Progress/ Project in Progress		1,981,775,861	2,122,934,121
Finished Goods		675,785,679	475,881,177
Indirect Material		33,564,534	24,594,451
Spare Stock		44,550,579	32,339,419
General Stock		13,997,593	14,300,924
Consumables		46,093,301	33,662,815
Semi Finished Goods		185,545,272	159,532,247
Packing Material		23,685,066	35,165,755
Maintenance Inventory		147,750,868	143,374,060
Goods-In-Transit		18,723,969	8,703,538
Others		30,825,283	32,804,100
Less : Allowance for Obsolete & Slow Moving Inventories	13.1	(427,985,539)	(598,414,703)
		3,222,232,731	2,904,384,507

13.1 Allowance for Obsolete & Slow Moving Inventories

	Group	
	2023 LKR	2022 LKR
Balance at the beginning of the year	598,414,703	984,677,130
Reversal of Provisions	(159,477,164)	-
Provision made during the year	4,599,164	172,213,939
Disposal of Subsidiary	-	(367,252,740)
Inventory Write-off	(15,551,164)	(191,223,626)
Balance at the End of the year	427,985,539	598,414,703

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

NOTES TO THE FINANCIAL STATEMENTS

14. TRADE AND OTHER RECEIVABLES

14.1 Summary

	Note	Group		Company	
		2023	2022	2023	2022
		LKR	LKR	LKR	LKR
Trade Debtors - Other		8,255,659,410	7,300,490,190	-	-
Less: Allowance for Bad & Doubtful Debtors	14.1.1	(1,423,831,684)	(1,246,598,619)	-	-
		6,831,827,726	6,053,891,572	-	-
Other Receivables - Related Party	14.2	5,912,240	3,165,282	225,063,121	356,324,800
- Other		317,132,896	290,894,116	133,328,976	134,081,892
Loan Receivables	14.3	2,344,374,088	2,702,193,765	2,264,412,840	3,220,989,831
Less: Allowance for Bad & Doubtful Debtors	14.1.1	(376,172,856)	(353,729,518)	(1,022,627,410)	(1,351,146,680)
		9,123,074,094	8,696,415,216	1,600,177,527	2,360,249,843
Advances and Prepayments		917,562,052	394,922,927	6,661,088	4,368,772
		10,040,636,146	9,091,338,143	1,606,838,615	2,364,618,615

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

14.1.1 Allowance for Bad & Doubtful Debtors

	Note	Group		Company	
		2023	2022	2023	2022
		LKR	LKR	LKR	LKR
Balance at the beginning of the year		1,600,328,137	1,562,892,069	1,351,146,680	1,057,992,285
Provision/(Reversal) made during the year		199,676,403	61,770,766	(328,519,270)	293,154,395
Disposal of Subsidiary		-	(24,334,698)	-	-
Balance at the End of the year		1,800,004,540	1,600,328,137	1,022,627,410	1,351,146,680

14.2 Other Receivables - Related Party

	Relationship	Group		Company	
		2023	2022	2023	2022
		LKR	LKR	LKR	LKR
Ceylon Leather Products Ltd	Subsidiary	-	-	150,000	37,769,947
Taprobane Investments (Pvt) Limited	Subsidiary	-	-	(3,225)	-
Palla & Co. (Pvt) Ltd	Subsidiary	-	-	1,682,239	1,538,599
Dankotuwa Porcelain PLC	Subsidiary	-	-	2,586,026	-
Royal Fernwood Porcelain (Pvt) Ltd	Sub-Subsidiary	-	-	15,727,452	67,653,771
Colombo City Holdings PLC	Subsidiary	-	-	-	976,543
Olancom (Pvt) Ltd	Subsidiary	-	-	195,537,603	195,537,603
Ambeon Capital PLC	Immediate Parent	5,862,240	-	293,761	-
Taprobane Capital (Pvt)Ltd	Subsidiary	-	-	100	-
Millennium I.T.E.S.P (Pvt) Ltd	Subsidiary	-	-	4,723,939	4,325,991
Eon Tec (Pvt) Ltd	Subsidiary	-	-	-	394,986
Ambeon Securities (Pvt) Ltd	Sub-Subsidiary	-	-	4,315,226	48,057,921
Lexinton Resorts (Pvt) Ltd	Affiliate	-	3,095,842	-	-
ARRC Capital (Pvt) Ltd	Affiliate	-	19,440	-	19,440
Eon Investments (Pvt) Ltd	Affiliate	50,000	50,000	50,000	50,000
		5,912,240	3,165,282	225,063,121	356,324,800

NOTES TO THE FINANCIAL STATEMENTS

14.3 Loan Receivables - Group

	Relationship	2023 Amount		2023 Total	2022 Amount		2022 Total
		Receiveable Within 1 Year	Receiveable After 1 Year		Receiveable Within 1 Year	Receiveable After 1 Year	
		LKR	LKR	LKR	LKR	LKR	LKR
Group Companies							
CHC Investments (Pvt) Ltd	Ultimate Parent	125,115,306	244,685,675	369,800,981	45,222,773	251,221,108	296,443,881
Ambeon Capital PLC	Immediate Parent	2,173,798,678	-	2,173,798,678	2,609,332,899	390,000,000	2,999,332,899
Loans to Company Officers (Note 14.3.2)	Employees	722,999	-	722,999	2,900,988	-	2,900,988
Others							
D.B. Exim (Pvt) Ltd		19,307,143	-	19,307,143	19,307,143	-	19,307,143
Ceylon Leather Products Manufactures (Pvt) Ltd *		25,429,962	180,000,000	205,429,962	25,429,962	180,000,000	205,429,962
		2,344,374,088	424,685,675	2,769,059,763	2,702,193,765	821,221,108	3,523,414,872

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

Terms & Condition

Company Loan Obtained	Company Loan Granted	Rate	Period	Amount
				LKR
CHC Investment (Pvt) Ltd	Ambeon Holdings PLC	AWPLR + 1.5%	36 Months	199,462,902
	Colombo City Holdings PLC	AWPLR + 1.5%	36 Months	170,338,079
				369,800,981
Ambeon Capital PLC	Ambeon Holdings PLC	AWPLR + 1.5%	12 Months	1,363,793,268
	Ambeon Holdings PLC	AWPLR + 1.5%	30 months	198,393,505
	Taprobane Wealth Plus (Pvt)Ltd	AWPLR + 1.5%	12 Months	5,859,186
	Lexinton Holdings (Pvt) Ltd	AWPLR + 1.5%	12 Months	334,889,848
	Millennium I.T.E.S.P(Pvt) Ltd	AWPLR + 1.5%	12 Months	270,862,870
				2,173,798,678

NOTES TO THE FINANCIAL STATEMENTS

14.3.1 Loan Receivables - Company

	Relationship	2023			2022		
		Amount Receivable Within 1 Year	Amount Receivable After 1 Year	Total	Amount Receivable Within 1 Year	Amount Receivable After 1 Year	Total
		LKR	LKR	LKR	LKR	LKR	LKR
Group Companies							
Olancom (Pvt) Ltd	Subsidiary	648,667,204	-	648,667,204	648,667,204	-	648,667,204
Ceylon Leather Products Ltd*	Subsidiary	-	-	-	290,539,758	-	290,539,758
Ambeon Capital PLC	Immediate Parent	1,562,186,774	-	1,562,186,774	2,131,592,737	390,000,000	2,521,592,737
Dankotuwa Porcelain PLC	Subsidiary	-	-	-	78,998,952	-	78,998,952
Royal Fernwood Porcelain (Pvt) Ltd	Sub-Subsidiary	8,821,757	-	8,821,757	26,454,076	-	26,454,076
CHC investments (Pvt) Ltd	Ultimate Parent	-	199,462,902	199,462,902	-	162,744,523	162,744,523
Others							
D.B. Exim (Pvt) Ltd**		19,307,143	-	19,307,143	19,307,143	-	19,307,143
Ceylon Leather Products Manufactures (Pvt) Ltd***		25,429,962	180,000,000	205,429,962	25,429,962	180,000,000	205,429,962
Impairment							
		2,264,412,840	379,462,902	2,643,875,741	3,220,989,831	732,744,523	3,953,734,354

*Prior year, the Loan Balance Receivable from Ceylon Leather Products Ltd has been fully provided considering the recoverability assessment carried out by the management and it has been written off by the management during the year.

**In the High Court of the Western Province, it was agreed that the outstanding amount be settled on or before 15 September 2018. However, the Company (D.B. Exim (Pvt) Limited) requested further 6 months to settle the outstanding. The Borrower has not settled the liability as at 31 March 2023 and it has been fully provided.

***The Company was formally known as Ceylon Leather Products Distributors (Pvt) Ltd. Terms and Conditions : Rate of interest at AWPLR+2% per annum.loan receivable within 31 Months . As at the Reporting date loan receivable balance has been fully provided considering the recoverability assessment carried out by the management.

	Payment on or Before	Interest Rate	As at 01 April 2022	Loans Granted	Loans Settled	Interest Accrued During the year	As at 31 March 2023
			LKR	LKR	LKR	LKR	LKR
Group Companies							
Olancom (Pvt) Ltd	28 Sep 2015	AWPLR + 1%	648,667,204	-	-	-	648,667,204
Ceylon Leather Products Ltd	Within 1 Year	12% - 14.2% and AWPLR+3.5%	290,539,758	-	(290,539,758)	-	(0)
Ambeon Capital PLC	36 Months	AWPLR+1.5%	2,521,592,737	135,000,000	(1,446,792,131)	352,386,168	1,562,186,774
Dankotuwa Porcelain PLC	Within 1 Year	AWPLR+1.5%	78,998,952	-	(86,838,473)	7,839,521	(0)
CHC investments (Pvt) Ltd	27 Months	AWPLR+1.5%	162,744,523	-	(3,943,657)	40,662,036	199,462,902
Royal Fernwood Porcelain (Pvt) Ltd	Within 1 Year	AWPLR+1.5%	26,454,076	-	(23,000,000)	5,367,681	8,821,757
Ambeon Securities (Pvt) Ltd	Within 1 Year	AWPLR+0.5%	-	-	-	-	-
Others							
D.B. Exim (Pvt) Ltd	15 September 2018	N/A	19,307,143	-	-	-	19,307,143
Ceylon Leather Products Manufactures (Pvt) Ltd	Within 31 Months	AWPLR+1.5%	205,429,962	-	-	-	205,429,962
			3,953,734,354	135,000,000	(1,851,114,019)	406,255,406	2,643,875,741

NOTES TO THE FINANCIAL STATEMENTS

14.3.2 Loans to Company Officers

	Group	
	2023 LKR	2022 LKR
Balance at the beginning of the year	2,900,988	3,963,013
Loans granted during the year	-	156,315
Less : Repayments during the year	(2,177,989)	(1,218,340)
Balance at the end of the year	722,999	2,900,988

15. OTHER FINANCIAL INVESTMENTS

	Note	Group		Company	
		2023 LKR	2022 LKR	2023 LKR	2022 LKR
Fair Value through Profits or Loss					
Quoted Equities at Market Value	15.1 & 15.2	194,071,016	564,410,113	148,249,462	419,851,007
Fair Value through OCI					
Quoted Equities at Market Value	15.1	308,974,925	290,656,879	308,974,925	290,656,879
Financial Instrument - at Amortized cost					
Bank Deposits & Government Securities		2,932,227,827	709,301,378	294,354,937	58,805
		3,435,273,768	1,564,368,370	751,579,324	710,566,691

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

NOTES TO THE FINANCIAL STATEMENTS

15.1 Investments in Equity Securities - Group

	No of Shares		Cost		Market Value	
	2023	2022	2023	2023	2022	2022
			LKR	LKR	LKR	LKR
Fair Value through Profits or Losses						
B P P L Holdings PLC	457,777	457,777	5,377,997	9,659,095	5,377,997	9,018,207
Seylan Bank PLC	21,761	20,342	1,926,628	724,641	1,926,628	642,807
Aitken Spence PLC	399	399	88,785	52,269	88,785	29,406
CIC Holdings PLC	-	1,649,116	-	-	80,977,899	62,831,320
Expo Lanka PLC	-	650,000	-	-	147,427,273	135,037,500
Hayleys PLC	2,115,283	2,115,283	236,544,299	152,300,376	236,544,299	162,665,263
Royal Ceramics Lanka PLC-	500,000	500,000	25,661,490	13,800,000	25,661,490	20,350,000
Access Engineering PLC	-	5,075,000	-	-	150,584,557	76,125,000
Swisstec (Ceylon) PLC	553,419	553,419	24,215,091	7,803,208	24,215,091	14,746,154
Melstacorp PLC	-	1,600,000	-	-	88,544,753	65,760,000
Resus Energy PLC	396,091	378,898	13,335,870	5,318,627	13,335,870	7,388,511
Hela Apparel Holdings PLC	551,600	551,600	8,274,000	4,412,800	8,274,000	7,115,640
Printcare PLC	-	100,000	-	-	4,900,000	2,700,000
Total Carrying Value of Investment			315,424,160	194,071,016	787,858,641	564,410,114

Fair Value through OCI - Group & Company

Pan Asia Banking Corporation PLC	24,717,994	26,912,674	463,462,388	308,974,925	504,612,638	290,656,879
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Financial assets has been reclassified as per SLFRS 9 "Financial Instruments", details have been disclosed in Note 36.

15.2 Investments in Equity Securities - Company

B P P L Holdings PLC	457,777	457,777	5,377,997	9,659,095	5,377,997	9,018,207
Seylan Bank PLC	21,761	20,342	1,987,645	724,641	1,926,628	642,807
CIC Holdings PLC	-	1,649,116	-	-	80,977,899	62,831,320
Expo Lanka PLC	-	500,000	-	-	97,881,773	103,875,000
Hayleys PLC	1,545,283	1,545,283	176,827,817	111,260,376	176,827,817	118,832,263
Royal Ceramics Lanka PLC-	500,000	500,000	25,661,490	13,800,000	25,661,490	20,350,000
Access Engineering PLC	-	3,325,000	-	-	97,919,830	49,875,000
Swisstec (Ceylon) PLC	553,419	553,419	24,215,091	7,803,208	24,215,091	12,230,560
Melstacorp PLC	-	850,000	-	-	48,802,186	34,935,000
Resus Energy PLC	207,092	189,899	7,186,148	2,795,742	6,720,905	3,703,031
Hela Apparel Holdings PLC	275,800	275,800	4,137,000	2,206,400	4,137,000	3,557,820
Total Carrying Value of Investment			245,393,188	148,249,462	570,448,616	419,851,007

NOTES TO THE FINANCIAL STATEMENTS

16. STATED CAPITAL

	2023		2022	
	Number	LKR	Number	LKR
Fully Paid Ordinary Shares beginning of the year	356,869,666	5,331,775,177	356,869,666	5,331,775,177
Fully Paid Ordinary Shares end of the year	356,869,666	5,331,775,177	356,869,666	5,331,775,177

17. DIVIDEND PER SHARE

	Company			
	2023		2022	
	Per Share/LKR	LKR	Per Share/LKR	LKR
Equity dividend on ordinary shares declared and paid during the year				
Interim dividends	3.00	(1,070,608,998)	-	-
Total Dividend	3.00	(1,070,608,998)	-	-

18. OTHER COMPONENTS OF EQUITY

	Note	Group		Company	
		2023	2022	2023	2022
		LKR	LKR	LKR	LKR
Revaluation Reserves	18.1	1,266,149,046	1,283,072,324	-	-
General Reserve	18.2	220,140	220,140	220,140	220,140
Foreign Currency Translation Reserve	18.1	(2,728,091)	12,471,881	-	-
Fair Value Through Other comprehensive Income		(161,708,150)	(213,955,758)	(161,708,150)	(213,955,758)
Other Reserves	18.4	3,100,000	3,100,000	3,100,000	3,100,000
		1,105,032,945	1,084,908,587	(158,388,010)	(210,635,618)

18.1 Revaluation Reserves

	Attributable to Equity Holders of Parent		
	Revaluation Reserves	Foreign Currency Translation Reserve	Cashflow Hedge Reserves
	LKR	LKR	LKR
Beginning of the year	1,283,072,324	12,471,881	-
During the year change	(16,923,277)	(15,199,972)	-
End of the year	1,266,149,046	(2,728,091)	-

NOTES TO THE FINANCIAL STATEMENTS

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

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

18.3 As at the reporting date, the assets and liabilities of the Indian Branch Operated by Dankotuwa Porcelain PLC, Millenium ITESP Singapore Pte Ltd & Millenium ITESP Bangladesh (Pvt)Ltd were translated into the presentation currency at the exchange rate prevailing at the reporting date and the Profit or Loss is translated at the average exchange rate for the period. The exchange rate differences arising on the translation were taken directly in to Currency Conversion Reserve, which is classified as a part of equity.

	Group	
	2023	2022
	LKR	LKR
Gain /(Loss) from Foreign Currency Translation during the year	(24,883,714)	21,180,331
	(24,883,714)	21,180,331

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

18.5 Currency/Exchange Hedge

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

	Group	
	2023	2022
	LKR	LKR
Balance as at beginning of the Year	-	(45,701,067)
Charge to the other comprehensive income	-	54,670,437
Tax effect on cashflow hedge	-	(8,969,370)
Balance as at end of the Year	-	-

NOTES TO THE FINANCIAL STATEMENTS

19. INTEREST BEARING LOANS AND BORROWINGS

Summary - Group

	Note	2023			2022		
		Amount Repayable Within 1 Year	Amount Repayable After 1 Year	Total	Amount Repayable Within 1 Year	Amount Repayable After 1 Year	Total
		LKR	LKR	LKR	LKR	LKR	LKR
Lease liabilities	19.1	28,157,776	502,833,565	530,991,341	18,948,264	510,036,425	528,984,689
Bank Loans	19.2	839,830,245	491,934,688	1,331,764,933	1,222,141,225	363,848,561	1,585,989,786
Short Term Loan	19.3	3,149,892,905	-	3,149,892,905	1,266,739,185	-	1,266,739,185
Bank Overdraft		425,965,139	-	425,965,139	491,516,730	-	491,516,730
Loans from Related Parties	19.4	5,739,310	-	5,739,310	5,739,310	-	5,739,310
Others*		74,869,983	-	74,869,983	69,234,938	155,034,151	224,269,088
		4,524,455,358	994,768,253	5,519,223,611	3,074,319,652	1,028,919,137	4,103,238,789

*South Asia Textiles Ltd which is a subsidiary of the Company was disposed during the year 2022 and loan balance LKR 74 Mn reflects the loan from South Asia Textiles Ltd. (2022 -LKR 224Mn.) LKR 149Mn was repaid during the year.

19.1 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Set out below are the carrying amounts of lease liabilities on leasehold properties and the movements for the year ended 31 March 2023.

Lease liabilities	01.04.2022	Impact of New/ Modification to the leases	Interest Cost	Repayment	31.03.2023
	LKR	LKR	LKR	LKR	LKR
Right to Use Liabilities	528,984,186	23,053,034	75,272,118	(96,317,998)	530,991,340

	2023			2022		
	Within 1 Year	After 1 Year	Total	Within 1 Year	After 1 Year	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Gross Liability	99,548,896	866,563,036	966,111,932	91,215,727	942,789,508	1,034,005,235
Finance Charges allocated to future periods	(71,391,120)	(363,729,472)	(435,120,592)	(72,267,463)	(432,753,082)	(505,020,545)
Net liability	28,157,776	502,833,565	530,991,340	18,948,264	510,036,425	528,984,689

* Notes and disclosures relating to Lease Assets are described in the Note 9.

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

NOTES TO THE FINANCIAL STATEMENTS

19. INTEREST BEARING BORROWINGS (Contd...)

19.2 Bank Loans

	At the Beginning of the Year	Loans Obtained	Repayment	Exchange Gain/(Loss)	Accrued interest	Disposal of Subsidiary	At The End of the year
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
2023	1,585,989,786	4,084,323,424	(4,333,694,964)	(28,205,153)	23,351,840	-	1,331,764,933
2022	2,630,196,544	4,799,034,618	(5,610,492,932)	33,420,739	22,227,510	(288,396,693)	1,585,989,786

19.2.1 Terms and conditions

Company	Lender/rate of interest	2023 LKR	2022 LKR	Repayment	Security
Royal	Hatton National Bank PLC				
Fernwood	- Term loan LKR (AWPLR + 1.5%)		162,000,000	41 equal monthly installments of Rs:4.5Mn	Primary mortgage bond
Porcelain	- Term loan LKR (AWPLR + 3.0% p.a.)	-	8,678,000	83 Equal monthly Instalments of Rs. 333,000/-	over immovable property
Limited	- Packing Credit loan - USD(AWPLR+2%)	-	5,699,855	Settlements Through sales proceeds	in the factory at Kosgama
	- Packing Credit loan - LKR(AWPLR+2%)	-	79,000,000	Settlements Through sales proceeds	
	- Import loan LKR (AWPLR+1.5% and LIBOR + 3.5%)		7,890,023	Settlements Through sales proceeds	Secondary mortgage bond
					over land & building at
					Kosgama for Rs.40Mn
	Nations Trust Bank PLC				
	- Term Loan (LKR) AWPLR + 1.5% (Monthly)	247,000,000	-	6 months grace period, 50 Monthly Instalments	Primary mortgage bond
	- Term Loan (LKR) AWPLR + 1.5% (Monthly)	152,500,000	-	38 Variable monthly instalments	over immovable property
	- Over Draft (LKR) AWPLR + 1% (Weekly)	-	-	Settlement through sales proceeds	in the factory at Kosgama
	- Import Loan USD - LIBOR + 5%	66,838,354	-	Settlement through sales proceeds. (120 days)	
	- Packing Credit Loan - AWPLR + 1.25% or LIBOR + 5%	90,723,321	-	Settlement through sales proceeds. (120 days)	
	DFCC Bank PLC				Primary Mortgage for Rs
	- Import Loan -USD (LIBOR + 11%)		68,300,317	120 days from the loan granted	200,000,000/- or Dollars up
	- Packing Credit Loan - LKR	-	208,743,755		to a limit of USD 1,250,000/-
	- Term Loan	-	10,362,328		as the case may be over
					stocks kept/to and Book
					Debts of the Company
					together with in favour of
					the Bank.

NOTES TO THE FINANCIAL STATEMENTS

19. INTEREST BEARING BORROWINGS (Contd...)

Company	Lender/rate of interest	2023 LKR	2022 LKR	Repayment	Security
Dankotuwa Porcelain PLC	People's Bank - Term loan - (4 % p.a.)	-	13,763,361	24 months	Corporate Gurantee of Ambeon Holdings PLC
	Sampath Bank PLC -Overdraft facility (AWPLR +2.0% p.a)	-	25,000,000	Maximum 3 months	
	Nation Trust Bank - Short Term Loan (AWPLR+1.5%p.a.)	166,645,909	164,110,929	60 Months	Unquoted shares 1,080,697,674 of Royal Ferwood Porcelain Ltd.
	National Development Bank PLC - STL Loan (AWPLR+1.25% p.a.)	-	71,391,358	Maximum 3 months	Primary Mortgage over Factory premises Situated in Dankotuwa for LKR 400,000,000/-
Ambeon Holdings PLC	Sampath bank - Term Loan	117,600,000	211,400,000	60 Monthly installements	Property lot B plan no 184/2001
Millennium I.T.E.S.P (Pvt) Limited	The Hongkong and Shanghai Banking Corporation Limited - Import Finance loan (Tenure linked COF+2.5% per annum)	424,544,891	93,587,609	Within 180 Days	Mortgage over Inventory and debtors
	National Development Bank PLC - Import Finance loan	11,698,922	-		
	Seylan Bank PLC - Import Finance loan (Month AWPLR+ 1% p.a)	14,323,000	55,643,099	Within 180 Days	Corporate Guarantee of Lanka Century Investments PLC for LKR 2.0 Bn
	DFCC Bank PLC - Import Finance loan (Weekly AWPLR+ 1.5% p.a)	39,890,536	400,419,153	Within 180 Days	
		1,331,764,933	1,585,989,786		

NOTES TO THE FINANCIAL STATEMENTS

19. INTEREST BEARING BORROWINGS (Contd...)

19.3 Short Term Loan

	At the Beginning of the Year	Loans Obtained	Repayment	Disposal of Subsidiary	Accrued Interest	At The End of the year
	LKR	LKR	LKR	LKR	LKR	LKR
2023	1,266,739,185	6,042,490,456	(4,170,696,761)	-	11,360,025	3,149,892,905
2022	1,396,567,147	5,054,432,132	(4,617,850,610)	(623,123,934)	56,714,450	1,266,739,185

19.3.1 Terms and Conditions

Company	Lender/rate of interest (p.a.)	2023 LKR	2022 LKR	Repayment	Security
Royal Fernwood Porcelain Ltd	DFCC Bank PLC - Short Term Loan	118,175,653	-	60 Months	
Taprobane Capital Plus	Seylan Bank PLC - Short Term loan (Rate - AWPLR +1.25% with the floor rate 17.50%)	120,000,000	-	Repayment period – 90 Days	
Sherwood Capital Pvt Ltd	Seylan Bank PLC - Short term loan 23% p.a.	1,616,697,170			
	Union Bank of Colombo PLC - Short term loan 24% p.a.	150,394,808			
Colombo City Holdings PLC	Seylan Bank PLC - Reverse Repo (Rate 22% p.a.)	97,999,999	17,229,294	Weekly	Treasury Bill - Face Value Rs:150,000,000/-
Ambeon Holdings PLC	Seylan Bank PLC - Short term loan	-	211,800,000	Repayment period – 120 Days	Quoted shares of Dankotuwa Porcelain PLC - no of shares 84,942,085.
	Nation Trust Bank PLC - Short Term loan	105,000,000	108,100,000	Maximum duration of 90 days	Quoted shares of Colombo City Holdings PLC - no. of shares 2,858,020.
Millennium I.T.E.S.P (Pvt) Limited	Seylan Bank PLC - Short Term Loan (Month AWPLR+ 1% p.a.)	734,880,070	729,538,659		Corporate Guarantee of Ambeon Holdings PLC for LKR 2.0 Bn
	- Short Term Loan (Month AWPLR+ 2.35% p.a.)	-	-		Mortgage over Stock and Book Debts for LKR 2.0 Bn (to be executed)
	- Imports Finance Loan	-	-		
	National Development Bank PLC - Short term loan 13% p.a.	206,745,205	200,071,233		
		3,149,892,905	1,266,739,185		

NOTES TO THE FINANCIAL STATEMENTS

19. INTEREST BEARING BORROWINGS (Contd...)

19.4 Loans from Related Parties

19.4.1 Loans granted by Related Parties

Group	Relationship	2023	2022
		LKR	LKR
Mr. Eric Wikramanayake	Former Director	5,739,310	5,739,310
		5,739,310	5,739,310

* The above loans were granted by the former Director of Olancom (Pvt) Ltd to Olancom (Pvt) Ltd.

Terms and conditions : Rate of interest at 13.5% P.a.

19.5 Summary - Company

19.5.1 Interest Bearing Loans and Borrowings

	Note	Amount Repayable	Amount Repayable	Total	Amount Repayable	Amount Repayable	Total
		Within 1 Year	After 1 year		Within 1 Year	After 1 year	
		2023	2023		2022	2022	
		LKR	LKR	LKR	LKR	LKR	LKR
Bank Loan	19.5.2	169,800,000	52,800,000	222,600,000	384,700,000	146,600,000	531,300,000
Related Party Loan	19.5.3	165,932,868	-	165,932,629	405,710,045	80,277,716	485,987,760
Others**		74,756,435	-	74,756,435	149,512,884	74,756,435	224,269,319
		410,489,303	52,800,000	463,289,064	939,922,929	301,634,150	1,241,557,079

*Bank Overdraft Facility and Revolving Loan facility are secured on Financial Investments as further described under Assets Pledged (Note 33)

*South Asia Textiles Ltd which is a subsidiary of the Company was disposed during the year 2022 and loan balance LKR 74 Mn reflects the loan from South Asia Textiles Ltd. (2022 -LKR 224Mn.) LKR 149Mn was repaid during the year.

19.5.2 Bank Loan

	As at 01.04.2022	Loan Obtained	Repayments	Accrued Interest	As at End of the Year
	LKR	LKR	LKR	LKR	LKR
Term Loan - Sampath bank	211,400,000	-	(93,800,000)	-	117,600,000
Short term Loan -Seylan Bank	211,800,000	1,099,000,000	(1,310,800,000)	-	-
NTB - MML Loan	108,100,000	341,000,000	(344,100,000)	-	105,000,000
	531,300,000	1,440,000,000	(1,748,700,000)	-	222,600,000

NOTES TO THE FINANCIAL STATEMENTS

19. INTEREST BEARING BORROWINGS (Contd...)

19.5.3 Related Party - Loan /Commercial Paper

	Rate	As at Beginning of the year	Loan Obtained/ Converted	Repayments	Accrued Interest	Disposal of Subsidiary	As at End of the year
			LKR	LKR	LKR	LKR	LKR
2023	Variable AWPLR+1.5%	485,987,760	-	(390,561,493)	70,506,362	-	165,932,629
2022	Variable AWPLR+1.5%	1,672,836,229	753,776,440	(1,684,678,941)	80,458,014	(336,403,982)	485,987,760

19.5.4 Related party loan and commercial paper details

Company	Rate	Period	Amount 2023 LKR	Amount 2022 LKR
Loan Payable				
Colombo City Holdings PLC	AWPLR+1.5%	3 years	165,932,629	405,710,046
Millennium ITESP (Pvt) Ltd	Cost of funds	3 years	-	80,277,714
			165,932,629	485,987,760

* No Collateral has been provided for the Related Party Loans

20. DEFERRED TAX LIABILITY/(ASSET)

20.1 Group

	Asset		Liability	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
At the beginning of the year	(132,224,820)	(122,748,598)	637,363,358	588,977,461
Business Acquisition	-	-	28,122,187	-
Disposal of Subsidiary	-	-	-	(154,971,634)
Charge/(Reversal) to the Profit or Loss	(118,716,651)	(42,644,371)	175,419,427	184,912,007
Charge/(Reversal) to Other Comprehensive Income Statement	(24,207,646)	33,168,150	399,352,371	18,445,523
Transfers between Deferred Tax Liability and (Asset)	2,936,010	-	(2,936,010)	-
Adjustments	(4,439)	-	16,432	-
At the end of the year	(272,217,546)	(132,224,820)	1,237,337,765	637,363,358

NOTES TO THE FINANCIAL STATEMENTS

20.2 Charge/(Reversal) to the Income Statement

	Note	2023 LKR	2022 LKR
Transfer from accelerated depreciation and others			
-Impact due to change in temporary differences	28	116,564,534	142,267,636
-Impact due to rate change		(59,861,758)	-
		56,702,776	142,267,636
Charge/(Reversal) to Other Comprehensive Income Statement			
Tax on Revaluation Gain -Impact due to change in temporary differences		38,281,769	28,775,245
Tax on Revaluation Gain -Impact due to rate change		347,921,472	-
Employee Benefit Liability		(11,058,517)	13,869,058
Effect of Cash flow Hedge Accounting		-	8,969,368
		375,144,724	51,613,672

20.3 The Closing Net Deferred Tax (Asset) and Liability Balances Relate to the following;

	Asset		Liability	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Fair Valuation of Land and Buildings	2,655,000	51,400,661	1,101,359,361	269,141,776
Accelerated depreciation and amortization for tax purposes	5,912,618	42,858,822	195,173,244	476,575,623
Employee Benefit Liability	(67,071,225)	(43,242,006)	30,978,680	(29,346,808)
Losses available for offset against future taxable income	(2,745,642)	(60,959,560)	(82,089,461)	(49,661,981)
Provision for Debtors	(117,897,236)	(60,776,404)	6,535,849	(5,511,914)
Provision for Inventory	(33,259,677)	(59,956,677)	2,738,831	(23,402,950)
Others*	(59,811,384)	(1,549,656)	(17,358,741)	(430,388)
	(272,217,546)	(132,224,820)	1,237,337,765	637,363,358

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

The above deferred tax arises from timing difference of depreciation, impairment of debtors, unutilized portion of carried forward tax losses and gratuity. The deferred tax arising from the unused tax losses amounting to LKR 1,142 million has not been recognised as the management is not certain whether there will be sufficient taxable profit to utilized.

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

20.4 Company

	Statement of Financial Position		Statement of Income Statement		Other Comprehensive Income	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Deferred Tax Liability						
Accelerated depreciation for tax purposes	1,480,607	1,214,144	266,463	(279,561)	-	-
Fair Valuation of investment in subsidiaries	450,325,913	208,626,110	241,699,803	(113,416,243)	-	-
Deferred Tax Assets						
Defined Benefit Plans	(2,505,687)	(1,734,622)	(1,070,385)	(83,639)	299,320	(211,603)
Losses available to offset against future Taxable Income	-	(17,000,000)	17,000,000	-	-	-
Deferred Tax (Reversal)/Expense			257,895,881	(113,779,443)	299,320	(211,603)
Net Deferred Tax Liability/(Asset)	449,300,833	191,105,632				

NOTES TO THE FINANCIAL STATEMENTS

21. EMPLOYEE BENEFIT LIABILITIES

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Current/Past Service Cost	67,779,805	32,137,339	1,350,791	1,066,176
Interest Cost on Benefit Obligation	43,194,320	29,925,847	1,084,139	419,819
	110,974,125	62,063,186	2,434,930	1,485,995
Net Actuarial (Gain) / Loss	50,465,384	(65,921,632)	(997,732)	881,679
Total Expenses	161,439,509	(3,858,446)	1,437,198	2,367,674
Balance as at 1 April	382,816,683	571,285,686	7,227,592	5,997,418
Current/Past Service Cost	67,779,805	32,137,339	1,350,791	1,066,176
Interest Cost on Benefit Obligation	43,194,320	29,925,847	1,084,139	419,819
Actuarial Losses / (Gain) on Obligation	50,465,384	(65,921,632)	(997,732)	881,679
Benefit Paid	(51,552,340)	(44,001,286)	(312,500)	(1,137,500)
Exchange Adjustment	96,872			
Disposal of Subsidiary	-	(140,609,271)	-	-
Balance as at 31 March	492,800,724	382,816,683	8,352,290	7,227,592

21.1 The cost of gratuity is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, staff withdrawals, and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. An actuarial valuation of the retirement gratuity payable was carried out as at March 31, 2023 by Messrs. Actuarial & Management Consultants (Pvt) Ltd Actuaries.

	Group		Company	
	2023	2022	2023	2022
Discount Rate	16%-20%	15%	20%	15%
Salary Increment rates used	14%-15%	12%	14%	12%
Staff Turnover Rate	5%	10%	16%	10%
Retirement Age	60 Years	60 Years	60 Years	60 Years

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

21.2 Maturity Profile of the Defined Benefit Plan

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Within Next 12 Months	100,598,094	71,976,877	2,458,286	1,511,787
Between 1 - 2 Years	83,235,890	115,362,196	1,189,815	1,293,423
Between 2 - 5 Years	139,877,098	91,253,096	2,334,059	1,435,401
Between 5- 10 Years	115,366,149	64,269,089	1,161,046	1,057,997
Beyond 10 years	53,723,493	39,955,426	1,182,084	1,928,985
	492,800,724	382,816,683	8,325,290	7,227,592

NOTES TO THE FINANCIAL STATEMENTS

21.3 Break up of the Actuarial (Gain)/ Loss

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Actuarial (Gain)/ Loss Resulting from Changes in Financial Assumptions	(52,408,990)	(41,363,749)	(999,697)	(1,183,574)
Actuarial (Gain)/ Loss Resulting from Changes in Demographic Assumptions	(10,063,428)	19,208,052	473,082	433,958
Actuarial (Gain)/ Loss Resulting from Changes in Experience Adjustments	112,937,802	(43,765,935)	(471,117)	1,631,295
	50,465,384	(65,921,632)	(997,732)	881,679

21.4 Sensitivity Analysis

If one percentage point changes in the assumptions, the change in present value of the defined benefit obligation would be as follows;

	Group			
	2023		2022	
	1% Increase	1% Decrease	1% Increase	1% Decrease
	LKR	LKR	LKR	LKR
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount Rate	(21,937,531)	22,529,971	(13,644,121)	14,781,818
Salary Increment Rate	24,797,290	(24,342,142)	15,469,232	(14,496,697)

	Company			
	2023		2022	
	1% Increase	1% Decrease	1% Increase	1% Decrease
	LKR	LKR	LKR	LKR
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount Rate	(272,826)	294,296	(384,034)	428,210
Salary Increment Rate	309,358	(290,808)	437,967	(398,631)

22. CONTRACT LIABILITY - SERVICE AGREEMENTS

	2023	2022
	LKR	LKR
Balance at the beginning of the year	2,079,003,258	1,132,288,807
Deferred During the year	624,963,971	1,976,206,201
Transferred to revenue during the year	-	(1,029,491,750)
Balance at the end of the year	2,703,967,229	2,079,003,258

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

NOTES TO THE FINANCIAL STATEMENTS

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Trade Payable - Other	2,065,873,758	1,885,185,556	-	-
Other Payables - Other	1,078,721,115	474,087,918	68,766,470	47,161,097
- Related Parties (Note 23.1)	37,527,533	18,930,231	862,156	1,260,473
Payable Related to On going Project	1,341,652,807	2,138,734,645	-	-
Sundry Creditors Including Accrued Expenses	67,804,082	283,175,195	-	-
	4,591,579,295	4,800,113,545	69,628,626	48,421,570

Sundry creditors including accrued expenses : includes statutory payments, other payable, accrual expenses and other creditors.

23.1 Other Payables -Related Parties

	Relationship	Group		Company	
		2023 LKR	2022 LKR	2023 LKR	2022 LKR
Royal Fernwood Porcelain (Pvt) Ltd	Subsidiary	-	-	32,739	-
Ceylon Leather Products Ltd	Subsidiary	-	-	-	18,289
Lexinton Holdings (pvt) Ltd	Sub-Subsidiary	-	-	829,417	893,506
Ambeon Capital PLC	Immediate Parent	37,527,533	18,930,231	-	-
Taprobane Investments (Pvt) Ltd	Sub-Subsidiary	-	-	(3,225)	51,337
Millenium IT ESP (pvt) Ltd	Sub-Subsidiary	-	-	-	297,342
		37,527,533	18,930,231	862,156	1,260,473

NOTES TO THE FINANCIAL STATEMENTS

24. OTHER FINANCIAL LIABILITIES

	Note	No. of Shares	Group		Company	
			Carrying Value	Carrying Value	Carrying Value	Carrying Value
			2023	2022	2023	2022
			LKR	LKR	LKR	LKR
Financial Liabilities at amortised cost						
Preference Shares	24.1	170,625	968,906	968,906	968,906	968,906
			968,906	968,906	968,906	968,906

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

25. OTHER INCOME

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Other miscellaneous Income	41,606,340	27,762,084	-	5,500,000
Dividend Income	5,787,737	5,455,399	-	-
Gain on Disposal of Investment	-	32,763,695	-	-
Creditors Write back	-	153,000,000	-	153,000,000
	47,394,077	218,981,179	-	158,500,000

26. FINANCE COST

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Bank Overdraft/ Loan Interest	132,424,714	33,476,539	230,195	2,731,227
Bank Charges	38,305,434	13,974,072	1,837,749	7,016,376
Impairment loss on investments held under trading	11,045,521	-	-	-
Lease Interest	75,135,909	19,626,588	-	-
Loan Interest	850,582,725	243,948,059	123,510,217	42,778,255
Interest on Preference Shares	23,940	23,940	-	23,940
Interest on Related Party Loan	6,250,971	895,649	70,506,363	74,064,974
Interest Expense on Staff welfare fund	175,900	242,285	-	-
Interest on Commercial Paper	-	6,626,215	-	6,626,215
	1,113,945,114	318,813,347	196,084,524	133,240,987

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCE INCOME

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Interest on;				
- FCBU Accounts	107,740	1,297,783	-	-
- Short Term Investments	95,094,347	42,638,488	-	-
- Staff Loan	125,250	324,793	-	-
- Commercial Paper	-	9,714,701	-	-
- Repo Investment	118,714,044	9,344,442	-	-
- Parent and ultimate parent	108,504,163	39,380,716	-	-
Interest income on delayed settlement	119,420,486	61,666,549	-	-
Interest Income on Fixed Deposits/bank deposits	37,979,249	42,814,282	-	-
	479,945,279	207,181,753	-	-

28. INCOME TAX EXPENSE / (REVERSAL)

	Note	Group		Company	
		2023 LKR	2022 LKR	2023 LKR	2022 LKR
Current Income Tax					
Current Tax Expense on Ordinary Activities for the Year		499,380,069	235,621,471	-	-
Deemed Dividend Tax Charge for the year		-	3,059,091	-	-
Other taxes		10,490,100	-	-	-
Under / (Over) Provision of current taxes in respect of prior years		4,441,188	(45,089,675)	-	(41,833,875)
Deferred Tax					
Deferred Taxation Charge / (Reversal)	20	116,564,534	142,267,636	168,095,578	(113,779,444)
Relating to the tax rate change		(59,861,758)	-	89,800,303	-
Income tax charge / (Reversal) reported in the Profit or Loss statement		571,014,133	335,858,523	257,895,881	(155,613,319)

NOTES TO THE FINANCIAL STATEMENTS

28.1 Reconciliation between Current Tax Expense and the product of Accounting Profit.

	Note	Group		Company	
		2023	2022	2023	2022
		LKR	LKR	LKR	LKR
Accounting Profit before Tax from Operations		2,216,183,710	1,271,375,122	756,349,189	1,435,251,930
Profit before Tax from Discontinuing Operations		-	1,583,608,276	-	-
		2,216,183,710	2,854,983,399	756,349,189	1,435,251,930
Income Exempt from Tax		(1,118,545,296)	(314,769,585)	(495,760,675)	
Aggregate Disallowed items		1,165,959,098	(317,394,968)	30,579,468	(1,383,349,125)
Aggregate Allowable credits		(733,464,660)	399,842,744	(5,958,491)	(6,633,892)
Other income included in profit from operation		(627,003,759)	(122,956,251)	-	-
Consolidated Adjustment		1,110,243,302	(1,359,050,157)	-	-
Business/Investment Profit		2,013,372,395	1,140,655,182	285,209,491	45,268,913
Interest Income		603,630,089	114,997,054	-	-
		603,630,089	114,997,054	-	-
Less : Net of Tax Loss utilized	28.2	(750,657,824)	(134,742,606)	(285,209,491)	(45,268,913)
Taxable Income		1,866,344,660	1,120,909,630	-	-
Applicable Rate - 14%		14,705,977	20,336,850	-	-
Applicable Rate - 17%		15,854,919	-	-	-
Applicable Rate - 18%		75,348,453	-	-	-
Applicable Tax Rate - 24%		150,950,451	188,865,893	-	-
Applicable Tax Rate - 30%		223,735,087	-	-	-
Income tax on dividend Income		18,785,183	26,418,728	-	-
Income Tax Attributable to Continuing Operations		499,380,069	235,621,471	-	-
Income Tax Expense		499,380,069	235,621,471	-	-

28.2 Tax Losses Carried Forward

	Note	Group		Company	
		2023	2022	2023	2022
		LKR	LKR	LKR	LKR
Tax losses brought forward		2,051,568,272	2,387,892,011	719,939,363	765,208,276
Business acquisition		6,866,115	-	-	-
Tax losses arising during the year		63,965,078	155,259,309	10,720,722	-
Utilization of tax losses		(750,657,824)	(290,001,916)	(285,209,491)	(45,268,913)
Adjustment in respect of prior years		379,912,182	(201,581,133)	-	-
Tax losses carried forward		1,751,653,823	2,051,568,272	445,450,594	719,939,363

28.2.1 Group Tax rates

Group Companies are taxed at 14% to 30% .

NOTES TO THE FINANCIAL STATEMENTS

29. PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Stated after Charging/(Crediting)				
Directors' Remuneration	34,002,925	29,725,000	13,200,000	10,200,000
Cost of defined benefit obligations				
- Defined benefit plan cost	110,974,125	62,063,186	2,434,930	1,485,995
- Defined contribution plan cost - EPF/ETF	383,467,514	215,308,804	-	-
Employee Salaries and other employee related expenses	2,765,108,774	1,854,905,391	-	-
Depreciation of property, plant and equipment	174,909,917	158,421,807	3,910,589	5,650,457
Amortisation of intangible assets	11,759,183	167,542,725	1,024,983	1,025,007
Amortisation of right of use assets	82,291,381	63,498,922	-	-
External auditors' remuneration	9,138,450	7,568,500	1,410,000	1,175,000
Legal Fees	15,660,728	3,077,198	-	-
Allowances for Obsolete & Slow Moving Inventories	(170,429,165)	(19,009,687)	-	-
Impairment for Doubtful Debts	199,676,403	61,770,766	-	293,154,395

NOTES TO THE FINANCIAL STATEMENTS

30. EARNINGS PER SHARE

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

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

	Group	
	2023	2022
Amount Used as the Numerator:	LKR	LKR
Net Profit/(Loss) for the year attributable to equity holders of the parent for basic Earnings per share	1,218,451,233	2,335,303,722
Net Profit/(Loss) from the continuing operations attributable to equity holders of the parent for basic Earnings per share	1,218,451,233	751,695,446
Number of Ordinary Shares Used as Denominator:		
Ordinary shares at the beginning of the year	356,869,666	356,869,666
Weighted Average number of shares Issued during the year	-	-
Weighted average number of ordinary shares adjusted for the Basic EPS	356,869,666	356,869,666
Weighted average number of ordinary shares adjusted for the effect of dilution	356,869,666	356,869,666

31. CASH AND SHORT TERM DEPOSITS

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
31.1 Favourable Cash and Short term Deposits				
Cash and Bank Balances	1,271,139,100	1,655,357,707	19,533,986	19,455,889
Short Term Investments	-	486,408,973	-	-
	1,271,139,100	2,141,766,680	19,533,986	19,455,889
31.2 Unfavourable Cash and Cash Equivalent				
Bank Overdraft (Note 19)	(425,965,139)	(491,516,730)	-	-
Cash & Short term Deposits at the end of the year for the Purpose of Statement of Cash Flow	845,173,962	1,650,249,950	19,533,986	19,455,889

NOTES TO THE FINANCIAL STATEMENTS

32. CONTINGENT LIABILITIES AND COMMITMENTS

	2023	2022
	LKR Mn	LKR Mn
32.1 Ambeon Holdings PLC		
Bank Guarantees		
Guarantees given to following facility on behalf of Royal Fernwood Porcelain Ltd;		
People's Bank PLC	-	65
DFCC Bank PLC	-	20
Guarantees given to following facility on behalf of Millennium I.T.E.S.P (Pvt) Ltd;		
Seylan Bank PLC	2,000	2,000
Guarantees given to following facility on behalf of Dankotuwa PLC		
People's Bank PLC	25	25
32.2 Millennium I.T.E.S.P (Pvt) Ltd		
Performance Bonds	725	505
Tender Bonds	52	128
Advance payments guarantees	257	111
Custom Guarantee	72	66
	2023	2022
	USD Mn	USD Mn
Performance Bonds	-	-
Advance payments guarantees	-	-

32.3 Ambeon Securities (Pvt) Ltd

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

32.4 Taprobane Capital Plus (Pvt) Ltd

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

32.5 There are no material issues pertaining to the Employee and Industrial Relations of the Group.

32.6 Tax Assessments

The Ambeon Holdings PLC and Lexinton Holdings (Pvt) Limited has received tax assessment for the period 2017/18 and 2011/12 respectively, the management has appeal against the assessment. The Group is of the view that the above assessments will not have any material impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

33. ASSETS PLEDGED

Nature of Assets	Nature of Liability	Carrying Amount Pledged		Included under
		2023 LKR Mn	2022 LKR Mn	
33.1 Assets Pledged by Ambeon Holdings PLC				
Quoted Equity Investments	Overdraft Facility	4,605	4,267	Investments in Subsidiaries and Other Current Financial Assets
	Revolving Loan for Loans and Borrowings			
Un-Quoted Equity Investments	Term loan	-	-	Investments in subsidiaries and other current financial assets
Property - Lexinton - lot B plan no 184/2001	Term loan	340	301	Property, Plant & Equipment (Group)
		4,945	4,568	
33.2 Assets Pledged by Colombo City Holdings PLC				
Government Securities	Repurchase Agreements (REPOs)	98	696	Other Financial Investments
33.3 Assets Pledged by Dankotuwa Porcelain PLC				
Inventory and Trade Debtors	Loans and Borrowings	1,390	926	Inventory and Trade Debtors
Factory premises in Dankotuwa	Loans and Borrowings	867	1,286	Property, Plant & Equipment (Group)
		2,257	2,212	
33.4 Royal Fernwood Porcelain Limited				
Land and Buildings & Immovable Machinery	Term Loans and Short Term Borrowings	650	724	Property, plant and equipment and Investment Property
		650	724	

NOTES TO THE FINANCIAL STATEMENTS

34. RELATED PARTY DISCLOSURES

34.1 Transaction with related entities

Nature of transactions	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
34.1.1 Ultimate Parent				
Loan Granted	-	41,519,868	-	-
Loan Settled	(7,312,840)	(10,184,028)	(3,943,657)	(5,393,943)
Interest on Loans	75,331,487	25,708,152	40,661,727	13,845,980
34.1.2 Immediate Parent				
Loan Granted	135,000,000	2,261,882,514	135,000,000	2,014,000,000
Loan Settled	(1,446,792,131)	-	(1,446,792,131)	-
Interest on Loans	415,677,833	152,776,509	352,386,168	116,970,250
Refer Note 14.3 for Terms and Conditions				

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
34.1.3 Transaction with subsidiaries				
Balance as at 01st April	-	-	485,702,164	(447,871,252)
Interest Income on Loans	-	-	13,207,202	53,447,298
Staff Support & Server Utilisation fees	-	-	122,536,688	132,641,360
Settlement Current Account Balance	-	-	221,024,174	239,133,712
Reimbursement of Expenses	-	-	37,083,334	5,496,585
Cost sharing arrangement	-	-	-	5,253,166
Loans / Financial Assistance provided	-	-	-	771,400,000
Commercial papers interest	-	-	-	(6,569,170)
Loan Interest	-	-	(56,941,691)	(80,458,014)
Net Loan (Settlement)/Obtained	-	-	(333,619,802)	(186,771,521)
Balance as at 31 March	-	-	488,992,069	485,702,165

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
34.1.4 Other Related Parties				
Sale of Goods	471,324	263,352	-	-
(Receipts) / Payments for Goods / Services	6,063,692	(263,352)	215,896	-

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

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

NOTES TO THE FINANCIAL STATEMENTS

34. RELATED PARTY DISCLOSURES (Contd..)

34.2 Transactions with Key Management Personnel

Key Management Personnel include Members of the Board of directors of Ambeon Holdings PLC and its Subsidiary Companies.

	Group		Company	
	2023	2022	2023	2022
Key Management Personnel Compensation	LKR	LKR	LKR	LKR
Short-Term employee benefits	262,397,595	201,201,995	30,062,000	10,200,000
Post Employment Benefit	-	3,496,800	-	-
	262,397,595	204,698,795	30,062,000	10,200,000

34.3 Terms and conditions of transactions with related parties

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

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

Non Recurrent Related Party Transactions

Name of the Related Party	Relationship	Nature of the Transaction	Value of the related party Transaction (During the FY) LKR Mn	Value of the related party Transaction as a % of Equity and as a % of total Asset	Terms and Conditions of the related party Transaction	The Rationale for the Transaction
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Aggregate value of non-recurrent related party transaction does not exceed 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements.

Recurrent Related Party Transactions

Name of the Related Party	Relationship	Nature of the Transaction	Value of the related party Transaction (During the FY) LKR Mn	Value of the related party Transaction as a % of Equity and as a % of total Asset	Terms and Conditions of the related party Transaction	The Rationale for the Transaction
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Aggregate value of recurrent related party transaction does not exceed 10% of the Group consolidated revenue.

NOTES TO THE FINANCIAL STATEMENTS

35. EVENTS OCCURRING AFTER THE REPORTING DATE

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

Ambeon Holdings PLC

On 14th June 2023 the Company disposed its equity stake amounting to 99.80% of the issued share capital of Ceylon Leather Products Ltd for a total consideration of LKR. 650,000,000/-.

On 13th July 2023 the Company disposed 81,439,013 ordinary shares, being 50.10% of the total issued shares of Dankotuwa Porcelain PLC for a total consideration of LKR 2,290,100,133/-.

Colombo City Holdings PLC

The ordinary shares of Colombo City Holdings PLC were subdivided on 18th April 2023 by splitting each issued ordinary share into twenty (20) ordinary shares. Accordingly, the total number of existing issued Ordinary Shares were increased from 1,272,857 to 25,457,140 without any change to the Stated Capital of the Company which remains as Rs. 11,137,505/-.

36. FINANCIAL ASSETS AND LIABILITIES

36.1 Fair values of Financial Assets and Liabilities -Group

The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 9.

Notes	Fair Value Hierarchy	2023		Fair Value Hierarchy	2022		
		Carrying Value LKR	Fair Value LKR		Carrying Value LKR	Fair Value LKR	
Assets Measured at Fair value							
Investment Properties	Level 3	2,780,295,600	2,780,295,600	Level 3	2,011,743,212	2,011,743,212	
Financial Instrument at Amortised Cost	Level 2	400,800,405	400,800,405	Level 2	9,154,942	9,154,942	
Land	Level 3	1,171,148,000	1,171,148,000	Level 3	1,171,148,000	1,171,148,000	
Freehold Buildings	Level 3	1,016,872,000	1,016,872,000	Level 3	1,016,872,000	1,016,872,000	
Building on Lease Hold Land	Level 3	-	-	Level 3	-	-	
Fair Value through Profit and Loss							
Other Financial Investment	15	Level 1	194,071,016	194,071,016	Level 1	564,410,113	564,410,113
Fair Value through OCI							
Other Financial Investment	15	Level 1	308,974,925	308,974,925	Level 1	290,656,879	290,656,879
Total			503,045,941	503,045,941		855,066,992	855,066,992

NOTES TO THE FINANCIAL STATEMENTS

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

36.2 Categories of Financial Assets and Liabilities - Company

Financial assets and liabilities in the tables below are split into categories in accordance SLFRS 9.

	Notes	Fair Value Hierarchy	2023		Fair Value Hierarchy	2022	
			Carrying Value LKR	Fair Value LKR		Carrying Value LKR	Fair Value LKR
Assets Measured at Fair value							
Fair Value Through Profit and Loss							
Other Financial Investment	15	Level 1	148,249,462	148,249,462	Level 1	419,851,007	419,851,007
Fair Value Through OCI							
Other Financial Investment	15	Level 1	308,974,925	308,974,925	Level 1	290,656,879	290,656,879
Investment in subsidiaries	10	Level 3	8,054,084,712	8,054,084,712	Level 3	8,006,536,733	8,006,536,733
Total			8,511,309,099	8,511,309,099		8,717,044,619	8,717,044,619

Financial Assets and Liabilities measured or disclosed at Fair Value

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- The fair values of the quoted equities are based on market prices reported at March 2023 and prior year based on market value at the reporting date.
- Long-term fixed-rate borrowings are evaluated by the Group based on interest rates.

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

36.3 Financial Risk Management - Objectives and Policies

The Group has loans and other receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Group also holds financial assets at a fair value through profit or loss and OCI

The Group's principal financial liabilities comprise of loans and borrowings, trade and other payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations.

The Group's risk management is overlooked by the Company, in close corporation with the board of directors and focuses on actively securing the group's short to medium term cash flows by minimizing the exposure to financial markets. Long term financial investments are managed to generate lasting returns. The group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the group is exposed are described below.

The Group is exposed to market risk, credit risk and liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS

36.3.1 Credit Risk

Credit risk is the risk that the counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group trades only with recognized, credit worthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, such as cash and cash equivalents, available-for-sale financial investments and other financial investments, the Group's exposure to credit risk arises from default of the counter party. The Group manages its operations to avoid any excessive concentration of counterparty risk and the Group takes all reasonable steps to ensure the counter parties fulfil their obligations.

Risk exposure

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts (without consideration of collateral, if available). Following table shows the maximum risk positions.

Risk Exposure - Group	Notes	2023 LKR	% of allocation	2022 LKR	% of allocation
Bank Deposits & Government Securities	15	2,932,227,827	22%	709,301,378	6%
Trade and Other receivables	14	9,123,074,094	68%	8,696,415,216	75%
Cash and Short term Deposits	31	1,271,139,100	10%	2,141,766,680	19%
Total credit risk exposure		13,326,441,021	100%	11,547,483,274	100%
Financial assets at fair value through profit & loss	15	194,071,016	39%	564,410,113	66%
Financial assets at fair value through OCI	15	308,974,925	61%	290,656,879	34%
Total equity risk exposure		503,045,941	100%	855,066,992	100%
Total		13,829,486,962		12,402,550,266	

Risk Exposure - Company	Notes	2023 LKR	% of allocation	2022 LKR	% of allocation
Bank Deposits & Government Securities	15	294,354,937	0%	58,805	0%
Trade and other receivables	14	1,600,177,527	98%	2,360,249,843	99%
Cash in hand and at bank	31	19,533,986	1%	19,455,889	1%
Total credit risk exposure		1,914,066,450	100%	2,379,764,537	100%
Financial assets at fair value through profit & loss	15	148,249,462	32%	419,851,007	59%
Financial assets at fair value through OCI	15	308,974,925	68%	290,656,879	41%
Total equity risk exposure		457,224,387	100%	710,507,886	100%
Total		2,371,290,836		3,090,272,423	

NOTES TO THE FINANCIAL STATEMENTS

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

Trade and Other receivables

Customers credit risk is managed by each business unit subject to the Group's established policies and procedures relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with the assessment.

Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letter of credit or other forms of credit insurance.

The requirement for an impairment is analysed at each reporting date on an individual basis for major customers. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data.

Credit quality of trade receivables that are neither past due or impaired is explained below.

Trade receivables	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Neither past due, not impaired	3,959,674,325	3,657,563,199	-	-
Past due but not impaired				
31-60 days	1,629,913,100	1,037,967,687	-	-
61-90 days	371,616,396	276,679,666	-	-
>90 days	1,249,939,379	1,302,677,276	-	-
Allowance for Bad & Doubtful Debtors	1,044,516,209	1,025,602,363	-	-
Gross Carrying Value	8,255,659,411	7,300,490,190	-	-
Less: Allowance for Bad & Doubtful Debtors	(1,423,831,684)	(1,246,598,619)	-	-
Total	6,831,827,727	6,053,891,572	-	-

Cash and Short term Deposits

In order to mitigate settlement and Operational risk related to cash and Short term deposits, the group uses several banks with acceptable ratings for its deposits.

The Group held cash & short term deposits of LKR 1,271 Million as at 31 March 2023 (2022 - LKR 2,142)

Financial Assets and Liabilities for which Fair Value Approximates Carrying Value

The following describes the methodologies and assumptions used to determine the fair values for those financial assets & Liabilities which are not already recorded at fair value in the Financial Statements.

The Following is a list of financial assets and liabilities whose carrying amount is a reasonable approximation of fair value due to short-term maturities of these instruments.

Assets

Other Non-Current Financial Assets
Trade and Other Receivables
Other Financial Investments
Cash in Hand and at Bank

Liabilities

Other Financial Liabilities
Interest Bearing Borrowings (Current)
Trade and Other Payables

NOTES TO THE FINANCIAL STATEMENTS

36.3.2 Liquidity Risk

The Group's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the Group has available funds to meet its medium term capital and funding obligations, including organic growth and acquisition activities, and to meet any unforeseen obligations and opportunities. The Group holds cash and undrawn committed facilities to enable the Group to manage its liquidity risk.

The Group monitors its risk to a shortage of funds using a daily cash management process. This process considers the maturity of both the Group's financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of multiple sources of funding including bank loans and overdrafts.

Liquidity risk management

The business units attempt to match contracted cash outflows in each time bucket using a combination of operational cash inflows and other inflows that can be generated through the liquidation of short term investments, repurchase agreements or other secured borrowings.

Contractual maturity analysis

The table below summarizes the maturity profile of the Group's financial liabilities at 31 March 2023 based on contractual undiscounted payments.

Group	Less than 3 months LKR	3 to 12 months LKR	1 to 5 years LKR	> 5 Years LKR	Total LKR
Other Financial Liabilities	-	-	-	968,906	968,906
Interest Bearing Borrowings	711,761,657	3,790,928,176	1,060,823,456	-	5,563,513,289
Trade and Other Payables	642,594,623	3,904,513,455	37,515,243	6,955,487	4,591,578,808
	1,354,356,280	7,695,441,631	1,098,338,699	7,924,393	10,156,061,003

The table below summarizes the maturity profile of the Company's financial liabilities at 31 March 2023 based on contractual undiscounted payments.

Company	Less than 3 months LKR	3 to 12 months LKR	1 to 5 years LKR	> 5 Years LKR	Total LKR
Other Financial Liabilities	-	-	-	968,906	968,906
Interest Bearing Borrowings	22,909,560	408,605,184	58,481,000	-	489,995,744
Trade and Other Payables	862,156	51,893,147	16,873,329	-	69,628,632
	23,771,716	460,498,331	75,354,329	968,906	560,593,282

NOTES TO THE FINANCIAL STATEMENTS

The table below summarizes the maturity profile of the Group's financial liabilities at 31 March 2022 based on contractual undiscounted payments.

Group	Less than 3 months	3 to 12 months	1 to 5 years	> 5 Years	Total
	LKR	LKR	LKR	LKR	LKR
Other Financial Liabilities	-	-	-	968,906	968,906
Interest Bearing Borrowings	1,824,607,196	1,982,849,717	1,543,466,008	-	5,350,922,921
Trade and Other Payables	2,778,470,432	1,926,987,640	94,023,473	632,000	4,800,113,545
	4,603,077,628	3,909,837,357	1,637,489,481	1,600,906	10,152,005,372

The table below summarizes the maturity profile of the Company's financial liabilities at 31 March 2022 based on contractual undiscounted payments.

Company	Less than 3 months	3 to 12 months	1 to 5 years	> 5 Years	Total
	LKR	LKR	LKR	LKR	LKR
Other Financial Liabilities	-	-	-	968,908	968,908
Interest Bearing Borrowings	23,410,000	941,950,928	325,763,150	-	1,291,124,078
Trade and Other Payables	-	1,257,267	47,164,303	-	48,421,570
	23,410,000	943,208,195	372,927,453	968,908	1,340,514,556

Capital Management

Capital includes equity attributable to the equity holders of the parent.

The primary objective of the Group's capital management is to ensure shareholder value is maximized.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2023.

The Group monitors capital using a gearing ratio,

	Group		Company	
	2023	2022	2023	2022
Interest Bearing Borrowings	5,519,223,611	4,103,238,789	463,289,303	1,241,557,080
Equity Attributable to Equity Holder of the Parent	8,895,646,358	8,919,206,962	9,673,000,771	10,202,437,459
Non-Controlling Interests	2,488,377,070	1,704,148,545	-	-
Total Equity	11,384,023,428	10,623,355,507	9,673,000,771	10,202,437,459
Equity and Debt	16,903,247,039	14,726,594,296	10,136,290,074	11,443,994,539
Gearing Ratio	33%	28%	5%	11%

NOTES TO THE FINANCIAL STATEMENTS

36.3.3 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (specially due to currency risk and interest rate risk)

The objective of market risk management is to manage and control market risk exposures within the acceptable parameters while optimising the return.

The sensitivity analysis in the following sections related to the position as at 31 March 2023 and 2022.

The analysis excludes the impact of movements in market variables on the carrying value of other post-retirement obligations, provisions and the non-financial assets and liabilities.

The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held as at 31 March 2023 and 2022.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the profit before tax (through the impact on floating rate borrowings)

	Increase/(Decrease) in basis points	Effect on Profit before Tax (LKR)	
		Group	Company
2023	+100	(48,154,408)	(9,625,048)
	-100	48,154,408	9,625,048
2022	+100	(38,739,356)	(18,542,335)
	-100	38,739,356	18,542,335

The assumed spread of the interest rate is based on the current observable market environment.

Foreign Currency Risk

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

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

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

	Increase/(Decrease) in basis points	Effect on Profit before Tax (LKR)	
		Group	Company
2023	5%	(95,028,997)	-
	-5%	95,028,997	-
2022	40%	609,980,361	-
	-40%	(609,980,361)	-

The assumed spread of the interest rate is based on the current observable market environment.

The spot exchange rates used for value the USD denominated Assets and Liabilities as at the reporting period were Rs. 318/USD -Rs.336/USD.

NOTES TO THE FINANCIAL STATEMENTS

Other Price Risk

The Group is exposed to equity price risk in respect of its listed equity securities. The Group manages those risks by monitoring the markets closely. According to Group policies amounts invested in volatile assets such as shares are restricted by limits set by Group management.

37. MATERIAL PARTLY-OWNED SUBSIDIARIES

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

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

Name	Proportion of NCI		Accumulated Balances of NCI		Profit allocated to NCI	
	2023 %	2022 %	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Non-Controlling Interests material individually						
Dankotuwa Porcelain PLC *	27.49%	22.49%	960,958,483	605,563,943	152,516,460	42,621,874
Colombo City Holdings PLC	22.37%	22.37%	452,496,853	432,977,579	19,519,273	7,295,932
Millennium I.T.E.S.P (Private) Limited**	49.38%	39.25%	744,126,946	489,616,465	193,961,443	101,831,611
Non-controlling interest material in aggregate			330,794,789	175,990,559	141,137	189,320,401
Total			2,488,377,070	1,704,148,546	366,138,313	341,069,818
					2023	2022
					LKR	LKR
Dividend Paid to NCI Shareholders						
Colombo City Holdings PLC					-	-
EonTec (Pvt) Ltd					28,542,529	25,089,804
Millennium I.T.E.S.P (Private) Limited					-	82,136,250
Others					-	-
					28,542,529	107,226,054

* Rs. 202,878,080 transferred to NCI due to disposal of 5% stake in Dankotuwa Porcelain Group during the year (Refer note 10.3)

** Rs. 106,559,076/- has transferred to NCI due to issue of new shares to employees by Millennium I.T.E.S.P (Private) Limited during the year (Refer note 10.3).

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

NOTES TO THE FINANCIAL STATEMENTS

37.2 Summarised statement of Profit or Loss for the period ending 31 March

	Dankotuwa Porcelain PLC		Colombo City Holdings PLC		Millennium I.T.E.S.P (Private) Limited	
	2023	2022	2023	2022	2023	2022
	LKR	LKR	LKR	LKR	LKR	LKR
Revenue	5,913,132,541	3,762,106,290	88,206,302	38,466,551	13,847,466,719	9,254,607,641
Operating Income/(Costs)	(4,745,135,168)	(3,458,473,303)	(49,370,053)	(67,927,178)	(12,758,659,907)	(8,856,484,811)
Finance Costs	(342,174,667)	(112,931,774)	(16,119,649)	(2,632,084)	(614,475,977)	(138,188,269)
Finance Income	43,427,055	19,990,615	209,933,862	89,527,418	112,247,756	73,125,601
Share of result of equity account investee	-	-	-	-	5,945,375	2,589,907
Tax Expense	(189,917,772)	(21,210,159)	(146,571,419)	(24,819,900)	(122,517,608)	(76,206,473)
Profit or Loss from Continuing Operations	679,331,990	189,481,670	86,079,043	32,614,806	470,006,358	259,443,595
Other Comprehensive Income	(60,277,402)	184,160,790	128,313	191,840	(93,175,453)	75,721,231
Total Comprehensive Income	619,054,588	373,642,459	86,207,356	32,806,646	376,830,905	335,164,826

*Fair valuation gain from investment in subsidiaries and respective deferred tax impact has been eliminated from company profitability.

37.3 Summarised Statement of Financial Position for the period 31 March

	Dankotuwa Porcelain PLC		Colombo City Holdings PLC		Millennium I.T.E.S.P (Private) Limited	
	2023	2022	2023	2022	2023	2022
	LKR	LKR	LKR	LKR	LKR	LKR
Current Assets	2,924,749,989	2,137,246,733	1,312,812,479	1,620,755,956	9,332,529,174	8,595,016,530
Non-current Assets	3,209,074,052	2,887,049,930	1,011,134,363	392,473,647	942,797,523	839,356,451
Total Assets	6,133,824,041	5,024,296,662	2,323,946,842	2,013,229,603	10,275,326,697	9,434,372,981
Current Liabilities	1,671,329,786	1,772,883,094	184,401,668	51,807,836	8,038,346,784	7,690,033,361
Non-current Liabilities	1,206,937,878	614,911,777	117,862,705	25,836,702	774,327,189	664,852,209
Total Liabilities	2,878,267,664	2,387,794,871	302,264,373	77,644,538	8,812,673,973	8,354,885,570

*Cumulative impact of fair valuation gain from investment in subsidiaries and respective deferred tax impact has been eliminated from non current asset and non current liabilities.

37.4 Summarised Cash Flow Information for the year ending 31 March

	Dankotuwa Porcelain PLC		Colombo City Holdings PLC		Millennium I.T.E.S.P (Private) Limited	
	2023	2022	2023	2022	2023	2022
	LKR	LKR	LKR	LKR	LKR	LKR
Operating	291,101,884	206,998,856	(42,468,748)	24,070,161	(101,562,478)	252,192,819
Investing	(93,545,294)	(49,766,609)	(63,672,967)	127,881,616	(494,165,744)	(61,638,912)
Financing	(65,839,241)	(178,894,419)	80,770,705	(134,317,391)	(53,971,226)	1,021,604,426
Net increase/(decrease) in cash and cash equivalents	131,717,349	(21,662,172)	(25,371,010)	17,634,386	(649,699,448)	1,212,158,333

INVESTOR INFORMATION

The issued ordinary shares of Ambeon Holdings PLC (GREG) are listed on the Colombo Stock Exchange (CSE). The trading of GREG ordinary shares commenced on 01 January 1970.

Ordinary Shareholders

Analysis of shareholders according to the number of shares as at 31 March 2023.

Range of Shareholding	Number of Shareholders	No. of Shares	%
1 to 1,000 shares	2,708	788,405	0.22
1,001 to 10,000 shares	1,232	4,020,641	1.13
10,001 to 100,000 shares	236	6,349,427	1.78
100,001 to 1,000,000 shares	16	4,127,681	1.16
Over 1,000,000 shares	9	341,583,512	95.71
TOTAL	4,201	356,869,666	100.00

Public Shareholding

Information pertaining to public shareholding is as follows:

	31 March 2023	31 March 2022
Number of public shares	66,187,289	66,187,289
Public holding percentage	18.55%	18.55%
Number of public shareholders	4,197	4,416
Float adjusted market capitalization (LKR)	2,316,976,307	2,568,533,734

The Company is compliant with the Minimum Public Holding requirement under option 2 of rule 7.13.1 (b) of the Listing Rules of the Colombo Stock Exchange.

Market Price per share (traded dates)

Ordinary Shares	2022/2023	2021/2022
Highest value per share recorded during the period (LKR)	49.70 (06.10.2022)	55.10 (16.12.2021)
Lowest value per share recorded during the period (LKR)	27.80 (26.04.2022)	16.00 (07.04.2021)
Market value per share as at last traded date (LKR)	35.00 (31.03.2023)	38.80 (31.03.2022)

Share Trading

	2022/2023	2021/2022
No. of transactions	33,132	33,132
No. of shares traded	97,948,159	97,948,159
Value of shares traded (LKR)	3,702,313,092.50	3,702,313,092.50

There were 4,201 registered shareholders as at 31 March 2023 (4,420 as at 31 March 2022).

Director's Shareholdings as at

Name	31 March 2023	31 March 2022
1. Mr. S E Gardiner	Nil	Nil
2. Mr. A L Devasurendra	Nil	Nil
3. Mr. R P Pathirana	Nil	Nil
4. Mr. A G Weerasinghe	Nil	Nil
5. Mr. E M M Boyagoda	Nil	Nil
6. Dr. K S Narangoda	Nil	Nil
7. Mr. R T Devasurendra	Nil	Nil

Twenty Major Ordinary Shareholders as at

Name of Shareholder	31 March 2023		31 March 2022	
	No. of shares	%	No. of shares	%
1. National Development Bank PLC/Ambeon Capital PLC	145,000,000	40.63	145,000,000	40.63
Seylan Bank PLC/Ambeon Capital PLC (Collateral)	112,790,122	31.61	112,790,122	31.61
Pan Asia Banking Corporation PLC/Ambeon Capital PLC	32,807,255	9.19	32,807,255	9.19
TOTAL	290,597,377	81.43	290,597,377	81.43
2. Hatton National Bank PLC/Almas Holdings (Private) Limited	30,744,832	8.62	29,839,063	8.36
Amana Bank PLC/Almas Holdings (Private) Limited	8,000,000	2.24	8,560,465	2.40
Almas Holdings (Private) Limited	3,661,644	0.79	2,808,804	0.79
TOTAL	41,208,332	11.55	41,208,332	11.55
3. Hatton National Bank PLC/Almas Capital (Private) Limited	4,518,173	1.27	4,216,907	1.18
4. Hotel International (Private) Limited	2,154,986	0.60	2,154,986	0.60
5. Mr. N Balasingam	1,906,500	0.53	1,906,500	0.53
6. People's Leasing & Finance PLC/L. P. Hapangama	955,836	0.27	965,836	0.27
7. Dr. S Yaddhige	557,127	0.16	557,127	0.16
8. Hatton National Bank PLC/Mohotti Withanage Ajantha Lakmal	407,276	0.11	488,441	0.14
9. Bank of Ceylon No. 1 Account	385,000	0.11	385,000	0.11
10. Flyasia Sdn. Bhd	267,458	0.07	267,458	0.07
11. J. B. Cocoshell (Private) Limited	239,058	0.07	-	-
12. Mr. H A S Madanayake	181,512	0.05	181,512	0.05
13. Mrs. M M Y K Perera	150,624	0.04	50,000	0.01
14. Mr. R E Rambukwelle	149,000	0.04	124,000	0.03
15. Mr. B W Kundanmal	137,100	0.04	137,100	0.04
16. ACL Cables PLC	130,700	0.04	130,700	0.04
17. Arrow International (Pvt) Ltd A/C No. 1	120,300	0.03	120,300	0.03
18. Seylan Bank PLC/Jayantha Dewage	120,000	0.03	120,000	0.03
19. Mr. D G A Jayatilake	110,690	0.03	107,743	0.03
20. Mr. S J C Perera	110,000	0.03	110,000	0.03

Preference Share

Analysis of Shareholders according to the number of shares as at 31 March 2023

Shareholdings	Number of Shareholders	No. of Shares	%
1 to 1,000 shares	50	27,310	16.01
1,001 to 10,000 shares	38	124,699	73.08
10,001 to 100,000 shares	1	18,616	10.91
100,001 to 1,000,000 shares	-	-	-
Over 1,000,000 shares	-	-	-
TOTAL	89	170,625	100.00

Twenty Major Preference Shareholders as at

	Name of Shareholder	31 March 2023		31 March 2022	
		No. of shares	%	No. of shares	%
1.	Standard Finance Ltd	18,616	10.91	18,616	10.91
2.	Mr. G C W De Silva	9,484	5.56	9,484	5.56
3.	Mr. M V Theagarajah	8,744	5.12	8,744	5.12
4.	Life Insurance Corporation of India	8,146	4.77	8,146	4.77
5.	Mr. K Theagarajah	8,000	4.69	8,000	4.69
6.	Mrs. B L Macrae	6,658	3.90	6,658	3.90
7.	Mr. A L Clare	6,658	3.90	6,658	3.90
8.	Mr. M V Theagarajah	6,447	3.78	6,447	3.78
9.	Shalsri Investment Ltd	5,000	2.93	5,000	2.93
10.	The Land & House Property Company Ltd	4,500	2.64	4,500	2.64
11.	The Administratrix of The Estate of Pietro Fernando	4,000	2.34	4,000	2.34
12.	Mr. S Sivalingam Attorney for Mrs R Sivaraman	3,672	2.15	3,672	2.15
13.	Mr. M B Muthunayagam Maheswari Brito	3,500	2.05	3,500	2.05
14.	Mr. B Selvanayagam	3,000	1.76	3,000	1.76
15.	Ms. A M Felsing	2,684	1.57	2,684	1.57
16.	Ms. K N Woutersz	2,684	1.57	2,684	1.57
17.	Mr. Navarathnam Sumanathiran	2,682	1.57	2,682	1.57
18.	Mr. M G Sabaratnam	2,500	1.47	2,500	1.47
19.	Mr. S A Scharenguivel	2,450	1.44	2,450	1.44
20.	Mr. P S Wijewardenephipilip Seevali	2,194	1.29	2,194	1.29

DECADE AT A GLANCE

LKR "000"	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Operating Results**										
Revenue	20,697,863	14,155,890	9,595,761	19,693,287	17,231,736	12,272,998	10,762,068	9,394,710	9,359,565	8,636,013
Profit/(Loss) before taxation	2,216,184	1,271,375	(1,674,375)	541,562	1,246,604	584,885	480,384	(1,657,676)	(14,645)	(618,543)
Profit/(Loss) after taxation	1,645,170	935,517	(1,858,739)	409,020	864,468	680,818	394,104	(1,641,605)	(58,090)	(677,790)
Attributable to:										
Equity Holders of the Parents	1,218,451	2,335,304	(2,142,900)	155,801	528,310	540,941	271,698	(1,698,267)	22,539	(662,873)
Non-Controlling Interest	426,719	183,821	39,863	253,219	336,158	139,878	122,406	56,662	(80,629)	(14,917)
	1,645,170	2,519,125	(2,103,037)	409,020	864,468	680,819	394,104	(1,641,605)	(58,090)	(677,790)
Capital Employed										
Stated Capital	5,331,775	5,331,775	5,331,775	5,331,775	5,331,775	7,871,564	7,724,139	7,724,139	7,724,139	7,724,139
Reserves	1,105,033	1,084,909	1,021,744	678,720	761,355	930,399	515,619	449,281	143,133	7,957
Retained Earnings/(Losses)	2,458,838	2,502,523	(46,358)	2,154,042	1,650,091	(963,749)	(1,369,019)	(1,463,267)	12,037	(401,648)
Non-Controlling Interest	2,488,377	1,704,149	1,601,598	1,610,303	1,610,057	1,055,156	988,420	682,124	433,400	1,025,477
	11,384,023	10,623,356	7,908,759	9,774,840	9,353,278	8,893,370	7,859,159	7,392,276	8,312,709	8,355,925
Assets Employed										
Non Current Assets Excluding Deferred Tax	8,135,518	7,022,625	9,979,514	12,177,586	10,367,516	8,149,191	5,709,160	6,607,653	8,291,740	7,677,501
Current Assets	17,998,515	15,737,556	11,720,579	12,202,483	12,075,674	11,781,223	8,019,309	6,380,048	5,060,516	4,638,518
Deferred Tax	272,217	132,225	122,749	81,878	143,559	256,090	68,974	75,646	24,342	15,558
	26,406,250	22,892,406	21,822,842	24,461,948	22,586,749	20,186,504	13,797,443	13,063,347	13,376,598	12,331,577
Liabilities										
Non Current Liabilities	2,725,875	2,050,068	2,318,087	3,025,479	2,036,469	2,530,592	1,403,367	1,090,278	1,018,061	1,075,072
Current Liabilities	12,296,351	10,218,982	11,595,996	11,661,629	11,197,002	8,762,542	4,534,918	4,580,793	4,045,828	2,900,581
	12,296,351	12,269,050	13,914,083	14,687,108	13,233,471	11,293,134	5,938,285	5,671,071	5,063,889	3,975,653
Key Indicators										
Basic Earnings/(Loss) Per Share (LKR)	3.41	6.54	(6.00)	0.44	1.48	1.54	0.78	(4.86)	0	(1.90)
Net Assets Per Share (LKR)	24.93	24.99	17.67	22.88	21.70	21.96	19.67	19.21	23	20.98

Details of the Group Properties 2022/ 23

Company	Property	Location	Extent	No of Buildings	Cost/Valuation
Lexinton Holdings (Pvt) Limited	Freehold Land	Colombo 08	17.15 Perches	1	147,000,000
	Freehold Buildings	Colombo 08	17,150 sq feet		193,000,000
Ceylon Leather Products Limited	Freehold Land	Mattakkuliya	721.62 perches	-	1,262,800,000
	Freehold Buildings	Mattakkuliya	81,428 sq.ft	16	34,400,000
Dankotuwa Porcelain PLC	Freehold Land	Dankotuwa	3,153.40 perches	-	867,185,000
	Freehold Buildings	Dankotuwa	260,015 Sq feet	34	509,153,000
	Freehold Land	Dankotuwa	Land 3,899.35 perches	-	629,700,000
Royal Fernwood Porcelain Limited	Freehold Land	Kosgama	2,161.05 Perches	-	268,716,550
	Freehold Buildings	Kosgama	141,168 sq.feet	25	430,799,002
	Freehold Land	Kosgama	1,753.07 perches	-	140,200,000
Ambeon Securities (Pvt) Ltd	Freehold Land	Kosgama	Land 1,162.37 perches	-	93,000,000
Lexinton Resorts (Pvt) Limited	Freehold Land	Kosgoda	Land 1,373.10 perches	-	625,000,000

GLOSSARY OF FINANCIAL TERMINOLOGY

ACCRUAL BASIS

Recording revenues and expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

CAPITAL EMPLOYED

Shareholders' funds plus minority interest and total debt

CONTINGENT LIABILITIES

A condition or situation existing at the reporting date due to past events, where the financial effect is not recognised, because:

1. The obligation is crystallised by the occurrence or non-occurrence of one or more future events, or
2. A probable outflow of economic resources is not expected, or
3. It is unable to be measured with sufficient reliability.

CURRENT RATIO

Current assets divided by current liabilities.

DEBT-EQUITY RATIO

Debt as a percentage of shareholders' funds, including minority interest.

Diluted Earnings/(Loss) Per Share (DPS) Profit/(Loss) attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue during the period adjusted for options granted but not exercised

EBIT

Earnings before interest and tax (includes other operating income).

EARNINGS/(LOSS) PER SHARE

Net profit/(Loss) attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue during the period.

INTEREST COVER

Consolidated profit before interest and tax over finance expenses.

MARKET CAPITALISATION

Number of shares in issue at the end of period multiplied by the market price at end of period.

NET ASSETS

Total assets minus current liabilities, minus long-term liabilities, minus minority interest.

NET ASSETS PER SHARE

Net assets as at the particular financial year divided by the number of shares in issue as at the current financial year end.

NET PROFIT MARGIN

Profit after tax divided by turnover inclusive of share of associate company turnover.

NET WORKING CAPITAL

Current assets minus current liabilities

OPERATING MARGIN

Operating profit as a percentage of total sales.

QUICK RATIO

Cash plus short-term investments plus receivables divided by current liabilities.

RETURN ON ASSETS

Profit after tax divided by the total assets.

RETURN ON CAPITAL EMPLOYED

Consolidated profit before interest and tax as a percentage of capital employed.

RETURN ON EQUITY

Profit/(Loss) attributable to shareholders as a percentage of shareholder's funds including minority interest.

SHAREHOLDERS' FUNDS

Total of stated capital, capital reserves and revenue reserves.

TOTAL DEBT

Long-term loans plus short-term loans and overdrafts.

TOTAL EQUITY

Shareholders' funds plus minority interest.

SUBSIDIARIES OF AMBEON HOLDINGS PLC

Subsidiary Companies	Directors
<p>Ceylon Leather Products Limited No. 10, 5th Floor, Gothami Road, Colombo 8 Tel: 011 5 700 700 Fax: 033 2 258 751 E-mail: info@ambeongroup.com</p>	<p>Mr. N C Peiris (Chairman) Mr. A G Weerasinghe Mr. P D J Fernando</p>
<p>Colombo City Holdings PLC No. 10, 5th Floor, Gothami Road Colombo 8 Tel: 011 5 700 000 Fax: 011 2 680 225 E-mail: info@ambeongroup.com</p>	<p>Mr. D R Abeysuriya (Chairman) Mr. A W Atukorala Mr. C S Devasurendra Dr. K S Narangoda Mr. Y Kanagasabai</p>
<p>Dankotuwa Porcelain PLC No. 10, 5th Floor, Gothami Road Colombo 8 Tel: 011 5 700 700 Fax: 011 2 680 225 Email: info@dankotuwa.com</p>	<p>Mr. Y Kanagasabai (Chairman) Mr. R P Pathirana (Deputy Chairman) Mr. R T Devasurendra Mr. R P Peris Mr. C S Karunasena Dr. K S Narangoda</p>
<p>Eon Tec (Private) Limited No. 10, 5th Floor, Gothami Road Colombo 8 Tel: 011 5 700 700 Fax: 011 2 680 225 Email: info@eontec.lk</p>	<p>Mr. S E Gardiner (Chairman) Mr. A L Devasurendra Mr. R P Pathirana Dr. K S Narangoda Mr. M S Hamzadeen Mr. P P Maddumage Mr. F A Azhar (Alternate Director to Mr. M S Hamzadeen) Mr. C S Karunasena (Alternate Director to Mr. P P Maddumage)</p>
<p>Olancom (Private) Limited No. 10, 5th Floor, Gothami Road Colombo 8 Tel: 011 5 700 700 Fax: 011 2 680 225</p>	<p>Company Under Liquidation</p>
<p>Palla & Company (Private) Limited No. 10, 5th Floor, Gothami Road Colombo 8 Tel: 011 5 700 700 Fax: 011 2 680 225</p>	<p>Mr. A G Weerasinghe Mr. H C P Goonetilleke</p>
<p>Taprobane Capital Plus (Private) Limited No. 10, 5th Floor, Gothami Road Colombo 8 Tel: 011 5 328 100 Fax: 011 5 328 109 Email: contact@taprobane.lk</p>	<p>Mr. Y Kanagasabai (Chairman) Mr. A G Weerasinghe Mr. E M M Boyagoda Dr. K S Narangoda</p>

Sub-Subsidiary Companies	Director
<p>Millennium I.T.E.S.P. (Private) Limited No. 450 D, R A de Mel Mawatha Colombo 3 Tel: 011 7 484 000 Fax: 011 2 691 322 Email: info@millenniumitesp.com</p>	<p>Mr. S E Gardiner (Chairman) Mr. N M Prakash Mr. Y Kanagasabai Mr. G S M Goonetilleke Mr. S R Wijetilaka Mr. M I Wijenayake Mr. Y I S Premarathne Dr. K S Narangoda</p>
<p>Dankotuwa Singapore Pte Limited No. 3, Shenton Way # 10 – 05, Shenton House Singapore (068805)</p>	<p>Mr. N S Wijesekera Mr. R P Peris Mr. S Pasupathy</p>
<p>Millennium I. T. E. S. P. Singapore Pte Limited 531 A, Upper Cross Street # 04-95, Hong Lim Complex Singapore (051531)</p>	<p>Mr. N M Prakash Mr. G S M Goonetilleke Mr. Y I S Premarathne Mr. L Hao</p>
<p>Taprobane Investments (Private) Limited No. 10, Gothami Road Colombo 8 Tel: 011 5 328 100 Fax: 011 5 328 109 E-mail: contact@taprobane.lk</p>	<p>Mr. H C P Goonetilleke Mr. K D H C J Perera Mr. Lashika Weerasinghe</p>
<p>Taprobane Wealth Plus (Private) Limited No. 10, Gothami Road Colombo 8 Tel: 011 5 328 100 Fax: 011 5 328 109</p>	<p>Mr. A G Weerasinghe</p>
<p>Ambeon Securities (Private) Limited No. 10, Gothami Road Colombo 8 Tel: 011 5 328 100 Fax: 011 5 328 177 Email: contact@taprobane.lk</p>	<p>Mr. E M M Boyagoda (Chairman) Mr. N S Niles Mr. C A Kamaladasa</p>
<p>Lexinton Holdings (Private) Limited No. 10, Gothami Road Colombo 8 Tel: 011 5 328 100 Fax: 011 5 328 177 Email: contact@taprobane.lk</p>	<p>Mr. A G Weerasinghe</p>

Sub-Subsidiary Companies	Director
<p>Lexinton Financial Services (Private) Limited No. 10, Gothami Road Colombo 8 Tel: 011 5 328 100 Fax: 011 5 328 177 Email: contact@taprobane.lk</p>	<p>Mr. A G Weerasinghe</p>
<p>Royal Fernwood Porcelain Limited No. 10, 5th Floor, Gothami Road Colombo 8 Tel: 011 5 700 700 Fax: 011 2 680 225 Email: fernwood@fernwoodporcelain.com</p>	<p>Dr. L J A Peiris Mr. E M M Boyagoda Dr. K S Narangoda</p>
<p>Fernwood Lanka (Private) Limited No. 10, 5th Floor, Gothami Road Colombo 8 Tel: 011 5 700 700 Fax: 011 2 680 225</p>	<p>Mr. A G Weerasinghe Dr. L J A Peiris</p>
<p>Lanka Decals (Private) Limited No. 10, 5th Floor, Gothami Road Colombo 8 Tel: 011 5 700 700 Fax: 011 2 680 225</p>	<p>Mr. A G Weerasinghe Dr. L J A Peiris</p>
<p>MIT ESP Bangladesh Private Ltd. Ka 1/3, North Road, Kalachadpur, Baridhara, Dhaka</p>	<p>Mr. G S M Goonetilleke Mr. M I Wijenayake</p>
<p>Sherwood Capital (Private) Limited No. 10, 5th Floor, Gothami Road Colombo 8 Tel: 011 5 700 700 Fax: 011 2 680 225 Email: info@ambeongroup.com</p>	<p>Mr. D R Abeyesuriya (Chairman) Mr. S Palihawadana Mr. A L Devasurendra Dr. K S Narangoda Mr. L S Jayawardena Mr. D S T H Mudalige</p>

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held by way of electronic means on Wednesday, 20th September 2023 at 12.00 noon centered at the Boardroom of the Company at No. 10, Gothami Road, Colombo 8, Sri Lanka, for the following business:

1. To receive and consider the Report of the Directors and the Statement of Accounts for the year ended 31 March 2023 together with the Report of the Auditors thereon (Resolution 1).
2. To re-appoint Mr. A L Devasurendra, Director who retires by rotation in terms of Article 27 (8) of the Articles of Association (Resolution 2).
3. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. A G Weerasinghe who has reached the age of 81 years (Resolution 3).

"IT IS HEREBY RESOLVED that the age limit referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. A G Weerasinghe, who has reached the age of 81 years prior to the Annual General Meeting and that he shall accordingly be re-appointed."

4. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. E M M Boyagoda who has reached the age of 71 years (Resolution 4).

"IT IS HEREBY RESOLVED that the age limit referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. E M M Boyagoda, who has reached the age of 71 years prior to the Annual General Meeting and that he shall accordingly be re-appointed."

5. To re-appoint M/s. Ernst & Young, Chartered Accountants, the retiring auditors and to authorize the Directors to determine their remuneration (Resolution 5).
6. To authorise the Directors to determine donations for charitable and other purposes for the year 2023/2024 as set out in the Companies' Donation Act [CAP147] (Resolution 6).

By Order of the Board

Sgd.

P W Corporate Secretarial (Pvt) Ltd

Secretaries

Colombo

28 August 2023

Notes:

1. A shareholder entitled to participate and vote at the above virtual meeting is entitled to appoint a proxy to participate and vote in his/her place by completing the Form of Proxy enclosed herewith.
2. A proxy need not be a shareholder of the Company.
3. Shareholders who are unable to participate in the above virtual meeting are also encouraged to submit a duly completed Form of Proxy appointing the Chairman or any other Member of the Board to participate and vote on their behalf.

FORM OF PROXY

I/We.....
holder of NIC No of
being a Shareholder/Shareholders of Ambeon Holdings PLC, do hereby appoint
..... holder of NIC No. of
..... or failing him/her

- Mr. S E Gardiner.....or failing him
- Mr. A L Devasurendra..... or failing him
- Mr. R P Pathiranaor failing him
- Mr. A G Weerasingheor failing him
- Mr. E M M Boyagodaor failing him
- Dr. K S Narangoda

as *my/our proxy to represent me/us and to speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 20th September 2023 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 2023	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-appoint Mr. A L Devasurendra	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-appoint Mr. A G Weerasinghe	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Mr. E M M Boyagoda	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint auditors	<input type="checkbox"/>	<input type="checkbox"/>
6. To authorize Directors to make donations	<input type="checkbox"/>	<input type="checkbox"/>

Mark your preference with "X"

Signed on this day of 2023.

.....
Signature

- a) * Please delete the inappropriate words.
- b) Instructions as to completion are noted on the reverse thereof

Instructions as to the completion of the Form of Proxy

1. The full name, national identity card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The Proxy shall –
 - a. In the case of an individual be signed by the shareholder or by his/her attorney, and if signed by an Attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
 - b. In the case of a company or corporate/statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the company or corporate/statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).
3. Please indicate with an "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 agm2023@ambeongroup.com or by facsimile to +94 11 2680225 by 12.00 noon on Monday, 18th September 2023.

CORPORATE INFORMATION

Name of the Company

Ambeon Holdings PLC

Company Registration Number

PQ 26

Nature of Business

Investment Holding & Management Company

Legal Form

A Public Quoted Company with Limited Liability Company incorporated in Sri Lanka on 29 December 1910 and listed on the Colombo Stock Exchange on 01 January 1970.

Registered Office

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

Sri Lanka

Telephone: +94 11 5700700

Fax: +94 11 2680225

Email: info@ambeongroup.com

Web: www.ambeongroup.com

Registrars

SSP Corporate Services (Private) Limited

No. 101, Inner Flower Road

Colombo 3

Sri Lanka

Telephone: +94 11 2573894

Auditors

Ernst & Young

Chartered Accountants

201, De Saram Place

Colombo 10

Telephone: +94 11 2463500

Bankers

National Development Bank PLC

Nations Trust Bank PLC

Pan Asia Banking Corporation PLC

People's Bank

Sampath Bank PLC

Seylan Bank PLC

Standard Chartered Bank

Secretaries

P W Corporate Secretarial (Private) Limited

3/17, Kynsey Road

Colombo 8

Sri Lanka

Telephone: +94 11 4640360

Fax: +94 11 4740588

