ABANS PLC
ANNUAL REPORT 2023/24

LEGACY OF INNOVATION

FROM CORNER SHOP TO MARKET LEADER

Abans

LEGACY OF INNOVATION

FROM CORNER SHOP TO MARKET LEADER

“Highlighting Abans' rich history of innovation, this theme traces the company's evolution from its humble beginnings to its current status as a market leader in consumer durables. It showcases Abans' pioneering spirit in introducing world-renowned brands and technologies to Sri Lanka, driving progress and shaping the industry landscape.”

VISION

To keep empowering people with a better way to life.

MISSION

We at Abans, through our products and services; empower people to a better way to life by empowering them to make better choices, while protecting the environment for an even better tomorrow.

VALUES

Visionary

Seeing the bigger picture backed by entrepreneurial, risk-taker attitude while protecting your lifestyle.

Relentless

Unwavering determination for progression.

Empowering

As an employer, as a business partner, as a socially responsible group we empower people to enhance their lives.

"Our vision is to provide superior quality and innovative products that enhance the lives of our customers, while our mission remains to be the leader in retail and manufacturing, setting standards of excellence and innovation."

"Despite these macroeconomic challenges, Abans PLC demonstrated resilience and adaptability. Our diversified business model, coupled with strategic initiatives, enabled us to navigate through the challenges, effectively"

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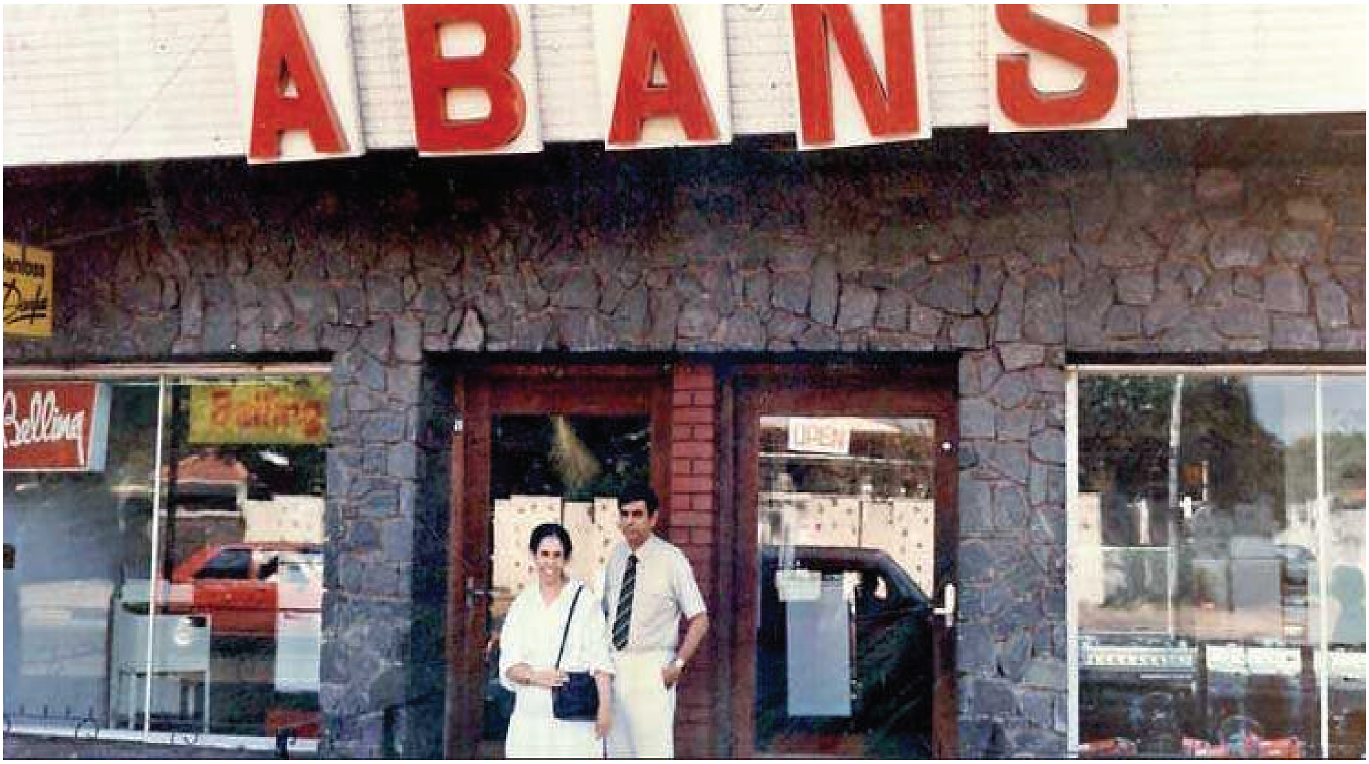


Legacy of Innovation to give a better life to all Sri Lankans

Despite navigating through economic downturns characterized by steep inflation and societal unrest, **Abans is poised to contribute to the nation's rebuilding efforts through its inherent resilience. This resilience has played a pivotal role in Abans emerging from crises stronger than ever. The company weathered a severe economic crisis and social instability thanks to its unwavering resilience.** However, transitions are seldom smooth. Abans PLC serves as a testament to this, having undergone numerous transitions.

The origins of Abans can be traced back to a time reminiscent of today's challenges. In the late 1960s, within a closed economy devoid of imports, Mrs. Aban Pestonjee, a young homemaker and mother of three, embarked on her entrepreneurial journey. Recognizing the struggles faced by Sri Lankan homemakers, Mrs. Pestonjee acquired appliances from embassy auctions and sold them at reasonable prices from her corner shop in Bambalapitiya. Alongside, she established a repair shop in her garage, laying the groundwork for Abans' legacy.

As Sri Lanka's economy opened up to imports, Abans ventured into the market with renowned brands like Electrolux, Hoover, and Russell Hobbs. It introduced Korean brands such as Lucky Gold Star, now LG Electronics, which has grown to become one of the country's most beloved home appliance and electronics brands.

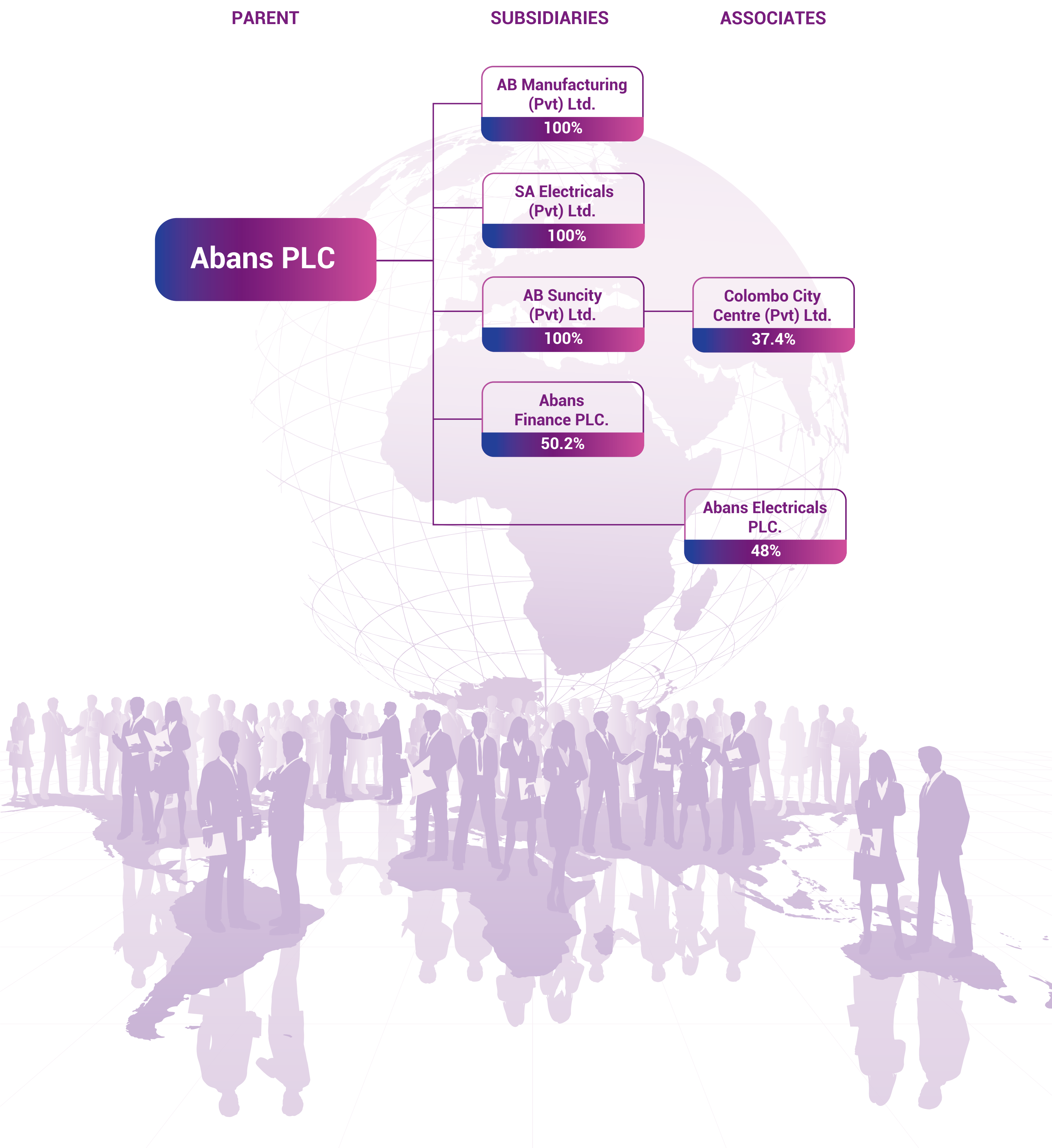
Over the years, Abans diversified its operations across six sectors, encompassing retail, services, finance, logistics, manufacturing, real estate, and hospitality, boasting an extensive network of over 400 showrooms nationwide. Despite the formidable challenges posed by the civil war and economic uncertainties of the 1980s and 1990s, Abans adeptly navigated through these hurdles. The addition of the second generation to the business further fuelled diversification efforts.

Subsequently, with the inclusion of the third generation, Abans ventured into initiatives such as establishing Sri Lanka's inaugural international mall, Colombo City Centre, as well as inaugurating a refrigerator manufacturing plant and the first local Hyundai assembly plant, enriching the organization's value proposition significantly.

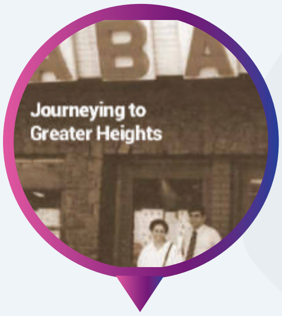
Today, Abans stands as a transformative force in Sri Lankan households, capturing the hearts and minds of all Sri Lankans with its top-notch convenience. Guided by strong values, Abans has enhanced the lifestyles of countless Sri Lankans. From its humble beginnings to becoming a market leader in consumer durables, Abans' rich history of innovative ideas has strategically positioned it to outshine competitors. Its pioneering spirit in introducing globally recognized brands and advanced technologies continues to drive progress and shape the industry landscape.

Ownership/Group Structure

Abans Group



Abans Milestones



1968
Mrs. Aban Pestonjee opens her **First corner store in Bambalapitiya.**

1978
Abans ties up with **'Electrolux'**.

1981
Incorporation of **Abans Electricals (Pvt) Ltd.** and **Abans (Pvt) Ltd.**

1987
Abans ties up with **'GoldStar'**.

1995
Goldstar rebrands as **LG**, which Abans successfully introduces to SL market.

1999
First flagship showroom opens at **498, Galle Road, Colombo 03**.

2004
Milestone of **First 100** showrooms.

2005
Incorporation of **Abans Finance PLC**.

2011
Incorporation of **Abans Auto (Pvt) Ltd.**

2013
Incorporation of **Abans Engineering (Pvt) Ltd**.

2014
Lists on the **Colombo Stock Exchange** changing the name to **Abans PLC.**

2015

Abans Group collaborates with **Next Story Group** to begin **construction** on **BOI mixed-development project, Colombo City Centre**.

2017

Abans PLC introduces **Hugo Boss**, a world-renowned luxury menswear brand, and moves into fashion retailing.

Abans becomes the **Authorized Distributor for Apple products** in **Sri Lanka.**

Abans enters the furniture market with **'Abans Homes In Style'.**

2018

Abans' **50th anniversary**, and opening of **Colombo City Centre**, Sri Lanka's **First International Mall**.

2019

Abans became the **Authorized Reseller** for **Hyundai Motor Company** in **Sri Lanka.**

Opened **First Hyundai Showroom** in **Colombo City Centre,** and **Hyundai Service Centre** at **Peliyagoda.**

2020

Abans became the **Sole Agent** for **Under Armour Inc.** in **Sri Lanka** and opened **first showroom** at **Arcade Independence Square**.

2021

Abans became the **Owner** of **MINISO franchise** in **Sri Lanka** with **5 exclusive shops island-wide.**

Opened new Abans **Elite showrooms** in **six locations island-wide.**

2022

AB Manufacturing Pvt Ltd commenced their commercial operations.

Abans Electricals PLC Manufacturing was awarded with Merit in Manufacturing Sector at the National Business Excellence Awards 2021.

Abans PLC appointed as the exclusive **retail partner** for **Lenovo,** the Global No. 1 PC brand.

2023

Courtyard by Marriott Colombo launched in **partnership** with **Colombo City Centre.**

Abans GreenPro Supersaver Refrigerator awarded Energy Rating Label of 4.1 by SLSEA,

Abans PLC introduces **Philips Audio** and **Solar** to **Sri Lanka.**

2024

Asia Pacific Institute of Digital Marketing Recognized **"Abans"** as **the 5th Most Visible Brand Online in Sri Lanka** – Electronics & Consumer Durables.

Opened **LG Air Conditioning Academy** in **Collaboration** with **Institute of technology University of Moratuwa.**

Abans PLC incorporate **Borosil** and **Orient brands** to their **portfolio.**

Financial Highlights - Group

Earning Highlights		2023/24	2022/23	Change %	2021/22
Revenue	LKR	42,638,843,884	35,599,593,779	19.8%	44,916,275,728
Gross Profit	LKR	13,887,305,385	14,771,900,168	-6.0%	12,942,479,998
Result From Operating Activities	LKR	3,631,884,143	5,482,666,915	-33.8%	4,406,482,010
Profit Before Income Tax & VAT	LKR	5,167,503,883	4,502,259,904	14.8%	3,956,533,579
Profit After Tax	LKR	4,403,005,387	3,489,875,881	26.2%	3,770,039,934
Profit Attributable to Owners of the Parent	LKR	4,351,065,905	3,313,125,773	31.3%	3,553,483,257
Dividends	LKR	-	1,710,404,554*	-	159,985,700
Gross Profit Margin	%	32.6	41.5	-21.2%	28.8
Operating Profit Margin	%	8.5	15.4	-44.8%	9.8
Net Profit Margin	%	10.3	9.8	5.1%	8.4
Earning per Share	LKR	1.96	1.49	31.5%	1.37
Return on Capital Employed (ROCE)	%	10.6	20.1	-47.3%	19.3
Interest Cover	No. of times	1.8	2.6	-30.8%	7.1

**Dividends paid in 22/23 out of profits of : FY20/21- Rs.333,195,692 | FY21/22- Rs.1,044,013,169 | FY22/23- Rs.333,195,692*

Financial Position Highlights		2023/24	2022/23	Change %	2021/22
Total Assets	LKR	50,858,733,205	41,185,241,002	23.5%	42,309,066,492
Total Borrowing	LKR	14,148,473,876	11,545,043,487	22.6%	8,430,758,638
Current Assets	LKR	31,752,905,139	25,665,470,506	23.7%	31,259,790,492
Current Liability	LKR	27,592,069,920	21,442,003,445	28.7%	22,204,314,911
Equity Attributable to Equity Holders of the Parents	LKR	18,601,741,867	14,258,950,022	43.7%	13,151,662,446
Total Equity	LKR	20,133,060,572	15,735,931,354	40.0%	14,368,002,702
Debt to Equity Ratio	%	70.3	73.4	-4.2%	58.7
Debt/(Debt+Equity) Ratio	%	41.3	42.3	-2.4%	37.0
Equity Asset Ratio	%	39.6	38.2	3.7%	34.0
Net Assets per Share	LKR	9.1	7.1	28.2%	6.5
Current Ratio	No.of Time	1.2	1.2	0.0%	1.4


Colombo
City Centre
COFFEE
TALE
BEGINS
CEYLON
COFFEE
STORY
BENEFITS
café!
ESTD
TITO'S
2022

Message From The Chairperson

"This year's theme reflects our growth and our ability to innovate in response to changing market dynamics. Our expansion into manufacturing and new brand affiliations are testaments to our strategic foresight. Our vision is to provide superior quality and innovative products that enhance the lives of our customers, while our mission remains to be the leader in retail and manufacturing, setting standards of excellence and innovation."

Dear Stakeholders,

I am delighted to present the Annual Report and Audited Financial Statements of Abans PLC for the year 2023/24. This report provides a comprehensive view of our strategy, performance, and future prospects, ensuring transparency and timely disclosure.

Legacy of Innovation - From Corner Shop to Market Leader

This year's theme, "Legacy of Innovation - From Corner Shop to Market Leader," encapsulates Abans PLC's remarkable journey. Our story is one of perseverance, vision, and continuous innovation. From humble beginnings as a small corner shop, we have grown into a market leader, setting benchmarks in retail and manufacturing sectors with HHP policy honesty, hard work, and perseverance.

This year's theme reflects our growth and our ability to innovate in response to changing market dynamics. Our expansion into manufacturing and new brand affiliations are testaments to our strategic foresight. Our vision is to provide superior quality and innovative products and enhance the lives of our customers, the idea began with making life easier at home for housewives, while our mission remains to be the leader in retail and manufacturing, setting standards of excellence and innovation.

Operating Environment

Sri Lanka's economy faced significant challenges in 2023. The economy contracted by 2.3%, despite growth in the third and fourth quarters (1.6% and 4.5%, respectively) following six quarters of contraction. This decline was driven by reductions in construction, mining, financial and IT services, and textile manufacturing due to weak demand, tight private credit, and shortages of inputs. These were partly offset by growth in transport, accommodation, food, and beverage services, resulting from a rebound in tourism.

Inflation remained benign after declining to single-digit levels in July 2023, supported by currency appreciation and improved supply. However, a recent spike in food prices and the pass-through of fuel and utility prices led to an increase in headline inflation, measured by the Colombo Consumer Price Index, to 5.9% in March 2024. Labour force participation declined, especially in urban areas, and food insecurity rose, with 24% of households being food insecure during the second half of 2023.

The Central Bank's monetary policy eased, cutting rates by 650 basis points between June and November 2023. This, combined with improved liquidity, sharply reduced the government's domestic borrowing costs. While growth rates remain negative, private sector credit has been recovering since June 2023. The current account recorded a surplus for the first time since 1977 due to rebounding remittances and tourism, and subdued imports. The Rupee appreciated by 10.8% against the US Dollar in 2023.

Despite a primary balance surplus, a sharp rise in interest payments contributed to a high overall fiscal deficit in 2023. Interest payments absorbed approximately three-fourths of the revenue collected.

Strategy & Accomplishments

Financial Performance: The financial performance of Abans PLC for the fiscal year 2023/24 demonstrates resilience and strategic growth amidst a challenging economic landscape. Abans PLC Group reported a consolidated revenue of Rs. 42.6 Bn compared to Rs.35.6 Bn last year. The Group reflected an increase in revenue stemming from Abans PLC's revenue increase of Rs.6.3 Bn representing a 19.3% growth compared to the previous year. Abans PLC Group's Profit Before Tax of Rs.5.2 Bn includes a revaluation gain from Investment Property of Colombo City Centre Pvt Ltd in contrast to a Group Profit Before Tax of Rs.4.5 Bn last year.

The company (Abans PLC) recorded a turnover of Rs.38.9 Bn for the year ended 31st March 2024, marking a substantial increase from the Rs.32.6 Bn recorded in the previous year. This growth was driven by significant contributions from all major sectors and sub-divisions of the company. Our gross profit (GP) margin declined to 31.2% from 40.1%, primarily due to necessary adjustments in product pricing to remain competitive in the market. However, our profit before tax (PBT) for the current year stood at Rs.1.95 Bn, a decrease from the previous year's Rs.3.1 Bn, reflecting the impact of macroeconomic challenges and strategic pricing adjustments. Despite these challenges, the company's profit after tax (PAT) for the year was Rs.1.29 Bn. (LY Rs.2.44Bn)

In terms of value distribution, the Group paid Rs.1.1 Bn in taxes, distributed Rs.1.6 Bn as employee remuneration, and made payments amounting to Rs.25 Bn to our suppliers and business partners. Earnings per share (EPS) of the company stood at Rs.0.58, down from Rs.1.10 last year, while net assets per share increased to Rs.6.15 from Rs.5.56 last year. Additionally, Abans PLC's credit rating was reaffirmed as AA- with a stable outlook by Fitch Ratings Lanka, underscoring our financial stability and robust performance amidst a turbulent economic backdrop.

Manufacturing strategy: The manufacturing arm of Abans Group, AB Manufacturing (Pvt) Ltd, inaugurated a state-of-the-art 100,000 square foot manufacturing facility in Bandaragama in early 2023, with a capacity to produce 150,000 refrigerator & air conditioner units per shift annually.

With stringent import restrictions on consumer durable items, including refrigerators, the timing of this local manufacturing commencement was ideal. I would like to congratulate the AB Manufacturing team and project management for their accomplishment amidst numerous challenges. This facility will significantly reduce the foreign exchange outflow while creating several hundred skilled employment opportunities within the country. AB Manufacturing also produces deep freezers, both hard top and glass top, and operates a washing machine production plant for Abans and Haier products, functioning as the Original Equipment Manufacturer (OEM) for several other brands.

Strategic Expansion in Hospitality industry: One of the highlights of our strategic expansion is the Colombo City Centre (CCC) and the Courtyard by Marriott Colombo. These developments exemplify our evolution from a corner shop to a leader in international-standard projects. The Courtyard by Marriott Colombo, a 164-room hotel, offers state-of-the-art facilities and has become a hub for both business and leisure travellers. This addition to CCC, which includes premier dining venues and extensive banqueting facilities, underscores our commitment to providing world-class services and amenities.

Environmental, Social, and Governance (ESG) Initiatives

Abans has made significant strides in ESG initiatives. In collaboration with LG, we have launched the “Green Isle” initiative in partnership with the Wildlife and Nature Protection Society (WNPS) and the Department of Wildlife Conservation (DWC). This initiative has been taking measures over the past few years to restore the Bellanwila-Attidiya Sanctuary, addressing habitat loss and enhancing the region as a “green lung” for urban areas. We also implemented a substantial tree replanting program, restored small canals, and established a 3.5km nature trail for wildlife enthusiasts and researchers.

Further, Colombo City Centre Ltd in partnership with Groepo Ltd and John Keells Holdings PLC recently commenced a Water Quality Improvement Project in Beira Lake where the main objective of the project is to clean and purify the water in Beira Lake using advanced micro-nano bubble technology, carbon fibre biofilm technology and selected bacterial enzymes. Through this project implementation, it is expected to achieve at the minimum discharge standards set out by National Environmental Act which is a testament to our continuous commitment towards our environment.

Our commitment to education continues through partnerships providing scholarships, computer training programs, and vocational training courses for underprivileged children and young adults. The ‘Study Buddy Abans Nena Pahana’ campaign distributed educational packages to students free of charge. In healthcare, we have invested in facilities, provided essential equipment, and organized health camps. The ‘Life is Precious…Value it!’ initiative on World Suicide Prevention Day and our annual blood drive highlight our dedication to community health.

We also focus on supporting vulnerable groups, providing financial aid to organizations working with the homeless, elderly, and low-income families. Our ‘Abans-Mistral Hithawathkama’ project assists families in need with essentials, and the ‘Abans Nanasa’ book donation campaign supports prisoners with educational resources. Our CSR efforts include free service campaigns for flood-affected communities, school supply initiatives for employees’ children, and the ‘Abans Unusum Hithawathkam’ project enhancing living conditions for children in need.

Anticipated Standpoint

Negotiations with external creditors and domestic debt restructuring are progressing, and a Staff Level Agreement was reached with the IMF on the second review of the Extended Fund Facility program in March 2024. Key reforms are advancing in debt, fiscal management, trade, investment, and state-owned enterprises.

The outlook depends on successful debt restructuring and continued implementation of structural reforms. The fiscal adjustment is likely to reduce disposable incomes, weaken demand, and weigh down growth in the short term. Inflation may rise moderately in the near term due to new revenue measures but remain benign in the medium term as demand stays subdued.

The current account is projected to stay in surplus, with subdued import growth and gradual recovery in tourism and remittances. The overall fiscal balance will remain high due to large interest payments. Continued fiscal consolidation and debt restructuring are essential to reduce the fiscal balance in the medium term. Financial sector risks need careful monitoring due to elevated nonperforming loans and significant sovereign exposure.

Looking ahead, in summary - we anticipate a mixed macro-economic forecast for the next 12 months in Sri Lanka. However, we remain optimistic about consumer demand and behaviour in the retail industry. Our plans for digital transformation and innovation initiatives are set to drive our future growth. We also plan to expand our showroom presence and introduce more brands to the Sri Lankan market.

Commendation

As we reflect on the accomplishments and growth of Abans PLC over the past year, I would like to extend my heartfelt gratitude to all those who have contributed to our success. Our customers have been the cornerstone of our journey from a humble corner-shop to a market leader, and we remain committed to providing them with quality, variety, and value for money.

I would like to especially acknowledge the invaluable contributions of our Board of Directors, including Rusi Pestonjee, Saroshi Dubash, Chandrika Perera, Rajaratnam Selvaskandan, and Dinesh S. Weerakkody. Their strategic guidance and unwavering support have been instrumental in steering the company through challenging times.

A special mention must be made of our late Mr. Behman Pestonjee, who held the position of Managing Director till the 17th of June 2023, whose visionary leadership laid the foundation for our ongoing success. His legacy continues to inspire us all. I also extend my sincere appreciation to Mr. Rusi Pestonjee for his exemplary leadership in taking up the role of Managing Director. His dedication and strategic acumen have been crucial in navigating the company through a dynamic business landscape. I also extend my gratitude to Dr. Mrs. Saroshi Dubash for her dedication in improving the company standards and the support towards it’s growth while congratulating her on her appointment as the Managing Director for Abans Electricals PLC; an associate company of the Group.

Our senior leadership team deserves commendation for their relentless commitment and efforts in driving Abans from strength to strength. Your hard work and determination are deeply appreciated, and I look forward to continuing this journey of growth and excellence with you.

None of our achievements would be possible without our dedicated staff, who form the backbone of our company. We strive to nurture a close-knit relationship with each employee, treating them as integral members of the Abans family.

I also extend my gratitude to all our principals and long-term partners, including LG, for their steadfast support and collaboration. Your partnership is vital to our sustained success.

Lastly, I thank our capital providers for their continued confidence in us. Your support empowers us to reach new heights each year, and we are committed to demonstrating the wisdom of your trust in Abans PLC.

Aban Pestonjee
Chairperson

28th June 2024

AIR CONDITIONING ACADEMY A COLLABORATION OF ITUM AND LG | ABANS

Managing Director's
Performance Review

"Despite these macroeconomic challenges, Abans PLC demonstrated resilience and adaptability. Our diversified business model, coupled with strategic initiatives, enabled us to navigate through the challenges effectively."

Overview

The fiscal year 2023/24 has been a period of significant challenge and transformation for Abans Group, amidst a backdrop of economic turbulence in Sri Lanka. As the Managing Director, it is with great pleasure I present the comprehensive review of our financial and operational performance over the past year.

Economic Context

Sri Lanka's economy faced considerable headwinds during the year, contracting by 2.3 percent despite positive growth in the latter quarters. This contraction was driven by declines in key sectors such as construction, mining, financial services, and textiles, coupled with subdued demand, tight private credit, and input shortages. However, growth in tourism-related sectors provided some relief. Inflation remained controlled initially but spiked to 5.9 percent by early 2024 due to rising food and utility prices, impacting household budgets and consumption patterns.

After nearly two years of monetary tightening, the central bank's policy rate cuts between June and November 2023, along with improved liquidity, led to a sharp decline in the government's domestic borrowing costs. The current account recorded a surplus for the first time since 1977, driven by a rebound in remittances and tourism, and subdued imports. This economic environment posed both challenges and opportunities for Abans Group.

"Despite these macroeconomic challenges, Abans PLC demonstrated resilience and adaptability. Our diversified business model, coupled with strategic initiatives, enabled us to navigate through the challenges, effectively."

Performance Highlights

Abans PLC Group reported a consolidated revenue of Rs.42.6 Bn compared to Rs.35.6 Bn last year. Group reflected an increase in revenue stemming from Abans PLC's revenue increase of Rs.6.3 Bn representing a 19.3% growth compared to the previous year. Abans PLC Group's Profit Before Tax of Rs.5.2 Bn includes a revaluation gain from Investment Property of Colombo City Centre Pvt Ltd in contrast to a Group Profit Before Tax of Rs.4.5 Bn last year.

Abans PLC achieved a financial performance where the company reflected a revenue of Rs.38.9 Bn as opposed to Rs.32.6 Bn last year. Profit Before Tax (PBT) of the company amounted to Rs.1.95 Bn compared to Rs.3.1 Bn last year which could be considered as a significant achievement compared to our competitors in the industry. Our gross profit (GP) margins experienced a contraction compared to last year, primarily due to the necessary adjustments in product pricing in response to market changes to remain highly competitive while providing value for money to our customers and underscoring our commitment to sustainable profitability.

Operational Highlights

Strategic Growth

Our local manufacturing capabilities were a pivotal focus this year. The inauguration of our 100,000 square foot manufacturing facility in Milleniya, with a capacity to produce 150,000 refrigerator units and Air Conditioners annually, was a landmark achievement. This facility will significantly reduce foreign exchange outflows and create numerous skilled job opportunities. This move not only supported our financial performance but also aligned with national economic objectives by catering to local demand amidst stringent import restrictions and this facility was a testament to our commitment to innovation and sustainability.

Value Addition and Customer Assurance

Abans continues to prioritize adding value to our customers through strategic partnerships and rigorous quality assurance. As a TRCSL licensed vendor, we serve as the Authorized National Distributor for leading smartphone brands such as Motorola and OPPO, and we also distribute VIVO and Techno brands. Additionally, we are the authorized reseller for Apple iPhones in Sri Lanka. All smartphones imported by Abans undergo rigorous TRCSL testing to ensure network compatibility and come with comprehensive documentation, including GSM Certification, EU-Type Examination Certificate, SAR Certificate, and various test reports. This stringent certification process guarantees that our mobile phones meet high-quality standards and ensure the health and safety of our customers.

Technological Advancements

We have made significant strides in technological advancements to streamline our operations and enhance our service delivery. The Group has transitioned to SAP S4/HANA, providing a unified financial view and improving our manufacturing and assembly processes. We are also embarking on digital payment services in collaboration with multiple banking institutions. Our IT Shared Services company, Sirius Technologies Services (Pvt) Ltd, achieved ISO 27001:2013 Certification, underscoring our commitment to international standards. Furthermore, the establishment of an IT Steering Committee and an Information Security Steering Committee ensures that all IT services are secure, risk-mitigated, and aligned with national IT policies.

Educational Initiatives

In partnership with the Institute of Technology at the University of Moratuwa (ITUM), we inaugurated the LG Abans Air Conditioning Academy. This academy provides top-tier training on LG's advanced air conditioning solutions, offering short-term and advanced courses to a wide range of learners, including technical personnel and maintenance staff from various sectors. This initiative not only enhances educational standards in air conditioning technology but also empowers individuals with the skills needed to excel in this field. The collaboration with LG has resulted in an investment exceeding Rs.12 million, establishing the only LG AC academy in South Asia and serving as a pivotal hub for training LG partners.

Developments & Expansion

Abans Group's commitment to growth and innovation is exemplified by our involvement in high-profile projects such as the Colombo City Centre. This mixed-use development, featuring luxury apartments, a high-end shopping mall, and a hotel operated by Marriott International, underscores our evolution from a corner shop to a major player in real estate and lifestyle sectors. The project highlights our ability to deliver world-class infrastructure and enhance Colombo's urban landscape. The Colombo City Centre has seen increased footfall and new tenant acquisitions, contributing positively to our revenue streams and brand equity.

Additionally, the Courtyard by Marriott at Colombo City Centre has become a hub for both business and leisure travellers, further cementing our status as a key player in the hospitality industry. These developments reflect our strategic vision of expanding beyond traditional retail into comprehensive lifestyle solutions.

Looking Forward

The outlook for 2024 remains cautiously optimistic. While economic recovery is underway, it hinges on successful debt restructuring and the continued implementation of structural reforms. We are committed to navigating these challenges with strategic foresight and operational excellence. Our focus will be on further enhancing our manufacturing capabilities, expanding our retail footprint, and leveraging digital transformation to drive efficiency and customer engagement, and customer satisfaction will drive sustainable growth and enhance shareholder value.

Acknowledgment

I extend my deepest gratitude to our customers, whose unwavering support has been pivotal in our journey from a small corner-shop to a leading market player. I would like to express my sincere appreciation to our Chairperson, Mrs. Aban Pestonjee for her continuous guidance and to our Board of Directors, which includes, Saroshi Dubash, Chandrika Perera, Rajaratnam Selvaskandan, and Dinesh S. Weerakkody, for their strategic guidance. A special mention goes to our late former Managing Director, Mr. Tito Pestonjee, whose visionary leadership laid the foundation for our success.

I commend our senior leadership team and dedicated staff for their relentless commitment and hard work. Your efforts are the cornerstone of our achievements. I also extend my gratitude to our principals and long-term partners, including LG, for their steadfast support. Lastly, I thank our capital providers for their continued confidence in us. Together, we will continue to soar to new heights.

Abans PLC remains committed to its mission of delivering exceptional value to its customers, stakeholders, and the community. Our strategic initiatives and unwavering dedication to excellence will ensure that we continue to lead and innovate in the years to come.

Rusi Pestonjee
Managing Director

28th June 2024

BOARD OF DIRECTORS

Aban Pestonjee
Chairperson

Rusi Pestonjee
Managing Director
with effect from 21st June 2023

Behman Pestonjee (Tito)
Managing Director
until 17th June 2023

Saroshi Dubash
Executive Director

Chandrika Perera
Executive Director

Dinesh S. Weerakkody
Senior Independent Non-Executive Director

Rajaratnam Selvaskandan
Independent Non-Executive Director

Board of Directors and Profiles

Aban Pestonjee

Chairperson

Aban Pestonjee is a dynamic and accomplished business leader with over five decades of experience in the business world. Mrs Pestonjee's vision, leadership and entrepreneurial spirit have been instrumental in driving the growth and success of the Abans Group. She is an embodiment of the company's ethos of 'identifying a need and fulfilling it'. Mrs Pestonjee's passion, drive and courage as a South Asian woman in a male-dominated business world have served as an inspiration to subsequent generations of Sri Lankan businesswomen.

Among the repertoire of accolades received by Pestonjee is the Global Strategy Leadership Award presented at the World Strategy Summit; Award of Excellence for Women Achievers for Outstanding Achievements, presented by the SAARC Women's Association and the Bronze Award, under the large business category at the Women Entrepreneur of the Year awards by the Women's Chamber of Industry and Commerce, both in the year 2000; KOTRA Plaque of Appreciation presented in 2005, for forging strategic foreign economic ties between Korea and Sri Lanka; Leading Woman Entrepreneur of the World Award presented by the Princess of Thailand in 2006; Woman Entrepreneur of the Year Award by the Women's Chamber of Industry and Commerce at the Woman Entrepreneur of the Year 2017 Awards as well as the Gold Award in the Extra Large Business Enterprise Category and Sri Lanka's Entrepreneur of the Year Award at the Derana Sri Lankan of the Year Awards 2017.

In 2021 she was recognized as one of Sri Lanka's most admired leaders at the Most Admired Companies Awards, organised by the International Chamber of Commerce Sri Lanka and the Chartered Institute of Management Accountants. Mrs Pestonjee has been interviewed by The Harvard Business School, and the transcript of the interview is held in the school's Baker Library, available to students for research and case studies.

Mrs Pestonjee also holds directorships at Abans Electricals PLC, Abans Retail Holdings (Pvt) Ltd, Abans Environmental Services (Pvt) Ltd, Abans Land (Pvt) Ltd, Abans Construction and Engineering (Pvt) Ltd, Abans Lanka (Pvt) Ltd, Abans Tourist Hotel (Pvt) Ltd, ABS Gardner Dixon Hall International (Pvt) Ltd, Abans Investments (Pvt) Ltd, Abans Marketing (Pvt) Ltd, Crown City Developers (Pvt) Ltd, Abans Auto (Pvt) Ltd, Abans Engineering (Pvt) Ltd and Colombo City Centre (Pvt) Ltd.

Rusi Pestonjee

Managing Director (with effect from 21st June 2023)

Mr. Rusi Pestonjee started his career in finance and tax planning at the age of 19 and is the founder of diverse businesses within the Abans Group and responsible for bringing them to leadership positions. He is an expert in family business strategy and an alumnus of the Indian School of Business.

He is the Managing Director of Abans PLC, Chairman of Colombo City Centre and Past Chairman of Abans Finance PLC and is also a director of various companies outside the Abans group with regional presence which span to logistics, security solutions, cash warehousing, food processing and modern agriculture.

Rusi Pestonjee holds various directorships within the Abans Group of Companies, including Colombo City Centre (Pvt) Ltd, Abans Finance PLC, Abans International (Pvt) Ltd, Abans Retail Holdings (Pvt) Ltd, Abans Environmental Services (Pvt) Ltd, Abans Land (Pvt) Ltd, Crown City Developers (Pvt) Ltd, ABS Courier (Pvt) Ltd, Abans Investments (Pvt) Ltd and AB Real-estate (Pvt) Ltd. Through his astute guidance and unwavering commitment, Rusi Pestonjee has helped drive the Abans Group's phenomenal growth and success.

Behman (Tito) Pestonjee

Managing Director (until 17th June 2023)

Qualified as a Marine Engineer, Class 1 (D.O.T. London), Behman Pestonjee had been with Abans PLC since its inception and had played a pivotal role in building the business from the ground up. He overlooked most of the critical functions of the organisation, including sourcing, marketing and sales. His dynamic leadership had been a key driver of the company's success. Behman Pestonjee was also responsible for managing crucial business partnerships that have helped to expand the Abans retail network from a single store to over 400.

As an inspiring leader, Behman Pestonjee had a unique management style based on pragmatism and execution. He is known for his strong work ethic, strategic vision, people-oriented leadership style and was widely respected for his business acumen, leadership skills, and commitment to driving positive change in the industry. He was passionate about building a strong and dynamic team, empowering his employees to achieve their full potential, through fostering a culture of innovation and excellence.

Behman Pestonjee's extensive experience and expertise had earned him several directorships at key Abans Group subsidiaries, including Abans Electricals PLC, AB Manufacturing (Pvt) Ltd, Abans Retail Holdings (Pvt) Ltd, Abans Environmental Services (Pvt) Ltd, Abans Land (Pvt) Ltd, Abans Construction and Engineering (Pvt) Ltd, ABS Gardner Dixon Hall International (Pvt) Ltd, Abans Investments (Pvt) Ltd, Abans Marketing (Pvt) Ltd, Colombo City Centre (Pvt) Ltd, Crown City Developers (Pvt) Ltd, Sirius Technologies (Pvt) Ltd, Abans Auto (Pvt) Ltd, Abans Office Automation (Pvt) Ltd and Abans Engineering (Pvt) Ltd.

Dr. Saroshi Dubash
Executive Director

Dr. Saroshi Dubash is responsible for overseeing various aspects of the supply chain functions, such as import / purchasing, wharf clearance, warehousing, inventory control, distribution and information systems. In addition, she also manages the finance, human resources, training and internal audit departments.

Currently, Dr. Dubash serves as the Managing Director of Abans Logistics (Pvt) Ltd, a fully-fledged logistics company that specialises in freight, transport, warehousing, distribution, container yards and other logistics operations. She is also a Director of several other Abans Group companies, including Colombo City Centre (Pvt) Ltd, Abans Retail Holdings (Pvt) Ltd, Abans International (Pvt) Ltd, Abans Engineering (Pvt) Ltd, Abans Land (Pvt) Ltd, Abans Investments (Pvt) Ltd, Abans Marketing (Pvt) Ltd and Crown City Developers (Pvt) Ltd. Dr. Dubash is highly involved in the business community and has held several leadership positions. Previously, she served as the Chairperson of the Women's Chamber of Industry and Commerce and was also a representative on the Ceylon Chamber of Commerce Board. Additionally, she is a member of Women in Logistics and Transport (WILAT) and serves as a committee member of the Australian New Zealand Business Committee and the Canadian Business Committee. Dr. Dubash is also a member of SLID and the WCD, which is a global organisation for women directors. She is an accomplished professional with a PhD in Philosophy, an MBA (US), and an honours degree in chemistry (London).

Chandrika Perera
Executive Director & Group Chief Financial Officer

Chandrika Perera brings a wealth of experience and leadership to her role as Executive Director and Chief Financial Officer at Abans Group. With over three decades of experience in financial management, she was appointed to the Abans PLC Board in June 2020, where she has spearheaded transformative financial strategies. Prior to her tenure at Abans, Chandrika served as Executive Vice President for the Leisure Sector (Cinnamon Hotels & Resorts) at John Keells Group, where she played a pivotal role in strategic investments and divestments. She also served as the Group Financial Controller for John Keells Holdings PLC, overseeing financial operations for multiple subsidiaries.

Chandrika's illustrious career extends across various industries, including listed and private companies such as Keells Food Products PLC, Kandy Walk Inn Pvt Ltd, and Keells Agro Products Ltd, among others. Her leadership extends beyond corporate roles, as evidenced by her active participation in committees within the Institute of Chartered Accountants of Sri Lanka (ICASL), where she contributed to financial reporting, taxation, and statutory accounting standards.

A fellow member of the Institute of Chartered Accountants of Sri Lanka and the Society of Certified Management Accountants of Sri Lanka, Chandrika Perera holds a Master's in business administration with a specialization in Finance from the University of Queensland. Her dedication to advancing the field of finance, coupled with her commitment to mentorship and advocacy for gender equality, exemplifies her exemplary leadership within the profession.

Recently honoured with the prestigious SAFA Lifetime Woman Leadership Award, Chandrika's achievement underscores her unwavering dedication, innovative spirit, and significant contributions to her organization and society at large. Her remarkable journey serves as an inspiration to aspiring professionals and underscores the transformative impact of women's leadership in the accountancy profession.

Rajaratnam Selvaskandan

Independent Non-Executive Director

Rajaratnam Selvaskandan is an Independent Non-Executive Director at Abans PLC, a position he has held for several years. With more than four decades of experience in legal practice and management, Selvaskandan is a highly accomplished Attorney-at-Law (SL) and admitted as a Solicitor of England & Wales, Canberra and Hong Kong. He is an expert in corporate and commercial transactions, mergers and acquisitions, banking and financing matters, investment structuring and project development.

Selvaskandan is a Senior Partner at Varners, a leading law firm in Sri Lanka, where he has served since 2004. He was admitted to the Supreme Court of Sri Lanka as an Attorney-at-Law in 1982 and has since built an impressive career in private practice and public service. He was a State Counsel at the Attorney General's Department in Sri Lanka before serving as a Partner in a renowned law firm in Hong Kong for more than two decades.

In addition to his role at Abans, Selvaskandan is also Director of CT Land Development PLC and serves on the Board of several other prominent companies, including the Laugfs Gas PLC and Abans Electricals PLC.

As an Independent Non-Executive Director at Abans PLC, Selvaskandan brings a wealth of legal knowledge and business acumen to the Board. He is committed to ensuring that the company operates with integrity and transparency and that it meets the highest standards of corporate governance.

Dinesh S. Weerakkody

Senior Independent Non-Executive Director

Mr. Dinesh S. Weerakkody (D.BA) is a former Chairman of the Hatton National Bank PLC and Commercial Bank of Ceylon PLC. He currently holds the position of Vice Chairman at the Employer's Federation of Ceylon, Immediate Past Chairman of the International Chamber of Commerce Sri Lanka, and Senior Vice Chairman of the Sri Lanka Institute of Directors. He also serves as a Director of several companies.

Currently, Mr. Weerakkody is Advisor on Treasury Affairs to the President and serves as the Chairman of the Board of Investment of Sri Lanka and the Chairman of the Colombo Port City Economic Commission. Additionally, he has previously held key positions, including Chairman of the Employee's Trust Fund Board of Sri Lanka, the National Human Resource Development Council of Sri Lanka, and the International Chamber of Commerce Sri Lanka. Furthermore, he has served as an Advisor to the Prime Minister of Sri Lanka, the Ministry of National Policies and Economic Affairs, and the Minister of Tourism Development.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CORPORATE GOVERNANCE

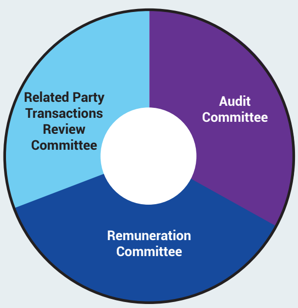
The Board of Directors is dedicated to upholding the best practices and highest standards in corporate governance in all of the Company's activities. Creating long-term, sustainable shareholder value through wise and efficient management is the purpose of governance. Developing corporate plans and supervising management's implementation of them while maintaining appropriate controls to mitigate risks are among the Board's main responsibilities. The Board's primary goal is to guarantee that the Company functions in conformity with all applicable laws and regulations, that all material operations are subject to strong internal controls, and that major risks are appropriately managed.

Framework and Structure

The Board retains effective control through the Board-approved governance framework which provides for delegation of authority with clearly defined mandates and authorities while retaining accountability. The governance framework is reviewed, when necessary, to adapt to internal developments and reflects best practices. Central functions such as Group Finance & Investments division, Human Resources, Group Information Technology, and Group Risk & Control set the guidelines and the framework for a sustainable business operation and report to the Board.

INTERNAL GOVERNANCE STRUCTURE

Board of Directors and Senior Management Committees



Managing Director/CEO

Executing Management Committee

Employee Empowerment

INTEGRATED GOVERNANCE

- Integrated Governance Systems and Procedures
- Strategy Formulation and Decision-Making Process
- Human Resource Governance
- Integrated Risk Management
- IT Governance
- Tax Governance
- Stakeholder Management and Effective Communication

ASSURANCE MECHANISM

- Articles of Association
- Abans Code of Conduct
- Senior Independent Director
- Board Committee
- Internal Control
- Enterprise Risk Management Framework
- HR Policies

REGULATORY BENCHMARKS

- Companies Act No. 7 of 2007 Mandatory Compliance
- Listing Rules of the Colombo Stock Exchange (CSE) Mandatory compliance
- Sri Lanka Accounting Standards (LKAS and SLFRS)
- The Code of Best Practice on Corporate Governance (2017) published by the institute of Chartered Accountants, Sri Lanka (CA Sri Lanka) Voluntary compliance
- GRI Guidelines on Sustainability
- Independent Audit

Role of the Chairperson and Managing Director

The role of the Chairperson is separate from that of the Managing Director which is in line with best practices in Corporate Governance ensuring that no one Director has unfettered power and authority.

Role of the Senior Independent Non-Executive Director

While the Chairperson remains as the executive head of the Board, a Senior Independent Non-Executive Director has been appointed on 27th November 2023 in compliance with section 9.6.3 (a) of Listing Rules of Corporate Governance. The presence of the Senior Independent Non-Executive Director ensures none of the Board Members has unbound authority over decision-making, and Board discussions facilitate independent thought by individual Directors.

Role of the Senior Independent Non-Executive Director

The Senior Independent Non-Executive Director and the other non-executive director will be meeting annually without the presence of the executive directors to discuss the operation of the Board of Directors and matters related to Abans PLC. He will provide feedback and recommendations to the chairperson and other Board members relating to these discussed matters duly. Since the appointment of Senior Independent Non-Executive Director has not lapsed one year and all disclosure requirements have been made accordingly within the financial year, no such meeting has been held during the year ended on 31st March 2024.

The Senior Independent Non-Executive Director and Non-Executive Director thank the Chairperson, Managing Director, and other members of the Board of Abans PLC for their openness and co-operation on all matters where their input was sought by Non-Executive Directors.

Dinesh S. Weerakkody

Senior Independent Non-Executive Director
07th June 2024

Responsibilities of the Board	Chairperson's Responsibilities	Managing Director's Responsibilities
Formulation, implementation and monitoring of business strategy	Ensure that the new Board members are given appropriate induction	Formulate, obtain approvals and implement the Company's strategies and manage the day-to-day operations of the Company
Place effective systems to secure the integrity of information, internal controls, business continuity and risk management	Lead the Board and manage the business of the Board	Develop and recommend budgets to the Board
Compliance with laws, regulations and ethical standards	Approve the agenda for each Board meeting	Continuously monitor and report to the Board on the performance of the Company
Consider the interests of all stakeholders in corporate decisions	Ensure that the Board members receive accurate, timely information to enable them to take clear and sound decisions	Establish an optimum organizational structure which is appropriate for the execution of the Company's strategy
	Ensure regular meetings, the minutes of which are accurately recorded and where appropriate include the individual and collective views of the Directors	Ensure compliance with all applicable legal and regulatory obligations
	Facilitate and encourage discussions among all Directors in decision making	Manage the financial and business risks of the company's operations and identify the potential risks of the company
	Represent the views of the Board to all stakeholders	

The Board has appointed three sub-committees to assist it with the performance of its duties. These committees, which include the Audit Committee, Remuneration Committee & Related Party Transaction Review Committee, function within the mandates approved by the Board. The committees have an appropriate balance of skills, expertise, and independence to discharge their responsibilities effectively. The structure and operations of these committees are illustrated in this report.

Board Committee	Composition of Directors	Areas of Oversight
Audit Committee	Dinesh S. Weerakkody Rajaratnam Selvaskandan	Integrity of Financial Statements Risk management Business Ethics Internal Controls Compliance with legal and regulatory requirements External Audit & Internal Audit
Remuneration Committee	Rajaratnam Selvaskandan Dinesh S. Weerakkody	The Company's remuneration philosophy and the principles of its remuneration policy Company's framework of executive remuneration The level and structure of remuneration for Senior Management

Board Committee	Composition of Directors	Areas of Oversight
Related Party Transaction Review Committee	Rajaratnam Selvaskandan Dinesh S. Weerakkody Rusi Pestonjee	Related party transaction identification and disclosure Company Policies and procedures on Related Party transactions Shareholder and Company Interest Optimization

CORPORATE GOVERNANCE

Attendance at Board Meetings

The Board of Directors performs the role of leading the Company primarily through participation in Board meetings and Board Sub-Committee meetings. The Board and the Committees constructively use the time and agenda of these meetings to perform their roles effectively. The attendance of the directors at meetings of the Board and the Sub-committees during the year is detailed below.

Name of the Director	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Related Party Transaction Review Committee Meetings
1. Aban Pestonjee (Chairperson)	4/4	N/A	N/A	N/A
2. Behman Pestonjee (Managing Director) until 17th June 2023	1/1	N/A	N/A	N/A
3. Rusi Pestonjee (Managing Director) with effect from 21st June 2023	4/4	N/A	N/A	N/A
4. Saroshi Dubash (Executive Director)	4/4	N/A	N/A	N/A
5. Chandrika Perera (Executive Director)	4/4	N/A	N/A	N/A
6. Rajaratnam Selvaskandan (Independent Non-Executive Director)	4/4	4/4	3/3	4/4
7. Dinesh S. Weerakkody (Senior Independent Non-Executive Director)	4/4	4/4	3/3	4/4

Governance Practices Adopted by Abans

The Board is headed by the Chairperson who is responsible for overseeing the Board and ensuring its effectiveness in all aspects of its role. The Board is collectively responsible for the long-term success of Abans.

The Board consists of Executive Directors, a Non-Executive Director and Senior Independent Non-Executive Director who contribute different perspectives to its decision-making process. The composition of the Board complies with the Colombo Stock Exchange continuing listing rules.

There is a clear division of responsibilities between the Board and Corporate Management. The Board is responsible for setting the strategic direction and ensuring that the underlying objectives are achieved by the management as per the Board-approved policies and plans.

Code of Best practice on Corporate Governance

We set out below, corporate governance practices adopted and practiced by the Company, the extent of adoption of the code of Best Practice on Corporate Governance issued in 2017 jointly by The Institute of Chartered Accountants of Sri Lanka and the Securities of Exchange Commission of Sri Lanka.

Code Ref		Compliance and Implementations	Compliance
A.	**Directors**		
A.1	**An effective Board should direct, lead and control the Company**	The profile of the Board is provided on pages 20 to 22	✔
A.1.1	Frequency of Board Meetings	The Board meets on a quarterly basis and attendance at meetings is given on page 27.	✔
A.1.2	Role & Responsibilities of the Board	Please refer "Responsibilities of the Board" on page 26.	✔
A.1.3	Compliance with laws and access to independent professional advice	A statement of applicable laws and regulations is given on page 24 by the Board of Directors.	✔
A.1.5	Independent judgement	Each Director brings independent judgment to bear on issues that are discussed at the Board and by having meetings of the Board equal opportunity is available for Directors to express their views independently.	✔
A.1.6	Dedicate adequate time and effort	During financial year 2023/24 a total of 04 Board meetings were held by Abans PLC. All Non-Executive Directors have attended a majority of the meetings and have devoted their time adequately. Information pertaining to Director participation levels at Board meeting and Board subcommittee meeting are given on page 27.	✔
A.1.7	Calls for resolutions	Any Director can call for a resolution to be presented to the Board if deemed necessary.	✔
A.1.8	Board induction and training	The Directors are given the opportunity to have sufficient exposure, expertise in their relevant areas to fulfil their duties and responsibilities owing to the Board.	✔
A.2	**Chairperson & Managing Director**	The roles of the Chairperson and Managing Director are segregated at Abans. The Chairperson's main responsibility is to lead, direct and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The MD is responsible for the day-to-day operations of the Company and the Group.	✔
A.3	**Chairperson's role in preserving good Corporate Governance**	Please refer "Chairperson's Responsibilities" on page 26.	✔

Code Ref		Compliance and Implementations	Compliance
A.4	**Availability of financial acumen**	The Board is equipped with qualified Directors in the field of Finance and accountancy and possesses the necessary financial wisdom. Board has the privilege of having Directors who possess qualifications in the field of finance and accountancy to obtain advice and guidance. Finance Division is also well equipped in financial capabilities having qualified Chartered Accountants and experienced personnel to support the Board of Directors.	✔
A.5	**Board Balance**		
A.5.1	Majority of Non-Executive Directors	There are only two Non-Executive Directors and hence, Executive Directors form the majority of the Board. The Board is reviewing this requirement at present with a view on compliance with the same.	Under review
A.5.2	If only 3 NEDs, they should be independent	The Board is reviewing the requirement A.5.1	Under review
A.5.3	Independence of Directors	Both Non–Executive Directors are independent in terms of the criteria defined by CSE Listing rule 9.8.3 on corporate governance, fulfils the minimum guidelines prescribed by the code.	✔
A.5.4	Signed declarations of independence by the Non-Executive Directors	Each Non-Executive Director of the company has made written submissions as to their independence as per Schedule J of the code.	✔
A.5.5	Determination of independence of the Directors by the Board	Based on the written submissions made by the following Non-Executive Directors as per code, the Board deems the said Directors "Independent" as at 31st March 2024. 1. Mr. Dinesh S. Weerakkody 2. Mr. R. Selvaskandan	✔
A.5.6	Alternate Directors	Not applicable as no Alternate Director was appointed during 2023/2024	✔
A.5.7	Senior Independent Non-Executive Director	Senior Independent Non-Executive Director was appointed on 27th November 2023 as per section 9.6.3 (A) II of Amended Listing Rules of Corporate Governance.	✔
A.5.8	Confidential discussion with the Senior Independent Non-Executive Director	No meeting has been held since the appointment of the Senior Independent Non-Executive Director	✔
A.5.9	Meeting of Non-Executive Directors	No meeting of Non-Executive Directors was held during the period.	✔
A.5.10	Recording of concerns in Board minutes	Company Secretary records any concerns raised by the Directors during the year in Board minutes with sufficient details.	✔
A.6	**Supply of Information**	Agenda together with high-quality information is circulated seven days prior to the Board meeting to discharge the Board obligations effectively as a practice.	✔
A.6.1	Management's obligation to provide appropriate and timely information	Board receives adequate information from the Management in a timely manner. The Board receives regular reports and presentations on strategies and developments in relation to its business lines and performance.	✔

Code Ref		Compliance and Implementations	Compliance
A.6.2	Adequate time for effective Board meetings	Executive Directors constantly brief the Board on the functional areas of Revenue, Finance and Recoveries that they oversee. The Board deals with the Managing Director or the heads of those respective departments, on other functional matters, when necessary.	✔
A.7	**Appointments to the Board & Re-election**	Although the formal Nomination committee is not formed by the Board, new appointments are decided based on the consent of the Chairperson and the Board of Directors, and the final decision is made by the Board.	✔
A.7.1	Appointments to the Board	All new appointments to the Board are considered and recommended by the Board as a whole in an objective and transparent manner	✔
A.7.2	Assessment of Board composition	Board as a whole carried out an annual assessment of Abans PLC Board's Composition to assess the level of skills, experience, qualifications, and knowledge of the Board members to address the growing strategic needs of the Company.	✔
A.7.3	Disclosure of details of new Directors to shareholders	All new Board appointments as it happens are communicated to shareholders via the Colombo Stock Exchange. A summary of the new Director appointed including the qualifications, experiences, names of the companies in which the Director holds directorships, and memberships in Board Sub Committees is usually given in the Annual Report.	✔
A.9	**Appraisal of Board & Committee Performance**	The performance of the Board and sub-committee is reviewed and evaluated by the Board and Chairperson on self-appraisal basis.	✔
A.9.1,9.2,9.3	Appraisal of Board Performance	As explained in principle A.9 above.	✔
A.10	**Annual Report to disclose specified information regarding directors**	Information pertaining to all Abans PLC Directors is made available to the shareholders through the Annual report.	✔
A.10.1	Disclosure of information in respect of Directors	Information pertaining to Directors is provided on pages 20 to 22	✔

Code Ref	Compliance and Implementations	Compliance
A.11 Appraisal of the CEO	The Board of Directors should at least annually assess the performance of the Chief Executive Officer.	✔
A.11.1 Target/Goals for the CEO	CEO is entrusted by the Board to conduct day to day operations effectively to attain broad strategic targets/goals.	✔
A.11.2 Evaluation of the performance of the CEO	The performance of the CEO is evaluated in relation to the achievement of business targets.	✔
B. Director's Remuneration		
B.1 Remuneration Procedure	No Director is involved in deciding his or her own remuneration package.	✔
B.1.1 Remuneration Committee	The Board has established a Remuneration Committee authorized to evaluate, assess, decide and recommend to the Board, Executive Director's remuneration as per the Terms and Reference of the Remuneration Committee.	✔
B.1.2 1.3 Composition of the Remuneration Committee	Remuneration Committee comprises all Non-Executive Directors and the Chairman of the Committee is **Mr. R Selvaskandan**. The report of the Remuneration Committee is given on Page 57 in the annual report. The Remuneration Committee composition and details of meetings held and participation status is given on page 57.	✔
B.1.4 Remuneration of Non-Executive Directors	The Board has the authority on deciding the Non-Executive Directors' remuneration packages which is a collective decision. The Non-Executive Directors are paid a fee for attending Board or other Committee meetings or carrying out other Non-Executive duties based on responsibilities assigned.	✔
B.1.5 Consultation of the Chairperson and access to professional advice	When deciding on remuneration of Executive Directors, the Committee also obtains advice from the Managing Director as necessary.	✔

Code Ref		Compliance and Implementations	Compliance
B.2	**Level and make-up of Remuneration**	The Board together with the Remuneration Committee aims to attract retain and motivate high calibre individuals for top executive positions.	✔
B.2.1	Level and make-up of the remuneration of the Managing Director	The Remuneration Committee assesses the sufficiency of remuneration of Executive Directors to ensure a strategy of retention. Executive Director including performance of Managing Director is evaluated annually and suitable remuneration levels are decided by the Committee.	✔
B.2.2	Comparison of remuneration with other companies	When positioning remuneration levels relative to other companies in the industry, Remuneration Committee reviews the information related to the Executive Directors' pay level against the industry.	✔
B.2.3	Comparison of remuneration with other companies in the Group	Executive Directors represent other companies within the group.	✔
B.2.4	Performance-related payments to the Managing Director	Please refer principle B.2 and Code B.2.1 above.	✔
B.2.5	Executive share options	There was no executive share options scheme offered to any Director during 2023/24.	✔
B.2.6	Deciding the Executive Directors' Remuneration	Please see comments given in Principle B.2 for details on Executive Director Remuneration.	✔
B.2.7	Performance Related Remuneration to Directors	Not applicable to the Board.	✔
B.2.8	Early termination not included in the initial contract	In an event of early termination of a director, remuneration will be concluded based on the scenario.	✔
B.2.9	Remuneration of Non-Executive Directors	Non-Executive Directors are paid a fee for their services as mentioned in Code B.1.4.	✔
B.3	**Disclosure of Remuneration**	The Remuneration Committee operates within agreed terms of reference and is committed to the principles of accountability and transparency	✔
B.3.1	Disclosure of Remuneration	Details of Remuneration Committee composition with meetings held and participation status of members are provided on page 57. Related Party Disclosure Note on page 149 in the notes to financial statements provides information on remuneration paid to Executive and Non-Executive Directors in aggregate.	✔

Code Ref		Compliance and Implementations	Compliance
C.	**Relation with Shareholders**		
C.1	**Constructive use of the Annual General Meeting (AGM) and Conduct of General Meetings**	AGM will be held on 5th August 2024 and all shareholders are encouraged to participate at the AGM	✔
C.1.1	Use of proxy votes	Proxy forms are made available in the Annual report that is released with adequate prior notice to all shareholders in accordance with Companies Act.	✔
C.1.2	Separate resolution for all separate issues	Company passed separate resolutions for the adoption of the "Report of the Directors" and "Statement of Financial report and the Report of the Auditors" included in the Annual Report.	✔
C.1.3	Availability of all Board Sub-Committee Chairmen at the Annual General meeting	All Board members which include Chairmen of all the Board Sub-committees, namely, Audit Committee, Remuneration Committee, and Related Party Transactions Review Committee are presented at the AGM to answer any questions coming under the purview of their Committee.	✔
C.1.4	Adequate notice of the Annual General Meeting	For the previous financial period, the Annual report of FY 2022/23 was submitted to the Colombo Stock Exchange on 25th July 2023 and was delivered to all shareholders the same day. Abans PLC's AGM was held on 25th August 2023.	✔
C.1.5	Procedures of voting at General Meetings	Voting procedures at the General Meetings are circulated to the shareholders.	✔
C.2	**Communication with shareholders**	Extensive financial and non-financial information of company's activities are provided to shareholders through the Annual Report and the Interim Reports published on a quarterly basis.	✔
C.2.1	Channel to reach all shareholders of the Company	Formal communications with the shareholders are conducted through Notices to shareholders, Annual Report, Quarterly Financial Statements, and general meetings of shareholders. All the financial information such as Annual Reports, Interim Reports are made available to shareholders via CSE website.	✔
C.2.2	Policy and methodology for communication with shareholders	The Communication Policy is implemented through exchange of Memos, Electronic Mail, Board Papers and Presentations.	✔
C.2.3	Implementation of the policy and methodology for communication with shareholders	Please see Code – C.2.2 above.	✔
C.2.4	C.2.6 Contact person in relation to shareholders' matters	As per the general practice of the company, main point of contact for the shareholders for their concerns and clarification is the Board of directors.	✔
C.2.5	Process to make all Directors aware of major issues and concerns of shareholders	Material issues and concerns of the shareholders are communicated to the Board by company management and family directors via weekly meetings held to discuss business matters.	✔
C.2.7	The process of responding to share-holder matters	According to Abans PLC's "Communication Policy", all shareholder-related material matters are handled promptly and attentively by the Board upon being informed	✔

Code Ref		Compliance and Implementations	Compliance
C.3	**Major and Material Transactions**	Abans PLC Board has established a process to capture and disclose any material transactions proposed that would alter or vary the net asset position of Company either through its audited financial statements or in interim publication or by making announcement to the Colombo Stock Exchange.	✔
C.3.1	Major transactions	Material-related party transactions or corporate transactions involving acquisitions, mergers or disposal, which materially affect Abans PLC net assets position, are disclosed on page 151.	✔
D	**Accountability and Audit**		
D.1	**Financial Reporting**	The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.	✔
D.1.1	Statutory and Regulatory Reporting	Abans PLC has reported a true and fair view of its financial position and performance for the year ended 31st March 2024 and at the end of each quarter of 2023/24 financial year. The Board ensures that the quarterly and annual Financial Statements of the Company and Group are prepared and published in compliance with the requirements of the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards (LKASs and SLFRSs) and the Rules of the Colombo Stock Exchange.	✔
D.1.2	Directors' Report in the Annual Report	The Annual Report of the Board of Directors (Directors' Report) provided on pages 54 to 55 gives an affirmation on Company's compliance with laws and regulations, confirms the going concern assumption and the effectiveness of Internal Control System that is in place.	✔
D.1.3	Statement of Directors' and Auditors' responsibility for the Financial Statements	Statement of Directors' responsibility for Financial Reporting given on page 56 provides a statement setting out the responsibilities of the Board for the preparation and presentation of the Financial Statements	✔
D.1.4	Management Discussions and Analysis	Management commentary covering all requirements is given on pages 50 to 52 in the "Financial Review Section".	✔
D.1.5	Declaration by the Board that the business as a Going Concern	The Annual Report of the Board of Directors provides disclosure affirming the going concern of the company, after drawing attention to aspects mentioned in the Schedule H of the Code.	✔
D.1.6	Summoning an Extra Ordinary General Meeting (EGM) to notify serious loss of capital	A situation of a serious loss of capital is unlikely to arise	✔
D.1.7	Related party transactions	An adequate and accurate disclosure of related party transactions is given in Note 30 to the Financial Statements on pages 149 to 152.	✔

Code Ref		Compliance and Implementations	Compliance
D.2	**Internal Control**	The Board has established an effective system of internal controls to safeguard the assets of the company.	✔
D.2.1	Annual evaluation of the risks facing the Company and the effectiveness of the system of internal controls	Internal Auditors have been entrusted to periodically review the adequacy and effectiveness of internal controls of the company, feedback of which is given to the higher level Audit Committee. Statement on Internal Controls provided on page 58 complies with content of Schedule L of the code.	✔
D.2.2	Internal audit function	Abans PLC's Internal Audit division which is centrally located provides independent and objective assurance with respect to the adequacy of the design and operating effectiveness of internal controls and governance process across the company.	✔
D.2.3	Review of the process and effectiveness of risk management and internal controls by the Audit Committee	Audit Committee continuously reviewed the effectiveness of risk management process and internal controls and ensured the soundness of the risk management process and internal controls and managed to report any deficiencies and matters to Board with recommendations.	✔
D.2.4	Responsibilities of Directors in maintaining a sound system of internal control	The Board Statement on Internal Controls given on page 58 complies with the contents in Schedule L of the code.	✔
D.3	**Audit Committee**	The Board of Abans PLC has established an Audit Committee that operates independently under specified terms of reference covering review of financial reporting aspects, internal controls and maintaining relationship with company auditors internal and external in accordance with the provisions of this Code and other regulatory requirements.	✔
D.3.1	Composition of the Audit Committee	The Committee met 04 times during the year. The names of members forming the Audit Committee, their participation level, secretary, and invitees of the Committee are disclosed on page 58.	✔
D.3.2	Review of Objectivity of the External Auditor	As disclosed in Audit Committee Report, the Audit Committee in keeping to its term of reference monitors the objectivity, effectiveness and independence of the External Auditor of the company	✔
D.3.3	Terms of Reference of the Audit Committee	The Board approved written terms of reference governs all activities of Audit Committee. The Terms of Reference have been drawn after giving due reference to the "Code of Best Practices on Audit Committee"	✔
D.3.4	Disclosures of the Audit Committee	Please refer page 58 for the Audit Committee Report. The External Auditor has provided a Confirmation of Independence in compliance with the "Guidelines for Appointment of Auditors of Listed Companies" issued by SEC.	✔
D.4	**Code of Business Conduct and Ethics**	High standards in business conduct and ethics are an integral part of Abans PLC's culture. In keeping with Abans PLC's practised value system, an organization-wide human resource policy document is in place which defines clear HR policies and procedures to the employee.	✔

Code Ref		Compliance and Implementations	Compliance
D.4.1	Code of Business Conduct and Ethics	The HR division has devised a formal document incorporating human resource procedures including aspects on employee conduct.	✔
D.4.2	Affirmation by the Chairperson that there is no violation of the Code of Conduct and Ethics	The Chairperson's affirmation that she is not aware of any violations to requirements of the company on specified business conduct and ethics is given in the "Chairperson's Message" on pages 12 to 14.	✔
D.5	**Corporate Governance Disclosures**	Abans PLC Board of Directors upholds adopting sound corporate governance practices while improving the overall governance year on year.	✔
D.5.1	Disclosure of Corporate Governance	Abans PLC's Corporate Governance report of FY 2023/24 provides a comprehensive disclosure of the company's corporate governance framework and practices indicating Code of best practices on corporate governance issued in 2017.	✔
E.	**Institutional Investors**		
E.1	**Shareholders voting**	Institutional shareholders are required to make considered use of their votes and are encouraged to ensure their voting intentions are translated into practice.	✔
E.1.1	Institutional shareholders	The Company has the Debt listing status in Colombo Stock Exchange, Main Board since 2013.	✔
E.2	**Evaluation of Corporate Governance initiatives**	Matters relating to governance are communicated effectively to all shareholders via the Annual Report and through AGM. Views and other material matters of shareholders are subsequently taken up at Board meetings as necessary.	✔
F.	**Other Investors**		
F.1	**Investing/Divesting decision**		✔
F.1.1	Individual shareholders	Individual shareholders are encouraged to carry out adequate analysis and seek independent advice prior to making investments or divestments directly in shares of the Company.	✔
F.2	**Individual shareholders voting**	Individual shareholders are encouraged to participate in the Annual General Meeting and to exercise their voting rights.	✔

CSE Rule Reference	Corporate Governance Principles	Compliance Status
9.8.1	Minimum of Five (05) Directors	✔
9.8.2	Minimum No. of Independent Directors (ID)	Two NEDs out of total of six directors
9.8.3	Independent Directors	The Board has determined that criteria for independence is met for IDs
9.10.1	Disclosure relating to Directors	✔
9.10.2	Disclosure relating to Directors	✔
9.10.3	Disclosure relating to Directors	✔
9.10.4	Disclosure relating to Directors	✔
9.12.6.1	Composition of Remuneration Committee	✔
9.12.7	Functions of Remuneration Committee	✔
9.12.8	Disclosure in the Annual Report relating to Remuneration Committee	✔
9.13.3.1	Composition of Audit Committee	✔
9.13.4.1	Audit Committee Functions	✔
9.13.4.5	Disclosure in the Annual Report relating to Audit Committee	✔


UNDER ARMOUR

Risk Management

The Board of Directors and Management of Abans Group has recognized the need and pledged commitment to the increasing requirement for a sound Risk Management philosophy to counter the changing risk landscape in the macro environmental aspects and business operations under its stewardship obligations.

Despite the revival from socio-economic unrest, stabilizing of the exchange rates and optimistic expectations of governing authorities of the country on implemented policy reforms, business prospects indicated mixed sentiments and diverging outcomes throughout the financial year with changes in the tax regulations, national policies and other regulations. This transformative and challenging period has called for robust and dynamic Risk Management measures. Sustaining sales and profits under depleting consumer purchasing power and increased overheads, maintaining optimal levels and liquidating inventory under dynamic conditions, building a sustainable Hire Purchase Portfolio whilst controlling the risk exposure, evolving to technological changes and new business channels, diversifying into and exploitation of potential new business avenues have been some of the key challenges that the Group has experienced for which proactive risk response strategies were developed and implemented under the Risk Management Framework.

The Risk Management framework is inculcated into the organizational culture with the following strategic objectives,

- To identify, analyse, evaluate, treat, monitor, and manage significant risks of the group.
- Define Company's risk appetite and align Company's business strategy according to the defined risk strategy to reduce and eliminate harmful threats.
- Support efficient management of resources to ensure business growth backed by effective risk management.
- To develop a well-defined risk management culture within the group facilitated by better communication within the group.

Approach to Risk Management

The Board and Management of the Group has implemented a sound and contemporary risk management framework through which the risk universe is constantly surveilled to identify and categorize dynamic principal risk factors for which effective and tailored risk responses are initiated through strengthening the key elements of risk awareness culture, risk management process, risk control architecture, risk governance and oversight to either avoid, mitigate, transfer or accept risk under the established risk tolerance levels and overall risk appetite of the group.

Risk Management Structure

The Board retains overall accountability for the governance of risk and effective risk management. Risk management duties are exercised by way of clearly defined governance frameworks and policy frameworks

Risk assessments are prepared and reviewed by the Audit Committee at least on a quarterly basis. In addition, statements of compliance are provided to the Audit Committee by the CIA on a quarterly basis.

The Management Committee is responsible and accountable for management of risks in their respective segments.

Heads of Strategic Business Units also assist in overall risk assessment and mitigation through their business unit.

Risk identification is the responsibility of all employees who form the first line of defence.

Risk Governance Committees

Board Level Committees

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

Executive Level Committees

- Management Committee
- Hire Purchase Committee
- Credit Committee

Three Lines of Defence

At Abans, we recognize the importance of having a risk culture. Therefore, management focuses on enhancing and implementing best practices. This is supported by the Three Lines of Defence Model which has largely been viewed as the basis for sound risk management of the group.

Three Lines of Defence Model helps organizations to better identify and structure interactions and responsibilities of key players towards achieving more effective alignment, collaboration, accountability. Accordingly, different groups within the organization play a distinct role within the Three Lines of Defence Model, from business units to finance, inventory, supervision, other risk management personnel and audit. The second line was further strengthened during the year by reinforcing the Credit Committee.

1st Line of Defence	2nd Line of Defence	3rd Line of Defence
Business Lines	Risk Management and Control	Assurance
Self-assessment of risk and controls. Ensure risks are within the risk management policies.	Setting up a Risk Management Framework and independently monitoring the effective implementation of the framework.	Comprises internal audit, external audit and provides independent assurance to the Board over the first and second lines of defence.

Risk Assessment Matrix

The below depicted matrix is used to identify the risk level of each core risk. The risk ratings of the risk incidents have been determined based on the likelihood and impact on the Company.

Likelihood \ Significance/Impact	Negligible	Marginal	Moderate	Significant	Critical
Certain	Medium	High	High	Extreme	Extreme
Likely	Medium	Medium	High	High	Extreme
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Medium	Medium

Extreme High Medium Low

Risk Exposure	Potential Impact	Developments in 2023/24	Mitigation	Net Risk Assessment 2021/22	2022/23	2023/24
Economic & Business Risk						
National Policy Reforms and Import Regulations	Frequent changes to National Policies and Import regulations could impede core strategic, financial planning and overall operations while stimulating short term speculative behaviour over long -term stability and growth.	The Country is experiencing a revival after enduring the worst of socio-economic predicaments in history inducing great uncertainty and instability in all aspects of the macro environment. Whilst the final quarter of the year indicated a more stable and positive outlook with most of the policy reforms and regulatory changes implemented yet business prospects indicated mixed sentiments as the optimistic outcomes of the changes are yet to prevail. The foreign currency liquidity constraint was relieved throughout the year with the Sri Lankan Rupee stabilizing against the US Dollar and other foreign currencies consequent to the positive sentiments of the IMF EFF arrangement, improvement in FDIs and foreign currency earnings which enabled to normalize business operations with Banks's accommodating Letters of Credit (LCs) and forward rates easing off the pressure on Working Capital Management and Financing. Less volatility was observed in Import Control Regulations and 99% of the Temporary Suspensions (TS) imposed on our product portfolio was relaxed gradually by the 3rd quarter as opposed to the 80% of the portfolio that remained under TS at the commencement of the year resulting in improved lead times and reduction in overall cost. Less frequent changes to Import control regulation also enable smoother clearing and warehousing operations. Even though significant tariff hikes and price revisions were observed in essential services, constant availability enabled to continue business operations with minimal disruption to supply chain and distribution even at a higher cost.	Strategic import planning, Inventory Management and compliance under changing regulations remained as the central concentration of our responses. Focused on ensuring the maintenance of optimal inventory levels, product portfolio and sales mix through swift responses to dynamic macro environmental trends through strategic inventory ordering, liquidation of stock, pricing and product rationalization. Continued to build on strong Supplier relationships and was successful in negotiating and convincing suppliers to dynamic local conditions ensuring a undisrupted supply chain and secure favourable business terms. Local Manufacturing operations were expanded as a long-term diversification strategy.	Extreme	Extreme	High
Diminishing Purchasing Power of Consumers	Diminishing purchasing power of consumers due to revised taxes and increased prices stemming less disposable income to purchase non-essentials inevitably impact sales demand and profitability whilst elevating the risk of recoverability of the Hire Purchase facilities.	The domestic inflation rates stabilized at a greater rate than expected by key stakeholders due to the rigorous implementation of stringent national policy reforms and contraction of the economy. However the increase in taxes had a major impact on our product portfolio especially on IT and Mobile products. The Colombo Consumer Price Index (CCPI) and National Consumer Price Index (NCPI) recorded a rate of 0.9% and 2.5% respectively in March 2024 as opposed to 50.3% and 49.2% in March 2023.	Strategic and gradual increase of Hire Purchase granting's and portfolio under stringent controls and monitoring to cater Buy Now Pay Later trends and contemporary pricing options to attract consumers by weighing risk and rewards. Strengthened the oversight and monitoring process by reinforcing the Credit Committee, implementing an internal	High	High	High

Risk Exposure	Potential Impact	Developments in 2023/24	Mitigation	Net Risk Assessment 2021/22	Net Risk Assessment 2022/23	Net Risk Assessment 2023/24
		Whilst the previously estimated world economic growth for 2022 was revised from an estimated 2.9% to an actual of 3% by the Global Economic Prospects Report published by World Bank, the forecasted economic growth for 2023 was revised from a forecast of 1.7% to an estimated 2.6% whilst degrading the 2024 forecast from 2.7% to 2.4% induced by the elevated geo-political tensions, conflicts and diverging prospects. However, it is forecasted that the global economic growth will increase to 2.7% in 2025. The World Bank has declared in January 2024 that the Sri Lankan economy has contracted by 7.8% in 2022 whilst estimating a contraction of 3.8% in 2023 and a forecasted growth of 1.7% and 2.4% in 2024 and 2025 respectively. Despite the fact that the increase in Geo-Political tensions is yet to materially impact our operations, the potential for wide spread conflict escalation exposes the risk of disruption to supply chain and increase of inflation escalating costs due to the knock on effect on the world economy and growth.	call centre to monitor HP creations whilst automating the call audit monitoring function conducted by oversight teams. Diversification of business operations by exploiting new sales and business avenues. Reducing purchase cost through supplier negotiations for favourable purchasing terms to improve working capital cycle.			
Market Place Risk						
Competition	Behaviour and action by competitive forces and key players in the market could directly impact market share and financial performance of the Company whilst the contemporary paradigm shift in competition towards digital channels and expansion of ecommerce in the consumer electronics, home appliances, lifestyle and fashion industries remain a challenge.	A surge in competition was noticed compared to the preceding year with the gradual revival of the economy and market forces fiercely competing over sparse consumer spending restricted by depleting disposable income. Observed aggressive building of Hire Purchase business by competitors whilst the demand for Solar Power related, and locally manufactured products continued to emerge indicating prospective market opportunities. Increase in gray markets were significant.	Our development strategy will continue to evolve in response to market dynamics. We recognize the growing importance of contemporary marketing in enhancing visibility and capturing market share. Thus, we plan to further leverage digital channels to strengthen our competitive position. • Optimizing our digital marketing spending to improve visibility. • Capitalize on emerging trends. • Expanding our use of social listening tools			

Risk Exposure	Potential Impact	Developments in 2023/24	Mitigation	Net Risk Assessment 2021/22	2022/23	2023/24
			• Diversify our sales channels beyond cash sales, including exploring alternative payment options and incentivizing online purchases • Continuing our efforts on Google My Business. • Implementation of a risk-aware strategy. • Negotiating with Banks to obtain favourable settlement facilities for credit cards and other promotions.			
Seasonality	Seasonal peaks play a pivotal role in generating revenue for the group and any variation significantly affect consumer demand for products or services, fluctuations in website traffic, online sales, and conversion rates. Adversities during seasons could impact the overall results and profitability of the Company.	December season yielded the highest sales for the year and surpassed expectations mainly triggered by the speculative consumer Behaviour on price hikes with the tax revisions that was due early January 24. Despite the Christmas season indicating promising prospects, improved Purchasing Managers' Indices and the appreciation of the Sri Lanka Rupee against the US Dollar business prospects remain unsure for the near future which is reflected by the expectations of key stakeholders such as The Sri Lanka Retailers' Association predicting challenging times for the retail sector especially trade in luxury items and home appliances as consumers struggle with higher bills and cost of living potentially dampening any festive cheer.	Increased outdoor activities with the surge for Hire Purchase demand which aided to increase sales as well as cash flows through cash conversions Deployed new pricing and rewarding schemes to incentivize both customers and showroom managers, resulting in increased sales performance. Leveraged digital marketing platforms through enhanced technology to mine and evaluate data including emerging trends both locally and globally enabling us to identify off season months, carry out tailored campaigns and exploit market opportunites to counter seasonal fluctuations.			
Fast Changing Technology and Customer Preferences	Rapidly changing product technology stimulate dynamic customer Behaviour and preferences whilst shifting the traditional marketing strategies into digital channels, and inability to capitalize and	In recent years, the landscape of digital marketing has undergone rapid transformation, driven primarily by advancements in technology and shifts in consumer Behaviour. With the emergence of new digital platforms, tools, and channels, we are constantly adapting our marketing strategies to stay relevant and effectively engage with our target audience. Notable uptick in the preference for BNPL schemes among consumers	Throughout the past year, Abans has capitalized on its partnerships with renowned brands and leveraged constant communication with brand principals to gain insights into product roadmaps. This proactive approach has enabled us to introduce globally leading technologies and trends to the local market, giving us			

Risk Exposure	Potential Impact	Developments in 2023/24	Mitigation	Net Risk Assessment 2021/22	Net Risk Assessment 2022/23	Net Risk Assessment 2023/24
	evolve to such dynamism could result in loss of customers and competitive advantage.	was observed. This trend presents an opportunity for us to integrate flexible payment options into our e-commerce platforms, enhancing affordability and driving conversion. We're witnessing a surge in personalized, demographic-based marketing strategies facilitated by social media influencers. Leveraging influencer partnerships can enable us to amplify our brand message, enhance engagement, and cultivate deeper connections with our target audience.	a competitive edge while avoiding technological obsolescence; • Implementation of Chatbots across marketing channels for proactive customer response • Expansion of Influencer Marketing • Enhancing Buy Now, Pay Later (BNPL) Options • Implementation of an advance CRM system facilitating better customer analysis and engagement. • Promoting a digitalization culture within the organization • Empower staff through training and development both onsite and online. • Improved customer engagement initiatives			
Operational Risk						
Inventory Management	Maintaining the optimal level and liquidating inventory under dynamic market conditions and frequent changes in the macro environment to ensure constant availability of inventory whilst minimizing overall cost and losses have imposed a significant challenge which could impact the Financial Performance of the Company.	Inventory Management continued to be an utmost priority particularly with the significant movement in exchange rates and uncertainty over the relaxation of import restrictions that prevailed until the 3rd quarter of the year. Observed a surge for digitalization and automation in Inventory Management and environmentally friendly practices. Required proactive measure to curtail elevated distribution cost to preserve profitability whilst ensuring uninterrupted supply of inventory at Point of Sales.	Serialized pricing coupled with strategic and contemporary promotions were initiated as a proactive response to liquidate aging products. Digitalization and automation of FIFO monitoring and implementation of an automated replenishment process. Local and in house sourcing was prioritized as temporary suspensions prevailed in stages until the 3rd quarter. Thorough review of the distribution mechanism and schedules were undertaken to arrive at optimal distribution strategy. Driving initiatives for supply chain and inventory excellence within the group for improved productivity.			

Risk Exposure	Potential Impact	Developments in 2023/24	Mitigation	Net Risk Assessment 2021/22	Net Risk Assessment 2022/23	Net Risk Assessment 2023/24
Fraudulent and dishonest activities	Challenging socio-economic conditions impacting sales demand and managers income coupled with the drive to increase hire purchase granting's elevate the possibility of misuse of company assets and overriding controls.	Stringent internal controls and monitoring was deployed through strengthening the second line of defense whilst enhancing surveillance by third line, • Risk Based Auditing • Emphasis on Data Analytics for Anti-Fraud activities • Increased frequency of audit by Credit, Supervision and Internal Audit departments with emphasis on the Retail Showroom network. • Security measures to prevent passing of sensitive Information to competitors and unauthorized persons • Improved Information system security and governance structures	Fraud Risk has been mitigated to an acceptable level with the adoption of the following, • Initiatives to increase the frequency and efficiency of Shop Checks whilst increasing the Audit cycles. • Planning to outsource showroom audits to obtain an independent view. • Introduction of a Showroom grading mechanism for better risk response. • Thematic Analysis to identify Systemic Issues • Identification of Root Causes to minimize/ eliminate gaps in the business. • Follow-up Audits • Enhanced use of Data Analytic Techniques • Proper implementation of Strategic Risk Based Audit Plan • Strengthening the initiatives of Three Lines of Defense Concept			
Employee health and safety issues	Threats to employee psychological and physical health conditions caused by, • Impact of adverse socio-economic events • Warehouse Operations	There was a significant impact on psychological wellbeing due to the socio-economic pressure which was caused throughout the years by the political turmoil and economic distress in the country. Through the past year, there was a decline in the adverse economic conditions due to the stabilization of the country. However, there is a long-term impact of the disrupted economic status on the employees caused by deterioration of living standards, erosion of savings, job insecurity and mental frustration due to uncertainties.	The adverse conditions in the economy have caused major long-term impact on the employees. It is vital to ensure the wellbeing of the employees continuously as they are the backbone of the organization. Awareness Programs on Psychological Wellbeing to educate employees on mental health. Conducting educational programs during the Wellness Month to ensure the employees physical and mental health is maintained in a positive manner.			

Risk Exposure	Potential Impact	Developments in 2023/24	Mitigation	Net Risk Assessment 2021/22	2022/23	2023/24
			Conducting fitness checkups for employees to monitor their own physical health. Warehouse operations were continuously monitored to ensure best practices are implemented and operated effectively.			
Attrition of employees	Failure to retain key positions and key talent in the organization could result in a Human Resource gap stemming a low productive work environment which could undermine the achievement of strategic and business objectives.	During the year 2023/24, there was a notable increase of workforce migrations, leading to a talent deficit. This phenomenon has had significant implications, both in terms of sourcing suitable talent and retaining key talent and key positions. As this constitutes a significant aspect of employee turnover, the talent acquisition function, along with the organization at large, encountered numerous challenges in effectively managing the workforce and ensuring seamless business operations.	The organization has always ensured to cultivate a learning and transforming culture which inculcates the digitalization and innovation into all the aspects of the business operations stemming from the core values of the organization and its employees. Talent management function as a whole thrives to ensure the talent acquisition strategies are in place to screen and minimize the talent gaps of the organization, ensure employees are engaged through various platforms and strategies to ensure the retention is maintained. Promoting a performance driven culture by reward and recognition schemes that encourages employees to drive and achieve higher. Effective succession planning for leadership positions by grooming potential leaders through enhancing competencies and leadership. Commitment to digital transformation, reducing reliance on manual processes, and going paperless to enhance productivity and efficiency.			

Risk Exposure	Potential Impact	Developments in 2023/24	Mitigation	Net Risk Assessment 2021/22	2022/23	2023/24
Strategic Risk						
Cybersecurity & IT	Security Breaches could result in loss of data, data reaching unauthorized persons & non-availability of Systems for Business Continuity Inability to obtain unhindered Cloud Services	Successfully overcame the obstacles and delays faced during previous financial years and the Company was successful in the SAP roll-out to over 95% of Abans Group Companies. Improved IT infrastructure and information security controls, initiatives were implemented as the requirement increased globally with increased trends in cyber infiltrations and attacks as businesses shifted into a more digitalized environment.	Implementation of recommendations provided by 'independent Cybersecurity and IT solution providers' & 'Cybersecurity and Business Resiliency consultants' based on the reviews conducted during prior and current years were aligned with 2024/25 budgets. Successfully obtained the ISO 27001 certification. Strengthened the company's Business Continuity and Disaster Recovery policy and practices including off site hosting.			
Negative impact on Reputation	Employee conduct and business practices could impact brand reputation, loss sales and customers. Negative impact arising from connected business such as after sales services.	Rigorous implementation of policies and procedures to cope with negative publicity and conduct of business prioritizing ESG requirements, • Business ethics, integrity and quality of products and services • Code of Conduct – governance practices and risk management programs, policies, procedures and training • Continuous review of the strategy on after sales services of Abans. • Neutrality towards non-economic events and focusing on the customer centric culture.	The Management of Abans Group prioritize and promote integrity and good business practices whilst committing to customer satisfaction, quality of products and services, sustainability and preserving stakeholder value. We have reinforced the service operations during the year, 1 Enhanced monitoring on Average Handle Time, First Call Resolution, Customer Satisfaction Score, Service Level Agreement Adherence 2. Sunday service Centre 3. Customer satisfaction rating system 4. Quick service Section 5. E-Documents and reduced Paper usage 6. Enhanced Fleet Management 7. Mobile application for technicians 8. Contemporary measures to improve durability to products.			

Risk Exposure	Potential Impact	Developments in 2023/24	Mitigation	Net Risk Assessment		
				2021/22	2022/23	2023/24
			9. Upgraded Call Centre operations including Call Quality Monitoring system. The Management has deployed a zero-tolerance policy towards unethical/ unacceptable behaviour along with timely measures.			
Financial Risk						
Forex rate Risk	Overall, while there have been improvements in foreign exchange reserves and some economic stabilization, Sri Lanka's foreign exchange risk remains high due to its political uncertainties, reliance on external support, and the ongoing economic recovery challenges.	The country has made some progress in stabilizing its foreign exchange reserves, which improved to $ 5.0 Bn by March 2024, up from $2.6 Bn in April 2023. This increase was supported by IMF disbursements and the suspension of external debt servicing. However, Sri Lanka continues to face challenges due to its heavy reliance on official financing sources and limited access to international capital markets.	Transaction risk of unanticipated changes in exchange rates are mitigated by considering exchange rate fluctuations in costing and pricing. This involves forecasting of exchange rates based on available information and discussions with Banks and other relevant stakeholders. The company uses forward contracts as a loss mitigation strategy in possible circumstances.			
Interest Rate Risk	During the financial period, Sri Lanka's interest rate risk has been shaped by various economic and policy factors. The Central Bank of Sri Lanka (CBSL) has actively managed interest rates in response to economic conditions, leading to a period of monetary tightening followed by easing measures.	In early 2023, the CBSL raised policy rates significantly to combat high inflation and stabilize the economy. The Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) stood at 15.5% and 16.5%, respectively. As inflation decelerated to around 4% towards mid 2023, CBSL started lowering rates. Policy rates were reduced, bringing the SDFR to 8.50% and the SLFR to 9.50% by March 2024	Company was able to manage the Debt & Interest cost by obtaining supplier credit and competitive interest rates. At the beginning of the Financial year 23/24 AWPLR was recorded at 21.40% and gradually reduced up to 10.69% at the end of March 2024.			
Liquidity Risk	Liquidity risk is when the Group does not have sufficient financial resources to meet financial obligations when due or will need to do so at an excessive cost. The liquidity risk of the company is assessed based on the current ratio and the quick asset ratio of the company.	Due to increased level of operations during FY23/24 compared to that of Last year, short term borrowings increased by 34% YoY to support the operational working capital requirement. However, investment in financial assets also was improved to maintain current ratio of the Group at 1.2x by the end of FY 23/24 similar to that at the beginning of the year.	Overall company had sufficient cash flows through out the financial period, to manage its operations and pay return to its financial stake holders			

Risk Exposure	Potential Impact	Developments in 2023/24	Mitigation	Net Risk Assessment		
				2021/22	2022/23	2023/24
Credit Risk	The clientele of Abans consists of corporate clients, government, and general public. While corporate and government institutions are provided with adequate credit, the general public usually utilizes hire purchase schemes. Therefore, the credit risk for Abans arises from multiple revenue channels across different divisions.	Hire Purchase cash collections were effectively managed through different strategies implemented during the year amidst the economic recession. Similarly, Dealer, Corporate etc. collections were smoothened as a result of the healthy & long-term relationships maintained by the company.	An effective credit policy is implemented across all client segments and credit worthiness is reviewed regularly. • Contractual agreements are drawn with clients and material payments are backed by guarantees. • Debtor age analysis is regularly reviewed and continuously monitored. • Credit supervision team is available to monitor risks on a regular basis. • A call centre was established to effectively follow up on HP debtors.			
Investment Risk	Investment risk refers to the uncertainty of expected returns on any new investment. This includes the risk taken when investing in new products, expanding into new markets, capital projects and mergers & acquisitions. This often is inter-related with interest rate risk and foreign currency risk as well as the general business climate and buying power of consumers. The competitive market that Abans operates in, new investments are often needed in showroom expansions, partnering with new brands, digitalization and backward and forward integration	Due to political & policy uncertainty, most businesses postpone investment decisions & downsize businesses. Also, the banking sector recorded an increase in deposits in the year 2023 reflecting a low appetite for investments. A 2.4% global economic growth rate in 2024, down from 2.6% in 2023, suggests a slight deceleration in the pace of economic expansion. Main factors could contribute to this shift, such as tight monetary policies, geopolitical tensions, high inflation & shifts in consumer and investor confidence. Government's actions to restructure state-owned enterprises (SOEs) and divest from non-strategic organizations can indeed be effective strategies to boost private investment and stimulate economic growth. By reducing the government's presence in sectors where private firms can operate more efficiently, these measures can create a more competitive business environment & also reduce the tax burden on the public & through such measures can increase disposable income. When individuals have more money to spend or invest, it can stimulate demand, further driving economic activity and growth. Slowed down expansion plans in order to accommodate the general economic downturn & political uncertainty. Hyperinflationary situation & LKR depreciation against other currencies affected the new investments and business expansions. Positively looking at enhancing local manufacturing capacities and investments which will neutralize exchange movements.	Management generally carries out extensive appraisals before going ahead with any investment projects. • Continuous evaluation of market and identifying product development / market expansion opportunities • Due diligence study ensures that hurdle rate expectations are met by each capital investment. Sensitive variables in the feasibility studies are continuously monitored and hedged wherever possible. • Expected returns are computed based on conservative assumptions and the project feasibilities are estimated based on the same. • Post investments analysis and performance tracking are in place.			

Financial Review

The following discussion and analysis should be read in conjunction with the Audited Consolidated Financial Statements of the Group and the Company for the year ended 31st March 2024. In this Report, 'Group' refers to Abans PLC and its subsidiary companies and 'Company' refers to Abans PLC.

Basis of preparation

The Financial Statements were prepared in accordance with the Sri Lankan Accounting Standards (also referred to as SLFRSs & LKASs) issued by the Institute of Chartered Accountants of Sri Lanka, the requirements of the Sri Lanka Accounting & Auditing Standards Act No. 15 of 1995 and Companies act No.07 of 2007.

Prologue

Abans completed a dominant financial year in 23/24 by strategically addressing adverse government policy changes banning imports and hindering the purchasing power of consumers. Abans continued its "Rich legacy of being the pioneer of innovation" while being the market leader in consumer durables amidst these adverse macro-economic factors.

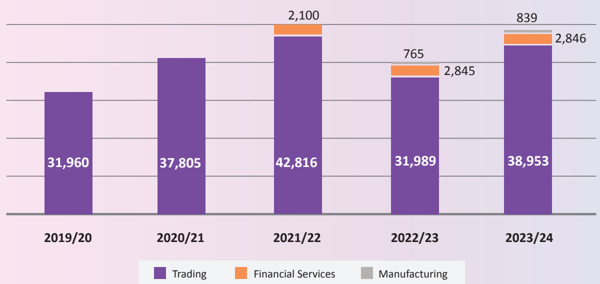
Innovation-driven product portfolio, healthy rapports built and maintained along the supply chain, strategic cash flow management, unwavering customer loyalty, and undying dedication of the employees aided Abans to continue its streak of success yet again in this financial year 23/24.

Profitability

Revenue

Group revenue consists of Trading, Manufacturing & Financial Service segments related to Abans PLC, AB Manufacturing (Pvt) Ltd, Abans Finance PLC and SA Electricals (Pvt) Ltd. For the financial year ended 31st March 2024, the Group reached a revenue of LKR 42.6Bn compared to LKR 35.6 Bn last year recording a promising growth of 19.8% YoY. Company revenue, which accounts to a majority of the Group's revenue saw a 19.3% increase compared to last year driven by effective management of product and channel portfolio of Abans PLC.

GROUP REVENUE OVER THE YEARS (LKR' MILLIONS)



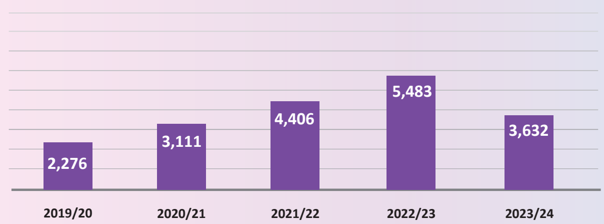
Gross Profit

Despite increased revenue, Abans PLC Gross profit for the period dropped to Rs.12.1Bn compared to Rs.13Bn LY. This is due to the drop in GP margin (dropped to 31.2% from 40.1% LY) stemming from the changes in product portfolio mix compared to LY. Similarly, Group GP margin also reduced to 32.6% from 41.5% LY while reducing the gross profit for the year to Rs.13.9Bn from Rs.14.8Bn LY.

Operating Profit

Along with the increased revenue of Abans PLC, Selling and distribution expenses saw an increase of Rs.1.2Bn compared to LY. This increase was aimed at growing Abans' market share by investing in awareness building and improved product availability among all customer segments island wide. In addition, the company was able to strategically manage Administration expenses and reduce the same by Rs.517Mn compared to LY partially negating the effect of increased sales related expenses. Accordingly, Company Operating profit reduced to Rs.3.2Bn compared to Rs.4.7Bn LY due to reduced gross profit and increased investment in the market share of Abans PLC. Similarly, Group Operating profit also declined to Rs.3.6Bn with an Operating profit margin of 8.5%. (LY Group Operating Profit Rs.5.5Bn)

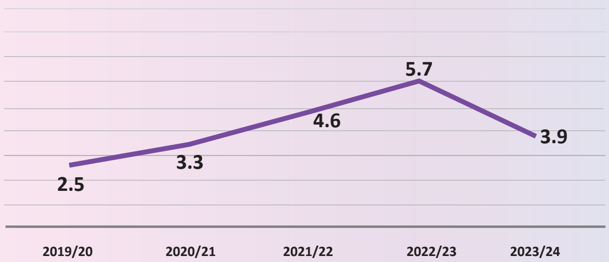
GROUP OPERATING PROFIT OVER THE YEARS (LKR' MILLIONS)



Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)

Group EBITDA for the year under review dropped to Rs.4Bn from Rs.5.7Bn due to reduced Gross profit and increased Operating expenses. Similarly, company EBITDA also declined by Rs.1.5Bn compared to LY.

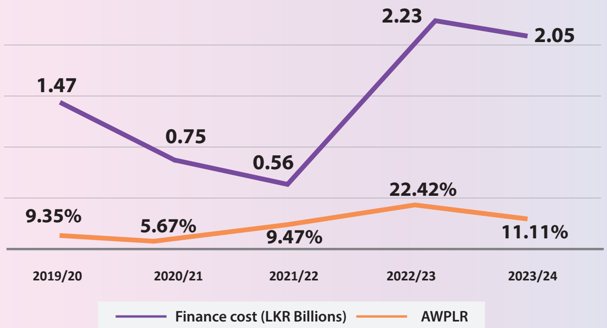
EBITDA OVER THE YEARS (LKR'BILLIONS)



Net Finance cost

Despite improved operational activities along with the increased revenue, Group net finance cost reduced to Rs.1.65Bn from Rs.1.82Bn due to efficient management of debt portfolio aided with reduced government policy rates towards the end of financial year 2023/24. Finance cost includes Rs.371Mn interest on IFRS 16 related lease liability for FY23/24 compared to that of Rs.359Mn in last year. Similarly, company net finance cost also reduced to Rs.1.24Bn from Rs.1.59Bn LY.

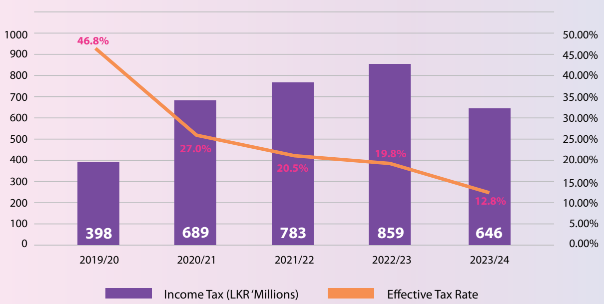
AWPLR vs. ABANS GROUP FINANCE COST



Taxation

Income tax expense for the Group was LKR 646Mn for FY23/24 compared to Rs.859Mn last year. The effective tax rate of the Group for 2023/24 stood at 12.8% whereas it was 19.8% last year. Tax charge includes Rs.82Mn charge on deferred tax compared to a reversal of Rs.263Mn LY.

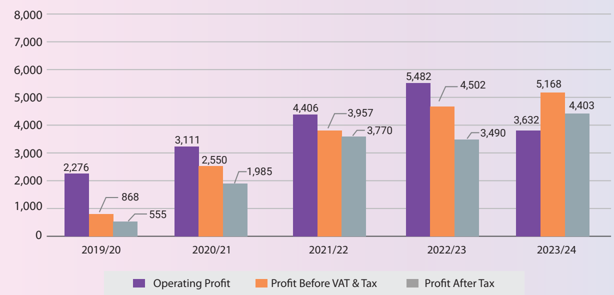
GROUP INCOME TAX OVER THE YEARS



Net Profit after Income Tax & VAT

For the year under review, Group net profit after tax stood at LKR 4.4Bn marking the best achievement over last five years. This was a YoY growth of 26% arising due to Investment Property valuation gain of Colombo City Centre (Pvt) Ltd. However, Company, reported a YoY decline in profit after tax by Rs.1.1Bn mainly due to the YoY drop of operating profit.

ABANS GROUP - PROFIT OVER THE YEARS (LKR' MILLIONS)



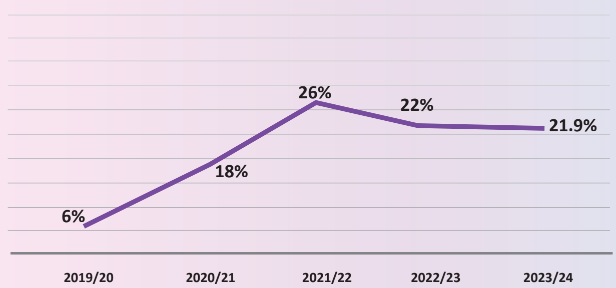
Earnings Per Share (EPS)

As a result of 32% YoY growth of Group Net profit during the period, Group Earnings per share stood at Rs.1.96 compared to Rs.1.49 last year. Company Earnings Per Share declined to Rs.0.58 from Rs.1.10 last year due to decline in Net profit compared to last year.

Return on Equity

The Group accomplished a return on equity of 21.9% for the year under review, a slight decrease in comparison to the LY. Abans Group has been able to maintain a satisfactory return on the invested equity despite numerous adverse macro-economic changes occurred over the years.

RETURN ON EQUITY OVER THE YEARS

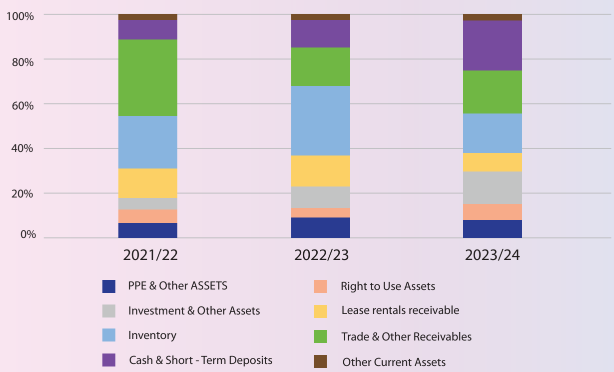


Financial Position

Assets

Assets of the Group increased to Rs.51Bn as of 31st March 2024 compared to Rs.41 Bn at the beginning of the year. The Non-Current Assets and Current Assets of the Group increased compared to that of LY due to Investment Property Revaluation Gain of Colombo City Centre (Pvt) Ltd and Increased investments of Abans PLC in Financial Assets respectively.

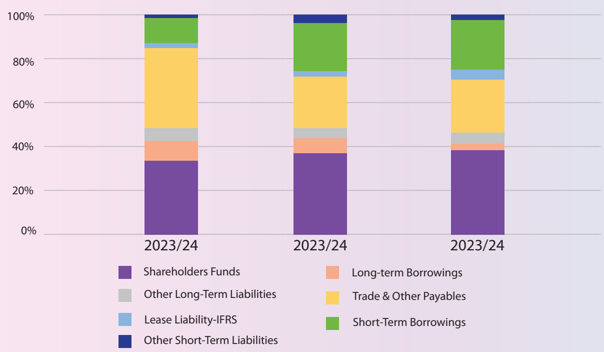
TOTAL ASSET COMPOSITION - ABANS GROUP



Liabilities

Group liabilities increased to Rs.31Bn at the end of the year in review compared to Rs.25Bn at the beginning of the year. This stems mainly from the increased borrowing during the period to support improved operational working capital requirement.

EQUITY & TOTAL LIABILITIES COMPOSITION - ABANS GROUP

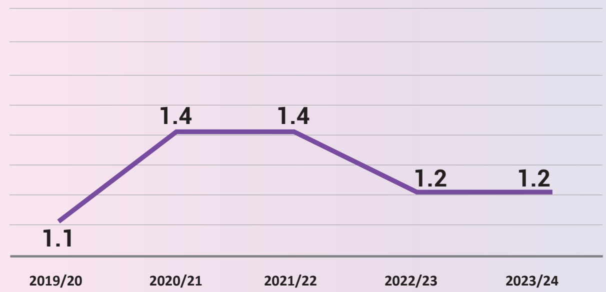


Ratios

Liquidity

Group liquidity (Current Ratio) was maintained at 1.2x towards the end of the reporting period similar to LY. This is due to increased short-term borrowings obtained to support the working capital requirement that arose due to improved operations.

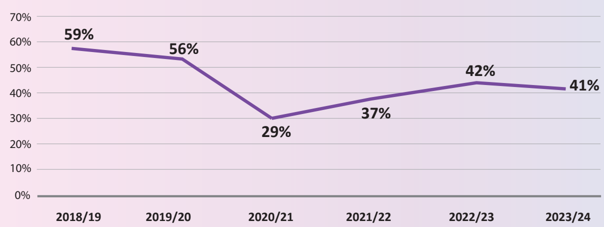
LIQUIDITY OVER THE YEARS



Leverage

The Debt/Debt + Equity ratio of the group improved to 41% from 42% LY. This stems from improved Group earnings during the period re-invested in the Group which negated the impact of increased borrowings obtained to support the improved operations.

LEVERAGE OVER THE YEARS




LG
Delicates
Hand/Wool
Speed 14
Dry Only
Wash+Dry(7kg)
Tub Clean
Download Cycle
Temp.
Spin
Steam
Turbo Wash
Dry
Delay End
Add Item

Annual Report of the Board of Directors

The Board of Directors of Abans PLC takes pleasure in presenting the Annual Report and the Audited Financial Statements of the Company and its subsidiaries for the financial year ended 31st March 2024.

Principal Activities

The principal activities of Abans PLC are importing and retailing consumer electronics, home appliances, IT products and mobile phones, crockery, and cookware, sanitary and a host of other household items and lifestyle products. The Group has the Company (Abans PLC), Subsidiaries and Associate Companies of which the structure is given on page 05 of this Annual Report.

Business Review

A review of the financial and operational performance and future business developments of the group, sectors, and its business units are described in the Chairperson's Message, Managing Director's Review of Performance and Financial Review of this Annual Report. These Reports together with the Audited Financial Statements reflect the state of affairs of the Group. Segment-wise contribution to Group Revenue, Results, Assets and Liabilities are provided in Note 04 to the Financial Statements.

Results and Appropriations

Revenue generated by the Group for the year under review amounted to Rs. 42.6Bn which was derived by Abans PLC, Abans Finance PLC, AB Manufacturing Pvt Ltd and SA Electricals Pvt Ltd.

Financial Statements and the Report of the Auditors

The Financial Statements of the Group for the year ended 31st March 2024 as approved by the Board of Directors on 28th June 2024 are given on pages 67 to 71. The Auditors' Report on the Financial Statements of the Group is given on pages 62 to 66.

Accounting Policies

The Accounting Policies adopted in the preparation and presentation of the Financial Statements are given on pages 72 to 105. There were no material changes in the Accounting Policies adopted by the Group during the year.

Investments

Total investments of the Company in its Subsidiaries, Associates, and Equity investments amounted to Rs. 4,863Mn. The details of the investments are given on Pages 123 and 125 to the Financial Statements.

Property, Plant and Equipment

The Net Book Value of Property, Plant and Equipment as at year end amounted to Rs.1,799Mn and Rs. 4,322Mn for the Company and the Group. Total capital expenditure during the year for acquisition of property, Plant and Equipment by the Company and the Group amounted to Rs.645Mn and Rs.991Mn respectively. Details of Property, Plant and Equipment are given in Note 08 to the Financial Statements.

Stated Capital and Reserves

The Stated Capital of the Company as at 31st March 2024 was Rs.500,869,225 consisting of 2,221,304,615 ordinary voting shares. The total Group equity was Rs.20,133,060,572 as at 31st March 2024.

Internal Control and Risk Management

The Directors acknowledge their responsibility for the Group's system of internal control. The systems are designed to provide reasonable assurance that the assets of the Group are safeguarded and to ensure that proper accounting records are maintained. The Board of Directors, having reviewed the system of internal control, is satisfied with the systems and measures in effect at the date of signing this Annual Report.

Human Resources

The Company has an equal employment opportunity policy and these principles are enshrined in specific selection, training, development and promotion policies, ensuring that all decisions are based on merit. The Group practices equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status or physical disability. Further, the Company continued to develop the team and focus their contribution towards the achievement of corporate goals.

Board of Directors

The Board of Directors of the Company as at 31st March 2024 and their brief profiles are given on pages 20 to 22. The following persons were the Directors of the Company as at 31st March 2024.

(a) Mrs. Aban Pestonjee – Chairperson

(b) Rusi Pestonjee - Managing Director

(c) Dr. Saroshi Dubash - Executive Director

(d) Mrs. D.A.R. Chandrika Perera – Executive Director

(e) Mr. R. Selvaskandan - Independent Non- Executive Director

(f) Mr. Dinesh S. Weerakkody - Senior Independent Non-Executive Director

*Mr. Dinesh S. Weerakkody was appointed as a Senior Independent Non-Executive Director in terms of Section 9.6.3(A)II of Listing Rules of Colombo Stock Exchange on corporate governance with effect from 27th November 2023.

Re-Election of Directors

A resolution for the re-appointment of Mrs. Aban Pestonjee as a Director who is over 70 years of age will be proposed at the Annual General Meeting in terms of Section 211 of the Companies Act No.07 of 2007. Mrs. Aban Pestonjee 's re-appointment is recommended by the Directors.

Board Committees

The Board has appointed three Sub-Committees i.e. the Audit Committee, the Remuneration Committee and Related Party Transaction Review Committee. The composition and responsibilities of the said Committees are detailed in the respective reports.

Interest Register

The Company maintains an Interest Register in compliance with the Companies Act No. 07 of 2007. In compliance with the requirements of the Companies Act, this Annual Report also contains particulars of entries made in the Interest Register.

Directors' interest in Contracts

Directors' interests in contracts are disclosed in the related party transactions under Note 30 to the Financial Statements.

Donations

No Donations were made by the Company during the year.

Directors' Shareholding

The shareholding of the Directors of the Company as at 31st March 2024 and as defined under the Listing Rules of the Colombo Stock Exchange is NIL.

Directors' Remuneration

Directors' remuneration is established within a framework approved by the Remuneration Committee. Directors' remuneration in respect of the Company for the year is given in Note 30.6 to the Financial Statements.

Share Information

Information relating to earnings, dividends and net assets is given on page 153.
The distribution and the composition of shareholding are given on page No. 05 of this Annual Report.

Listed Debt

Information relating to the listed debentures is given on page 153.

Corporate Governance

The Board of Directors has endeavoured to ensure that the Company has complied with the Listing Rules of the Colombo Stock Exchange and the Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka Directors are committed to the furtherance of Corporate Governance principles of the Company. The measures taken in this regard are set out in the Corporate Governance Report on pages 21 to 34 of this Annual Report. Further, the Directors declare that the Company has not engaged in any activity which contravenes laws and regulations. All material interests in contracts involving the Company have been declared by the Directors and they have refrained from voting on matters in which they were materially interested. The Company has made all endeavours to ensure the equitable treatment of shareholders. The business is a going concern and a review of internal controls covering financial, operational and compliance controls and risk management has been conducted. The Directors have obtained reasonable assurance of the controls' effectiveness and successful adherence.

Statutory Payments

The Board of Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its Subsidiaries, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and its Subsidiaries and all other known statutory dues as were due and payable by the Company and its Subsidiaries as at year end have been paid or, where relevant provided for.

Auditors

The financial statements for the year ended 31st March 2024 have been audited by Messrs Ernst & Young, Chartered Accountants, who have expressed their willingness to continue in office.
In accordance with Section 158 of the Companies Act No.07 of 2007, the auditors will be deemed to have been re-appointed at the forthcoming Annual General Meeting and accordingly a resolution authorizing the Board of Directors to determine their remuneration will be proposed thereat

Total audit fees paid to Messrs. Ernst & Young by the Company and its Subsidiaries are disclosed in Note 5.5 to the Financial Statements.
As far as the Board of Directors is aware, the Auditors do not have any relationship (other than that of an Auditor) with the Company. The Auditors also do not have any interest in the Company

Annual General Meeting

The Annual General Meeting will be held on 5th August 2024 at 4.00 p.m. as an *online Audio - Visual meeting.* The Notice of Meeting appears in the supplementary information section of the comprehensive Annual Report.

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

Rusi Pestonjee
Managing Director

Dr. Saroshi Dubash
Executive Director

Varners International (Pvt.) Ltd.
Company Secretaries

28th June 2024

Statement of Directors' Responsibility

The following statement sets out the responsibility of Directors in relation to the financial statements of the Company and Group. The responsibility of independent auditors in relation to the financial statements prepared in accordance with the provision of Companies Act No. 07 of 2007("the Act") and SLFRS is set out in the independent auditors' report. Statement of profit and loss and other comprehensive income, which presents a true and fair view of the profit and loss of the Company and the Group for the financial year; and Statement of financial position, which presents a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and which comply with the requirements of The Companies' Act and SLFRS. The Directors are required to ensure that, in preparing these financial statements:

- Appropriate accounting policies have been selected and applied in a consistent manner and material departures, if any, have been disclosed and explained.

- All applicable accounting standards (SLFRS/LKAS) issued by The Institute of Chartered Accountants of Sri Lanka, as relevant have been followed.

Judgements and estimates have been made which are reasonable and prudent. The Directors are also required to ensure that the Company and the Group have adequate resources to continue in operation to justify applying the going concern basis in preparing these financial statements. Further, the Directors have a responsibility to ensure that the Company maintains sufficient accounting records to disclose with reasonable accuracy the financial position of the Company and the Group and also to ensure that the financial statements presented comply with the requirements of the Act. The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and the Group and in this regard, to give proper consideration to the establishment of appropriate internal control systems with a view to prevent and detect fraud and other irregularities. The internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognized in weighing the assurance provided by any system of internal controls and accounting. The Audit Committee of the Company meets periodically with the internal auditors and the independent external auditors to review the manner in which these auditors are performing their responsibilities and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the independent auditors and the internal auditors have full and free access to the members of the Audit Committee to discuss any matter of substance. The Directors are required to prepare financial statements and provide independent external auditors with every opportunity to take whatever steps and undertake whatever inspections that they may consider appropriate in order to enable them to give the independent auditors' opinion. The Directors are of the view that they have discharged their responsibilities as set out in this statement.

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

By order of the Board,

Aban Pestonjee
Chairperson

Dr. Saroshi Dubash
Executive Director

28th June 2024

Board Remuneration Committee Report

"The main purpose of the Remuneration Committee is to ensure that Abans PLC is adopting a fair and a transparent remuneration policy, to facilitate the organization's Human Capital Management Strategy, enabling the organization to attract, retain and grow the required capabilities."

The Role of the Committee

The Remuneration Committee has been established to assist the Board in developing and administering a fair and transparent procedure for formulating policies on the remuneration of Directors and Key Management Personnel (KMPs) of the Company and to review and oversee the Company's overall Compensation and benefits strategy. This is with the objective of ensuring that the Company is geared to attract, retain, and grow management capabilities required for the organization to have a competitive edge through Human Capital.

Members

The Board Remuneration Committee comprises of the following members:

- Mr. Rajaratnam Selvaskandan - Independent Non-Executive Director.
- Mr. Dinesh S. Weerakkody – Senior Independent Non-Executive Director

The committee met on three occasions during the year under review and all members attended the meetings. The Executive Directors, Group Chief Human Resources Officer, and members attended such meetings by invitation, when necessary. The attendance of the members at these meetings were as follows:

Mr. Rajaratnam Selvaskandan 3/3
Mr. Dinesh S. Weerakkody 3/3

Remuneration and Benefits provided:

Remuneration of staff is based on the profile of the job holder and encompasses the base salary, benefits, and fixed allowances (which is considered as guaranteed remuneration), alongside a variable pay scheme. Such variable pay schemes are designed to drive business goals and have been aligned with the goals of corporate governance.

Based on market surveys carried out, the Company, has adopted measures while ensuring internal and external parity, which will support the organization to attract the right talent from external talent pools and retain high performers within the organization. No remuneration is paid to the Non-Executive Directors other than the Directors fees paid for participation at Board meetings.

Internal Talent Mobility and adaptive careers are used as strategies to optimize internal talent, enhance employee retention and to limit the negative impact of Shrunken labour market. It helps create a positive impact on the organizational performance, keeping in line with our Employee value Proposition "Enhancing Potential, Unleashing Passion" it helps our employees to learn new skills and move into roles that they are passionate about.

Further, the committee regularly reviewed employee productivity vs employee cost to ensure that employee productivity is maintained above the industry norms.

Conclusion

Following the discussions held at Committee meetings, the Chairman of the Committee reports to the Board on the Committee's findings and recommendations, on matters relating to Remuneration and Performance Management. The Committee is satisfied that the Company follows appropriate recruitment, appraisal, and remuneration policies and procedures, which reasonably ensures that the Human Capital of the Company is retained and developed. There is severe competition for talent in the market and the Company will be required to continuously evolve in this area, to keep abreast with the growth aspirations of the organisation. Technology will also increasingly influence the approach taken towards talent management.

Rajaratnam Selvaskandan
Chairman, Remuneration committee

28th June 2024

Board Audit Committee Report

The Board Audit Committee (here-in-after referred to as the 'Committee') assists the Board of Directors (here-in-after referred to as the 'Board') in the discharge of its responsibilities by providing necessary oversight to Abans PLC's (here-in-after referred to as the 'Company') and the Group's financial reporting, internal controls and 'internal and external' audit practices.

Roles and Responsibilities

The role of the Committee is to assist the Board in fulfilling its oversight responsibilities in relation to the integrity of the Financial Statements of the Company and the Group, the Internal Control and Risk Management systems of the Group, the Compliance with Legal and Regulatory Requirements, the External Auditor's Performance, Qualifications, Independence, and the adequacy in performance of the Internal Audit function undertaken by the Group Internal Audit Department. The scope of functions and responsibilities are adequately set out in the Terms of Reference of the Committee.

The key responsibilities of the Committee include:

- Reviewing Financial Information of the Group, in order to monitor the integrity of the Financial Statements of the Group, Accounts and Quarterly Reports prepared for disclosure.
- Reporting to the Board on the quality and acceptability of the Group's Accounting Policies.
- Assessing the reasonability of the underlying assumptions for estimates and judgements made in preparing the Financial Statements.
- Reviewing Risk Management Processes and the Regulatory Compliance.
- Reviewing of the Financial Statements (including Quarterly Financial Statements) to ensure compliance with Sri Lanka Accounting Standards (SLFRS/LKAS) and the Accounting Policies.
- Reviewing Internal Audit results and liaising with Senior Management of the Company in taking precautionary measures to minimize and control weaknesses, procedure violations, frauds, and errors.
- Assessing the independence and monitoring the performance and functions of the Internal Audit including overseeing the appointment or termination of the Group Chief Internal Auditor.
- Overseeing the appointment, compensation, resignation, and dismissal of the External Auditor, including review of the External Audit function, its cost-effectiveness and monitoring of the External Auditor's independence.

Composition

During the year, the Committee consisted of the following members:

Mr. Dinesh S. Weerakkody (Chairman) – Senior Independent Non-Executive Director

Mr. Rajaratnam Selvaskandan - Independent Non-Executive Director

The Committee comprises solely of two (02) independent Non-Executive Directors.

Brief profiles of the members of the Committee are given on pages 20 to 22 of the Annual Report.

The Chairman of the Committee, Mr. Dinesh S. Weerakkody, (Senior Independent Non-Executive Director) is a Fellow Member of the Chartered Institute of Management Accountants (UK) and the Institute of Certified Management Accountants of Sri Lanka.

Varners International (Private) Limited serves as the Secretary to the Committee.

All Non-Executive Directors satisfy the criteria of Independence as specified within the Listing Rules of the Colombo Stock Exchange (CSE) and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

Meetings

The Committee met on Four (04) occasions (via video conferencing) during the year. The proceedings of these meetings with adequate details of matters discussed were regularly reported to the Board. The attendance of the members at these meetings were as follows.

- Mr. Dinesh S. Weerakkody (Chairman) 4/4
- Mr. Rajaratnam Selvaskandan 4/4

The Executive Directors including the Group Chief Financial Officer, Group Chief Internal Auditor and the External Auditors also attended these meetings by invitation. Further, members of the Senior Management of the Company were invited to participate at the meetings as and when the necessity arose.

Reporting of Financial Statements

The Committee assisted the Board in its oversight on the preparation, presentation, and adequacy of disclosures in the Financial Statements in accordance with the Sri Lanka Accounting Standards.
As such the Committee reviewed and discussed the Quarterly and Annual Financial Statements.

Internal Controls and Risk Management Procedure

The Company and the Group followed a Risk-Based Audit Methodology for assessing the effectiveness of internal control procedures for the management of significant risks.

Internal Audit

The Internal Audit function is an independent, objective assurance and consulting activity designed to add value and improve the Company's operations. The Committee monitored and reviewed the scope, extent, efficiency, and effectiveness of the activity of the Internal Audit Department. This included reviewing of updates on audit activities and the progress of the Internal Audit Department, advising Senior Management to take precautionary measures on significant audit findings and assessment of resource requirements of the Internal Audit Department. The Committee had necessary interaction with the Group Chief Internal Auditor throughout the year.

During the year, the Committee reviewed the progress of the Internal Audit function, and continuously monitored the progress of the Audits on a regular basis. The sections covered and the regularity of the Audits depended on the risk level of each section, with higher risk sections being audited more frequently.

The Committee reviewed the significant findings and recommendations which were prioritized based on the level of risk. The Committee followed up on Internal Audit recommendations with the Senior Management. Internal Audit Reports were made available to External Auditors as well.

During the year under review, 456 Showroom Audits were carried out in addition to the Departmental Audits and the Committee received the attention of significant findings on operating and design effectiveness.

External Audit

The following were the key functions of the Committee in respect of the External Audit:

- Monitored and evaluated the independence and objectivity of the External Auditor and the effectiveness of the Audit process.
- Discussed with the External Auditor on their audit approach and procedure, including matters relating to the Scope of the Audit and the Auditor's Independence.
- Reviewed the Financial Statements with the External Auditor responsible for expressing an opinion on its conformity with the Sri Lanka Accounting Standards.
- Reviewed non-audit services provided by the Auditors to ensure such services will not impair the External Auditor's independence and objectivity.
- The Committee also met the External Auditors, without management being present, prior to the finalization of the Financial Statements to obtain their input on specific issues and to ascertain whether they had any areas of concern relating to their work.

The Committee has recommended to the Board that Messrs. Ernst and Young, Chartered Accountants, be reappointed for the financial year ending 31st March 2025, subject to the approval of the shareholders at the next Annual General Meeting.

Ethics and Governance

The Company's Whistle Blowing Policy encourages staff to whistle blow (raise concerns), in the case of suspicious wrongdoing or other irregularities. Independent investigations would be carried out with regard to whistle blowing, and the Whistle Blowing Policy ensures the maintenance of strict confidentiality of the identity of the whistle blowers.

Evaluation of the Committee

The annual evaluation of the Committee is conducted by the Board.

Dinesh S. Weerakkody
Chairman – Board Audit Committee

28th June 2024

Related Party Transactions Review Committee Report

The Related Party Transactions Review Committee which is appointed by the Board of Directors of the Company, consists of the below mentioned Independent Non-Executive Directors who possess in-depth expertise and knowledge in Business, Finance & Legal etc.

- Mr. Rajaratnam Selvaskandan-Independent Non-Executive Director
- Mr. Dinesh S. Weerakkody-Senior Independent Non-Executive Director
- Mr. Rusi Pestonjee-Managing Director

Mr.Rusi Pestonjee was appointed as a Member of the Related Party Transactions Review Committee as per Section 9.14.2 of the Listing Rules of Colombo Stock Exchange on corporate governance with effect from 24th June 2024.

Information on above committee members could be referred to through the profile descriptions on pages 20 to 22 of this report.

The Committee has reviewed the related party transactions during the financial year and has communicated the observations to the Board of Directors. At the invitation of the Committee, Executive Director - Finance attended these meetings. Messrs. Varners International (Pvt) Ltd functions as the Company Secretaries to the Related Party Transactions Review Committee.

The Committee met four times during the financial year ended 31st March 2024, and the attendance of committee members at meetings are as follows.

- Mr. Rajaratnam Selvaskandan – 4/4
- Mr. Dinesh S. Weerakkody – 4/4

Committee Charter

The Related Party Transactions Review Committee was established by the Board of Directors to assist the Board in reviewing all Related Party Transactions carried out by the Company in terms of the CSE Listing Rules that require mandatory compliance.

Accordingly, except for exempted transactions, all other Related Party Transactions are required to be reviewed by the Related Party Transactions Review Committee either 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.

During the period, Abans PLC lent Rs.2.5Bn to Colombo City Centre Pvt Ltd, one of its Associate companies, to settle their existing Long-term debt on 5th June 2024. The Related Party Transactions Review Committee is of the view that this transaction is on normal commercial terms and not prejudicial to the interests of Abans PLC. This transaction has been duly disclosed in Colombo Stock Exchange as per rule 9.14.7(1) of its listing rules.

Terms of Reference of the Committee

Terms of Reference (TOR) considers the responsibilities of the Related Party Transactions Review Committee in terms of the CSE Listing Rules. It sets out the guidelines on Related Party Transactions and their reporting. The Terms of Reference (TOR) of the Related Party Transactions Review Committee was approved by the Board of Directors and is reviewed annually as per regulatory and operational requirements.

The Related Party Transactions Review Committee conducts its activities as per its Charter, Policy and Guidelines and is entrusted with the task of reviewing Related Party Transactions other than those transactions explicitly exempted under the Listing Rules of the Colombo Stock Exchange.

Objectives, Responsibilities and Duties

The Related Party Transactions Review Committee carries out the following duties and responsibilities:

- Reviewing Related Party Transactions of the Company except those explicitly exempted under the Listing Rules.
- Adopting policies and procedures to review Related Party Transactions of the Company and setting out guidelines and methods for the capturing and reviewing of Related Party Transactions.
- Assessing whether the Related Party Transactions are in the best interests of the Company and its Shareholders as a whole.
- Updating the Board of Directors on the RPT of the Company on a quarterly basis and determining whether Related Party Transactions that are to be entered into by the Company require the approval of the Board or Shareholders of the Company.
- To set out guidelines and methods for the capturing and reviewing of Related Party Transactions, based on the nature of such transactions in line with the business of the Company as Recurrent Related Party Transactions and Non-Recurrent Related Party Transactions, for Senior Management.
- Advising the Board in making immediate market disclosures and other appropriate disclosures on applicable Related Party Transactions as required by Section 9 of the Continuing Listing Requirements of the CSE and Best Practices on Related Party Transactions issued by the SEC

The Committee is supported in its task of reviewing Related Party Transactions by way of confirmation reports produced by the Management on Related Party Transactions that took place during each quarter. These reports primarily confirm to the Committee if a Related Party Transaction occurred on an arms-length basis or not and the reasons for conducting such transactions with a related party.

Rajaratnam Selvaskandan,
Chairman – Related Party Transactions Review Committee
28th June 2024


SKECHERS

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Building a better working world

Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel : +94 11 246 3500
Fax : +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF ABANS PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Abans 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 2024 and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2024, 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 for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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 Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the key audit matter
Existence and carrying value of Inventories As at 31 March 2024, the carrying value of inventories amounted to Rs. 9,759 Mn after considering a provision of Rs. 722 Mn for slow moving inventory, as disclosed in Note 2.3.17 and 16 to the financial statements. Existence and carrying value of inventories was a key audit matter due to: - Materiality of the reported inventory balance which represented 19% of the Group's total assets; - Inventory being held at multiple locations comprising warehouses and showrooms island wide; and - Judgements applied by the management in determining the provision for slow-moving and obsolete inventories as disclosed in Note 2.3.17 to the financial statements.	Our audit procedures included the following key procedures: - Observed physical inventory counts at selected locations and reconciled the count results to the inventory listings compiled by management to support amounts reported as at the year end - tested, whether Inventory was stated at the lower of cost and net realizable value, by comparing cost with subsequent selling prices of such items - assessed the reasonableness of management judgements applied in determining provision for slow-moving and obsolete inventory. Our procedures included testing the accuracy and completeness of inventory age reports used in the estimation of provision for slow moving inventory. We also evaluated the adequacy of the disclosures in Note 2.3.17 and 16 to the financial statements.
Carrying Value of the Equity Accounted Investees Carrying value of the Equity Accounted Investees include Colombo City Centre Partners (Pvt) Ltd, an associate accounted under the equity method as disclosed in Note 2.3.1 & 13 to the Group's financial statements. The Associate has investment properties carried at fair value whose value was determined by an external valuer engaged by the Group. This was a key audit matter due to: - the materiality of the reported carrying value of the associate which amounted to Rs. 7,064 Mn representing 14% of the Group's total assets as of the reporting date. This includes the Share of Results of the associate recognised in the statement of profit or loss amounting to Rs. 2,948 Mn representing 57% of the Group's Profit Before Tax for the year then ended. Impact to the Group's Share of Results from the fair value gain of investment properties of the associate (net of tax) was Rs 3,812 Mn; and - the degree of assumptions, judgements and estimation uncertainties associated with fair valuation of Investment Properties of the associate using the income approach. - Key areas of significant judgments, estimates and assumptions used in assessing the fair value of Investment properties included judgements involved in ascertaining the appropriate valuation techniques and estimates such as gross monthly rental per square foot, occupancy rates, outgoing rates and yield as disclosed in Note 13.5 to the financial statements	Our audit procedures included the following key procedures: - assessed the competence, capability and objectivity of the external valuer engaged by the Group - 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 - assessed the reasonableness of significant assumptions, judgements and estimates made by the valuer such as gross monthly rental per square foot, occupancy rates, Outgoing rates and yield and valuation techniques as relevant in assessing the fair value of each property. - tested the mathematical accuracy of the computation related to the Share of Results of the associate attributable to the Group. Our testing also included assessing the reasonableness of the carrying value of the Equity Accounted Investee reported as of the reporting date. We also assessed the adequacy of related disclosures in Note 2.3.1 and 13 to the financial statements.

Key audit matter	How our audit addressed the key audit matter
Allowance for impairment losses of Loans & Advances, Lease Rentals Receivable and Trade Receivables stated at amortized cost Allowances for Impairment Losses of Loans & Advances, Lease Rentals Receivable and Trade Receivables amounting to LKR 1,663 Mn arising from Loans & Advances, Lease Rentals Receivable and Trade Receivables of LKR 13,384 Mn (Note 10 & 15) is determined by the management based on the accounting policies described in Note 3.1.10. **This was a key audit matter due to :** - the involvement of significant management judgements, assumptions and level of estimation uncertainty associated in management's expectation of future cash flows to recover such financial assets; and - the materiality of the reported amount of allowance of expected credit losses and use of complex calculations in its determination. - Key areas of significant judgements, assumptions and estimates used by management included: assumed future occurrence of events and/or transactions and forward-looking macroeconomic scenarios and their associated weightages, which are subject to inherently heightened levels of estimation uncertainty.	n addressing the adequacy of the allowances for expected credit losses of financial assets, our audit procedures included the following key procedures: - Assessed the alignment of the Company's allowances for expected credit losses computations and underlying methodology including responses to economic conditions with its accounting policies, based on the best available information up to the date of our report. - Evaluated the design, implementation, and operating effectiveness of controls over estimation of expected credit losses, which included assessing the level of oversight, review and approval of allowances for expected credit losses, policies and procedures by the Board and the management. - Checked the completeness, accuracy and reasonableness of the underlying data used in the expected credit loss computations by cross checking to relevant source documents and accounting records of the Company. - Evaluated the reasonableness of credit quality assessments and related stage classifications. - Assessed the reasonableness of the judgements, assumptions and estimates used by the Management in assumed future occurrence of events and/or transactions including the value and the timing of cash flow forecasts, status of recovery actions of the collaterals, forward-looking macroeconomic scenarios and their associated weightages. Assessed the adequacy of the related financial statement disclosures set out in notes 10 and 15 to the financial statements.

Other Information included in the 2024 Annual Report

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

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

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

Responsibilities of the 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.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

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

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 relevant ethical requirements 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, actions taken to eliminate threats or safeguards applied.

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

Report on other legal and regulatory requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 4184.

Ernst & Young

28th June 2024
Colombo

STATEMENT OF PROFIT OR LOSS

Year ended 31 March

		Group		Company	
	Note	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Continuing Operations					
Revenue	5.1	42,638,843,884	35,599,593,779	38,940,558,869	32,629,450,511
Cost of Sales		(28,751,538,499)	(20,827,693,611)	(26,788,087,535)	(19,556,344,119)
Gross Profit		13,887,305,385	14,771,900,168	12,152,471,334	13,073,106,392
Other Operating Income	5.2	218,325,151	186,300,329	217,629,168	175,071,083
Selling & Distribution Expenses		(5,188,125,498)	(4,033,778,873)	(5,045,645,229)	(3,872,656,136)
Administrative Expenses		(5,285,620,895)	(5,441,754,709)	(4,135,919,233)	(4,652,960,011)
Results from Operating Activities		3,631,884,143	5,482,666,915	3,188,536,040	4,722,561,328
Finance Cost	5.3	(2,046,381,475)	(2,226,312,591)	(1,639,284,874)	(1,997,646,121)
Finance Income	5.4	395,298,156	409,617,281	394,742,107	409,617,281
Change in Fair Value of Investment Properties	9.1	7,100,000	10,100,000	7,100,000	10,100,000
Share of Results of Equity Accounted Investee (Net of Tax)	13.4	3,179,603,059	826,188,298	-	-
Profit before Income Tax and Value Added Tax on Financial Services from Continuing Operations	5.5	5,167,503,883	4,502,259,903	1,951,093,273	3,144,632,488
Value Added Tax on Financial Services		(118,350,460)	(153,698,847)	(13,715,443)	(4,432,103)
Income Tax Expense	6.1	(646,148,036)	(858,685,176)	(643,502,911)	(702,175,115)
Profit for the Year		**4,403,005,387**	**3,489,875,880**	**1,293,874,919**	**2,438,025,270**
Attributable to:					
Equity Holders of the Parent		4,351,065,905	3,313,125,772	1,293,874,919	2,438,025,270
Non-Controlling Interests		51,939,482	176,750,108	-	-
		4,403,005,387	**3,489,875,880**	**1,293,874,919**	**2,438,025,270**
Earnings Per Share -Basic / Diluted					
- From Continuing Activities	7.1	1.96	1.49	0.58	1.10
Dividend Per Share	7.2	-	0.77	-	0.77

Note - Figures in brackets indicate deductions
The Accounting Policies and notes on pages 72 to 152 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March

		Group		Company	
	Note	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Profit for the Year		4,403,005,387	3,489,875,880	1,293,874,919	2,438,025,270
Other Comprehensive Income					
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods :					
Revaluation Gains from Land and Buildings	8	3,412,500	77,495,632	-	53,912,656
Actuarial Gain/(Loss) on Employee Benefits Liabilities	23.2	6,525,315	32,390,226	3,948,497	33,047,399
Tax Effect on above	6.5	(2,981,195)	(77,698,776)	(1,184,400)	(63,039,063)
Revaluation Gain from Equity Accounted Investee- Associate (Net of Tax)	13.4	(10,850,660)	3,375,386	-	-
Actuarial Gain/(Loss) from Equity Accounted Investee- Associate	13.4	(1,982,129)	(7,768,740)	-	-
Net Other Comprehensive Income for the Year from Discontinued Operations		-	-	-	-
Net Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods		(5,876,169)	27,793,728	2,764,097	23,920,992
Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods :		-	-	-	-
Other Comprehensive Income for the Year, Net of Tax		(5,876,169)	27,793,728	2,764,097	23,920,992
Total Comprehensive Income for the Year, Net of Tax		4,397,129,218	3,517,669,608	1,296,639,016	2,461,946,262
Attributable to: Equity Holders of the Parent		4,342,791,846	3,345,848,619	1,296,639,016	2,461,946,262
Non-Controlling Interests		54,337,372	171,820,989	-	-
		4,397,129,218	3,517,669,608	1,296,639,016	2,461,946,262

Note - Figures in brackets indicate deductions
The Accounting Policies and notes on pages 72 to 152 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

Year ended 31 March

		Group		Company	
ASSETS	**Note**	**2024 LKR**	**2023 LKR**	**2024 LKR**	**2023 LKR**
Non-Current Assets					
Property, Plant and Equipment	8	4,322,976,623	3,644,358,852	1,799,889,653	1,338,874,847
Investment Properties	9	217,000,000	209,900,000	217,000,000	209,900,000
Right of Use Assets	28	2,143,875,668	1,588,138,930	2,001,426,554	1,436,763,499
Intangible Assets	11	272,368,113	23,591,848	248,683,484	464,893
Investments in Subsidiaries	12	-	-	4,785,008,502	3,323,689,002
Investment In Equity Accounted Investee	13	8,163,008,397	4,071,503,471	78,212,351	78,212,351
Deferred Tax Assets	6.5	466,643,209	516,250,775	413,413,295	496,211,081
Other Non-Current Financial Assets	14	10,080,400	15,080,400	10,000,000	15,000,000
Lease Rentals Receivable	10.1	3,268,380,465	5,048,397,461	-	-
Loans and Advances	10.2	241,495,191	402,548,759	-	-
		19,105,828,066	15,519,770,496	9,553,633,839	6,899,115,673
Current Assets					
Inventories	16	9,758,997,000	11,927,304,791	8,805,935,289	11,535,651,696
Trade and Other Receivables	15	9,286,489,698	7,074,871,159	9,167,794,585	6,998,231,953
Lease Rentals Receivable	10.1	3,507,031,556	2,739,085,887	-	-
Loans and Advances	10.2	631,336,316	551,623,462	-	-
Other Current Financial Assets	14	6,701,236,781	1,699,617,994	4,401,880,083	754,317,364
Securities Purchased under Repurchase Agreement	17	315,294,233	271,331,939	-	-
Cash and Short-Term Deposits	18	1,552,519,555	1,401,635,274	1,376,221,704	1,013,807,265
		31,752,905,139	25,665,470,506	23,751,831,661	20,302,008,278
Total Assets		50,858,733,205	41,185,241,002	33,305,465,500	27,201,123,951
EQUITY AND LIABILITIES					
Equity					
Stated Capital	19	500,869,225	500,869,225	500,869,225	500,869,225
Other Components of Equity	20	1,506,346,057	1,775,345,867	463,417,223	463,417,223
Retained Earnings		16,594,526,585	11,982,734,929	12,691,602,189	11,394,963,173
Equity Attributable to Equity Holders of the Parent		18,601,741,867	14,258,950,021	13,655,888,637	12,359,249,621
Non-Controlling Interests		1,531,318,705	1,476,981,333	-	-
Total Equity		20,133,060,572	15,735,931,354	13,655,888,637	12,359,249,621
Non-Current Liabilities					
Interest Bearing Borrowings	21	785,513,158	2,076,904,749	245,333,346	1,108,166,654
Lease liabilities	28.1.2	1,829,106,875	1,490,891,291	1,693,103,519	1,355,815,256
Deferred Tax Liabilities	6.5	128,307,171	92,570,706	-	-
Employee Benefits Liabilities	23	390,675,509	346,939,447	336,281,912	299,251,718
		3,133,602,713	4,007,306,193	2,274,718,777	2,763,233,628
Current Liabilities					
Warranty Provision	22	342,403,822	275,690,667	342,403,823	275,690,668
Trade and Other Payables	24	12,823,013,866	10,320,656,912	5,152,224,170	3,712,396,532
Income Tax Liabilities		409,067,207	831,026,720	351,006,586	616,113,360
Lease liabilities	28.1.2	654,624,307	546,490,418	621,342,234	515,444,103
Interest Bearing Borrowings	21	13,362,960,718	9,468,138,738	10,907,881,273	6,958,996,039
		27,592,069,920	21,442,003,455	17,374,858,086	12,078,640,702
Total Equity and Liabilities		50,858,733,205	41,185,241,002	33,305,465,500	27,201,123,951

These Financial Statements are in compliance with the requirements of the Companies Act No :07 of 2007.

Chandrika Perera (Group Chief Financial Officer)

The Board of Directors is Responsible for the Financial Statements Signed for and on Behalf of the Board By.

Rusi Pestonjee (Managing Director)

Saroshi Dubash (Executive Director)

The Accounting Policies and notes on pages 72 to 152 form an integral part of these financial statements.

28th June 2024
Colombo

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March

Group	Attributable to the Equity Holders of the Parent					Non-Controlling Interest	Total Equity
	Stated Capital LKR	Revaluation Reserve LKR	Other Reserves LKR	Retained Earnings LKR	Total LKR	LKR	LKR
Balance as at 31 March 2022	500,869,225	709,764,040	277,169,198	11,663,859,983	13,151,662,446	1,216,340,256	14,368,002,702
Net Profit for the Year	-	-	-	3,313,125,772	3,313,125,772	176,750,108	3,489,875,880
Other Comprehensive Income	-	14,752,455	-	17,970,392	32,722,847	(4,929,119)	27,793,728
Total Comprehensive Income	-	14,752,455	-	3,331,096,164	3,345,868,619	171,820,989	3,517,669,608
Actuation Loss of AB Sun City Group	-	-	-	(528,156,490)	(528,156,490)	-	(528,156,490)
Rights Issue of shares	-	-	-	-	-	88,820,088	88,820,088
Transfers to/(from) during the year	-	-	773,660,174	(773,660,174)	-	-	-
Dividend Paid	-	-	-	(1,710,404,554)	(1,710,404,554)	-	(1,710,404,554)
Balance as at 31 March 2023	500,869,225	724,516,495	1,050,829,372	11,982,734,929	14,258,950,021	1,476,981,333	15,735,931,354
Net Profit for the Year	-	-	-	4,351,065,905	4,351,065,905	51,939,482	4,403,005,387
Other Comprehensive Income	-	1,199,630	-	(9,473,689)	(8,274,059)	2,397,890	(5,876,169)
Total Comprehensive Income	-	1,199,630	-	4,341,592,216	4,342,791,846	54,337,372	4,397,129,218
Transfers to/(from) during the year	-	-	(270,199,440)	270,199,440	-	-	-
Dividend Paid	-	-	-	-	-	-	-
Balance as at 31 March 2024	500,869,225	725,716,125	780,629,932	16,594,526,585	18,601,741,867	1,531,318,705	20,133,060,572

Company	Stated Capital LKR	Revaluation Reserve LKR	Other Reserves LKR	Retained Earnings LKR	Total LKR
Balance as at 31 March 2022	500,869,225	464,612,254	-	10,642,226,434	11,607,707,913
Net Profit for the Year	-	-	-	2,438,025,270	2,438,025,270
Other Comprehensive Income	-	(1,195,031)	-	25,116,023	23,920,992
Total Comprehensive Income	-	(1,195,031)	-	2,463,141,293	2,461,946,262
Dividend Paid	-	-	-	(1,710,404,554)	(1,710,404,554)
Balance as at 31 March 2023	500,869,225	463,417,223	-	11,394,963,173	12,359,249,621
Net Profit for the Year	-	-	-	1,293,874,919	1,293,874,919
Other Comprehensive Income	-	-	-	2,764,097	2,764,097
Total Comprehensive Income	-	-	-	1,296,639,016	1,296,639,016
Dividend Paid	-	-	-	-	-
Balance as at 31 March 2024	500,869,225	463,417,223	-	12,691,602,189	13,655,888,637

Note - Figures in brackets indicate deductions
The Accounting Policies and notes on pages 72 to 152 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

Year ended 31 March

		Group		Company	
Cash Flows From/(Used in) Operating Activities	**Note**	**2024 LKR**	**2023 LKR**	**2024 LKR**	**2023 LKR**
Profit before Tax from Continuing Operation		5,167,503,883	4,502,259,903	1,951,093,273	3,144,632,488
Adjustments for:					
Depreciation - Property Plant & Equipment	8	300,033,738	229,343,738	167,776,682	171,117,886
Change in Fair Value of Investment Properties	9.1	(7,100,000)	(10,100,000)	(7,100,000)	(10,100,000)
Amortization of Intangible Assets & Prepaid Rent	11.1	9,740,874	7,177,863	3,541,994	1,173,680
Change in Fair Value of Quoted Shares		(42,000)	(124,842,800)	(42,000)	(124,842,800)
Impairment Charge on Equity Investments		5,000,000	-	5,000,000	-
Finance Income		(395,298,156)	(409,617,281)	(394,742,107)	(409,617,281)
Income from Investments		(48,552)	(1,717,139)	(10,474,095)	(12,265,335)
Profit on Disposal of Assets		(4,833,379)	11,599,899	(4,874,045)	10,711,703
Depreciation of right-of-use assets	27.1	769,139,342	736,036,894	720,727,659	692,064,623
Finance Costs	5.3	2,046,381,475	2,226,312,591	1,639,284,874	1,997,646,121
Share of results from Associate	13.4	(3,179,603,059)	(826,188,298)	-	-
Provision for Warranty	22	587,591,730	115,105,900	587,591,730	115,105,900
Short term Leases and Variable Lease payments	27	15,746,462	13,675,532	15,746,462	13,675,532
Impairment provision for Trade & Other Receivable	15	(199,139,917)	(145,832,935)	43,712,488	(57,120,774)
Impairment provision for Inventories	16	(156,929,388)	560,525,302	(161,783,830)	555,305,811
Employee Benefit Obligation Transferred	23	(1,184,214)	9,486,314	(1,184,214)	(2,379,140)
Provision for Employee Benefits Liabilities	23	103,290,105	81,371,558	87,787,419	70,909,920
Operating Profit before Working Capital Changes		5,060,248,944	6,974,597,041	4,642,062,290	6,156,018,334
(Increase)/Decrease in Inventories		2,325,237,179	(506,561,701)	2,891,500,237	(145,070,262)
Decrease in Trade and Other Receivables		(1,067,040,785)	(92,810,669)	(2,357,054,206)	570,933,076
Decrease in Trade and Other Payables		2,502,356,954	(4,950,246,221)	1,439,827,638	(6,499,920,361)
Cash Generated from Operations		8,820,802,292	1,424,978,450	6,616,335,959	81,960,787
Finance Cost Paid		(1,300,640,004)	(1,358,082,699)	(1,200,870,068)	(1,569,704,826)
Employee Benefits Liabilities Paid	23	(51,844,514)	(43,691,792)	(45,624,514)	(40,794,643)
Warranty Charges Paid	22	(520,878,575)	(281,649,290)	(520,878,575)	(281,649,290)
Income Tax Paid		(1,104,095,173)	(945,445,292)	(840,711,742)	(650,924,714)
Net Cash Flows Generated/ (Used in) Operating Activities		5,843,344,026	(1,203,890,623)	4,008,251,060	(2,461,112,686)
Cash Flows from / (Used in) Investing Activities					
Acquisition of Property, Plant and Equipment	8	(991,431,280)	(1,386,843,469)	(645,101,232)	(175,756,298)
Acquisition of Intangible Assets	11	(258,517,139)	(1,180,375)	(251,760,585)	-
Proceeds from Sale of Property, Plant and Equipment		21,025,650	4,554,377	21,183,791	4,231,199
Finance Income Received		89,728,652	407,206,921	120,408,144	409,617,281
Proceeds from/ Investment in Other Investments		(4,696,007,283)	2,113,404,310	(3,373,186,756)	1,692,269,863
Dividend Received		12,313,896	13,982,483	10,474,095	12,265,335
Right Issue of shares		-	88,820,088	-	-
(Acquisition)/ Proceeds From disposal of Subsidiaries	28	-	-	(1,461,319,500)	(135,864,656)
Investments in Associates	13.4	(937,000,000)	-	-	-
Securities Purchased under Repurchase Agreement		(43,962,294)	(16,282,795)	-	-
Net Cash Flows Generated/ (Used in) Investing Activities		(6,803,849,798)	1,223,661,540	(5,579,302,043)	1,806,762,724
Cash Flows from (Used in) Financing Activities					
Lease Rentals Paid	27.1	(1,117,696,478)	(1,005,603,881)	(1,058,944,953)	(955,056,379)
Proceeds from Import Financing Loans	21	14,259,185,923	11,618,146,003	13,565,259,569	11,618,146,003
Repayment of Import Financing Loans	21	(10,705,307,922)	(10,272,644,131)	(10,755,307,921)	(10,272,644,131)
Proceeds from Bank Loans	21	21,801,450,210	7,696,643,506	19,874,950,210	6,950,710,655
Repayment of Bank Loans	21	(21,679,332,384)	(5,362,466,538)	(19,695,796,988)	(5,228,366,719)
Proceeds from Commercial Papers	21	83,246,843	496,096,637	83,246,843	496,096,637
Repayment of Commercial Papers	21	(2,623,694)	(923,155,110)	(2,623,694)	(532,363,296)
Repayment of Debentures - Listed - Unsecured	21	(70,179,733)	(31,250,000)	(70,179,733)	(31,250,000)
Proceeds from Securitization	21	225,000,000	1,235,052,514	-	-
Repayment of Securitization		(1,843,698,583)	(1,853,241,263)	-	-
Dividends Paid	7.2	-	(1,710,404,554)	-	(1,710,404,554)
Net Cash Flows Used in Financing Activities		950,044,182	(112,826,817)	1,940,603,333	334,868,216
Net Increase/(Decrease) in Cash and Short-Term Deposits		(10,461,590)	(93,055,900)	369,552,350	(319,481,746)
Cash and Short-Term Deposits at the beginning of the Year	18	1,346,094,155	1,439,150,055	972,190,673	1,291,672,419
Cash and Short-Term Deposits at the end of the Year	18	1,335,632,565	1,346,094,155	1,341,743,023	972,190,673
Analysis of cash and cash equivalents					
Cash in hand and at bank	18.1	1,552,519,555	1,401,635,274	1,376,221,704	1,013,807,265
Bank Overdraft	18.2	(216,886,990)	(55,541,119)	(34,478,681)	(41,616,592)
Cash and cash equivalents at the end for the purpose of statement of cash flow		1,335,632,565	1,346,094,155	1,341,743,023	972,190,673

Note - Figures in brackets indicate deductions
The Accounting Policies and notes on pages 72 to 152 form an integral part of these financial statements.

Abans PLC and Its Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2024

1. CORPORATE INFORMATION

1.1 Reporting Entity

Abans PLC is a Limited Liability Company incorporated and domiciled in Sri Lanka and listed in Colombo Stock Exchange. The registered office of the Company and the principal place of business are situated at No. 498, Galle Road, Colombo 03. The staff strength of the Company as at 31st March 2024 was 1,494 (2023 – 1,603)

1.2 Consolidated Financial Statements

The consolidated financial statements of Abans PLC, as at and for the year ended 31 March 2024, encompasses the Company, its subsidiaries (together referred to as the "Group") and the Group's interests in Equity Accounted investees (Associates and Joint Ventures).

1.3 Parent Entity and Ultimate Parent Entity

The Company's parent entity as at 31 March 2024 is Abans Retail Holdings (Pvt) Ltd and the ultimate parent of the Company is Abans International (Pvt) Ltd. On 29 March 2018 Abans Retail Holdings (Pvt) Ltd acquired entire shares of Abans PLC. and became a wholly owned Subsidiary of Abans Retail Holdings (Pvt) Ltd.

1.4 Approvals of Financial Statements

The Financial Statements of Abans PLC and Its Subsidiaries for the year ended 31 March 2024 were authorized for issue in accord ance with a resolution of the Board of directors on the 28th June 2024.

1.5 Directors' Responsibility Statement

The Board of Directors acknowledges their responsibility for financial statements as set out in the "Annual Report of the Board of Directors".

1.6 Principal Activities & Nature of Operations

Parent Company- Abans PLC

During the year, the principal activities of the Company were importing and marketing of electrical and electronic home appliances, crockery and cookware, sanitary and light fittings, a host of other household items, footwear and textile and carrying out electro-mechanical contract work.

Subsidiary - Abans Finance PLC

During the year, the principal activities of the Company were acceptance of Deposits, granting Lease facilities, Hire Purchase, Mortgage Loans and other credit facilities, Real Estate Development and related services.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2024

Subsidiary - AB Manufacturing (Pvt) Ltd

During the year, the principal activities of the Company were to manufacture and sale of Refrigerators, washing machines.

Other Subsidiaries

Apart from above, the group also hold A.B Suncity (Pvt) Ltd, the subsidiary which holds the group's investment in Colombo City Centre (Pvt) ltd.

Associate - Abans Electricals PLC

The principal activities of the Company were manufacturing and assembling household electrical and electronic appliances and providing repairs and maintenance and technical services of similar type of appliances.

Associate - Colombo City Centre (Pvt) Limited

The principal activity of the Company is to carry out mix development project. The project consists of mall, residency and a hotel.

2. GENERAL ACCOUNTING POLICIES

2.1 Basis of Preparation and Measurement

The Financial Statements of the company and group have been prepared on the historical cost basis, except for Land and Buildings, Fair value through profit or loss financial assets. As per SLFRS 9- Financial Assets, FVTOCI and defined benefit plans which are measured at present value of retirement benefits obligation as explained in the respective notes in the financial statement.

2.1.1 Statement of Compliance

The Financial Statements of the company and group which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the Statement of Cash Flows together with the Accounting Polices and Notes 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.

2.1.2 Changes in Accounting Policies

The accounting policies adopted by the Group are consistent with those used in the previous financial year. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.1.3 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. Details of comparative information where presentation and classification have been amended are more fully described in note 38.

Abans PLC and Its Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2024

2.1.4 Going Concern

In determining the basis of preparing the financial statements for the year ended 31 March 2024, based on available information, the management has assessed the existing and anticipated effects of adverse government policy changes and current political and socio-economic status on the Group of Companies and the appropriateness of the use of the going concern basis.

The strategic initiatives taken by the Group has allowed the business to be more resilient during these challenging market conditions stemmed by unfavourable macro-economic factors.

The Company, its subsidiaries and associates have adequate resources to continue in operational existence for the foreseeable future driven by the well diversified portfolio, cost management, ability to defer non-essential capital expenditure, strong market share, strong gearing position, digital transformative initiatives and healthy relationships with our principals.

Abans Group does not anticipate any significant change or impairment in fair-values of the assets in the Balance Sheet due to adverse economic factors or possible other impacts.

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

2.1.5 Presentation and Functional Currency

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

2.1.6 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

Abans PLC and Its Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2024

2.2 Basis of Consolidation

The Consolidated Financial Statements comprise the Financial Statements of the Group and its Subsidiaries as at 31 March 2024. Control is achieved when the Group is exposed or has right, 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 return

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstanc es in assessing whether it has power over an investee, including:

- The contractual agreement(s) with the other vote holders of the investee
- Rights arising from other contractual agreements
- 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. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2024

2.3 Summary of Material Accounting Policy Information

2.3.1 Investment in an Associate and Joint Venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture 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 the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The Statement of Profit or Loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises 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 or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the Subsidiaries of the associate or joint venture.

The Financial Statements of the associate or joint venture 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 or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the Statement of Profit or Loss.

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

In the separate Financial Statements, Investment in Joint Ventures and Investments in Associates are carried at cost.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2024

2.3.2 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.

2.3.3 Current Versus Non-Current Classification

The Group presents assets and liabilities in the Statement of Financial Position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
  Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
  Or
- It does not have a right at the reporting date to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2024

2.3.4 Fair Value Measurement

The Group measures financial instruments such as investment in equity securities and non-financial assets such as land and buildings, at fair value at each balance sheet date. Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions (Notes 25.3)
- Quantitative disclosures of fair value measurement hierarchy (Note 25.2)
- Property, plant and equipment under revaluation model (Note 08)
- Financial instruments (including those carried at amortised cost) (Note 25.1)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
  Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described in Note 25.2.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and significant liabilities, such as employee benefit liability.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Abans PLC and Its Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2024

2.3.5 Revenue Recognition

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, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes. The following specific recognition criteria are used for the purpose of recognition of revenue that are in the scope of SLFRS 15:

2.3.5.1 Sale of Goods and Services

Revenue from sale of equipment is recognised at the point in time when control of the asset is transferred to the customer.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., subsequent services, customer loyalty points). In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, the existence of significant financing com ponents, noncash consideration, and consideration payable to the customer.

(a) **Variable consideration**
If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(b) **Warranty Obligation**
The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions in section (Significant accounting judgments, estimates and assumptions)

(c) **Loyalty points programme**
The Group has a loyalty points programme, which allows customers to accumulate points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

(d) **Free services/maintenance**
The Group recognises revenue from free services/maintenance over time, using an input method to measure progress towards satisfaction of the free services/maintenance over time. Group recognize the deferred revenue arisen from future free services/maintenance and charge it to the revenue subsequently as above mentioned.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2024

2.3.5.2 **Interest income and Interest Expense**

Interest income and interest expense is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. Interest income on interest bearing financial assets measured at FVOCI under SLFRS 9, similarly to interest bear ing financial assets classified as available-for-sale or held to maturity under LKAS 39 is also recorded by using the EIR method. The EIR is the rate that exactly discounts estimated future cash pay ments or receipts through the expected life of the financial instru ment or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

The EIR (and therefore, the amortised cost of the asset/liability) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income/expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset/liability are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the Statement of Financial Position with an increase or reduction in interest income/interest expense. The adjustment is subsequently amortised through Interest income/ Interest expense in the income statement.

When a financial asset becomes credit-impaired (as set out in Note 25.4.1) and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVPL is recognised using the contractual interest rate under net interest income.

Fee and Commission Income and Expenses

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

Fee and Commission income – including account Credit related fees & commission, Service charge, Transfer Fees and other fees income – is recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

Fees earned for the provision of services over a period of time are accrued over that period

A contract with a customer that results in a recognised financial instrument in the Company's financial statements may be partially in the scope of SLFRS 9 and partially in the scope of SLFRS 15. If this is the case, then the Company first applies SLFRS 9 to separate and measure the part of the contract that is in the scope of SLFRS 9 and then applies SLFRS 15 to the residual.

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

2.3.5.3 **Income from Government Securities and Securities purchased under Re-Sale Agreement**

Discounts/ premium on Treasury bills &Treasury bonds are amortised over the period to reflect a constant periodic rate of return. The coupon interest on treasury bonds is recognised on an accrual basis. The interest income on securities purchased under resale agreement is recognised in the Income Statement on an accrual basis over the period of the agreement.

2.3.5.4 Dividend

Dividend income is recognised in profit or loss on the date the entity's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

2.3.5.5 Gains and losses

Gains and losses on disposal of an item of property, plant & equipment are determined by comparing the net sales proceeds with the carrying amounts of property, plant & equipment and are recognised net within "other income" in profit or loss.

2.3.5.6 Other income

Other income is recognized on an accrual basis.

2.3.6 Expenditure Recognition

Expenses are recognised in the Statement of Profit or Loss 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 Statement of Profit or Loss.

2.3.7 Finance Costs

Finance costs comprise interest expense on borrowings and financial leases that are recognised in the statement of profit or loss. The interest expense component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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.

2.3.8 Taxes

2.3.9.1 Current Income Tax

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

Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Profit or Loss. 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.

2.3.9.2 Deferred Taxation

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 recognised for all taxable temporary differences, except:

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2024

- 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 arrangements, 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 recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 utilised, 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 ac counting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised 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 utilised

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 utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised 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 realised, 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 recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI 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 the deferred taxes relate to the same taxable entity and the same taxation authority.

2.3.9.3 Sales Tax

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included
  The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

2.3.9.4 VAT on Financial Services

VAT on Financial Services is calculated in accordance with VAT Act No. 14 of 2002 and subsequent amendment thereto.

2.3.9 Foreign Currencies

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

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 translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

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 recognised in other comprehensive income (OCI) or profit or loss are also recognised in OCI or profit or loss, respectively).

2.3.10 Property, Plant and Equipment

Property, plant and equipment are recognised 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.

Plant and equipment, construction in progress except for land & building are stated at cost, net of accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing component parts of the Property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the Property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit or Loss as incurred.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recognised 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 recognised in the Statement of Profit or Loss, in which case the increase is recognised in the Statement of Profit or Loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

A transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, 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.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives of the assets are disclosed in Note 8.11.

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.3.11 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.

Group as a lessee

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

i) **Right-of-use assets**

The Group 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 shorter of the lease term and the estimated useful lives of the assets, as follows:

- Lease hold Lands - 99 Years
- Lease hold Buildings – 5 to 15 Years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) **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. The lease payments include fixed payments (including in- substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because 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 lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are disclosed in Note No 28.1.2

iii) **Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable

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rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

2.3.12 Investment Properties

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

Gains or losses arising from changes in fair value are included in the statement of profit or loss in the year in which they arise. Fair values are evaluated with sufficient frequency by an accredited external, independent valuer. Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on retirement or disposal are recognised in the statement of profit or loss 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, 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, 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.

2.3.13 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the Statement of Profit or Loss when it is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite live are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are 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 amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss in the expense category consistent with the function of the intangible assets.

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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 pro ceeds and the carrying amount of the asset and are recognised in the statement of Profit or Loss when the asset is derecognised.

2.3.15 Financial Instruments-Initial Recognition, Classification and Subsequent Measurement

2.3.15.1 Date of Recognition

All financial assets and liabilities are initially recognised on the trade date. i.e. the date that the Company becomes a party to the contractual provisions of the instrument. This includes “regular way trades”. Regular way trade means purchases or sales of financial assets with in the time frame generally established by regulation or convention in the market place.

2.3.15.2 Initial measurement of Financial Instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss (FVPL), transaction costs are added to, or subtracted from, this amount. When the fair value of financial instruments at initial recognition differs from the transaction price, the Company accounts for “Day 1 profit or loss”, as described below.

2.3.15.3 ‘Day 1’ profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Company recognises the difference between the transaction price and fair value (a ‘Day 1’ profit or loss) in the Income Statement over the tenor of the financial instrument using effective interest rate method. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the Income Statement when the inputs become observable, or when the instrument is derecognised.

2.3.15.4 Measurement categories of Financial Assets and Financial Liabilities

On initial recognition, a financial asset is classified as measured at,

- Amortised cost,
- fair value through other comprehensive income (FVOCI) or
- Fair value through profit or loss. (FVTPL)

Financial liabilities are measured at amortised cost or at FVTPL when they are held for trading and derivative instruments or the fair value designation is applied.

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2.3.15.4(i). **Financial Assets at Amortised cost:**

The Group only measures loans, receivables, and other financial investments, 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

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

Financial Assets consist of cash and bank balances, securities purchased under repurchase agreements, placement with banks, lease rentals receivable & stock out on hire, loan receivables, and other financial assets.

The categorization of the financial assets is based on the Satisfaction of SPPI Test by the financial assets and the business model applicable thereto.

Business model assessment

The Group determines its business model at the level that best reflect how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair values of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment

The business model assessment is based on reasonably expected scenarios without taking "worst case" or "stress case" scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test

As a second step of its classification process, the Group assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

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In contrast, contractual terms of that introduce a more than de minimise exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

2.3.15.5 (ii) **Equity instruments at FVOCI**

Upon initial recognition, the Group occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of definition of Equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other op erating income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Currently, the Group has recorded its non- quoted equity investments FVOCI at cost less ECL if any. The details of equity instruments at FVOCI are given in Note 14 to the Financial Statements.

2.3.15.6 (iii) **Debt issued and other borrowed funds**

After initial measurement, debt issued, and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. A com pound financial instrument which contains both a liability and an equity component is separated at the issue date.

Currently, the Group has recorded Debt issued and other borrowed funds as Financial Liabilities at Amortised Cost in the form of term loans, short term loans and securitizations.

2.3.15.7**Classification and Subsequent Measurement of Financial Liabilities**

Financial liabilities, other than loan commitments and financial guarantees, are classified as,

(i) Financial liabilities at Fair Value through Profit or Loss (FVTPL)
    a) Financial liabilities held for trading
    b) Financial liabilities designated at fair value through profit or loss
(ii) Financial liabilities at amortised cost, when they are held for trading and derivative instruments or the fair value designation is applied.

The subsequent measurement of financial liabilities depends on their classification.

i. **Financial Liabilities at Fair Value Through Profit or Loss (FVTPL)**

Financial Liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Subsequent to initial recognition, financial liabilities at FVTPL are fair value, and changes therein recognized in Income Statement.

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ii. **Financial Liabilities at Amortised Cost**

Financial Instruments issued by the Group that are not designated at fair value through profit or loss, are classified as financial liabilities at amortised cost under 'bank overdraft', 'due to other customers', 'debt issued and other borrowed funds' and 'other payables' as appropriate, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial assets for a fixed number of own equity shares at amortised cost using EIR method.

After initial recognition, such financial liabilities are substantially measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are integral part of the EIR. The EIR amortisation is included in 'interest expenses' in the Income Statement. Gains and losses are recognized in the Income Statement when the liabilities are derecognised as well as through the EIR amortisation process.

Currently, the Group has recorded Debt issued and other borrowed funds as Financial Liabilities at Amortised Cost in the form of term loans, short term loans and debentures.

2.3.15.8 **Reclassifications of Financial assets and Financial Liabilities**

From 01 April 2023, the Group did not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Group did not reclassify any of its financial assets or liabilities in 2021/2023.

2.3.15.9 **Derecognition of Financial Assets and Financial Liabilities**

2.3.15.9 **(a) Derecognition of Financial Assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset, if and only if, either:

- The Group has transferred its contractual rights to receive cash flows from the financial asset

  Or

- It retains the rights to cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

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- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Group cannot sell or pledge the original asset other than as security to the eventual recipients
- The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset

  Or

- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises as associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Group would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

2.3.15.9 **(b) Derecognition - Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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

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2.3.15.10 **Determination of Fair Value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The disclosure of fair value of financial instruments is disclosed in Note 25.3 to the Financial Statements.

Abans PLC and Its Subsidiaries

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2.3.15.11 **Impairment of Financial Assets**

a. Overview of the expected credit loss (ECL) principles

The Group recognises expected credit losses for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts. Equity instruments are not subject to impairment under SLFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group established a policy to perform as assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below.

Stage 1: When loans are first recognised, the Group recognises an allowance based on 12mECLs.Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.

Stage 3: Loans considered credit-impaired. The Group records an allowance for the LTECLs.

POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

b. **The Calculation of Expected Credit Loss (ECL)**

The Group calculates ECLs based on four probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR.A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

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The mechanics of the ECL calculations are outlined below and the key elements are, as follows.

PD : The probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD : The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected draw downs on committed facilities, and accrued interest from missed payments.

LGD : The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The mechanism of the ECL method are summarised below.

Stage 1 : The 12mECL is calculated as the portion of LTECLs that represent the ECLs that represent the ECLs that result from default events on a financial instrument that are possible with in the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation of the original EIR.

Stage 2 : When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3 : For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Loan Commitments:

When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. ECLs are calculated and presented with the loan.

Financial Guarantee contracts:

The Group's liability under each guarantee is measured at the higher of the initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Group estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability –weighting of the four scenarios. The ECLs related to financial guarantee contracts are recognised within provisions.

c. **Debt instruments measured at fair value through OCI**

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the Statement of Financial Position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to Income Statement. The accumulated loss recognised in OCI is recycled to the profit or loss upon derecognition of the assets.

d. **Forward looking information**

In its ECL models, the Company relies on a broad range of forward-looking information as economic inputs, such as:

- GDP growth
- Unemployment rate
- Central Bank base rates
- Inflation

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the Financial Statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

2.3.15.11 **Reversals of impairment**

If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the loan impairment allowance account accordingly. The write-back is recognised in the income statement.

2.3.15.12 **Renegotiated Loans**

The Group makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Group considers a loan reinitiated when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Group would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Renegotiated loans may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of the terms. It is the Group's policy to monitor renegotiated loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 renegotiated asset until it collected or written off.

From 1 January 2018, when the loan has been renegotiated or modified but not derecognised, the Group also reassesses whether there has been a significant increase in credit risk, as set out in Note 26.5.1. The Group also considers whether the assets should be classified as Stage 3.

If modifications are substantial, the loan is derecognised as explained in Note 2.3.15.9.

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2.3.15.13 **Write-off of Financial Assets at Amortised Cost**

The Group's accounting policy under SLFRS 9 remains the same as it was under LKAS 39. Financial Assets (and the related impairment allowance accounts) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where financial assets are secured, this is generally after receipt of any proceeds from the realisation of security.

2.3.15.14 **Collateral Valuation**

The Group seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, gold, securities, letter of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting arrangements. The fair value of collateral is generally assessed, at a minimum, at inception and based on the guidelines issued by the Central Bank of Sri Lanka.

To the extent possible, the Group uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have readily determinable market value are valued using models. Nonfinancial collateral, such as real estate, is valued based on data provided by third parties such as independent valuers, Audited Financial Statements and other independent sources.

2.3.15.15 **Collateral repossessed**

The Group's accounting policy under SLFRS 9 remains same as it was under LKAS 39. The Group's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations will be transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset.

2.3.15.16 **Offsetting Financial Assets and Liabilities**

Financial assets and financial liabilities are off set and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, therefore, the related assets and liabilities are presented gross in the Statement of Financial Position.

Income and expenses are presented on a net basis only when permitted under LKAS/ SLFRS, or for gains and losses arising from a group of similar transactions such as in the group's trading activity.

2.3.15.17 **Other Financial Assets**

Other Financial Assets includes the Other Receivables and Refundable Deposits. Refundable Deposits are initially recorded at Fair value and subsequently measured and amortized cost.

2.3.15.18 **Other Financial Liabilities**

Other Financial liabilities including Due to Customer (Deposits), Due to Banks, Debt issued and other borrowed funds are initially measured at fair value less transaction cost that are directly attributable to the acquisition and subsequently measured at amortised cost using the Effective Interest Rate method.

Amortised cost is calculated by taking in to account any discount or premium on the issue and costs that are an integral part of the Effective Interest Rate.

a) **Renegotiated Loans**

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to a criterion are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR.

2.3.16 **Repurchase Agreement**

Securities purchased under agreements to resell at a specified future date are not recognised in the Statement of Financial Position. The consideration paid, including accrued interest, is recorded in the Statement of Financial Position, reflecting the trans action's economic substance as a loan by the Group. The difference between the purchase and resale prices is recorded in 'Net interest income' and is accrued over the life of the agreement using the EIR.

If securities purchased under agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within 'Financial liabilities held for trading' and measured at fair value with any gains or losses included in 'Net trading income'.

2.3.17 **Inventories**

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow-moving items. Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale. The provision for obsolete and slow-moving items is based on periodical reviews performed by the Group. All inventory provisioning requires a level of judgement on how the condition of inventory is impacted by factors such as Shelf life.

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The cost incurred in bringing inventories to its present location and conditions are accounted using the following cost formulae: -

Trading Stock	-	At Actual Cost, based on specific identification
Work-in-Progress	-	At the cost of direct materials, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity.
Goods in Transits	-	At Purchase Price

2.3.18 **Real Estate Stock**

Real estate stock comprises all costs of purchase, cost of conversion and other costs incurred in bringing the real estate to its saleable condition.

Purchase Cost	-	Land Cost with legal charges
Cost of Conversion	-	Actual Development Cost

2.3.19 **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 such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is higher of asset's or cash generating units (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.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit or Loss 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 recognised 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 rec ognised 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 recognised 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 recognised. 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 recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit or Loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Abans PLC and Its Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2024

2.3.20 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 of Cash Flows, cash and short-term deposits consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

2.3.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit or Loss 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, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.3.22 Employee Benefits

2.3.22.1 Defined Benefit Plan – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Group measures the cost of defined benefit plan-gratuity, every financial year using the Projected Unit Credit Method, as recommended by LKAS 19 – Employee Benefits, with the advice of an actuary.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related liability. The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 23.3. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with LKAS 19 - Employee Benefits. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

Actuarial gains and losses are recognised in the Statement of Other Comprehensive Income (OCI) in the period in which it arises.

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

This is not an externally funded defined benefit plan.

Abans PLC and Its Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

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2.3.22.2 **Defined Contribution Plans - Employees' Provident Fund & Employees' Trust Fund**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

All employees who are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions are covered by relevant contribution funds in line with respective statutes and regulations. The Group contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.3.23 **Statement of Cash Flows**

The Statement of Cash Flows has been prepared using the "Indirect Method"

Regulatory provisions

a **Statutory Reserve Fund**

The statutory reserve fund is maintained as required by Finance Companies (Capital Funds) Direction No.1 of 2003 issued by Central Bank of Sri Lanka. As per the said Direction, every Registered Finance Group shall maintain a reserve fund, out of the net profit for each year after provisions for taxation and bad and doubtful debts. Accordingly, 20% of the net profit for the year transferred to Reserve Fund as required by Section 3(b) ii of the said Direction.

b **Deposit Insurance and Liquidity Support Scheme**

In terms of the Finance Group's Act Direction No. 2 of 2010 "Insurance of Deposit Liabilities" issued on 27 September 2010 and subsequent amendments there to all Registered Finance Companies are required to insure their deposit liabilities in the Deposit Insurance Scheme operated by the Monetary Board in terms of Sri Lanka Deposit Insurance Scheme Regulations No. 1 of 2010 issued under Sections 32E of the Monetary Law Act with effect from 1 October 2010. The said scheme was renamed as the "Sri Lanka Deposit Insurance and Liquidity Support Scheme" as per the Sri Lanka Deposit Insurance and Liquidity Support Scheme Regulation No. 1 of 2013.
Deposits to be insured include demand, time and savings deposit liabilities and exclude the following;

a) Deposit liabilities to member institutions
b) Deposit liabilities to Government of Sri Lanka
c) Deposit liabilities to Directors, key management personnel and other related parties as defined in Banking Act Direction No 11 of 2007 on Corporate Governance of Licensed Commercial Banks
d) Deposit liabilities held as collateral against any accommodation granted
e) Deposit liabilities falling within the meaning of abandoned property in terms of the Banking Act and dormant deposits in terms of the Finance Companies Act funds of which have been transferred to Central Bank of Sri Lanka.

Registered Finance Companies are required to pay a premium of 0.15% on total amount of eligible deposits as at end of the month with in a period of 15 days from the end of the respective month c **Crop Insurance Levy (CIL)**

In terms Section 15 of the Finance Act No 12 of 2013 all institutions under the purview of Banking Act No 30 of 1988, Finance companies Act No 78 of 1988 and Regulation of Insurance Industry Act No 43 of 2000 are required to pay 1% of the profit after tax as Crop Insurance Levy to the National Insurance Trust Fund Board effective from 01 April 2013.

Interest paid is classified as operating cash flow. Dividend received and investments in joint venture are classified as cash flows from investing activities. Dividend paid are classified as financing cash flows.

2.3.24 **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 transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations Or
- Is a subsidiary acquired exclusively with a view to resale?

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

The Group ceases to classify non-current assets or disposal groups as held for sale when the above criteria for such classification are no longer met. Financial statements for the periods since classification as held for sale are amended accordingly if the disposal group or non-current asset that ceases to be classified as held for sale is a subsidi ary, joint operation, joint venture, associate, or a portion of an interest in a joint venture or an associate. When the Group ceases to classify such component as held for sale, the results of operations of the component previously presented in discontinued operations are reclassified and included in income from continuing operations for all periods presented. The amounts for prior periods are described as having been re-presented.

The Group measure a non-current asset or disposal group that ceases to be classified as held for sale at the lower of;

- its carrying amount before the asset or disposal group was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset or disposal group not been classified as held for sale, and
- its recoverable amount at the date of the subsequent decision not to sell.

NOTES TO THE FINANCIAL STATEMENTS

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2.4 EFFECT OF ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE:

The following SLFRS have been issued by the Institute of Chartered Accountants of Sri Lanka that have an effective date in the future and have not been applied in preparing these financial statements.

SLFRS 17 - Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace IFRS 4 Insurance Contracts (SLFRS 4). SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17. However, SLFRS 17 will be neither affected nor applied to the Group since Group has not been engaged in Insurance contracts.

International Tax Reform—Pillar Two Model Rule - Amendments to LKAS 12

The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments are effective for annual periods beginning on or after 1 January 2024. The amendments are not expected to have a material impact on the Group /Company’s financial statements.

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

Amendments to LKAS 1 relate to classification of liabilities with covenants as current or non-current. The amendments clarify that if an entity’s right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period (“future covenants”), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The requirements apply only to liabilities arising from loan arrangements.

The amendments are effective for annual periods beginning on or after 1 January 2024. The amendments are not expected to have a material impact on the Group /Company’s financial statements.

Disclosures: Supplier Finance Arrangements - Amendments to LKAS 7 and SLFRS 7

The amendments clarify the characteristics of supplier finance arrangements and require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements.

The amendments are effective for annual periods beginning on or after 1 January 2024. The amendments are not expected to have a material impact on the Group /Company’s financial statements.

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Lease Liability in a Sale and Leaseback - Amendment to SLFRS 16

The amendments to SLFRS 16 Leases specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. A seller-lessee applies the amendment retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2024. The amendments are not expected to have a material impact on the Group /Company's financial statements.

3. **SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the financial statements in conformity with SLFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the accounting policies, management has made following judgements, estimates and assumptions which have the most significant effect on the amounts recognised in these financial statements.

a) **Revaluation of Property, Plant and Equipment and Investment properties**

The Group uses the revaluation model for measurement of land and buildings which are recognised as property plant and equipment and fair valuation model for measurement of land and buildings which are recognised as investment property. The Group engaged independent expert valuers, to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence of transaction prices for similar properties.

Valuations are based on open market prices, adjusted for any difference in the nature, location or condition of the specific property. The valuation techniques used are appropriate in the circumstances, for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The changes in fair value of Investment properties are recognised in the Statement of Profit or Loss and the changes in Property Plant and Equipment are recognised in other comprehensive income and in the statement of equity.

Further details about revaluation of property, plant and equipment are given in Note 8.13 and investment properties in Note 9.2.

NOTES TO THE FINANCIAL STATEMENTS

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b) **Impairment losses on Loans and Advances (Finance Leases, Hire Purchases, Mortgage Loans, Revolving Loans and Business/Personal Loans)**

The measurement of impairment losses under SLFRS 9 and LKAS 39 across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates driven by a number of factors, changes in which can result in different levels of allowances.

The Company's expected credit loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their independencies. The elements of the ECL models that are considered accounting judgements and estimates include.

- The Company's internal credit grading system, which assigns PDs to the individual grades
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime expected credit loss (LTECL) basis and the qualitative assessment
- The segmentation of financial assets when their fair values when their ECL is assessed on a collective basis.
- Development of ECLs, models, including the various formulas and the choice of inputs
  Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values and the effect on probability of default (PDs), Exposure at default (EADs) and loss given default (LGDs).
- Selection of forward –looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

c) **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 dis posing 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.

d) **Defined Benefit Plans**

The cost as well as the present value of defined benefit plans - gratuity is determined using Actuarial Valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds in currency consistent with the currency of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in re sponse to demographic changes. Future salary increases, and pension increases are based on expected future inflation rates.

Further details about defined benefit obligations are given in Note 23.

e) Deferred Tax

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

f) Transfer Pricing

The Group is subject to income taxes and other taxes including transfer pricing regulations. Management has used its judgement on the application of such laws and regulations aspects including but not limited to identifying associated undertaking, estimation of the respective arm's length prices and selection of appropriate pricing mechanism.

g) Warranty Provision

Provisions for warranty-related costs are recognised when the product is sold, or service provided to the customer. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated possibilities.
This represents a general provision for future warranty expenses on sales up to the end of the financial period based on past trend for warranty claims. Due to the significance of the estimation made by the Company the actual payment could vary from the provision made.

h) Right-of-Use Assets and Operating Lease Liability

The Group uses its judgment to determine whether an operating lease contract qualifies for recognition of right-of-use assets. The Group applies judgements 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 benefit for it to exercise either the renewal or termination. Further, the Group cannot readily determine the interest rate implicit in the lease. Therefore, it uses its incremental borrowing rate to measure operating lease liability. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in similar economic environment.

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4. SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of Group's other components. All operating segments' operating results are reviewed regularly by the Chairperson to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chairperson include items directly attributable to a segment as well as those that can be allocated on reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets.

Segment Information

For management purposes, the Group is organised into business units based on their products and services and has two reportable segments, as follows:

Trading

This segment includes importing and marketing of electrical and electronic home appliances, crockery and cookware, sanitary and light fittings, a host of other household items, foot wares and textile and carrying out electro mechanical contract work.

Financial Services

The Financial Services segment provide services such as, acceptance of Deposits, granting Lease facilities, Hire Purchase, Mortgage Loans and other credit facilities, Real Estate Development and related services.

	Trading		Manufacturing		Financial Services		Total	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Revenue	38,953,146,410	31,989,444,220	839,279,957	764,775,148	2,846,417,517	2,845,374,411	42,638,843,884	35,599,593,779
Segment Results (Operating Profit)	3,121,751,940	4,652,422,940	269,459,985	130,340,308	240,672,218	699,903,667	3,631,884,143	5,482,666,915
Finance Costs	(1,639,449,840)	(1,997,646,121)	(380,307,276)	(211,257,970)	(26,624,359)	(17,408,500)	(2,046,381,475)	(2,226,312,591)
Finance Income	395,298,156	409,617,281	-	-	-	-	395,298,156	409,617,281
Change in Fair Value of Investment Properties	7,100,000	10,100,000	-	-	-	-	7,100,000	10,100,000
Profit/ (Loss) before Income Tax	1,884,700,256	3,074,494,100	(110,847,291)	(80,917,662)	214,047,859	682,495,167	1,987,900,824	3,676,071,605
VAT on Financial Services	(13,715,443)	(4,432,103)	-	-	(104,635,017)	(149,266,744)	(118,350,460)	(153,698,847)
Income Tax Expense	(674,012,404)	(708,345,179)	32,939,159	27,825,935	(5,074,791)	(178,165,932)	(646,148,036)	(858,685,176)
Profit/ (Loss) for the year	1,196,972,409	2,361,716,818	(77,908,132)	(53,091,727)	104,338,051	355,062,491	1,223,402,328	2,663,687,582
Share of Profit of Equity Accounted Investee (Net of Tax)	-	-	-	-	-	-	3,179,603,059	826,188,298
Profit/ (Loss) for the year	1,196,972,409	2,361,716,818	(77,908,132)	(53,091,727)	104,338,051	355,062,491	4,403,005,387	3,489,875,880

4. SEGMENT REPORTING (Contd…)

	Trading		Manufacturing		Financial Services		Total	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Assets and Liabilities								
Non-Current Assets	12,261,682,092	11,802,272,118	2,388,509,901	2,157,037,990	4,455,636,073	1,560,460,388	19,105,828,066	15,519,770,496
Current Assets	23,755,904,202	15,398,078,249	1,442,316,077	639,192,420	6,554,684,860	9,628,199,837	31,752,905,139	25,665,470,506
Total Assets	36,017,586,294	27,200,350,367	3,830,825,978	2,796,230,410	11,010,320,933	11,188,660,225	50,858,733,205	41,185,241,002
Non-Current Liabilities	1,884,531,395	2,442,726,558	998,908,765	1,110,081,937	250,162,553	454,497,698	3,133,602,713	4,007,306,193
Current Liabilities	17,466,212,403	12,056,732,021	2,444,817,568	1,621,072,294	7,681,039,949	7,764,199,14	27,592,069,920	21,442,003,455
Total Liabilities	19,350,743,798	14,499,458,579	3,443,726,333	2,731,154,231	7,931,202,502	8,218,696,838	30,725,672,633	25,449,309,648
Other Disclosures								
Amortization of Intangible Assets	3,541,994	1,173,680	216,011	-	5,982,869	6,004,183	9,740,874	7,177,863
Depreciation for the Year	171,614,124	164,415,392	108,152,032	-	20,267,582	22,374,991	300,033,738	186,790,383
Purchase of Property, Plant and Equipment	649,064,827	1,352,791,080	304,787,606	1,109,742	37,578,847	32,942,647	991,431,280	1,386,843,469
Purchase of Intangible Assets	258,517,139	-	1,728,090	-	5,028,464	1,180,375	265,273,693	1,180,375
Expenses on Employee Benefit Liability	87,787,419	70,909,919	3,193,429	1,174,293	12,309,257	9,287,346	103,290,105	81,371,558
Deferred Tax Assets	413,396,733	509,462,107	53,246,476	20,039,694	-	-	466,643,209	529,501,801
Deferred Tax Liabilities	109,812,615	79,319,680	-	-	18,494,556	13,251,026	128,307,171	92,570,706
Summarised Statement of Cash Flows								
Net Cash flow from operating activities	4,691,375,075	(2,082,700,123)	(1,019,934,002)	42,704,587	2,171,902,953	836,104,913	5,843,344,026	(1,203,890,623)
Net Cash flow from investing activities	(6,009,726,019)	2,190,924,219	(306,117,786)	(1,170,604,869)	(488,005,993)	203,342,190	(6,803,849,798)	1,223,661,540
Net Cash flow from financing activities	990,738,929	(473,252,378)	1,200,498,108	1,151,000,000	(1,241,192,855)	(790,574,439)	950,044,182	(112,826,817)
Net Increase/(Decrease) in Cash and Cash Equivalents	(327,612,015.208)	(365,028,282)	(125,553,680)	23,099,718	442,704,105	248,872,664	(10,461,590)	(93,055,900)

5.REVENUE/OTHER INCOME AND EXPENSES
Revenue

Sale of Goods Revenue is recognised upon satisfaction of performance obligation. Revenue from sale of goods is recognised when the control of goods have been transferred to the buyers, usually on delivery of the goods. Interest income and expenses under SLFRS 9 is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost and financial instruments designated at FVPL and FVOCI.

	Group		Company	
5.1 Revenue from Contract with customers	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Gross Revenue	42,638,843,884	35,599,593,779	38,940,558,869	32,629,450,511
Net Revenue	42,638,843,884	35,599,593,779	38,940,558,869	32,629,450,511

5.2 **Other Operating Income**

Dividend income is recognised when the Group's right to receive the payment is established.
Rental income is recognised on an accrual basis.
Commission income is recognised as the related services are performed.
Sundry income is recognised on an accrual basis.

	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Dividend Income	48,552	1,717,139	10,474,095	12,265,335
Commission Income	58,711,206	47,079,113	58,711,206	47,079,113
Rent Income	8,304,481	5,111,804	8,304,481	5,111,804
Sundry Income	134,236,525	129,028,069	123,074,333	106,362,431
Profit from Disposal of Assets	4,833,379	(11,599,899)	4,874,045	(10,711,703)
Fines and Surcharges	12,191,008	14,964,103	12,191,008	14,964,103
	218,325,151	186,300,329	217,629,168	175,071,083

5.3 **Finance Cost**

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.
No borrowing cost has been incurred by the Group and the Company on qualifying assets during the current financial year and year 2022/23.

	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Interest Expense on Overdrafts	9,000,410	12,059,964	3,841,860	7,897,927
Interest Expense on Borrowings	1,634,785,957	1,824,143,513	1,259,472,264	1,617,047,580
Interest Expenses on Lease Liabilities	371,397,613	358,913,597	344,773,255	341,505,097
Debenture Interest	31,197,495	31,195,517	31,197,495	31,195,517
	2,046,381,475	2,226,312,591	1,639,284,874	1,997,646,121

	Group		Company	
5.4 Finance Income	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Interest Income on Staff Loans	935,300	523,251	935,300	523,251
Interest Income on Bank Deposits	88,793,352	406,683,670	119,472,844	409,094,030
Fair Value Gain on Unit Trust Investment	305,569,504	2,410,360	274,333,963	-
	395,298,156	409,617,281	394,742,107	409,617,281

5.5 **Profit Before Tax**

Group classifying expenses by "function".
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.

Stated after Charging /(Crediting) all expenses and Income Including the Following:	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Employees Benefits including the following				
- Defined Benefit Plan Costs - Gratuity	100,154,338	79,698,919	87,721,152	70,909,919
- Defined Contribution Plan Costs - EPF & ETF	373,267,980	342,165,893	334,482,144	306,726,408
Amortization of Intangible Assets	9,740,874	7,177,863	3,541,994	1,173,680
Director's Emoluments	48,111,605	70,188,130	40,911,605	63,848,130
Legal Fees	34,062,340	12,443,000	23,708,908	3,849,209
Donation	2,945,450	2,893,423	2,662,050	2,654,745
Staff Cost	1,965,757,477	1,886,501,828	1,606,918,306	1,520,702,868
Amortisation of Right of use Assests	769,139,342	736,036,894	720,727,659	692,064,623
Depreciation	300,033,738	229,343,738	167,776,682	171,117,886
Exchange (Gains)/Loss	34,930,847	(52,591,249)	34,930,847	(52,591,249)
Auditors' Remuneration - Audit Services	6,174,110	5,517,780	2,751,878	2,271,114
- Non-Audit Services	1,435,171	947,885	1,435,171	947,885
Transport Costs	42,309,572	18,494,962	30,635,948	17,855,962
Advertising Costs	639,364,903	553,926,322	631,903,294	549,089,933

6. INCOME TAX

6.1 **Statement of Profit or Loss**

	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Current Income Tax:				
Current Tax Expense for the Year (Note 6.3)	627,733,380	1,107,515,956	578,069,401	922,429,217
Under Provision of Taxes in respect of Prior Year	(63,948,180)	13,817,781	(16,179,876)	13,817,781
Deferred Tax:				
Deferred Taxation Charge/(Reversal)	82,362,836	(262,648,561)	81,613,386	(234,071,883)
Income Tax Expense Reported in the Statement of Profit or Loss	646,148,036	858,685,176	643,502,911	702,175,115

6.2 **Statement of Other Comprehensive Income**

	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Deferred Tax Related to Items Charged or Credited to Other Comprehensive Income:				
Revaluation Gains from Land and Buildings	1,023,750	69,964,552	-	55,107,687
Actuarial (Gain)/Loss on Employee Benefits Liabilities	1,957,445	7,734,224	1,184,400	7,931,376
Income Tax Charged Directly to Other Comprehensive Income	2,981,195	77,698,776	1,184,400	63,039,063

6.3 **Reconciliation of Accounting Profit to Current Tax Expense/(Income)**

	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Accounting Profit (Profit before Tax) from Continuing Operations	5,167,503,883	4,502,259,903	1,951,093,273	3,144,632,488
Share of results of equity accounted investees (net of tax)	(3,179,603,059)	(826,188,298)	-	-
Other consolidation adjustments	(37,685,951)	1,789,305	-	-
Income not Subject to Tax	(439,670,564)	(250,980,124)	(439,670,564)	(250,980,124)
Adjusted accounting profit chargeable to income taxes	1,510,544,309	3,426,880,786	1,511,422,709	2,893,652,36
Aggregate Disallowed Items	2,679,885,217	2,306,614,208	1,852,140,940	1,992,277,154
Aggregate Allowable Expenses	(2,725,501,901)	(2,018,815,264)	(1,871,429,105)	(1,834,154,505)
Taxable income	1,464,927,625	3,714,679,730	1,492,134,544	3,051,775,013
Other Sources of Income Liable for Tax	627,541,254	432,219,005	434,787,741	409,617,281
Business Profit/(Loss)	2,092,468,879	4,146,898,735	1,926,922,285	3,461,392,294
Taxable Income	2,092,468,879	4,146,898,735	1,926,922,285	3,461,392,294
Tax Loss Utilized	-	-	-	-
Total Assessable Income	2,092,468,879	4,146,898,735	1,926,922,285	3,461,392,294
Tax Rates at -				
30%	627,726,096	608,019,355	578,062,117	505,193,389
24%	-	486,415,484	-	404,154,711
15%	7,284	-	7,284	-
14%	-	13,081,117	-	13,081,117
	627,733,380	1,107,515,956	578,069,401	922,429,217
Current Tax Expense for the Year from Continuing Operations	627,733,380	1,107,515,956	578,069,401	922,429,217
	627,733,380	1,107,515,956	578,069,401	922,429,217

6.4 **Reconciliation between Current Tax Expense/(Income) and the Product of Accounting Profit**

	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Adjusted accounting profit chargeable to income taxes from Continuing Operations	1,510,544,309	3,426,880,786	1,511,422,709	2,893,652,364
Tax effect on chargeable profits	453,163,293	913,363,405	453,426,813	769,391,731
Tax effect on non-deductible expenses	803,950,997	622,283,314	555,627,714	537,412,362
Tax effect on deductions claimed	(817,562,761)	(544,829,947)	(561,428,732)	(494,971,542)
Tax effect on Other sources of income	188,269,660	116,699,131	130,443,606	110,596,666
Tax Assessment Payment	54,036,896	-	54,036,896	-
Under/(over) provision for previous years	(117,985,076)	13,817,781	(70,216,772)	13,817,781
Net tax effect of unrecognised deferred tax assets for the year	82,275,027	(262,648,508)	81,613,386	(234,071,883)
Tax expense	646,148,036	858,685,176	643,502,911	702,175,115
Income Tax Expense Reported in the Statement of Profit or Loss	646,148,036	858,685,176	643,502,911	702,175,115
	646,148,036	858,685,176	643,502,911	702,175,115

6. INCOME TAX (Contd...)

6.5 **Summarised Deferred Tax Assets, Liabilities and Income Tax relate to the following:**

6.5.1 **Reconciliation of Deferred Tax Asset**

	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Balance as at 01 April	(516,250,775)	(325,178,261)	(496,211,081)	(325,178,261)
Charge/(Release) Made during the Year	49,607,566	(191,072,514)	82,797,786	(171,032,820)
Balance as at 31 March	(466,643,209)	(516,250,775)	(413,413,295)	(496,211,081)

6.5.2 **Reconciliation of Deferred Tax Liability**

	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Balance as at 01 April	92,570,706	86,447,977	-	-
Charge Made during the Year	35,736,465	6,122,729	-	-
Balance as at 31 March	128,307,171	92,570,706	-	-
Net Deferred Tax Asset	(338,336,038)	(423,680,069)	(413,413,295)	(496,211,081)

6.5.1.1 **The Summarised Closing Deferred Tax Assets & Liability Balance Relate to the Following, Group**

	Assets		Liabilities	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Capital Allowances for Tax Purposes	196,056,303	115,042,135	9,897,612	13,159,911
Revaluation of Land & Building	217,894,138	217,894,138	27,885,722	26,861,972
Revaluation of Investment Property	18,164,284	16,034,284	-	-
Undistributed share of profit of Associate	-	-	109,812,615	79,319,682
Employee Benefits Liabilities	(104,817,205)	(92,800,097)	(11,237,884)	(11,122,866)
Warranty Provision	(102,721,147)	(82,707,200)	-	-
Inventory Provision	(216,646,719)	(263,725,535)	-	-
ROU Assets & Lease Liabilities	(164,814,848)	(258,210,676)	(8,050,894)	(5,958,747)
Provision for Impairment on Trade Receivables	(210,718,314)	(132,569,672)	-	(9,689,247)
Carried forward Tax Loss	(99,039,701)	(35,208,151	-	-
	(466,643,209)	(516,250,775)	128,307,171	92,570,706

6. INCOME TAX (Contd…)

6.5.2.1 Deferred Tax Assets, Liabilities and Income Tax relate to the following:

Group	Statements of Financial position		Statements of Other Comprehensive Income		Statement of Profit or Loss	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Deferred Tax Liability						
Capital Allowances for Tax Purposes						
- Property, Plant and Equipment & Investment Property	191,771,410	128,054,561	-	-	63,716,849	103,783,392
- Intangible Assets	14,182,505	147,485	-	-	14,035,020	(245,772)
Revaluation of Land						
-Property Plant & Equipment	197,754,883	166,674,717	1,023,750	43,357,077	30,056,416	-
-Investment Property	16,939,500	14,649,600	-	-	2,289,900	5,421,600
Revaluation of Building						
-Property Plant & Equipment	48,024,977	78,081,393	-	26,607,475	(30,056,416)	-
-Investment Property	1,224,784	1,384,684	-	-	(159,900)	209,257
Undistributed share of profit of Associate	109,812,615	79,319,682	-	-	30,492,933	6,170,065
	579,710,674	468,312,122	1,023,750	69,964,552	110,374,802	115,338,542
Deferred Tax Assets						
Employee Benefits Liabilities	(116,055,089)	(103,922,963)	1,957,445	7,734,224	(14,089,571)	(32,509,195)
Warranty Provision	(102,721,147)	(82,707,200)	-	-	(20,013,947	23,428,974
Inventory Provision	(216,646,719)	(263,725,535)	-	-	47,078,816	(187,271,179)
ROU Assets & Lease Liabilities	(172,865,742)	(264,169,423)	-	-	91,303,681	(130,376,028)
Provision for Impairment on Trade Receivables	(210,718,314)	(142,258,919)	-	-	(68,459,395)	(16,051,524)
	(819,007,011)	(856,784,040)	1,957,445	7,734,224	35,819,584	(342,778,952)
Carried forward Tax Loss	(99,039,701)	(35,208,151)	-	-	(63,831,550)	(35,208,151)
	(99,039,701)	(35,208,151)			(63,831,550)	(35,208,151)
Deferred Tax Charge/(Reversal)			2,981,195	77,698,776	82,362,836	(262,648,561)
Net Deferred Tax Liability/(Asset)	(338,336,038)	(423,680,069				

6.5.2.2 Company

Company	Statements of Financial position		Statements of Other Comprehensive Income		Statement of Profit or Loss	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Deferred Tax Liability						
Capital Allowances for Tax Purposes						
- Property, Plant and Equipment & Investment Property	52,951,069	46,021,707	-	-	6,929,362	38,295,377
- Intangible Assets	14,182,505	147,485	-	-	14,035,020	(245,772)
Revaluation of Land						
- Property Plant & Equipment	162,818,268	162,818,268	-	39,500,628	-	-
- Investment Property	16,939,500	14,649,600	-	-	2,289,900	5,421,600
Revaluation of Building						
- Property Plant & Equipment	48,024,977	48,024,977	-	15,607,059	-	-
- Investment Property	1,224,784	1,384,684	-	-	(159,900)	209,257
	296,141,103	273,046,721	-	55,107,687	23,094,382	43,680,462
Deferred Tax Assets						
Employee Benefits Liabilities	(100,884,575)	(89,775,516)	1,184,400	7,931,376	(12,293,459)	(24,611,777)
Warranty Provision	(102,721,147)	(82,707,200)	-	-	(20,013,947)	23,428,974
Inventory Provision	(213,624,539)	(262,159,688)	-	-	48,535,149	(185,705,333)
ROU Assets & Lease Liabilities	(164,814,848)	(202,045,726)	-	-	37,230,878	(68,252,331)
Provision for Impairment on Trade Receivables	(127,509,289)	(132,569,672)	-	-	5,060,383	(22,611,879)
	(709,554,398)	(769,257,802)	1,184,400	7,931,376	58,519,004	(277,752,345)
Deferred Tax Charge/(Reversal)			1,184,400	63,039,063	81,613,386	(234,071,883)
Net Deferred Tax Liability/(Asset)	(413,413,295)	(496,211,081)				

7.EARNINGS PER SHARE & DIVIDEND PAID

7.1 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. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue or a share split.

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

	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Net Profit Attributable to Ordinary Equity Holders of the Parent - From Continuing Activities	4,351,065,905	3,313,125,772	1,293,874,919	2,438,025,270
	4,351,065,905	3,313,125,772	1,293,874,919	2,438,025,270
	Number	Number	Number	Number
Ordinary Shares	2,221,304,615	2,221,304,615	2,221,304,615	2,221,304,615
	2,221,304,615	2,221,304,615	2,221,304,615	2,221,304,615
Earnings Per Share -Basic / Diluted - From Continuing Activities	1.96	1.49	0.58	1.10

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorization of these financial statements. Therefore diluted earnings per share is same as basic earning per share.

7.2 **Dividend Per Share - Company/Group**

	2024		2023	
	Per Share	LKR	Per Share	LKR
1st Interim Dividend out of Profits of 2020/21	-	-	0.15	333,195,692
2nd Interim Dividend out of Profits of 2021/22	-	-	0.32	710,817,477
3rd Final Dividend out of Profits of 2021/22	-	-	0.15	333,195,692
4th Interim Dividend out of Profits of 2022/23	-	-	0.15	333,195,692
	-	-	0.77	1,710,404,554

8. PROPERTY, PLANT & EQUIPMENT

Group

8.1

Gross Carrying Amounts At Cost or Valuation	Re-Presented Balance As at 01 April 2023 LKR	Additions LKR	Disposals LKR	Revaluation LKR	Transfers LKR	Balance As at 31 March 2024 LKR
Land	912,517,501	183,455,550	-	3,412,500	-	1,099,385,551
Buildings	960,152,600	158,437,247	-	-	-	1,118,589,847
Buildings Improvements	138,948,047	114,358,135	-	-	-	253,306,182
Plant and Machinery	1,111,414,859	158,467,816	-	-	-	1,269,882,675
Furniture and Fittings	692,702,541	104,973,280	(30,596,525)	-	-	767,079,296
Office Equipment	282,975,513	34,354,334	(8,350,844)	-	231,192	309,210,195
Motor Vehicles	199,229,803	5,552,473	(19,799,042)	-	-	184,983,234
Computer Equipment	397,072,709	122,975,077	(1,538,717)	-	(107,200)	518,401,869
Telephone	3,857,445	863,296	(36,823)	-	-	4,683,918
Service Equipment	31,101,394	21,226,003	-	-	-	52,327,397
Fixtures & Fittings	66,745,910	4,079,105	43,185	-	(123,992)	70,744,208
Generators	5,694,861	29,464	(22,627)	-	-	5,701,698
Total Gross Carrying Amount	4,802,413,183	908,771,780	(60,301,393)	3,412,500	-	5,654,296,070
In the Course of Construction						
Capital Working Progress	894,249	82,659,500	-	-	-	83,553,749
Total Gross Carrying Amount	4,803,307,432	991,431,280	(60,301,393)	3,412,500	-	5,737,849,819

8. PROPERTY, PLANT & EQUIPMENT (Contd…)

8.2

Depreciation & Impairment At Cost or Valuation	Balance As at 01 April 2023 LKR	Charge for the year LKR	Disposals LKR	Revaluation LKR	Transfers LKR	Balance As at 31 March 2024 LKR
Buildings	-	29,861,834	-	-	-	29,861,834
Buildings Improvements	65,778,551	13,105,676	-	-	-	78,884,227
Plant and Machinery	31,205,759	80,461,901	-	-	-	111,667,660
Furniture and Fittings	417,704,694	65,508,370	(22,323,411)	-	(10,553)	460,879,100
Office Equipment	161,162,246	31,399,784	(7,219,281)	-	81,309	185,424,058
Motor Vehicles	146,167,621	13,534,347	(12,909,716)	-	-	146,792,252
Computer Equipment	303,929,372	49,256,510	(1,597,053)	-	(70,756)	351,518,073
Telephone	3,210,370	368,619	(34,813)	-	-	3,544,176
Service Equipment	8,253,231	1,280,868	-	-	-	9,534,099
Fixtures & Fittings	16,025,778	15,176,518	(2,519)	-	-	31,199,777
Generators	5,510,958	79,311	(22,329)	-	-	5,567,940
Total Depreciation	1,158,948,580	300,033,738	(44,109,122)	-	-	1,414,873,196

8.3

Net Book Values At Cost or Valuation	2024 LKR	2023 LKR
Land	1,099,385,551	912,517,501
Buildings	1,088,728,013	960,152,600
Buildings Improvements	174,421,955	73,169,496
Plant and Machinery	1,158,215,015	1,080,209,100
Furniture and Fittings	306,200,196	274,997,847
Office Equipment	123,786,137	121,813,267
Motor Vehicles	38,190,982	53,062,182
Computer Equipment	166,883,796	93,143,337
Telephone	1,139,742	647,075
Service Equipment	42,793,298	22,848,163
Fixtures & Fittings	39,544,431	50,720,132
Generators	133,758	183,903
	4,239,422,874	3,643,464,603
In the Course of Construction		
Capital Work In Progress	83,553,749	894,249
Total Carrying Amount of Property, Plant and Equipment	4,322,976,623	3,644,358,852

Company

8.4

Gross Carrying Amounts At Cost or Valuation	Balance As at 01 April 2023 LKR	Additions LKR	Disposals LKR	Balance As at 31 March 2024 LKR
Land	597,607,501	145,431,500	-	743,039,001
Buildings	144,007,602	158,165,236	-	302,172,838
Buildings Improvements	138,948,046	114,358,135	-	253,306,181
Furniture and Fittings	624,156,060	85,239,323	(30,596,525)	678,798,858
Office Equipment	260,747,833	22,405,655	(8,350,844)	274,802,644
Motor Vehicles	189,305,804	5,552,473	(19,799,042)	175,059,235
Computer Equipment	282,256,099	91,087,712	(1,603,717)	371,740,094
Telephone	3,857,445	863,296	(36,823)	4,683,918
Service Equipment	29,948,894	20,403,545	-	50,352,439
Fixtures & Fittings	33,589,997	1,564,893	-	35,154,890
Generators	5,694,860	29,464	(22,627)	5,701,697
Total Gross Carrying Amount	2,310,120,141	645,101,232	(60,409,578)	2,894,811,795

8. PROPERTY, PLANT & EQUIPMENT (Contd...)

8.5

Depreciation & Impairment At Cost or Valuation	Balance As at 01 April 2023 LKR	Charge for the Year LKR	Disposals LKR	Balance As at 31 March 2024 LKR
Buildings	-	8,971,426	-	8,971,427
Buildings Improvements	65,778,551	13,105,676	-	78,884,227
Furniture and Fittings	358,738,666	59,689,034	(22,323,411)	396,104,289
Office Equipment	146,738,811	26,675,610	(7,219,281)	166,195,140
Motor Vehicles	143,680,162	12,293,847	(12,909,716)	143,064,293
Computer Equipment	224,707,054	33,887,143	(1,590,282)	257,003,915
Telephone	3,210,369	368,619	(34,813)	3,544,175
Service Equipment	8,224,605	1,105,425	-	9,330,030
Fixtures & Fittings	14,656,115	11,600,591	-	26,256,706
Generators	5,510,958	79,311	(22,329)	5,567,940
Total Depreciation	971,245,292	167,776,682	(44,099,832)	1,094,922,142

8.6

Net Book Values At Cost or Valuation	2024 LKR	2023 LKR
Land	743,039,001	597,607,501
Buildings	293,201,411	144,007,601
Buildings Improvements	174,421,954	73,169,495
Furniture and Fittings	282,694,569	265,417,395
Office Equipments	108,607,504	114,009,018
Motor Vehicles	31,994,942	45,625,641
Computer Equipments	114,736,179	57,549,045
Telephone	1,139,743	647,076
Service Equipments	41,022,409	21,724,288
Fixtures & Fittings	8,898,184	18,933,884
Generators	133,757	183,903
Total Carrying Amount of Property, Plant and Equipment	1,799,889,653	1,338,874,847

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March

8. **PROPERTY, PLANT & EQUIPMENT (Contd…)**

8.7 The Lands & Buildings of the Group were revalued on 31 March 2024 and such assets were valued on an open market value for existing use basis. The result of the revaluation have been incorporated in to the prior year financial statements. The surplus arising from the revaluation was transferred to a revaluation reserve. Land and Buildings have been revalued by an Independent Valuer, Mr.Lochana I. Silva (Chartered Valuation Surveyor).

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

Class of Asset	Cost LKR	Accumulated Depreciation If assets were carried at cost LKR	Net Carrying Amount 2024 LKR	Net Carrying Amount 2023 LKR
Land	205,163,951	-	205,163,951	104,748,451
Building	259,795,233	(64,739,132)	195,056,101	4,864,626

8.8 During the year Fixed Assets Addition & Cash Payment

	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Addition	991,431,280	1,386,843,469	645,101,232	175,756,298
Cash Payment	991,431,280	1,386,843,469	645,101,232	175,756,298

8.9 The amount of borrowing costs capitalised with property, plant and equipment during the year ended 31 March 2024 of the Group/Company was Rs Nil. (2023 - Rs. 161,860,595)

8.10 The Cost of Fully Depreciated Property, plant and equipment of the Group and the Company which are still in use respectively amount of LKR 704,652,607/- and LKR 561,647,913/- (2023 -LKR 243,120,614/- and LKR 144,243,968/-).

8.11 The useful lives of the assets is estimated as follows;

	2024	2023
Buildings	20 Years	20 Years
Buildings Improvements	5-10 Years	5-10 Years
Service Equipments	8 Years	8 Years
Office Equipment	8 Years	8 Years
Furniture and Fittings	8 Years	8 Years
Motor Vehicles	4-10 Years	4-10 Years
Computer Equipments	4 Years	4 Years
Telephone	4 Years	4 Years
Generators	4 Years	4 Years
Plant, Machinery and Equipment	5-10 Years	5-10 Years
Fixtures & Fittings	8 Years	8 Years

8.12 **Property plant & equipment pledged as security against borrowings (Group & Company)**

There were no Property, plant and equipment have been pledged as a Security for term Loans Obtained.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March

8. PROPERTY, PLANT & EQUIPMENT (Contd…)

8.13 Details of Land & Buildings Revaluation

Name of the Company	Location	Extent	Number	Method of Valuation and Significant Unobservable Inputs	2024 Range of Estimate for Unobservable Inputs LRK	2023 Range of Estimate for Unobservable Inputs LRK	Valued in 31/03/2024 Valuation LRK	Valued in 31/03/2023 Valuation LRK
Abans PLC	Freehold Property at Liberty Plaza Shopping Block at Liberty Plaza Colombo	 435 sq.ft	01 01	Income method Gross monthly rental Per Sq ft. Estimated Outgoing Expenses	 260 30.00%	 260 30.00%	 19,000,000	 19,000,000
Abans PLC	Freehold Property at Kandy Land Building	 11.094 P 4,415 sq.ft	 01 01	Cost method Value per perch of Land Value per sq.ft for Building	 14,500,000 4,000	 14,500,000 4,000	 160,863,000 17,660,000	 160,863,000 17,660,000
Abans PLC	Freehold Property at Kalutara Land Building	 24.46 P 9,403 sq.ft	 01 01	Cost method Value per perch of Land Value per sq.ft for Building	 1,165,372 3,800	 1,165,372 3,800	 28,505,000 35,731,400	 28,505,000 35,731,400
Abans PLC	Freehold Property at Gampaha Land Building	 17.52 P 833 sq.ft	 01 01	Cost method Value per perch of Land Value per sq.ft for Building	 3,850,000 4,358	 3,850,000 4,358	 67,452,000 3,630,000	 67,452,000 3,630,000
Abans PLC	Freehold Property at Kurunegala Land Building	 50 P 4,300 sq.ft	 01 01	Cost method Value per perch of Land Value per sq.ft for Building	 2,403,000 829	 2,403,000 829	 120,150,000 3,564,000	 120,150,000 3,564,000
Abans PLC	Freehold Property at Rajagiriya Land Building	 22 P 3,687 sq.ft	 01 01	Cost method Value per perch of Land Value per sq.ft for Building	 3,000,000 1,800	 3,000,000 1,800	 66,000,000 6,636,600	 66,000,000 6,636,600
Abans PLC	Freehold Property at Rathmalana Land Building	 15.00 P 3,157 sq.ft	 01 01	Cost method Value per perch of Land Value per sq.ft for Building	 1,250,000 3,800	 1,250,000 3,800	 18,750,000 11,996,600	 18,750,000 11,996,600
Abans PLC	Freehold Property at Rathmalana Land Building	 17.1 P 3,690 sq.ft	 01 01	Cost method Value per perch of Land Value per sq.ft for Building	 1,250,000 3,600	 1,250,000 3,600	 21,375,000 13,284,000	 21,375,000 13,284,000
Abans PLC	Freehold Property at Nawala Road, Nugegoda Land Building	 17.45 P 4,925 sq.ft	 01 01	Cost method Value per perch of Land Value per sq.ft for Building	 6,562,321 6,600	 6,562,321 6,600	 114,512,500 32,505,000	 114,512,500 32,505,000
Abans PLC	Freehold Property at Jaffna Land Building	 32.04 P 11,400 sq.ft	 01 01	Cost method Value per perch of Land Value per sq.ft for Building	 865,137 9,448	 N/A N/A	 27,719,000 107,704,236	 N/A N/A
Abans PLC	Freehold Property at Wellawaththa Land	 12.86 P	 01	Cost method Value per perch of Land	 5,652,916	 N/A	 72,696,500	 N/A
Abans PLC	Freehold Property at Galle Land Building	 13.24 P 12,365 sq.ft	 01 01	Cost method Value per perch of Land Value per sq.ft for Building	 3,400,000 4,081	 N/A N/A	 45,016,000 50,461,000	 N/A N/A
Abans Finance PLC	Freehold land at Awissawella Road, Galwana,Mulleriyawa Land	 71.50 P	 01	Market Comparable method Price per perch of Land	 1,648,846	 1,601,119	 117,892,500	 114,480,000
AB Manufacturing (Pvt) Ltd	Dodamgahahena watta, Arakagoda, Millaniya Land Building	 870.02 P 124,513 sq.ft	 02 03	 Value per perch of Land Value per sq.ft for Building	 230,374 6,555	 230,374 6,555	 200,430,000 816,145,500	 200,430,000 816,145,500

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March

9. **INVESTMENT PROPERTIES**

Group/Company

9.1 Carrying Amounts

	Balance As at 01 April 2023 LKR	Additions /Transfers LKR	Disposals/ Transfers LKR	Change in Fair Value during the year LKR	Balance As at 31 March 2024 LKR
Land	196,005,000	-	-	6,590,000	202,595,000
Buildings	13,895,000	-	-	510,000	14,405,000
	209,900,000	-	-	7,100,000	217,000,000

9.2 **Details of Investment Properties Fair Valuation**

2024 Locations	Valuation Technique	Land (P)	Building (sq.ft)	Range of Estimate for Unobservable Inputs		Value of Building	Value of Land	Total 31 March 2024
				Land	Building			
Investment Property at Rathmalana	Market Comparable method	14.9	5,162	1,550,000	2,790.59	14,405,000	23,095,000	37,500,000
Investment Property at Wellawaththa	Market Comparable method	25.65	-	6,998,051	-	-	179,500,000	179,500,000
						14,405,000	202,595,000	217,000,000

2023 Locations	Valuation Technique	Land (P)	Building (sq.ft)	Range of Estimate for Unobservable Inputs		Value of Building	Value of Land	Total 31 March 2023
				Land	Building			
Investment Property at Rathmalana	Market Comparable method	14.9	5,162	1,450,000	2,691.79	13,895,000	21,605,000	35,500,000
Investment Property at Wellawaththa	Market Comparable method	25.65	-	6,799,220	-	-	174,400,000	174,400,000
						13,895,000	196,005,000	209,900,000

Fair Value Hierarchy

The fair value of the Group's/Company's investment property are categorised into Level 3 of the fair value hierarchy.

9.3 The Valuation of group's investment properties were carried out by an Independent Valuer, Lochana I Silva, Chartered Valuation Surveyor as at 31 March 2024 & 31 March 2023 is a specialist in valuing these types of investment properties.

9.4 No direct operating expenses incurred for the investment properties at Wellawaththa and Rathmalana. Rental income earned from those investment properties are disclosed in Note 29.2

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March

10. LEASE RENTALS RECEIVABLE AND LOANS AND ADVANCES

10.1 Lease rentals Receivable

Group	Within One Year		1-5 Years		Over 5 years		Total	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Gross Receivable								
- Lease Rentals	5,994,299,290	7,058,366,527	4,165,511,232	4,956,478,808	-	247,801,310	10,159,810,522	12,262,646,645
- Amounts receivable from Hirers	20,644,899	2,711,452	1,534,559	4,773,607	-	15,993,027	22,179,458	23,478,086
	6,014,944,189	7,061,077,979	4,167,045,791	4,961,252,415	-	263,794,337	10,181,989,980	12,286,124,731
Less: Unearned Income	(1,652,466,187)	(3,634,286,160)	(898,665,326)	(97,666,568)	-	-	(2,551,131,513)	(3,731,952,728)
Net Investment	4,362,478,002	3,426,791,819	3,268,380,465	4,863,585,847	-	263,794,337	7,630,858,467	8,554,172,003
Less:								
- Allowances For Impairment Losses (Note 10.1.2)	(855,579,354)	(684,259,758)	-	(55,445,782)	-	(23,536,941)	(855,579,354)	(763,242,481)
- Suspended VAT	132,908	(3,446,174)	-		-	132,908		(3,446,174)
	3,507,031,556	2,739,085,887	3,268,380,465	4,808,140,065	-	240,257,396	6,775,412,021	7,787,483,348

*Lease & hirers receivables include receivables amounting to Rs. 1,713,924,034 (2023 - Rs.3,932,043,955/-) that have been Pledged for facilities obtained from Banks.

10.1.1 Analysis of Lease Rental Receivable & Stock Out on Hire on Maximum Exposure to credit Risk as at 31 March 2024

	Stage 01 LKR	Stage 02 LKR	Stage 03 LKR	Total LKR
Individually Impaired Lease Receivables			114,174,210	114,174,210
Lease Rental Receivable & Stock out of Hire subject to Collective Impairment	3,844,863,634	1,319,887,434	2,352,066,096	7,516,817,165
Allowances for Expected Credit Losses	(129,261,523)	(73,920,461)	(652,397,372)	(855,579,354)
	3,715,602,112	1,245,966,974	1,813,842,935	6,775,412,021

Analysis of Lease Rental Receivable & Stock Out on Hire on Maximum Exposure to credit Risk as at 31 March 2023

	Stage 01 LKR	Stage 02 LKR	Stage 03 LKR	Total LKR
Individually Impaired Lease Receivables			159,250,773	159,250,773
Lease Rental Receivable & Stock out of Hire subject to Collective Impairment	3,953,692,736	1,731,962,468	2,705,819,852	8,391,475,056
Allowances for Expected Credit Losses	(145,756,402)	(110,561,656)	(506,924,423)	(763,242,481)
	3,807,936,334	1,621,400,812	2,358,146,202	7,787,483,348

10. LEASE RENTALS RECEIVABLE AND LOANS AND ADVANCES (Contd…)

10.1 Lease rentals Receivable (Contd….)

10.1.2 Allowance for Impairment

	2024 LKR	2023 LKR
As at 01 April	763,242,481	758,414,244
Charge for the year	92,336,873	4,828,237
As at 31 March	855,579,354	763,242,481

10.1.3 Movement in Allowance for Expected Credit Loss (ECL) -2024

	Stage 01 LKR	Stage 02 LKR	Stage 03 LKR	Total LKR
Balance as at 01 April 2023	145,756,402	110,561,656	506,924,423	763,242,481
Charge/(Reversal) to Income Statement	(16,494,879)	(36,641,195)	145,472,947	92,336,873
Balance as at 31 March 2024	129,261,523	73,920,461	652,397,370	855,579,354

Movement in Allowance for Expected Credit Loss (ECL) -2023

	Stage 01 LKR	Stage 02 LKR	Stage 03 LKR	Total LKR
Balance as at 01 April 2022	165,265,568	133,221,017	459,927,659	758,414,244
Charge/(Reversal) to Income Statement	(19,509,166)	(22,659,361)	46,996,764	4,828,237
Balance as at 31 March 2023	145,756,402	110,561,656	506,924,423	763,242,481

10.2 Loans and Advances

Group	Within One Year		Over One Year		Total	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Loans and Advances	934,115,342	745,525,361	321,354,189	544,049,210	1,255,469,531	1,289,574,571
Less : Allowance for Impairment Losses (Note 10.2.1)	(302,779,026)	(193,901,899)	(79,858,998)	(141,500,451)	(382,638,024)	(335,402,350)
	631,336,316	551,623,462	241,495,191	402,548,759	872,831,507	954,172,221

10.2.1 Analysis of Loans and Advances on Maximum Exposure to credit Risk as at 31 March 2024

	Stage 01 LKR	Stage 02 LKR	Stage 03 LKR	Total LKR
Individually Impaired Loans and Advances	-	-	342,468,716	342,468,716
Loans and Advances subject to Collective Impairment	596,583,263	133,801,467	182,616,085	913,000,814
Allowances for Expected Credit Losses	(17,768,343)	(14,604,523)	(350,265,158)	(382,638,024)
	578,814,919	119,196,944	174,819,643	872,831,507

Analysis of Loans and Advances on Maximum Exposure to credit Risk as at 31 March 2023

	Stage 01 LKR	Stage 02 LKR	Stage 03 LKR	Total LKR
Individually Impaired Loans and Advances	-	-	378,870,782	378,870,782
Loans and Advances subject to Collective Impairment	536,892,189	103,272,315	270,539,284	910,703,788
Allowances for Expected Credit Losses	(11,667,792)	(10,907,395)	(312,827,163)	(335,402,350)
	525,224,398	92,364,920	336,582,903	954,172,221

10. LEASE RENTALS RECEIVABLE AND LOANS AND ADVANCES (Contd…)

10.2.2 Allowance for Impairment

	2024 LKR	2023 LKR
As at 01 April	335,402,350	352,944,644
Charge for the year	47,235,674	(17,542,294)
As at 31 March	382,638,024	335,402,350
Individual Impairment	293,491,679	249,864,946
Collective Impairment	89,146,344	85,537,403
	382,638,024	335,402,350

Movement in Allowance for Expected Credit Loss (ECL) -2024	Stage 01 LKR	Stage 02 LKR	Stage 03 LKR	Total LKR
Balance as at 01 April 2023	11,667,792	10,907,395	312,827,163	335,402,350
Charge/(Reversal) to Income Statement	6,100,552	3,697,128	37,437,995	47,235,674
Balance as at 31 March 2024	17,768,343	14,604,523	350,265,158	382,638,024

Movement in Allowance for Expected Credit Loss (ECL) -2023	Stage 01 LKR	Stage 02 LKR	Stage 03 LKR	Total LKR
Balance as at 01 April 2022	36,097,920	15,282,194	301,528,527	352,908,642
Charge/(Reversal) to Income Statement	(24,430,128)	(4,374,799)	11,298,636	(17,506,292)
Balance as at 31 March 2023	11,667,792	10,907,395	312,827,163	335,402,350

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March

11. **INTANGIBLE ASSETS**

11.1 This includes only locally purchased software where it is estimated that these software will bring economic benefits to the Company over period of 4 years, and is being amortized over a period of 4 years.

	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
As at 01 April	23,591,848	29,589,336	464,893	1,638,573
Acquired during the year	258,517,139	1,180,375	251,760,585	-
Charge for the year	(9,740,874)	(7,177,863)	(3,541,994)	(1,173,680)
As at 31 March	272,368,113	23,591,848	248,683,484	464,893

11.2 Intangible Assets	Useful Life	Type
HRIS	4 years	Acquired
Mobile App	4 years	Acquired
Backup Application	4 years	Acquired
Hsenid License	4 years	Acquired
SAP ERP System	4 years	Acquired

Impairment testing is done when indicators of impairment exists. The amortisation method is reviewed at each financial year end.

12. **INVESTMENTS IN SUBSIDIARIES**

	Effect Holding - %		Number of Shares		Cost	
12.1 Quoted Cost	2024	2023	2024	2023	2024 LKR	2023 LKR
Abans Finance PLC	50.22	50.22	37,010,472	37,010,472	472,008,992	472,008,992
			37,010,472	37,010,472	472,008,992	472,008,992
12.2 Non-Quoted						
AB Manufacturing (Pvt) Ltd	100.00	100.00	50,000,001	10,000,001	500,000,010	100,000,010
A.B. Sun City (Pvt) Ltd.	100.00	100.00	378,299,950	275,168,000	3,782,999,500	2,751,680,000
S A Electricals (Pvt) Ltd	100.00	N/A	400,000	-	30,000,000	-
			428,699,951	285,168,001	4,312,999,510	2,851,680,010
Total Carrying Value of Investments in Subsidiaries			465,710,423	322,178,473	4,785,008,502	3,323,689,002

12.3 Market Value	Market Valuation 2024 LKR	Market Valuation 2023 LKR
Abans Finance PLC	777,219,912	866,045,045
	777,219,912	866,045,045

*Abans Finance PLC was Listed in Colombo Stock Exchange in June 2011

12.4 Investment in Subsidiary - Abans Finance PLC

The Group has 50.22.% (2023 - 50.22%) interest in Abans Finance PLC, which provides a comprehensive range of financial services encompassing Acceptance of Fixed Deposits, Maintenance of saving Deposits, Providing Finance Leases, Hire Purchase, Mortgage Loans, Personal Loans and Other Credit Facilities. The registered office of the Company is located at No.498, Galle Road, Colombo 03 and the principal place of business is situated at No. 456, R.A. De Mel Mawatha, Colombo 03.

12.4.1 **Abans Finance PLC Summarised Statement of Profit or Loss**	**2024 LKR**	**2023 LKR**
Revenue	2,846,417,517	2,845,374,412
Operating Expenses	(2,632,369,659)	(2,162,879,245)
Profit before tax for the Year	214,047,858	682,495,168
Taxes on Financial Services	(104,635,017)	(149,266,744)
Income Tax	(5,074,791)	(178,165,934)
Profit after Tax	104,338,050	355,062,490
Other Comprehensive Income		
Revaluation Gain from Land and Buildings Net	2,388,750	(7,725,972)
Actuarial Gain/(Loss) on Employee Benefits Liabilities Net	2,428,225	(2,175,834)
Other Comprehensive Income for the Year, Net of Tax	4,816,975	(9,901,806)
Total Other Comprehensive Income for the Year, Net of Tax	109,155,024	345,160,684

12.4.2 **Abans Finance PLC Summarised Statement of Financial Position**	**2024 LKR**	**2023 LKR**
Total Assets	11,010,320,936	11,188,660,241
Total Liabilities	(3,079,118,427)	(2,969,963,401)
Total Shareholders' Funds	7,931,202,509	8,218,696,840

12.4.3 **Summarised Statement of Cash Flows**		
Net Cash flow from operating activities	2,171,902,953	836,064,875
Net Cash flow from investing activities	(488,005,993)	203,342,189
Net Cash flow from financing activities	(1,241,192,855)	(790,504,399)
Net Increase/(Decrease) in Cash and Cash Equivalents	442,704,105	248,902,665

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Year ended 31 March

13. **INVESTMENT IN EQUITY ACCOUNTED INVESTEE**

13.1 Investment Details

Investor	Investee/Relationship	Holding - %		Cost		Market Valuation	
		2024	2023	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Abans PLC	Abans Electricals PLC -Associate	48.00%	48.00%	78,212,351	78,212,351	391,264,187	318,898,710
A.B. Sun City (Pvt) Ltd.	Colombo City Centre (Private) Limited - Associate	37.39%	34.27%	3,883,001,460	2,946,001,460	Not a Listed Company	

13.2 **Investment in an Associate - Abans Electrical PLC**

The Company has 48% (2023 - 48%) interest in Abans Electricals PLC, which is involved in the manufacturing and assembling household electrical and electronic appliances and providing repairs, maintenance and technical services of similar type of appliances. The principal places of business are situated at No. 126, Airport Road, Ratmalana, and No. 506/B, Galle Road, Colombo 06.

Abans Electricals PLC is a public quoted entity listed in Colombo Stock Exchange.

13.3 **Investment in an Associate -Colombo City Centre (Private) Limited**

The Group had a 37.39% interest in Colombo City Centre (Private) Limited, an Associate which carries out mix development project.
The group held the associate through Its Subsidiary, AB Sun City (Pvt) Ltd. The principle place of Business is situated at No.137, Sir James Pieris Mawatha, Colombo 02

13.4 The Group's interest in Abans Electricals PLC & Colombo City Centre (Private) Limited is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in Abans Electricals PLC & Colombo City Centre (Private) Limited;

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March

13. **INVESTMENT IN EQUITY ACCOUNTED INVESTEE (Contd...)**

Group	Colombo City Centre		Abans Electricals		Total	
	2024	2023	2024	2023	2024	2023
13.4.1 **Summarised Statement of Profit or Loss**	LKR	LKR	LKR	LKR	LKR	LKR
Revenue	3,062,708,499	2,525,740,011	6,123,805,633	5,235,168,922	9,186,514,132	7,760,908,932
Operating Expenses	11,071,547,526	(174,208,716)	(5,378,153,893)	(4,551,862,046)	5,693,393,633	(4,726,070,762)
Finance Cost	(1,203,719,474)	(127,981,733)	(144,759,233)	(498,416,053)	(1,348,478,707)	(626,397,786)
Profit before tax for the Year	1 2,930,536,551	2,223,549,562	600,892,507	184,890,823	13,531,429,058	2,408,440,384
Tax	(5,048,079,570)	-	(117,412,585)	(51,337,533)	(5,165,492,155)	(51,337,533)
Profit after Tax	7,882,456,981	2,223,549,562	483,479,922	133,553,289	8,365,936,903	2,357,102,851
Group's Share of Profit/(Loss) for the Year	2,947,532,696	762,082,719	232,070,363	64,105,579	3,179,603,059	826,188,298
Other Comprehensive Income						
Revaluation Gain from Land and Buildings Net	-	-	(22,605,542)	7,032,054	(22,605,542)	7,032,054
Actuarial Gains on Employee Benefits Liabilities Net	-	-	(4,129,436)	(16,184,876)	(4,129,436)	(16,184,876)
Total Other Comprehensive Income for the Year, Net of Tax	-	-	(26,734,977)	(9,152,822)	(26,734,977)	(9,152,822)
Group's Share of Comprehensive Income for the Year, Net of Tax	-	-	(12,832,789)	(4,393,354)	(12,832,789)	(4,393,354)
13.4.2 **Summarised Statement of Financial Position**						
Non Current Assets	33,417,342,304	18,599,559,568	1,362,039,541	1,916,752,983	34,779,381,845	20,516,312,551
Current Assets	2,468,867,015	852,325,199	3,841,523,726	2,968,033,924	6,310,390,741	3,820,359,123
Non Current Liabilities	(13,450,476,226)	(8,502,694,388)	(348,024,943)	(402,792,573)	(13,798,501,169)	(8,905,486,961)
Current Liabilities	(3,543,557,562)	(1,672,569,342)	(2,566,930,411)	(2,624,544,769)	(6,110,487,973)	(4,297,114,111)
Equity	18,892,175,531	9,276,621,037	2,288,607,914	1,857,449,566	21,180,783,445	11,134,070,603
Group's Carrying Amount of the Investment	7,064,460,385	3,179,927,689	1,098,548,012	891,575,782	8,163,008,397	4,071,503,471

Summarised Statement of Cash Flows	Colombo City Centre		Abans Electricals		Total	
	2024	2023	2024	2023	2024	2023
	LKR	LKR	LKR	LKR	LKR	LKR
Net Cash flow from operating activities	302,000,599	103,294,209	777,424,086	(552,655,913)	777,424,086	(449,361,704)
Net Cash flow from investing activities	(1,287,632,520)	(188,447,230)	133,181,715	69,565,558	133,181,715	(118,881,672)
Net Cash flow from financing activities	1,296,430,719	88,477,877	(615,255,478)	397,358,487	(615,255,478)	485,836,364
Net Increase/(Decrease) in Cash and Cash Equivalents	310,798,798	3,324,856	295,350,323	(85,731,867)	295,350,323	(82,407,011)

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Year ended 31 March

13.4.3 Equity Reconciliation

	Colombo City Centre		Abans Electricals		Total Invesment	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Carrying Value as at 01 April	3,179,927,689	-	891,575,782	844,128,901	4,071,503,471	844,128,901
Investment Made during the Year	937,000,000	2,417,844,970	-	-	937,000,000	2,417,844,970
Share of Profits/(Loss) Net of Tax	2,947,532,696	762,082,719	232,070,363	64,105,579	3,179,603,059	826,188,298
Revaluation Gain Net of Tax	-	-	(10,850,660)	3,375,386	(10,850,660)	3,375,386
Actuarial Gain /(Loss)	-	-	(1,982,129)	(7,768,740)	(1,982,129)	(7,768,740)
Dividend Received	-	-	(12,265,344)	(12,265,344)	(12,265,344)	(12,265,344)
Carrying Value as at 31 March	7,064,460,385	3,179,927,689	1,098,548,012	891,575,782	8,163,008,397	4,071,503,471

Share of results from investment in associates to recognize to the profit and Loss

Share of Profits/(Loss) Net of Tax	2,947,532,696	762,082,719	232,070,363	64,105,579	3,179,603,059	826,188,298
	2,947,532,696	762,082,719	232,070,363	64,105,579	3,179,603,059	826,188,298

13.5 Other Material Disclosures related to Equity Accounted Investees

13.5.1 Investment Properties - Colombo City Centre Partners (Pvt) Ltd

"As at 31 March 2024, Colombo City Centre Partners (Pvt) Ltd held following investment property accounted in line with the fair value model described in Note 2.3.12 to these financial statements. Valuation of the investment property was carried out by an Independent Valuer, H.A. Jayaratne, Chartered Valuer as at 31 March 2024 who is a specialist in valuing these types of investment properties.

The fair value of the investment property carried out below is categorised into Level 3 of the fair value hierarchy."

Description of Property	Location	Extent	Significant Unobservable Inputs Input	Range	2024 LKR Fair Value
Retail Shopping Mall	No.137, Sir James	224,853 Sq. ft.	Gross monthly rental per sq. ft.	Rs. 500/- to 750/-	21,039,375,780
	Pieris Mawatha,		Occupancy rate	85%	
	Colombo 02.		Estimated outgoing rate	30%	
			Yield	5.50%	

Following are the amounts recognised in the statement of profit or loss of the associate for the year ended 31 March 2024

	LKR
Fair Value Gain	14,562,751,868
Deferred Tax Charge on above	(4,368,825,560)
Impact to the Group's share of profits from the above Fair value gain (net of tax)	3,811,873,781

14. OTHER FINANCIAL ASSETS

	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Non-Current				
Measured at Fair Value through Other Comprehensive Income (14.2 & 14.4)	10,080,400	15,080,400	10,000,000	15,000,000
	10,080,400	15,080,400	10,000,000	15,000,000
Current				
"Measured at Fair Value Through Profit or Loss	4,277,557,039	133,944,535	3,685,708,163	125,331,200
Measured at Amortized Cost (Note 14.3)	2,423,679,742	1,565,673,459	716,171,920	628,986,164
	6,701,236,781	1,699,617,994	4,401,880,083	754,317,364

14.1 Financial assets measured at Fair Value Through Profit or Loss

	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Investment In Quoted Equity Shares				
Royal Ceramic Lanka PLC	373,200	331,200	373,200	331,200
Investment In Unit Trust				
NDB Wealth management Fund (14.1.1)	4,277,183,839	133,613,335	3,685,334,963	125,000,000
	4,277,557,039	133,944,535	3,685,708,163	125,331,200

14.1.1 Investment In Unit Trust Movement

	Group 2024 LKR	Company 2024 LKR
Opening Balance	133,613,335	125,000,000
Acquisition	9,009,236,541	8,426,001,000
Withdrawal	(5,171,235,541)	(5,140,000,000)
Fair Value Gain/(Loss)	305,569,504	274,333,963
Closing Balance	4,277,183,839	3,685,334,963

14.2 Measured at Fair Value through Other Comprehensive Income

Group **Investment in Ordinary Shares**	2024	2023	Carrying Value 2024 LKR	Carrying Value 2023 LKR
International Restaurant Systems (Pvt) Ltd.	500,000	500,000	5,000,000	5,000,000
Less : Impairment Provision	-	-	(5,000,000)	-
			-	5,000,000
Investment in Preference Shares				
Abans Investment (Pvt) Ltd.	1,000,000	1,000,000	10,000,000	10,000,000
AB Leisure (Pvt) Ltd.	500,000	500,000	5,000,000	5,000,000
Credit Information Bureau of Sri Lanka	1,000	1,000	80,400	80,400
Less : Impairment - AB Leisure (Pvt) Limited			(5,000,000)	(5,000,000)
			10,080,400	10,080,400
			10,080,400	15,080,400

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March

14. OTHER FINANCIAL ASSETS (Contd...)

14.3 Measured at Amortized Cost

	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Current				
Treasury Bills*	430,455,264	713,692,026	-	-
Fixed Deposits	1,993,224,478	851,981,433	716,171,920	628,986,164
	2,423,679,742	1,565,673,459	716,171,920	628,986,164
Total Measured at Amortized Cost	2,423,679,742	1,565,673,459	716,171,920	628,986,164

14.4 Measured at Fair Value through Other Comprehensive Income

	No. of Shares		Carrying Value 2024 LKR	Carrying Value 2023 LKR
Company	2024	2023		
Investment in Ordinary Shares				
International Restaurant Systems (Pvt) Ltd.	500,000	500,000	5,000,000	5,000,000
Less : Impairment Provision			(5,000,000)	-
			-	5,000,000
Investment in Preference Shares				
Abans Investment (Pvt) Ltd.	1,000,000	1,000,000	10,000,000	10,000,000
AB Leisure (Pvt) Ltd.	500,000	500,000	5,000,000	5,000,000
Less : Impairment - AB Leisure (Pvt) Limited			(5,000,000)	(5,000,000)
			10,000,000	10,000,000
			10,000,000	15,000,000

15. TRADE AND OTHER RECEIVABLES

15.1

		Group		Company	
Group		2024 LKR	2023 LKR	2024 LKR	2023 LKR
Trade Receivables	- Related Parties	660,898	2,057,142	660,898	2,057,142
	- Other	4,496,741,958	3,114,277,259	4,422,891,006	3,091,324,628
Less: Provision for Impairment		(425,030,962)	(441,898,906)	(425,030,962)	(441,898,906)
		4,072,371,894	2,674,435,495	3,998,520,942	2,651,482,864
Other Debtors	- Related Parties	1,490,884,667	1,477,457,564	1,727,591,020	1,764,384,544
	- Other	3,389,581,179	1,169,489,808	3,213,813,290	969,047,280
Less: Provision for Impairment		(681,871,521)	(726,301,321)	(631,629,559)	(658,474,103)
		8,270,966,219	4,595,081,546	8,308,295,693	4,726,440,585
Loans and Advances					
Staff Loans		78,518,703	108,854,520	14,582,306	8,435,321
		8,349,484,922	4,703,936,066	8,322,877,999	4,734,875,906
Advances and Prepayments		937,004,776	2,370,935,093	844,916,586	2,263,356,047
		9,286,489,698	7,074,871,159	9,167,794,585	6,998,231,953

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March

15. TRADE AND OTHER RECEIVABLES (Contd..)

15.2 Provision for Impairment

	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
At the Beginning of the Year	1,168,200,227	1,045,262,259	1,100,373,009	1,043,252,235
Write-off during the year	(260,437,661)	(22,894,967)	-	-
Provision Made During the Period	199,139,917	145,832,935	(43,712,488)	57,120,774
At the End of the Year	1,106,902,483	1,168,200,227	1,056,660,521	1,100,373,009

The Aging Details of Trade & Other Receivables are given on Note Number 25.4.1.

15.3 Analysis of Trade and Other Receivables on Maximum Exposure to credit Risk as at 31 March 2024

Group	Stage 01 LKR	Stage 02 LKR	Stage 03 LKR	Total LKR
Individually Impaired Trade Receivables	-	-	5,479,129,537	5,479,129,537
Trade Receivable Collective Impairment	3,235,972,340	414,562,747	248,204,078	3,898,739,165
Allowances for Expected Credit Losses	(81,906,147)	(143,048,527)	(881,947,809)	(1,106,902,483)
	3,154,066,193	271,514,220	4,845,385,806	8,270,966,219

Analysis of Trade and Other Receivables on Maximum Exposure to credit Risk as at 31 March 2023

Group	Stage 01 LKR	Stage 02 LKR	Stage 03 LKR	Total LKR
Individually Impaired Trade Receivables	-	-	3,133,188,699	3,133,188,699
Trade Receivable Collective Impairment	2,185,838,564	264,060,444	180,194,066	2,630,093,074
Allowances for Expected Credit Losses	(97,726,474)	(95,016,484)	(975,457,269)	(1,168,200,227)
	2,088,112,090	169,043,960	2,337,925,496	4,595,081,546

15.4 Analysis of Trade and Other Receivables on Maximum Exposure to credit Risk as at 31 March 2024

Company	Stage 01 LKR	Stage 02 LKR	Stage 03 LKR	Total LKR
Individually Impaired Trade Receivables	-	-	5,466,217,049	5,466,217,049
Trade Receivable Collective Impairment	3,235,972,340	414,562,747	248,204,078	3,898,739,165
Allowances for Expected Credit Losses	(81,906,147)	(143,048,527)	(831,705,847)	(1,056,660,521)
	3,154,066,193	271,514,220	4,882,715,280	8,308,295,693

Analysis of Trade and Other Receivables on Maximum Exposure to credit Risk as at 31 March 2023

Company	Stage 01 LKR	Stage 02 LKR	Stage 03 LKR	Total LKR
Individually Impaired Trade Receivables	-	-	3,196,720,520	3,196,720,520
Trade Receivable Collective Impairment	2,185,838,564	264,060,444	180,194,066	2,630,093,074
Allowances for Expected Credit Losses	(97,726,474)	(95,016,484)	(907,630,051)	(1,100,373,009)
	2,088,112,090	169,043,960	2,469,284,535	4,726,440,585

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March

15.5 Terms & Conditions of Related Party Balances

Terms and Conditions of the outstanding balances of related party receivables stated in Note 15.1 are as follows

Type of Related party Balance	Terms and conditions of the related party transaction
Trade Receivables - Related Party	- Settlement on demand
Other Receivables - Related Party	- Settlement on demand

16. INVENTORIES

	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Trading Stock	9,335,404,278	12,314,456,857	9,264,307,636	11,956,052,473
Work in Progress	1,105,475,066	453,464,851	253,709,451	453,464,851
Real Estate Stock	40,273,387	38,468,202	-	-
Less: Provision for Slow Moving Inventory (Note 16.1)	(722,155,731)	(879,085,119)	(712,081,798)	(873,865,628)
Total Inventories at the Lower of Cost and Net Realizable Value	9,758,997,000	11,927,304,791	8,805,935,289	11,535,651,696

16.1 Provision for Slow Moving Inventory

	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
At the Beginning of the Year	879,085,119	318,559,817	873,865,628	318,559,817
Charge / (Reversal) for the year	(156,929,388)	560,525,302	(161,783,830)	555,305,811
At the End of the Year	722,155,731	879,085,119	712,081,798	873,865,628

17. SECURITIES PURCHASED UNDER REPURCHASE AGREEMENT

Group	2024 LKR	2023 LKR
Repurchased Agreements -REPO	315,294,233	271,331,939
	315,294,233	271,331,939

18. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
18.1 Favorable Cash and Short Term Deposits				
Cash and Bank Balances	1,552,519,555	1,401,635,274	1,376,221,704	1,013,807,265
	1,552,519,555	1,401,635,274	1,376,221,704	1,013,807,265
18.2 Unfavorable Cash and Short Term Deposits				
Bank Overdraft (Note 21.1)	(216,886,990)	(55,541,119)	(34,478,681)	(41,616,592)
Total Cash and Short Term Deposits For the purpose of Cash flow Statement	1,335,632,565	1,346,094,155	1,341,743,023	972,190,673

19. STATED CAPITAL

	2024		2023	
	No of Shares	LKR	No of Shares	LKR
Ordinary Shares *	2,221,304,615	500,869,225	2,221,304,615	500,869,225
	2,221,304,615	500,869,225	2,221,304,615	500,869,225

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March

19.1 Rights Preference and restrictions of Classes of Capital

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

**The holders of non-voting ordinary shares are entitled to receive dividends as declared from time to time on the discretion of the directors. The holders of these shares are not entitled to vote at a meeting of the Company.

20. OTHER COMPONENTS OF EQUITY	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Revaluation Reserve (Note 20.1)	725,716,125	724,516,495	463,417,223	463,417,223
Other Reserves (Note 20.2)	780,629,932	1,050,829,372	-	-
	1,506,346,057	1,775,345,867	463,417,223	463,417,223

20.1 Revaluation Reserve	2024 LKR	2023 LKR	2024 LKR	2023 LKR
On: Land and Buildings				
Balance as at the Beginning of the Year	724,516,495	709,764,040	463,417,223	464,612,254
Increase in Revaluation Reserve Net of Tax	1,199,630	14,752,455	-	(1,195,031)
Balance as at the End of the Year	725,716,125	724,516,495	463,417,223	463,417,223

20.2 Other Reserves	2024 LKR	2023 LKR	2024 LKR	2023 LKR
20.2.1 Statutory Reserve				
Balance as at the Beginning of the Year	294,922,322	277,169,197	-	-
Transfer to Statutory Reserve Fund	5,216,903	17,753,125	-	-
Balance as at the End of the Year	300,139,225	294,922,322	-	-
20.2.2 Regulatory Risk Allowance Reserve				
Balance as at the Beginning of the Year	755,907,050	-	-	-
Transfer to Reserve Fund /(To Retained Earnings)	(275,416,343)	755,907,050	-	-
Balance as at the End of the Year	480,490,707	755,907,050	-	-
Total Other Reserves	**780,629,932**	**1,050,829,372**	**-**	**-**

The statutory reserve fund is maintained as required by Finance Companies (Capital Funds) Direction No.1 of 2003 issued by Central Bank of Sri Lanka. As per the said Direction, every Registered Finance Company shall maintain a reserve fund, out of the net profit for each year after provisions for taxation and bad and doubtful debts. Accordingly 5% of the net profit for the year transferred to Reserve Fund as required by Section 3(b) ii of the said Direction.

Regulatory Risk Allowance Reserve

In terms of the section 7.0 on Classification and Measurement of Credit Facilities Direction No. 01 of 2020, ensure the following.

Section 7.1.3

Where the loss allowances for expected credit loss falls below the regulatory provisions (i.e., provision and accrued interest in NPL), Company shall maintain the additional loss allowance in a non-distributable regulatory loss allowance reserve (RLRA) through an appropriation of its retained earnings. The additional loss allowance shall be maintained in the RLAR at all times. When loss allowance for expected credit losses exceeds the regulatory provision, the Company may transfer the excess amount in the RLAR to its retained earnings. Company has provided the difference of regulatory provision and impairment provision as per SLFRS 09, Rs.480,490,707 as of 31.03.2024.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March

21. INTEREST BEARING BORROWINGS

21.1 Group

	Amount Repayable Within 1 Year LKR	Amount Repayable After 1 Year LKR	2024 Total LKR	Amount Repayable Within 1 Year LKR	Amount Repayable After 1 Year LKR	2023 Total LKR
Import Financing Loans	6,349,794,621	-	6,349,794,621	2,782,311,446	-	2,782,311,446
Bank Loans	5,867,750,092	731,133,346	6,598,883,438	4,911,938,594	1,558,166,654	6,470,105,248
Bank Overdrafts (Note 18.2)	216,886,990	-	216,886,990	55,541,119	-	55,541,119
Commercial Papers	109,083,768	-	109,083,768	25,184,272	-	25,184,272
Debentures - Listed - Unsecured	258,797,919	-	258,797,919	8,877,987	250,000,000	258,877,987
Securitization	560,647,328	54,379,812	615,027,140	1,684,285,320	268,738,095	1,953,023,415
	13,362,960,718	785,513,158	14,148,473,876	9,468,138,738	2,076,904,749	11,545,043,487

21.1.1 Changes in Interest Bearing Borrowings - Current Year

	As at 01 April 2023 LKR	Obtained during the year LKR	Repayments during the year LKR	Accrued Interest LKR	As at 31 March 2024 LKR
Import Financing Loans	2,782,311,446	14,259,185,923	(10,705,307,922)	13,605,174	6,349,794,621
Bank Loans	6,470,105,248	21,801,450,210	(21,679,332,384)	6,660,365	6,598,883,439
Commercial Papers	25,184,272	83,246,843	(2,623,694)	3,276,347	109,083,768
Debentures - Listed - Unsecured	258,877,987	-	(70,179,733)	70,099,665	258,797,919
Securitization	1,953,023,415	225,000,000	(1,843,698,583)	280,702,307	615,027,139
	11,489,502,368	36,368,882,976	(34,301,142,316)	374,343,858	13,931,586,886

Changes in Interest Bearing Borrowings - last Year

	Re-Presented As at 01 Apr 2022 LKR	Obtained during the year LKR	Repayments during the year LKR	Accrued Interest LKR	As at 31 Mar 2023 LKR
Import Financing Loans	1,415,300,213	11,618,146,003	(10,272,644,131)	21,509,361	2,782,311,446
Bank Loans	4,091,297,692	7,696,643,506	(5,362,466,538)	44,630,588	6,470,105,248
Commercial Papers	450,158,603	496,096,637	(923,155,110)	2,084,142	25,184,272
Debentures - Listed - Unsecured	258,932,670	-	(31,250,000)	31,195,317	258,877,987
Securitization	2,161,315,277	1,235,052,514	(1,853,241,263)	409,896,887	1,953,023,415
	8,377,004,455	21,045,938,660	(18,442,757,042)	509,316,295	11,489,502,368

21. INTEREST BEARING BORROWINGS

21.2 Company

	Amount Repayable Within 1 Year LKR	Amount Repayable After 1 Year LKR	2024 Total LKR	Amount Repayable Within 1 Year LKR	Amount Repayable After 1 Year LKR	2023 Total LKR
Import Financing Loans	5,605,868,268	-	5,605,868,268	2,782,311,446	-	2,782,311,446
Bank Loans	4,899,652,637	245,333,346	5,144,985,983	4,101,005,742	858,166,654	4,959,172,396
Bank Overdrafts (Note 18.2)	34,478,681	-	34,478,681	41,616,592	-	41,616,592
Commercial Papers	109,083,768	-	109,083,768	25,184,272	-	-
Debentures - Listed - Unsecured	258,797,919	-	258,797,919	8,877,987	250,000,000	258,877,987
	10,907,881,273	245,333,346	11,153,214,619	6,958,996,039	1,108,166,654	8,067,162,693

21. INTEREST BEARING BORROWINGS (Contd…)

21.2.1 Changes in Interest Bearing Borrowings - Current Year

	As at 01 April 2023 LKR	Obtained during the year LKR	Repayments during the year LKR	Accrued Interest LKR	As at 31 March 2024 LKR
Import Financing Loans	2,782,311,446	13,565,259,569	(10,755,307,921)	13,605,174	5,605,868,268
Bank Loans	4,959,172,396	19,874,950,210	(19,695,796,988)	6,660,365	5,144,985,983
Commercial Papers	25,184,272	83,246,843	(2,623,694)	3,276,347	109,083,768
Debentures - Listed - Unsecured	258,877,987		(70,179,733)	70,099,665	258,797,919
	8,025,546,101	33,523,456,622	(30,523,908,336)	93,641,551	11,118,735,938

Changes in Interest Bearing Borrowings - Last Year

	As at 01 Apr 2022 LKR	Obtained during the year LKR	Repayments during the year LKR	Accrued Interest LKR	As at 31 Mar 2023 LKR
Import Financing Loans	1,415,300,213	11,618,146,003	(10,272,644,131)	21,509,361	2,782,311,446
Bank Loans	3,205,181,082	6,950,710,655	(5,228,366,719)	31,647,378	4,959,172,396
Commercial Papers	59,366,789	496,096,637	(532,363,296)	2,084,142	25,184,272
Debentures - Listed - Unsecured	258,932,670	-	(31,250,000)	31,195,317	258,877,987
	4,938,780,754	19,064,953,295	(16,064,624,146)	86,436,198	8,025,546,101

21.3 Company Security and repayment terms -Import Finance Loans & Bank Loans

	Loan Outstanding	Tenor	Interest Rate	Collateral
Abans PLC				
Import Financing Loans	5,605,868,268	3-9 Months	AWPLR+0.5% - AWPLR+1%	Book debt and promissory notes
Term Loan -Sampath Bank PLC	263,000,000	2 Years	AWPLR+1.25%	Loan Agreement
Term Loan -NTB PLC	290,152,067	10 Months	AWPLR+0.85%	Stocks & Book Debt
Term Loan-BOC PLC	33,333,312	4 Months	Fixed	No Collateral
Term Loan-HNB PLC	278,500,000	3 Years	AWPLR+0.75%	Term Loan Agreement
Short Term Loan - BOC PLC	700,000,000	1 Month	Fixed Rate - 11%	Book Debt
Short Term Loan -NTB PLC	300,000,000	6 Months	AWPLR - 11.59%	Stocks
Short Term Loan -SAM	1,150,000,000	6 Months	Fixed Rate - 11.25%	Stl Agreement
Short Term Loan -Seylan bank PLC	1,690,000,000	3-5 Months	Money Market Rate- 11.50%	Mortgage Over Stocks
Short Term Loan -SBI PLC	440,000,000	6 Months	Fixed Rate - 10.25%	Mortgage Over Stock In Trade / Mortgage Over Land And Building
Commercial Papers	109,083,768	3-12 Month	12% - 25%	No Collateral
Abans Finance PLC				
Securitization	615,027,139	16-20 Month	12%	Lease Portfolio
AB Manufacturing (Pvt)Ltd				
Bank Loans - NDB PLC	1,094,705,697	3-60 Month	AWPLR+1.25%	Stocks and Book Debtors, Land & Building
Bank Loans - Commercial Bank PLC	216,328,055	3 Month	AWPLR+0.5%	Stocks and Book Debtors
Bank Loans - Sampath Bank PLC	286,872,538	3 Month	AWPLR+1%	Stocks & Book Debts
Bank Loans - Seylan Bank PLC	227,733,614	3 Month	AWPLR+0.5%	Book Debts
Bank Loans - HNB PLC	372,183,905	3 Month	AWPLR+0.5%	Stocks & Book Debts

21.4 **Debentures**

Senior Listed Rated Unsecured Redeemable

Year of Issue	Face Value	Term	Issue Date	Maturity Date	Interest Rate	2024 LKR	2023 LKR
2019	250,000,000	5 Years	12/19/2019	12/19/2024	12.50%	258,797,919	258,877,987

* The purpose of the Debenture issue was to Restructure the Capital of the Company and this was fully completed .

22. WARRANTY PROVISION

	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Balance as at the beginning of the Year	275,690,667	442,234,057	275,690,668	442,234,058
Provision for the Year	587,591,730	115,105,900	587,591,730	115,105,900
Utilised during the Year	(520,878,575)	(281,649,290)	(520,878,575)	(281,649,290)
Balance as at the end of the Year	342,403,822	275,690,667	342,403,823	275,690,668

23. EMPLOYEE BENEFITS LIABILITIES

	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
23.1 Employee Benefits Liability				
Balance as at 01 April	346,939,447	332,163,593	299,251,718	304,562,980
Provision for the Year	103,290,105	81,371,558	87,787,419	70,909,920
Net Actuarial (Gain)/Loss	(6,525,315)	(32,390,226)	(3,948,497)	(33,047,399)
Benefit Paid	(51,844,514)	(43,691,792)	(45,624,514)	(40,794,643)
Transferred from/(to) Intercompany (Note 23.6)	(1,184,214)	9,486,314	(1,184,214)	(2,379,140)
Balance as at 31 March	390,675,509	346,939,447	336,281,912	299,251,718
23.2 Expense on Benefits Plan				
Current Service Cost	33,989,256	34,045,165	25,193,242	27,697,631
Interest Cost on Benefit Obligation	69,300,849	47,326,393	62,594,177	43,212,289
Discontinued Operation	-	-	-	-
The Total Amount Charged to Statement of Profit or Loss	103,290,105	81,371,558	87,787,419	70,909,920
Actuarial (Gain)/Loss	(6,525,315)	(32,390,226)	(3,948,497)	(33,047,399)
Discontinued Operation	-	-	-	-
Other Comprehensive Income charge	(6,525,315)	(32,390,226)	(3,948,497)	(33,047,399)

23.3 Actuarial & Management Consultants (Private) Limited Carried out an Actuarial Valuation of the Employed Benefit Plan - Gratuity on 31 March 2024. Appropriable and Compatible Assumptions were used in determining the cost of Retirement Benefit. The Principle Assumptions used as at 31 March 2024 are as Follows,

	Group		Company	
Method of Actuarial Valuation	**2024 Projected Unit Credit (PUC)**	**2023 Projected Unit Credit (PUC)**	**2024 Projected Unit Credit (PUC)**	**2023 Projected Unit Credit (PUC)**
Financial Assumption				
Discount Rate	12%	18% - 21%	12%	21%
Salary Increment Rate	10% - 12%	15% - 16%	10%	16%
23.4 Other Inputs Used In the Estimation of retirement benefit liability				
Staff Turnover Rate	10% - 23%	20%	23%	20%
Retirement Age - Female	60 Years	60 Years	60 Years	60 Years
- Male	60 Years	60 Years	60 Years	60 Years

23.5 **Sensitivity of Assumptions Employed in Actuarial Valuation**

The following table demonstrates the sensitivity to a possible change in key assumptions employed with all other variables held constant in the Employee Benefit Liability Measurement

	2024		2023	
	Increase 1%	**Decrease 1%**	**Increase 1%**	**Decrease 1%**
Group				
Discount rate	376,799,132	405,148,032	324,271,666	358,142,670
Salary Increment Rate	407,421,829	374,974,318	359,885,732	334,382,992
Company				
Discount rate	325,584,914	347,191,461	290,236,383	308,892,649
Salary Increment Rate	349,191,461	324,056,107	310,365,966	288,717,782

23.6 Maturity profile of defined benefit liabilities	Group		Company	
	2024	**2023**	**2024**	**2023**
23.6.1 Weighted average future working life time	3.7 - 7.67	4.45 - 7.90	3.7	4.45

23.6.2 Maturity analysis of defined benefit payments	Group		Company	
	2024 LKR	**2023 LKR**	**2024 LKR**	**2023 LKR**
Within the next 12 month	88,971,869	71,480,798	82,932,235	66,019,752
Between 1-2 Year	119,401,385	101,518,369	102,080,399	99,465,053
Between 3-5 Years	75,966,909	84,356,811	72,602,277	68,359,341
Between 6-10 Years	79,526,097	65,426,616	65,664,294	51,832,288
Beyond 10 Years	26,809,249	23,810,358	13,002,707	13,575,289
	390,675,509	346,939,447	336,281,912	299,251,718

23.7 **Employee Benefits Liability Transferred from/(to) Related Parties**

	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Abans Auto (Private) Limited	-	585,498	-	585,498
Abans Engineering (Pvt) Ltd	(899,012)	-	(899,012)	-
Colombo City Centre Partners (Private) Limited	(248,182)	-	(248,182)	-
Sirus Technologies Services (Pvt) Ltd	-	(96,659)	-	(96,659)
Crown City Developers (Pvt) Ltd	(37,020)	(1,417,733)	(37,020)	(1,417,733)
Abans Electrical PLC	-	10,415,208	-	(1,450,246)
	(1,184,214)	9,486,314	(1,184,214)	(2,379,140)

24. **TRADE AND OTHER PAYABLES**

24.1 **Group**

		Group		Company	
		2024 LKR	2023 LKR	2024 LKR	2023 LKR
Trade Payable	- Related Parties	758,200,238	1,059,937,478	506,770,391	395,532,967
	- Other	8,318,067,052	5,575,477,305	1,458,893,601	162,157,756
Other Payable	- Related Parties	323,109,317	241,811,264	114,051,010	170,143,894
	- Other	860,460,754	398,190,392	770,190,449	367,754,070
		10,259,837,361	7,275,416,439	2,849,905,451	1,095,588,687
Advances and Deposits		912,229,143	679,357,494	912,229,143	679,357,494
		11,172,066,504	7,954,773,933	3,762,134,594	1,774,946,181
Sundry Creditors Including Accrued Expenses		1,650,947,362	2,365,882,979	1,390,089,576	1,937,450,351
		12,823,013,866	10,320,656,912	5,152,224,170	3,712,396,532

24.2 **Terms & Conditions of Related Party Balances**

Terms and Conditions of the outstanding balances of related party payables stated in Note 24.1 & 24.2 are as follows

Type of Related party Balance	**Terms and conditions of the related party transaction**
Trade Payables - Related Party	- Settlement on demand
Other Payables - Related Party	- Settlement on demand

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March

25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - OBJECTIVE AND POLICIES

25.1 Financial Assets and Liabilities by Categories

Group

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 09.

Financial Assets by Categories

	Notes	At Amortized Cost		Measured at Fair Value Through Profit or Loss		Measured at Fair Value Through Other Comprehensive Income	
		2024 LKR	2023 LKR	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Financial instruments in non-current assets							
Other Financial Assets	14	-	-	-	-	10,080,400	15,080,400
Lease Rentals Receivable	10.1	3,268,380,465	5,048,397,461	-	-	-	-
Loans and Advances	10.2	241,495,191	402,548,759	-	-	-	-
Financial instruments in current assets							
Lease Rentals Receivable	10.1	3,507,031,556	2,739,085,887	-	-	-	-
Loans and Advances	10.2	631,336,316	551,623,462	-	-	-	-
Trade and Other Receivables Excluding Pre-payments	15.1	8,349,484,922	4,703,936,066	-	-	-	-
Other Financial Assets	14	2,423,679,742	1,565,673,459	4,277,557,039		133,944,535	-
Cash and Short-Term Deposits	18.1	1,552,519,555	1,401,635,274	-	-	-	-
Securities Purchased under Repurchase Agreement	17	315,294,233	271,331,939	-	-	-	-
Total		20,289,221,980	16,684,232,307	4,277,557,039	133,944,535	10,080,400	15,080,400

Financial Liabilities by Categories

	Notes	Financial Liabilities Measured at Fair Value		Financial Liabilities Measured at Amortized Cost	
		2024 LKR	2023 LKR	2024 LKR	2023 LKR
Financial instruments in non-current liabilities					
Interest Bearing Borrowings	21.1	-	-	785,513,158	2,076,904,749
Financial instruments in current liabilities					
Interest Bearing Borrowings	21.1	-	-	13,362,960,718	9,468,138,738
Trade and Other Payables	24.1	-	-	12,823,013,866	1 0,320,656,912
Total		-	-	26,971,487,742	21,865,700,399

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March

25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - OBJECTIVE AND POLICIES (Contd…)

25.1 Financial Assets and Liabilities by Categories (Contd...)

Company

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 09.

Financial Assets by Categories	**Notes**	**At Amortized Cost**		**Measured at Fair Value Through Profit or Loss**		**Measured at Fair Value Through Other Comprehensive Income**	
		2024 LKR	**2023 LKR**	**2024 LKR**	**2023 LKR**	**2024 LKR**	**2023 LKR**
Financial instruments in non-current assets							
Other Financial Assets	14.	-	-	-	-	10,000,000	15,000,000
Financial instruments in current assets							
Trade and Other Receivables Excluding Pre-payments	15.1	8,322,877,999	4,734,875,906	-	-	-	-
Other Financial Assets	14.	716,171,920	628,986,164	3,685,708,163	125,331,200		-
Cash and Short-Term Deposits	18.1	1,376,221,704	1,013,807,265	-	-		-
Total		10,415,271,623	6,377,669,335	3,685,708,163	125,331,200	10,000,000	15,000,000

Financial Liabilities by Categories	**Notes**	**Financial Liabilities Measured at Fair Value**		**Financial Liabilities Measured at Amortized Cost**	
		2024 LKR	**2023 LKR**	**2024 LKR**	**2023 LKR**
Financial instruments in non-current liabilities					
Interest Bearing Borrowings	21.2	-	-	245,333,346	1,108,166,654
Financial instruments in current liabilities					
Trade and Other Payables	24.2	-	-	5,152,224,170	3,712,396,532
Interest Bearing Borrowings	21.2	-	-	10,907,881,273	6,958,996,039
Total		-	-	16,305,438,789	11,779,559,225

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March

25. **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - OBJECTIVE AND POLICIES (Contd…)**

25.2 **Fair Value Hierarchy**

The Group/Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

The following tables sets out the group's and Company's asset and liabilities that are measured and recognised at fair value as at 31 March 2024.

Financial Assets - Group	**Level 1 LKR**	**Level 2 LKR**	**Level 3 LKR**	**Total LKR**
Recurring Fair Value Measurements				
Financial Assets:				
Measured at Fair Value Through Profit or Loss	373,200	4,277,183,839	-	4,277,557,039
Measured at Fair Value Through Other Comprehensive Income	-	-	10,080,400	10,080,400
Total Recurring Financial Assets	373,200	4,277,183,839	10,080,400	4,287,637,439
Non-Financial Assets:				
Land and Buildings	-	-	2,217,975,398	2,217,975,398
Investment Properties			217,000,000	217,000,000
Total Recurring Non-Financial Assets	-	-	2,434,975,398	2,434,975,398

Financial Assets - Company	**Level 1 LKR**	**Level 2 LKR**	**Level 3 LKR**	**Total LKR**
Recurring Fair Value Measurements				
Financial Assets:				
Measured at Fair Value Through Profit or Loss	373,200	3,685,334,963	-	3,685,708,163
Measured at Fair Value Through Other Comprehensive Income	-	-	10,000,000	10,000,000
Total Recurring Financial Assets	373,200	3,685,334,963	10,000,000	3,695,708,163
Non-Financial Assets:				
Land and Buildings	-	-	1,036,240,412	1,036,240,412
Investment Properties	-	-	217,000,000	217,000,000
Total Recurring Non-Financial Assets	-	-	1,253,240,412	1,253,240,412

The Group/Company does not have any financial liability which is carried at fair value in the statement of financial position. During the reporting period ended 31 March 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements. The group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

Item and Valuation Approach	Key Comparable Data	Relationship Between Comparable
Unlisted Equity Securities Fair value is determined by Net Assets basis	Market value of assets, recoverable value of trade & other receivable, book value of liability	The Company's Adjusted Net Assets Value (ANAV) less than cost of investment immediately recognise as an impairment to the investment
Land and Buildings Fair value is determined by Cost Method	The valuations carried out on replacement cost method are based on two components: the depreciated cost of the building element and the market value of the land. Current building costs and often the land price will be established by comparison. The valuation model is based on value per square meter.	The higher the value per perch/square feet, higher fair value and higher the Estimated Outgoing Expenses, lower the fair value.
Fair value is determined by Market Comparable method	Sale prices of comparable land in similar location are adjusted for differences in key attributes such as land size. The valuation model is based on value per square meter.	The higher the value per perch/square feet, higher fair value and higher the Estimated Outgoing Expenses, lower the fair value.
Fair value is determined by Income method	This method involves capitalisation of the expected rental income at an appropriate rate of years purchase currently characterised by the real estate market. Significant Unobservable Valuation Inputs includes Gross monthly rental Per Sq ft and Estimated Outgoing Expenses.	The higher the Gross monthly rental, higher fair value and higher the Estimated Outgoing Expenses, lower the fair value.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March

25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - OBJECTIVE AND POLICIES (Contd...)

25.3 **Fair Value of Financial Instruments not carried at fair value**

Group	Note	2024 Carrying Amount LKR	2024 Fair Value LKR	2023 Carrying Amount LKR	2023 Fair Value LKR
Financial Assets					
Lease Rentals Receivable	A	6,775,412,021	7,054,754,471	7,787,483,348	7,550,971,872
Loans and Advances	A	872,831,507	1,251,832,171	954,172,221	1,162,381,650
Trade and Other Receivables Excluding Pre-payments	B	8,349,484,922	8,349,484,922	4,703,936,066	4,703,936,066
Securities Purchased under Repurchase Agreement	B	315,294,233	315,294,233	271,331,939	271,331,939
Cash and Short-Term Deposits	B	1,552,519,555	1,552,519,555	1,401,635,274	1,401,635,274
Other Financial Assets	B	2,423,679,742	2,423,679,742	1,565,673,459	1,565,673,459
Financial Liabilities					
Interest Bearing Borrowings	B	14,148,473,876	14,148,473,876	11,545,043,487	11,545,043,487
Trade and Other Payables	B	12,823,013,866	12,823,013,866	10,320,656,912	10,320,656,912

Company	Note	Carrying Amount LKR	Fair Value LKR	Carrying Amount LKR	Fair Value LKR
Financial Assets					
Trade and Other Receivables Excluding Pre-payments	B	8,322,877,999	8,322,877,999	4,734,875,906	4,734,875,906
Cash and Short-Term Deposits	B	1,376,221,704	1,376,221,704	1,013,807,265	1,013,807,265
Other Financial Assets	B	716,171,920	716,171,920	628,986,164	628,986,164
Financial Liabilities					
Interest Bearing Borrowings	B	11,153,214,619	11,153,214,619	8,067,162,693	8,067,162,693
Trade and Other Payables	B	5,152,224,170	5,152,224,170	3,712,396,532	3,712,396,532

The following describes the method and assumptions used to determine the fair values for those financial assets and liabilities which are not already recorded at fair value in the financial statements;

Fair Value Hierarchy

A . Fixed Rate Financial Instruments

Carrying amounts are considered as Fair Values for short term credit facilities. All credit facilities with fixed interest rates were fair valued using market rates at which fresh credit facilities were granted during the last month of the reporting year. Conversely, fixed deposits with remaining tenors above one year and interest paid at maturity were discounted using current market rates offered to customers during the last month of the reporting year.

B. Assets & Liabilities for which Fair Value Approximates Carrying Value

The Following is a list of Financial Investments whose carrying amount is a reasonable approximation of Fair Value. Because for example, they are short-term in nature or reprice to current market rates Frequently:

Assets
Trade and Other Receivables Excluding Pre-payments
Securities Purchased under Repurchase Agreement
Cash and Short-Term Deposits
Other Financial Assets

Liabilities
Interest Bearing Borrowings
Trade and Other Payables

Reclassification of financial assets
There have been no reclassifications during 2024 & 2023.

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Year ended 31 March

25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - OBJECTIVE AND POLICIES (Contd…)

25.4 Financial Risk Management - Objective and Policies

The Group's risk management is overseen by the Company, in close co-operation 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 invest ments 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.

25.4.1Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures.

With respect to credit risk arising from the other financial assets of the Group, such as cash and cash equivalents, FVTOCI financial investments and other financial investments, the Group's exposure to credit risk arises from default of the counterparty. The Group manages its operations to avoid any excessive concentration of counterparty risk and the Group takes all reasonable steps to ensure the counterparties fulfil their obligations.

25.4.1.1 Trade & 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. 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. .

Group	Total LKR		Past Due Not Impaired				
		Neither Past Due nor Impaired LKR	< 30 days LKR	30-60 days LKR	61-90 days LKR	91-120 days LKR	> 120 days LKR
2024	4,072,371,894	1,959,230,076	667,527,668	256,488,470	45,753,980	396,320,700	747,051,000
2023	2,674,435,495	1,244,695,956	309,122,853	149,160,704	182,200,379	78,860,110	710,395,492

Company	Total LKR		Past Due Not Impaired				
		Neither Past Due nor Impaired LKR	< 30 days LKR	30-60 days LKR	61-90 days LKR	91-120 days LKR	> 120 days LKR
2024	3,998,520,942	1,959,230,076	597,430,254	253,022,041	45,467,461	396,320,110	747,051,000
2023	2,651,482,864	1,221,743,326	309,122,853	149,160,704	182,200,379	78,860,110	710,395,492

25.4.1.3 Cash in hand and at bank

In order to mitigate concentration, settlement and operational risks related to cash and cash equivalents, the group limits the maximum cash amount that can be deposited with a single counterparty. The Group and Company held cash and cash equivalents of LKR 1,553 Mn and LKR 1,376 Mn at 31 March 2024 (2023 - LKR 1,402 Mn and 1,014 Mn).

26.5.1.4 Sensitivity Analysis : Impact of increase/(Decrease) of loss rate by 1% on collective allowance for expected credit losses

If the loss rates used by the Group in determining collective impairment has increased / decreased by 1%, ECL provision of the company as at 31 March 2024 would have increased / decreased by Rs. 44,180,739/- (2023- 97,285,967/-),
Company Rs. 7,191,655/- (2023- 6,201,163/-).

25.4.2 Maximum Exposure to Credit risk

The following table shows the maximum exposure to credit risk by class of financial asset and the value of financial assets covered by the collateral.

Group

Type of Collateral 2024	Maximum Exposure to Credit Risk	Fair Value of Collateral Held				Total Collateral held	Net Exposure to Credit Risk
		Cash / Near Cash	Property Mortgages	Moveable Assets *	Other **		
Cash and Bank Balances (Excluding cash in hand)	1,545,902,113	-	-	-	-	-	1,545,902,113
Securities Purchased under Repurchase Agreement	315,294,233	-	-	-	-	-	315,294,233
Measured at Fair Value through Other Comprehensive Income	10,080,400	-	-	-	-	-	10,080,400
Measured at Fair Value Through Profit or Loss	4,277,557,039	-	-	-	-	-	4,277,557,039
Measured at Amortized Cost	2,423,679,742	-	-	-	-	-	2,423,679,742
Trade and Other Receivables excluding Prepayments	8,349,484,922	-	-	-	-	-	8,349,484,922
Loans and Advances	1,298,247,793	591,528,895	580,010,500	725,386,000	-	1,896,925,395	-
Lease rentals receivable	7,630,935,603	-	-	10,305,300,363	-	10,305,300,363	-
	25,851,181,845	591,528,895	580,010,500	11,030,686,363	-	12,202,225,759	16,921,998,449

Type of Collateral 2023	Maximum Exposure to Credit Risk	Fair Value of Collateral Held				Total Collateral held	Net Exposure to Credit Risk
		Cash / Near Cash	Property Mortgages	Moveable Assets *	Other **		
Cash and Bank Balances (Excluding cash in hand)	1,394,969,787	-	-	-	-	-	1,394,969,787
Securities Purchased under Repurchase Agreement	271,331,939	-	-	-	-	-	271,331,939
Measured at Fair Value through Other Comprehensive Income	15,080,400	-	-	-	-	-	15,080,400
Measured at Fair Value Through Profit or Loss	133,944,535	-	-	-	-	-	133,944,535
Measured at Amortized Cost	1,565,673,459	-	-	-	-	-	1,565,673,459
Trade and Other Receivables excluding Prepayments	4,703,936,066	-	-	-	-	-	4,703,936,066
Loans and Advances	1,355,050,850	358,676,874	317,710,518	608,169,552	530,000	1,285,086,944	69,963,906
Lease rentals receivable	8,550,670,053	-	-	12,811,730,179	-	12,811,730,179	-
	17,990,657,089	358,676,874	317,710,518	13,419,899,731	530,000	14,096,817,123	8,154,900,092

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Year ended 31 March

Company

Type of Collateral 2024	Maximum Exposure to Credit Risk	Fair value of Collateral held	Net Exposure to Credit Risk
Cash and Bank Balances (Excluding cash in hand)	1,369,604,262	-	1,369,604,262
Measured at Fair Value through Other Comprehensive Income	10,000,000	-	10,000,000
Measured at Fair Value Through Profit or Loss	3,685,708,163	-	3,685,708,163
Measured at Amortized Cost	716,171,920	-	716,171,920
Trade and Other Receivables excluding Prepayments	8,322,877,999	-	8,322,877,999
	14,104,362,344	-	14,104,362,344

Type of Collateral 2023	Maximum Exposure to Credit Risk	Fair value of Collateral held	Net Exposure to Credit Risk
Cash and Bank Balances (Excluding cash in hand)	1,007,141,778	-	1,007,141,778
Measured at Fair Value through Other Comprehensive Income	15,000,000	-	15,000,000
Measured at Fair Value Through Profit or Loss	125,331,200	-	125,331,200
Measured at Amortized Cost	628,986,164	-	628,986,164
Trade and Other Receivables excluding Prepayments	4,734,875,906	-	4,734,875,906
	6,511,335,048	-	6,511,335,048

25.4.2.1 **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.

25.4.2.2 **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 below table summarizes the maturity periods of liabilities indue.

Group (As at 31 March 2024)	Less than 1 year LKR	1 to 2 years LKR	2 to 5 years LKR	Total LKR
Interest Bearing Borrowings	13,362,960,718	400,513,158	385,000,000	14,148,473,876
Trade and Other Payables	12,823,013,866	-	-	12,823,013,866
	26,185,974,584	400,513,158	385,000,000	26,971,487,742

Group (As at 31 March 2023)	Less than 1 year LKR	1 to 2 years LKR	2 to 5 years LKR	Total LKR
Interest Bearing Borrowings	9,468,138,738	1,826,904,749	250,000,000	11,545,043,487
Trade and Other Payables	10,320,656,912	-	-	10,320,656,912
	19,788,795,650	1,826,904,749	250,000,000	21,865,700,399

Company (As at 31 March 2024)	Less than 1 year LKR	1 to 2 years LKR	2 to 5 years LKR	Total LKR
Interest Bearing Borrowings	10,907,881,273	245,333,346	-	11,153,214,619
Trade and Other Payables	5,152,224,170	-	-	5,152,224,170
	16,060,105,443	245,333,346	-	16,305,438,789

Company (As at 31 March 2023)	Less than 1 year LKR	1 to 2 years LKR	2 to 5 years LKR	Total LKR
Interest Bearing Borrowings	6,958,996,039	858,166,654	250,000,000	8,067,162,693
Trade and Other	3,712,396,532	-	-	3,712,396,532
	10,671,392,571	858,166,654	250,000,000	11,779,559,225

Due to the recent economic developments, Group has given more focus on its liquidity position. Group has implemented procurement and vendor evaluation policies to prevent payment of excessive prices to suppliers and to obtain favourable credit periods in order to ensure a strong working capital position. Adequate short-term working capital facilities provided by banks are available to the Group which are utilised in the event of a requirement. The Group maintains a constant dialogue with the banking sector institutions to ensure that there are sufficient working capital facilities available whenever required and closely monitors their utilisation.

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Year ended 31 March

25.4.2.3 **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 to it 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 2024.

25.4.3 **Market Risk**

The group is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk.

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.

The group has been closely monitoring the exchange rate fluctuations due to the recent market developments since significant inventories are purchased from the international markets. Close scrutiny is given to measures taken by the regulatory bodies to manage the exchange rates and selling prices of the products are aligned according to the currency fluctuations.

The Sri Lankan Rupee witnessed significant volatility and the currency depreciated sharply during the year ended 31 March 2024. In addition to the depreciation of the currency, there were significant challenges in the foreign currency market on the back of a marked reduction in liquidity amidst declining confidence and a depletion of foreign currency reserves in the country. This resulted in a series of measures such as the continuation of certain import controls and stipulations on foreign currency conversions and remittances. The lack of confidence in the market however resulted in a sharp reduction in foreign currency employment remittances which exacerbated the liquidity situation. The Group adopted prudent measures, as and when required, to manage the financial impacts arising from the liquidity constraints and currency fluctuations by matching liabilities with corresponding inflows.

Following Table demonstrate the maturity profile of the foreign currency denominated Payables.

Foreign Currency Denominated Payable	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Foreign Currency Denominated Payable	430,652,679	26,135,940	265,087,941	26,135,940
	2024	2023	2024	2023
Foreign Currency Denominated payables maturity analysis Risk as at 31 March 2024	**USD - $**	**USD - $**	**USD - $**	**USD - $**
Within 03	1,328,442	79,320	817,440	79,320
More than Three Month	-	-	-	-
Total Foreign Currency Denominator payable	1,328,442	79,320	817,440	79,320

Exchange rate Sensitivity (Group/ Company)
If the closing exchange rate of Sri Lankan Rupee against 1 US dollar increase/decrease by 1 rupee per dollar, Group foreign currency denominated payables would have increased/decreased by Rs 1,328,442/-

25.4.4 **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.

	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Long Term Loans @ Variable Interest	731,133,346	6,478,983,235	245,333,346	858,166,654
Long Term Loans @ Fixed Interest	54,379,812	258,877,987	-	258,877,987
Short Term Loans @ Variable Interest Rate	12,434,431,703	2,828,974,578	10,539,999,586	6,924,933,780
Short Term Loans @ Fixed Interest	928,529,015	1,978,207,687	367,881,687	25,184,272

Interest Rate Sensitivity

All of Group's borrowings with variable interest rates are linked with AWPLR - LKR. If the AWLPR rate increase/decrease by 1% during the year, profit for the year would have decreased/increased by Rs 102.9 Mn. (2023 - Rs 57.9 Mn)

Other Price Risk

The Group is exposed to equity price risk in respect of its listed equity securities and price risk for listed debentures. The Group manages those risks by monitoring the markets closely. According to Group policies amounts invested in volatile assets such as shares and debentures are restricted by limits set by Group management.

26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - RISK CONCENTRATION

26.1 Analysis of Risk Concentration - Group

The following table shows the risk concentration by sector for the Financial Assets components of the Statement of Financial Position.

As at 31 March 2024 - Group

Purpose wise Breakdown	Cash and Bank Balances LKR	Securities Purchased under Repurchase Agreement LKR	Loans and Advances LKR	Lease rentals receivables LKR	Equity instruments at fair value through OCI LKR	Debt instruments at amortised cost LKR	Equity instruments at fair value through P&L LKR	Total Financial Assets LKR
Agriculture	-	-	19,612,918	10,824,333	-	-	-	30,437,251
Manufacturing	-	-	31,152,111	12,871,494	-	-	-	44,023,605
Construction	-	-	51,398,059	4,335,127	-	-	-	55,733,186
Financial Services	1,552,519,555	-	48,221,297	4,041,991	80,400	1,993,224,478	4,277,183,839	7,875,271,560
Trading	-	-	31,356,197	15,067,717	-	4,072,371,894	-	4,118,795,808
Government	-	315,294,233	-	-	-	430,455,264	-	745,749,497
Hotels	-	-	22,854,039	4,052,028	-	-	-	26,906,067
Services	-	-	306,397,262	34,828,254	10,000,000	-	-	351,225,516
Others	-	-	404,617,885	6,689,391,080	-	4,277,113,028	373,200	11,371,495,193
Total	1,552,519,555	315,294,233	915,609,768	6,775,412,024	10,080,400	10,773,164,664	4,277,557,039	24,619,637,683

As at 31 March 2023 - Group

Purpose wise Breakdown	Cash and Bank Balances LKR	Securities Purchased under Repurchase Agreement LKR	Loans and Advances LKR	Lease rentals receivables LKR	Equity instruments at fair value through OCI LKR	Debt instruments at amortised cost LKR	Equity instruments at fair value through P&L LKR	Total Financial Assets LKR
Agriculture	-	-	8,871,601	44,559,727	-	-	-	53,431,328
Manufacturing	-	-	4,130,736	9,315,924	-	-	-	13,446,660
Construction	-	-	6,073,081	21,829,385	-	-	-	27,902,466
Financial Services	1,401,635,274	-	1,801,479	6,247,308	80,400	851,981,433	133,613,335	2,395,359,229
Trading	-	-	61,770,788	270,025,738	-	2,674,435,495	-	3,006,232,021
Government	-	271,331,939	-	-	-	713,692,026	-	985,023,965
Hotels	-	-	125,111	4,593,934	5,000,000	-	-	9,719,045
Services	-	-	8,085,493	18,736,255	10,000,000	-	-	36,821,748
Others	-	-	863,313,932	7,412,175,078	-	2,029,500,571	331,200	10,305,320,781
Total	1,401,635,274	271,331,939	954,172,221	7,787,483,349	15,080,400	6,269,609,525	133,944,535	16,833,257,243

26.2 Analysis of Risk Concentration - Company

As at 31 March 2024- Company

Purpose wise Breakdown	Cash and Bank Balances LKR	Securities Purchased under Repurchase Agreement LKR	Loans and Advances LKR	Lease rentals receivables LKR	Equity instruments at fair value through OCI LKR	Debt instruments at amortised cost LKR	Equity instruments at fair value through P&L LKR	Total Financial Assets LKR
Financial Services	1,376,221,704	-	-	-	-	716,171,920	3,685,334,963	5,777,728,587
Trading	-	-	-	-	-	3,998,520,942	-	3,998,520,942
Hotels	-	-	-	-	5,000,000	-	-	5,000,000
Services	-	-		-	10,000,000	-	-	10,000,000
Others	-	-	-	-	-	4,324,357,057	373,200	4,324,730,257
Total	1,376,221,704	-	-	-	15,000,000	9,039,049,919	3,685,708,163	14,115,979,786

As at 31 March 2023 - Company

Purpose wise Breakdown	Cash and Bank Balances LKR	Securities Purchased under Repurchase Agreement LKR	Loans and Advances LKR	Lease rentals receivables LKR	Equity instruments at fair value through OCI LKR	Debt instruments at amortised cost LKR	Equity instruments at fair value through P&L LKR	Total Financial Assets LKR
Financial Services	1,013,807,265	-	-	-	-	628,986,164	125,000,000	1,767,793,429
Trading	-	-	-	-	-	2,651,482,864	-	2,651,482,864
Hotels	-	-	-	-	5,000,000	-	-	5,000,000
Services	-	-	-	-	10,000,000	-	-	10,000,000
Others	-	-	-	-	-	2,083,393,042	331,200	2,083,724,242
Total	1,013,807,265	-	-	-	15,000,000	5,363,862,070	125,331,200	6,518,000,535

27. ASSETS PLEDGED

The following assets have been pledged as security for Liabilities.

27.1 Assets Pledged by Abans PLC

Nature of Assets	Nature of Liability	Purpose	Carrying Amount Pledged 2024 LKR	Carrying Amount Pledged 2023 LKR
Finished Goods	Primary Mortgage Bond over Stock For LKR 5,845.5 Mn	Import Loans	8,805,935,289	11,535,651,696
Trade Debtors - Other	Primary Mortgage Bond over Debtors For LKR 5,845.5 Mn	Import Loans	3,998,520,942	2,651,482,864
Finished Goods and Trade Debtors	Primary Mortgage Bond over Debtors For LKR 705 Mn	Import Loans	12,804,456,231	14,187,134,560
Trade Debtors - H.P Debtors	Hire Purchased Receivable Securitization Loan-LKR 2,397 Mn	Term Loan	2,422,869,858	1,254,781,963
Finished Goods and Trade Debtors	Primary Mortgage Bond over Stock and Receivables of 520 Mn	Term Loan	12,804,456,231	14,187,134,560

27.2 Assets Pledged by Abans Finance PLC

Nature of Assets	Purpose	2024 LKR	2023 LKR
Placement with Bank	Bank Overdraft	93,214,748	53,775,584
Lease & Hire Purchase Receivables	Term Loan	1,713,924,034	3,932,043,955

28. LEASES

28.1 Group as a lessee

Amounts recognised in the statement of financial position and income statement

Set out below, are the carrying amounts of the Group's right of use assets and the lease liability and the movements for the period ended 31 March 2023.

28.1.1 Right of use assets

Lease hold Lands

	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
As at 1 April	238,989,896	241,616,159	238,989,896	241,616,159
Depreciation expense	(2,626,263)	(2,626,263)	(2,626,263)	(2,626,263)
As at 31 March	236,363,633	238,989,896	236,363,633	238,989,896

Lease hold Buildings

	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
As at 1 April	1,349,149,034	2,313,829,912	1,197,773,603	2,138,704,629
Transfers - (SLFRS 16 Initial Recognition)				
Additions	507,534,962	227,349,837	468,049,596	207,127,418
Lease Modifications	870,016,485	(458,620,084)	870,016,485	(458,620,084)
Depreciation expense	(766,513,079)	(733,410,631)	(718,101,396)	(689,438,360)
Disposal	(52,675,367)	-	(52,675,367)	-
As at 31 March	1,907,512,035	1,349,149,034	1,765,062,921	1,197,773,603
Total ROU Assets as at 31 March	2,143,875,668	1,588,138,930	2,001,426,554	1,436,763,499

Estimated life time of ROU assets with respect to lease hold properties equals to its lease term. Lease terms with respect to above lease hold properties are disclosed in Note No 2.3.12

28.1.2 Lease liability

Set out below are the carrying amounts of lease liabilities and the movements for the period ended 31 March

	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
As at 1 April	2,037,381,709	2,877,116,964	1,871,259,359	2,696,023,075
Additions	351,736,105	251,899,577	316,445,860	233,732,114
Lease Modifications	870,016,489	(458,620,080)	870,016,489	(458,620,080)
Accretion of interest	371,397,613	358,913,597	344,773,255	341,505,097
Payments	(1,101,950,016)	(991,928,349)	(1,043,198,491)	(941,380,847)
Disposal	(44,850,719)	-	(44,850,719)	-
As at 31 March	2,483,731,181	2,037,381,709	2,314,445,753	1,871,259,359
Current	654,624,307	546,490,418	621,342,234	515,444,103
Non-Current	1,829,106,875	1,490,891,291	1,693,103,519	1,355,815,256
Total lease liability as at 31 March	2,483,731,182	2,037,381,709	2,314,445,753	1,871,259,359

The maturity analysis of gross lease liabilities as at 31 March	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Within 01 Year	806,876,623	705,654,582	773,594,550	674,608,267
01 to 05 Years	2,099,279,175	1,642,321,225	2,003,574,044	1,517,001,784
More Than 05 Years	232,720,141	225,930,664	192,421,916	216,174,070
Total	3,138,875,939	2,573,906,471	2,969,590,510	2,407,784,121

28. LEASES (Contd….)

Following are the amounts recognised in profit or loss for the year ended 31 March

	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Depreciation of right-of-use assets	769,139,342	736,036,894	720,727,659	692,064,623
Interest expense on lease liabilities	371,397,613	358,913,597	344,773,255	341,505,097
Expense relating to short-term leases (included in Administrative Expenses)	7,963,697	200,000	7,963,697	200,000
Variable lease payments (included in Administrative Expenses)	7,782,765	13,475,532	7,782,765	13,475,532
Total amount recognised in profit or loss	1,155,990,519	1,108,626,023	1,080,954,478	1,047,245,252

The following provides information on the variable lease payments, including the magnitude in relation to fixed payments:

Group

	Fixed Payments		Variable Payments		Total	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Rent Payments	1,109,913,713	992,128,349	7,782,765	13,475,532	1,117,696,478	1,005,603,881
	1,109,913,713	992,128,349	7,782,765	13,475,532	1,117,696,478	1,005,603,881

Company

	Fixed Payments		Variable Payments		Total	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Rent Payments	1,051,162,188	941,580,847	7,782,765	13,475,532	1,058,944,953	955,056,379
	1,051,162,188	941,580,847	7,782,765	13,475,532	1,058,944,953	955,056,379

Sensitivity of Right-of use Assets /Lease Liability to Discount Rate -2024

	Group		Company	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
ROU Assets as at 31 March 2024	1,942,912,283	2,063,415,781	1,943,044,668	2,063,283,396
Lease Liability as at 31 March 2024	2,244,349,537	2,388,343,264	2,244,481,922	2,388,210,879
Impact to Profit or Loss for the year ended 31 March 2024	6,130,169	(6,284,902)	5,997,784	(6,152,517)

Sensitivity of Right-of use Assets /Lease Liability to Discount Rate -2023

	Group		Company	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
ROU Assets as at 31 March 2023	1,406,810,572	1,467,771,954	1,406,926,090	1,467,656,436
Lease Liability as at 31 March 2023	1,838,582,026	1,904,809,379	1,838,697,544	1,904,693,861
Impact to Profit or Loss for the year ended 31 March 2023	2,837,636	(2,654,795)	2,724,406	(2,541,565)

28.2 **Group as a lessor**

Group/Company

The Group has entered into operating leases on its investment property portfolio consisting of certain Lands & office buildings (see Note 9). These leases have lease terms of 2 years.

Rental income recognised by the Group/Company during the year is Rs. 2,787,480/- (2023: Rs 2,787,480/-).

Future minimum rentals receivable under non-cancellable operating leases as at 31 March are as follows	2024 LKR	2023 LKR
Within one year	2,787,480	2,787,480
After one year but not more than five years	-	-
Total	2,787,480	2,787,480

29 COMMITMENTS AND CONTINGENCIES

There were no material Commitments and Contingencies as at the reporting date except followings.

29.1 Financial Contingencies

	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Letters of Credit opened with Banks Favouring Suppliers	5,696,113,261	14,544,175	5,433,351,761	14,544,175
Guarantees Issued by Banks	2,719,217,972	2,922,848,623	2,719,217,972	2,876,820,587

29.2 Tax Contingencies
Abans PLC -Company
VAT for periods between January 2014 to March 2014

1. CGIR has issued assessment notices on Abans PLC pertaining to VAT for periods between January 2014 to March 2014. The Company has appealed to the Tax Appeal Commission against the determination made by the CGIR.

Income tax assessment relating to year of assessment 2017/18

2. Commissioner General of Inland Revenue (CGIR) has issued assessment notices on Abans PLC for the year of assessment 2017/18. The company has appealed to the CGIR against the assessment issued.

   Based on the advice of tax consultants (Amerasekara & Co), the management of the company is of the opinion that there is no basis for above assessments. Hence, no provision has been made in the Financial Statements as at 31 March 2024 with respect to above assessments.

Surcharge Tax for the year of assessment 2020/2021

3. Commissioner General of Inland Revenue (CGIR) has issued an assessment to Abans PLC on Surcharge Tax for the year of assessment 2020/2021. The Company has requested the CGIR to review the decision of Assessment.

   Based on the advice of Tax Consultants (Amerasekera & Co), the management of the company is of the opinion that there is no basis for above assessment. Hence, no provision has been made in the Financial Statements of the company as at 31 March 2024 with respect to above assessment.

29.3 Litigations

There were no material litigations against the Group as at reporting date which require adjustments to or disclosure in the financial statements.

29.4 Commitments

There were no significant capital commitments which have been approved or contracted for by the Company/Subsidiaries as at reporting date except for following

30. Related Party Disclosures

The Company Carried out Transactions in the Ordinary Course of its Business with Parties who are defined as Related Parties as Per SriLanka Accounting Standards LKAS-24 on "Related Party Disclosures". The Details of which are Reported Below,

30.1 Transaction with /between Immediate Parent - Abans Retail Holdings (Private) Limited

	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Balance as at 01 April	139,958,157	394,185,017	139,958,157	394,185,017
Rendering of Services	-	10,606,453	-	10,606,453
Receipt of Services	(42,000,000)	-	(42,000,000)	-
Dividend Paid	-	1,377,208,862	-	1,377,208,862
Payments Received for Services	200,889,064	68,362,379	200,889,064	68,362,379
Rendering of Services	-	(1,710,404,554)	-	(1,710,404,554)
Balance as at 31 March	298,847,221	139,958,157	298,847,221	139,958,157

30.2 Transaction with /between Subsidiaries

	2024 LKR	2023 LKR
Balance as at 01 April		
	332,148,628	124,999,992
Nature of Transaction		
Sale of goods	(450,929,517)	81,648,185
Purchase of Goods	(1,891,346,207)	(554,561,288)
Rendering of Services	98,798,703	26,077,761
Receipts of Services	(32,731,166)	-
Fund collected on behalf of Abans Finance PLC	510,887,499	(2,236,364)
Investment in AB Manufacturing	-	(25,000,000)
Balance Transferred to Other	(94,065,230)	94,558,439
Net Payments for Purchase of Goods and Receipts of Services	2,051,961,316	647,527,904
Others	(294,764,354)	(60,866,001)
Balance as at 31 March	229,959,671	332,148,628

* Subsidiaries including

Abans Finance PLC, AB Manufacturing (Pvt) Ltd, SA Electricals (Pvt) Ltd & AB Sun City (Pvt) Ltd.

30.3 Transaction with /between Associate -Abans Electricals PLC & Colombo City Centre Partners (Private) Limited

	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Balance as at 01 April	(281,084,504)	(518,257,490)	(281,084,504)	(518,257,490)
Nature of Transaction				
Sale of goods	144,975,547	33,167,201	118,605,825	33,167,201
Purchase of Goods	(1,949,496,546)	(1,660,617,104)	(1,588,543,757)	(1,660,617,104)
Receipt of Services	(1,252,824,454)	(835,564,200)	(1,251,783,954)	(835,564,200)
Rendering of Services	87,308,917	16,035,928	87,308,917	16,035,928
Rent Expenses	(183,765,973)	(69,088,022)	(183,765,973)	(69,088,022)
Net Payments for Purchase of Goods and Receipts of Services	3,049,630,509	3,059,029,617	2,978,839,210	3,059,029,617
VAT Portion of Purchase of Goods	(324,460,141)	(305,790,434)	(325,281,191)	(305,790,434)
Balance as at 31 March	(709,716,644)	(281,084,504)	(445,705,426)	(281,084,504)

30 RELATED PARTY DISCLOSURES (Contd…)

30.4 Transaction with Others

	Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Balance as at 01 April	318,892,315	4,073,231,817	1,009,740,852	4,111,281,333
Nature of Transaction				
Sale of goods	8,382,514	17,772,516	8,382,514	17,772,516
Purchase of Goods	(3,756,472)	(560,486,714)	(8,665,492)	(120,231)
Balance Transferred from Subsidiaries	115,692,746	(2,751,680,000)	115,692,746	(2,751,680,000)
Rendering of Services	376,269,951	178,713,246	376,269,951	178,713,246
Receipts of Services	(2,051,195,374)	(2,497,824,586)	(2,048,461,794)	(2,497,824,586)
Rent Expenses	(119,033,691)	(98,866,575)	(119,033,691)	(98,866,575)
Net Payments for Purchase of Goods and Receipts of Services	2,415,800,617	2,283,531,284	1,923,536,691	2,369,014,860
Other	(239,947,169)	(325,498,673)	(233,132,726)	(318,549,713)
Balance as at 31 March	821,105,437	318,892,315	1,024,329,051	1,009,740,852

* Other related parties including

Abans Office Automation (Pvt) Ltd, Abans Warehousing (Pvt) Ltd, ABS Gardner Dixon Hall International (Pvt) Ltd, Abans Investments (Pvt) Ltd , Crown City Developers (Pvt) Ltd, Abans Environmental Services (Pvt) Ltd, AB Leisure (Pvt) Ltd, Abans Constructions & Engineering (Pvt) Ltd, Cleantech (Pvt) Ltd, Abans Tourist Hotels (Pvt) Ltd, Abans Development (Pvt) Ltd, Abans Consolidated (Pvt) Ltd, A-Z Electronics (Pvt) Ltd, Sirius Technologies Services (Pvt) Ltd, A-Z Lanka (Pvt) Ltd, International Restaurant Systems (Pvt) Ltd, AB Securitas (Pvt) Ltd, S.A. Electricals (Pvt) Ltd, Aban Pestonjee Trust, Abans Courier (Pvt) Ltd., AB Logistics Ltd, Abans Auto (Pvt) Ltd, AB Transport (Pvt) Ltd, Abans Marketing (Pvt) Ltd, Absgro (Pvt) Ltd, Logirite (Pvt) Ltd, Abans Resorts (Pvt) Limited, Abstract Lanka (Pvt) Ltd, Abans International (Pvt) Ltd, Abans Logistic (Pvt) Ltd, Abans Partnership, Ironwood Investment Holding (Pvt) Ltd, Abans Engineering (Pvt) Ltd, Abans Lands (Pvt) Ltd and Abans Information System (Pvt) Ltd.

30.5 Disclosures in relation to related party transactions in accordance with the continuing listing requirements of the Colombo Stock Exchange

Recurrent related party transactions

Nature of the transaction	Aggregate value of related party transactions entered into during the year	Aggregate value of related party transactions as % of Net revenue	Terms and conditions of the related party transaction
Rendering of Services	463,578,869	1.09%	Settlement on demand
Receipts of Services	(3,304,019,828)	-7.75%	Settlement on demand
Sale of goods	153,358,061	0.36%	Settlement on demand
Purchase of Goods	(1,961,586,065)	-4.60%	Settlement on demand
Rent Expenses	(302,799,664)	-0.71%	Settlement on demand
Fund Transfers	5,373,562,488	12.60%	Settlement on demand
Others	(239,947,169)	-0.56%	Settlement on demand
VAT Portion of Purchase of Goods	(324,460,141)	-0.76%	Settlement on demand

Non-recurrent related party transactions

Nature of the transaction	Aggregate value of related party transactions entered into during the year	Aggregate value of related party transactions as % of Equity	Aggregate value of related party transactions as % of Assets	Terms and conditions of the related party transaction
Dividend Paid	-	0.00%	0.00%	Board Resolution

30 RELATED PARTY DISCLOSURES (Contd…)

30.6 Transactions with Key Management Personnel of the Company

The key management personnel include members of the Board of Directors of Abans PLC and its Subsidiary Companies including Abans Finance PLC

30.6.1 Transactions with Key Management Personnel of the Company

Key Management Personnel Compensation

	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Short-term employee benefits	68,072,065	91,372,173	39,111,605	62,048,130
Post-employment benefits	4,050,000	4,050,000	1,800,000	1,800,000
	72,122,065	95,422,173	40,911,605	63,848,130

30.6.2 Other Transactions with Key Management Personnel

Key Management Personnel Compensation

	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Fixed Deposits accepted during the year	95,645,000	36,100,000	-	-
Fixed Deposits held at the end of the year	218,557,261	119,928,148	-	-
Consultancy Fee paid during the year	-	350,000	-	-
Rent paid for the properties leased out	10,920,000	27,879,600	10,920,000	27,879,600

31 EVENTS OCCURRING AFTER THE REPORTING DATE

Events after the reporting period are those events, favourable and unfavourable, that occur between the reporting date and the date of the financial statements are authorised for issue.

There are no events occurring after the reporting date which require adjustments to or disclosure in the financial statements as at 31 March 2024.

32 RECLASSIFICARION OF COMPARATIVES

Below Comparative figures have been reclassified to comply with current year presentation

Impact on the Statement of Profit or Loss for the Year Ended 31st March 2023	Previously Reported LKR	Impact of Adjustment LKR	Reclassified Amount LKR
Group			
Non-Current Assets			
Lease Rentals Receivable and Stock Out on Hire	806,229,797	4,242,167,664	5,048,397,461
Other Non-Current Financial Assets	23,693,735	(8,613,335)	15,080,400
Current Assets			
Lease Rentals Receivable and Stock Out on Hire	6,981,253,551	(4,242,167,664)	2,739,085,887
Other Current Financial Assets	1,691,004,659	8,613,335	1,699,617,994

The above reclassification did not have any impact on other comprehensive income, statement of financial position, earnings per share, operating, investing and financing cash flows for the year ended 31 March 2023.

INVESTER INFOMATION

1 **STATED CAPITAL**

Class of Shares	31st March 2024 No. of Shares	31st March 2024 LKR	31st March 2023 No. of Shares	31st March 2023 LKR
Ordinary Voting Shares	2,221,304,615	500,869,225	2,221,304,615	500,869,225
Class B Ordinary Management Non-Voting	-	-	-	-
Total Ordinary Shares (Voting & Non-Voting)	2,221,304,615	500,869,225	2,221,304,615	500,869,225

2 Stock Exchange Listing Issued Shares of the Company are not listed with the Colombo Stock Exchange of Sri Lanka. Only the Debentures (LKR 250 Million) of the Company are listed with Colombo stock exchange with effect from 27th December 2019.

3 **DISTRIBUTION OF SHAREHOLDING**

Total Ordinary Shares (Voting & Non-Voting)	31st March 2024 No of Share Holders	31st March 2024 No of Shares	31st March 2024 Per Centum	31st March 2023 No of Share Holders	31st March 2023 No of Shares	31st March 2023 Per Centum
1-1,000	-	-	-	-	-	-
1,001-10,000	-	-	-	-	-	-
over 1,000,000	1	2,221,304,615	100	1	2,221,304,615	100
Total	1	2,221,304,615	100	1	2,221,304,615	100

4 **TWENTY LARGEST SHAREHOLDERS**

Ordinary Voting Shares Class -A	Voting as at 31st March 2024 No of Share	Voting as at 31st March 2024 %	Voting as at 31st March 2023 No of Share	Voting as at 31st March 2023 %
Abans Retail Holdings (Private) Limited	2,221,304,615	100	2,221,304,615	100
	2,221,304,615	100	2,221,304,615	100

5 **PUBLIC HOLDING**

	2024	2023
Total number of shares Issued	2,221,304,615	2,221,304,615
No of Shares held by the Public	Nil	Nil
Percentage of Shares held by the Public	Nil	Nil

6 **MARKET VALUE PER SHARE**

Market value is not available since the shares of the company is not Publicly traded

7 **NET ASSETS PER SHARE**

	2024	2023
Group	9.06	7.08
Company	6.15	5.56

8 **DEBT SECURITIES RELATED DETAILS**

	Group 2024	Group 2023	Company 2024	Company 2023
Gearing Ratio	0.41	0.42	0.45	0.39
Quick Assets Ratio	0.80	0.64	0.86	0.73
Interest Coverage Ratio	1.77	2.57	1.95	2.36
Debt to Equity Ratio	0.70	0.73	0.82	0.65

9 **INTEREST RATE OF COMPARABLE GOVERNMENT SECURITY**

Debenture Issue 2019	Category 5 Years
Abans PLC	12.50%
Government	9.87%

10 **MARKET VALUE PER DEBENTURE**

Debenture Issue 2019	5 Years LKR
Highest Price	N/T
Lowest Price	N/T
Last Traded Price	N/T

FIVE YEARS SUMMARY - STATEMENT OF FINANCIAL POSITION

	Group				
As at 31 March	2024 LKR	2023 LKR	2022 LKR	2021 LKR	2020 LKR
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	4,322,976,623	3,644,358,852	2,414,881,684	1,601,623,008	1,314,896,935
Leasehold Land Payments	-	-	-	-	-
Investment Properties	217,000,000	209,900,000	199,800,000	338,010,500	461,000,000
Intangible Assets	272,368,113	23,591,848	29,589,336	41,336,633	47,417,467
Investments in Subsidiaries	-	-	-	-	-
Investment In Equity Accounted Investee	8,163,008,397	4,071,503,471	844,128,901	3,076,082,955	3,568,823,184
Right of Use Assets - Leasehold Properties	2,143,875,668	1,588,138,930	2,555,446,071	1,961,735,009	1,860,545,338
Deferred Tax Assets	466,643,209	516,250,775	325,178,261	272,179,487	296,110,025
Other Non-Current Financial Assets	10,080,400	15,080,400	306,283,375	15,080,400	15,080,400
Lease Rentals Receivable and Stock Out on Hire	3,268,380,465	5,048,397,461	4,027,360,100	2,495,559,878	2,293,476,122
Loans and Advances	241,495,191	402,548,759	345,080,945	412,946,182	936,030,271
	19,105,828,066	**15,519,770,496**	**11,047,748,673**	**10,214,554,052**	**10,793,379,742**
Current Assets					
Inventories	9,758,997,000	11,927,304,791	11,981,268,392	8,933,909,791	7,601,581,458
Trade and Other Receivables	9,286,489,698	7,074,871,159	10,452,563,512	6,054,143,715	8,407,261,614
Lease Rentals Receivable	3,507,031,556	2,739,085,887	2,972,398,795	3,531,574,071	3,560,851,491
Loans and Advances	631,336,316	551,623,462	711,040,243	913,111,895	934,551,986
Income Tax Receivables	-	-	-	-	268,459,983
Other Current Financial Assets	6,701,236,781	1,699,617,994	3,394,566,169	1,641,163,728	434,257,742
Securities Purchased under Repurchase Agreement	315,294,233	271,331,939	255,049,144	942,235,676	279,143,141
Cash and Short-Term Deposits	1,552,519,555	1,401,635,274	1,492,904,237	804,013,261	1,303,771,796
	31,752,905,139	**25,656,470,506**	**31,259,790,492**	**22,820,152,137**	**22,789,879,211**
Assets held for Sale	-	-	1,527,327	-	-
Total Assets	**50,858,733,205**	**41,185,241,002**	**42,309,066,492**	**33,034,706,189**	**33,583,258,953**
EQUITY AND LIABLITIES					
Capital and Reserves					
Stated Capital	500,869,225	500,869,225	500,869,225	218,500,000	218,500,000
Other Components of Equity	1,506,346,057	1,775,345,867	986,933,238	900,871,480	673,470,899
Retained Earnings	16,594,526,585	11,982,734,929	11,663,859,983	8,613,288,309	7,214,664,329
Equity Attributable to Equity Holders of the Parent	18,601,741,867	14,258,950,021	13,151,662,446	9,732,659,789	8,106,635,228
Non-Controlling Interests	1,531,318,705	1,476,981,333	1,216,340,256	1,001,373,172	896,175,032
Total Equity	**20,133,060,572**	**15,735,931,354**	**14,368,002,702**	**10,734,032,961**	**9,002,810,260**
Non Current Liabilities					
Interest Bearing Borrowings	785,513,158	2,076,904,749	3,092,674,966	1,892,956,708	1,622,636,667
Lease liabilities	1,829,106,875	1,490,891,291	2,225,462,343	1,631,246,984	1,195,970,867
Deferred Tax Liabilities	128,307,171	92,570,706	86,447,977	66,307,821	50,027,798
Employee Benefits Liabilities	390,675,509	346,939,447	332,163,593	332,817,019	275,826,149
Trade and Other Payables	-	-	-	-	893,671,851
Total Non-Current Liabilities	**3,133,602,713**	**4,007,306,193**	**5,736,748,879**	**3,923,328,532**	**4,038,133,332**
Current Liabilities					
Warranty Provision	342,403,822	275,690,667	442,234,057	348,548,930	255,039,076
Trade and Other Payables	12,823,013,866	10,320,656,912	15,270,903,133	14,434,547,505	9,569,415,185
Income Tax Liabilities	409,067,207	831,026,720	501,439,428	496,562,647	47,853,948
Lease liabilities	654,624,307	546,490,418	651,654,621	624,604,812	915,158,234
Interest Bearing Borrowings	13,362,960,718	9,468,138,738	5,338,083,672	2,473,080,802	9,754,848,918
Total Current Liabilities	27,592,069,920	21,442,003,455	22,204,314,911	18,377,344,696	20,542,315,361
Total Equity and Liabilities	**50,858,733,205**	**41,185,241,002**	**42,309,066,492**	**33,034,706,189**	**33,583,258,953**

Company				
2024 LKR	2023 LKR	2022 LKR	2021 LKR	2020 LKR
1,799,889,653	1,338,874,847	1,285,276,956	1,455,581,294	1,187,236,005
-	-	-	-	-
217,000,000	209,900,000	199,800,000	338,010,500	461,000,000
248,683,484	464,893	1,638,573	7,470,214	18,069,265
4,785,008,502	3,323,689,002	436,144,346	3,112,824,336	3,218,824,336
78,212,351	78,212,351	78,212,351	78,212,351	30,752,197
2,001,426,554	1,436,763,499	2,380,320,788	1,899,244,138	1,779,295,005
413,413,295	496,211,081	325,178,261	262,364,347	267,530,039
10,000,000	15,000,000	15,000,000	15,000,000	15,000,000
-	-	-	-	-
-	-	-	-	-
9,553,633,839	**6,899,115,673**	**4,721,571,275**	**7,168,707,180**	**6,977,706,847**
8,805,935,289	11,535,651,696	11,945,887,245	8,902,843,065	7,561,868,842
9,167,794,585	6,998,231,953	10,245,581,953	5,944,121,964	8,232,407,631
-	-	-	-	-
-	-	-	-	-
-	-	-	-	203,219,297
4,401,880,083	754,317,364	2,321,744,427	1,420,214,564	4,482,445
-	-	-	-	-
1,376,221,704	1,013,807,265	1,308,600,954	571,200,865	1,136,369,151
23,751,831,661	**20,302,008,278**	**25,821,814,579**	**16,838,380,458**	**17,138,347,366**
-	-	1,527,327	-	-
33,305,465,500	**27,201,123,951**	**30,544,913,181**	**24,007,087,638**	**24,116,054,213**
500,869,225	500,869,225	500,869,225	218,500,000	218,500,000
463,417,223	463,417,223	464,612,254	464,612,254	338,394,043
12,691,602,189	11,394,963,173	10,642,226,434	8,429,809,895	5,730,278,834
13,655,888,637	12,359,249,621	11,607,707,913	9,112,922,149	6,287,172,877
-	-	-	-	-
13,655,888,637	**12,359,249,621**	**11,607,707,913**	**9,112,922,149**	**6,287,172,877**
245,333,346	1,108,166,654	1,842,166,658	1,164,400,000	1,378,520,000
1,693,103,519	1,355,815,256	2,076,887,208	1,594,535,258	1,153,156,365
-	-	-	-	-
336,281,912	299,251,718	304,562,980	305,802,093	256,391,000
-	-	-	-	-
2,274,718,777	**2,763,233,628**	**4,223,616,846**	**3,064,737,351**	**2,788,067,365**
342,403,823	275,690,668	442,234,058	348,548,931	254,243,094
5,152,224,170	3,712,396,532	10,212,316,893	8,922,784,939	5,369,675,578
351,006,586	616,113,360	326,358,973	349,315,276	-
621,342,234	515,444,103	619,135,867	598,008,253	877,439,759
10,907,881,273	6,958,996,039	3,113,542,631	1,610,770,739	8,539,455,540
17,374,858,086	12,078,640,702	14,713,588,422	11,829,428,138	15,040,813,971
33,305,465,500	**27,201,123,951**	**30,544,913,181**	**24,007,087,638**	**24,116,054,213**

FIVE YEARS SUMMARY - STATEMENT OF PROFIT OR LOSS

	Group				
Year Ended 31 March	**2024 LKR**	**2023 LKR**	**2022 LKR**	**2021 LKR**	**2020 LKR**
Revenue	42,638,843,884	35,599,593,779	44,916,275,728	37,805,391,199	31,960,379,613
Cost of Sales	(28,751,538,499)	(20,827,693,611)	(31,973,795,730)	(27,878,664,567)	(22,699,209,110)
Gross Profit	**13,887,305,385**	**14,771,900,168**	**12,942,479,998**	**9,926,726,632**	**9,261,170,503**
Other Operating Income & Gain	218,325,151	186,300,329	239,690,977	173,930,113	251,619,160
Selling & Distribution Expenses	(5,188,125,498)	(4,033,778,873)	(4,415,785,833)	(4,015,404,932)	(4,104,606,530)
Administrative Expenses	(5,285,620,895)	(5,441,754,709)	(4,359,903,082)	(2,974,204,274)	(3,132,002,382)
Operating Profit	**3,631,884,143**	**5,482,666,915**	**4,406,482,010**	**3,111,047,539**	**2,276,180,751**
Finance Cost	(2,046,381,475)	(2,226,312,591)	(564,264,965)	(745,133,060)	(1,467,442,057)
Finance income	395,298,156	409,617,281	85,792,004	49,009,154	15,289,681
Change in Fair Value of Investment Properties	7,100,000	10,100,000	43,347,613	12,819,088	49,704,300
Share of Profit of Equity Accounted Investee (Net of Tax)	3,179,603,059	826,188,298	(14,820,083)	122,214,346	(5,925,918)
Profit/(Loss) Before Income Tax and Value Added	**5,167,503,883**	**4,502,259,903**	**3,956,533,579**	**2,549,957,067**	**867,806,757**
Tax on Financial Services					
Value Added Tax on Financial Services	(118,350,460)	(153,698,847)	(131,898,880)	(9,690,296)	(18,603,252)
Income Tax Expense	(646,148,036)	(858,685,176)	(783,284,713)	(688,527,048)	(397,729,759)
Profit / (Loss) for the year from continuing operations	**4,403,005,387**	**3,489,875,880**	**3,041,349,986**	**1,851,739,723**	**451,473,746**
Discontinued Operations :					
Profit for the year from discontinued operations	**-**	**-**	**728,689,947**	**133,941,463**	**103,287,635**
Profit for the year/ Comprehensive Income for the year, net tax	**4,403,005,387**	**3,489,875,880**	**3,770,039,933**	**1,985,681,186**	**554,761,381**
Profit/(Loss) attributable to;					
Equity holders of the parent	4,351,065,905	3,313,125,772	3,553,483,256	1,841,267,407	502,770,936
Non-Controlling Interest	51,939,482	176,750,108	216,556,677	144,413,779	51,990,445
	4,403,005,387	3,489,875,880	3,770,039,933	1,985,681,186	554,761,381
Earnings Per Share -Basic	1.96	1.49	1.37	0.83	0.23

Company				
2024 LKR	2023 LKR	2022 LKR	2021 LKR	2020 LKR
38,940,558,869	32,629,450,511	42,818,157,810	37,809,532,938	31,960,878,935
(26,788,087,535)	(19,556,344,119)	(31,420,694,817)	(27,878,354,219)	(22,689,728,637)
12,152,471,334	**13,073,106,392**	**11,397,462,993**	**9,931,178,719**	**9,271,150,298**
217,629,168	175,071,083	220,438,845	264,138,062	254,904,045
(5,045,645,229)	(3,872,656,136)	(4,326,634,689)	(4,018,224,007)	(4,109,820,496)
(4,135,919,233)	(4,652,960,011)	(3,634,602,515)	(2,974,482,576)	(3,127,057,783)
3,188,536,040	**4,722,561,328**	**3,656,664,634**	**3,202,610,198**	**2,289,176,064**
(1,639,284,874)	(1,997,646,121)	(550,724,189)	(745,133,060)	(1,467,442,057)
394,742,107	409,617,281	85,792,004	49,009,154	15,334,913
7,100,000	10,100,000	43,347,613	12,819,088	49,704,300
-	-	-	-	-
1,951,093,273	**3,144,632,488**	**3,235,080,062**	**2,519,305,380**	**886,773,220**
(13,715,443)	(4,432,103)	(7,195,603)	(9,690,296)	(18,269,380)
(643,502,911)	(702,175,115)	(591,513,498)	(672,247,025)	(392,683,426)
1,293,874,919	**2,438,025,270**	**2,636,370,961**	**1,837,368,059**	**475,820,414**
-	**-**	**-**	**-**	**-**
1,293,874,919	**2,438,025,270**	**2,636,370,961**	**1,837,368,059**	**475,820,414**
1,293,874,919	2,438,025,270	2,636,370,961	1,837,368,059	475,820,414
-	-	-	-	-
1,293,874,919	2,438,025,270	2,636,370,961	1,837,368,059	475,820,414
0.58	1.1	1.19	0.83	0.21

Real Estate Portfolio

Location	Extent	Number	Range of Estimate for Unobservable Inputs	Valued in 31/03/2024 Valuation
			LKR	LKR
Freehold Property at Rathmalana				
Land	14.9 P	01	1,550,000	23,095,000
Building	5,162 sq.ft	01	2,790	14,405,000
Freehold Property at Liberty Plaza		01		
Shopping Block at Liberty Plaza Colombo	435 sq.ft	01	260	19,000,000
			30.00%	
Freehold Property at Kandy				
Land	11.094 P	01	14,500,000	160,863,000
Building	4,415 sq.ft	01	4,000	17,660,000
Freehold Property at Kalutara				
Land	24.46 P	01	1,165,372	28,505,000
Building	9,403 sq.ft	01	3,800	35,731,400
Freehold Property at Gampaha				
Land	17.52 P	01	3,850,000	67,452,000
Building	833 sq.ft	01	2,200	3,630,000
Freehold Property at Kurunegala				
Land	50 P	01	2,403,000	120,150,000
Building	4,300 sq.ft	01	829	3,564,000
Freehold Property at Rajagiriya				
Land	22 P	01	3,000,000	66,000,000
Building	3,687 sq.ft	01	1,800	6,636,600
Freehold Property at Wellawatta				
Land	25.65 P	01	6,998,050	179,500,000
Freehold Property at Rathmalana				
Land	15.00 P	01	1,250,000	18,750,000
Building	3,157 sq.ft	01	3,800	11,996,600
Freehold Property at Rathmalana				
Land	17.1 P	01	1,250,000	21,375,000
Building	3,690 sq.ft	01	3,600	13,284,000
Freehold Property at Nawala Road, Nugegoda				
Land	17.45 P	01	7,000,000	114,512,500
Building	4,925 sq.ft	01	6,600	32,505,000
Freehold Property at Jaffna				
Land	32.04 P	01	865,137	27,719,000
Building	11,400 sq.ft	01	9,448	107,704,236
Freehold Property at Wellawatta				
Land	12.86 P	01	5,652,916	72,696,500
Freehold Property at Galle				
Land	13.24 P	01	3,400,000	45,016,000
Building	12,365 sq.ft	01	4,081	50,461,000


BOSS

Glossary

ACCOUNTING POLICIES
Specific principles, bases and procedures adopted by an organization in preparation and presentation of financial statements.

ACCOUNTS PAYABLE
A record of all short-term (less than 12 months) invoices, bills and other liabilities yet to be paid.

ACCOUNTS RECEIVABLE
A record of all short-term (less than 12 months) expected payments from customers, who have already received the goods/services but are yet to pay. These types of customers are called debtors and are generally invoiced by a business.

ACCRUAL ACCOUNTING
An accounting system that records transactions at the time they occur, whether the payment is made now or in the future.

ACCIDENT
An unexpected and unplanned occurrence, including acts of violence, arising out of or in connection with work which results in one or more workers incurring a personal injury, disease or death. As occupational accidents are to be considered travel, transport or road traffic accidents in which workers are injured and which arise out of or in the course of work, i.e. while engaged in economic activity, at work, or carrying on the business of the employer.

AMORTISATION
The process of expensing for intangible assets such as goodwill and intellectual property over a period of time.

AVAILABLE-FOR-SALE
All assets not in any of the 3 categories namely held to maturity, fair value through profit/loss and receivables. It is a residual category and does not mean that the entity stands ready for sale all this time.

AWPLR
Average Weighted Prime Lending Rate.

BENCHMARK
A set of conditions against which a product or business is measured.

BORROWINGS
All interest-bearing liabilities such as Overdraft, Bank Loans, etc.

BRAINSTORMING
Group creativity technique by which efforts are made to find a conclusion for a specific problem by gathering a list of ideas spontaneously contributed by its members.

CAPITAL
Wealth in the form of money or property owned by a business.

CASH EQUIVALENT
Liquid investment which is having a maturity of three months or less.

CASH FLOW
The measure of actual cash flowing in and out of a business.

COLLATERAL
(Also Known as Security), is property or assets that a lender can take possession of, in the event that a loan cannot be repaid.

COMPETITIVE ADVANTAGE
This is the attribute that allows an entity to outperform its competitors or gain superiority through its ability to provide the same value as competitors under lower costs or can charge higher prices by creating greater value through differentiation.

CONTINGENT LIABILITY
A liability that only needs to be paid if a particular event or circumstance occurs.

CURRENT RATIO
Current assets divided by Current Liabilities. This measures the ability of a business to repay Current Liabilities with its Current Assets.

DEFERRED TAX
A liability that results from income that has already been earned for accounting purposes but not for tax purposes.

DISPOSABLE INCOME
Also known as disposable personal income (DPI) is the amount of money that households have available for spending and saving after income taxes have been accounted for.

EARNINGS PER SHARE
Profits distributable to Ordinary shareholders divided by the weighted average number of ordinary shares in issue.

ECO-FRIENDLY
Not harmful to the environment.

EFFECTIVE TAX RATE
The average rate at which an individual or corporation is taxed.

EQUITY
The value of ownership interest in the business, calculated by deducting liabilities from assets. owner's interest in the company's Assets, also known as Net Assets.

ERP SYSTEM
Enterprise Resource Planning is business process management software that allows an organization to use a system of integrated applications to manage the business and automate many back-office functions related to technology, services and human resources.

FACTORING
(Also known as debtors finance and accounts receivable finance) - is when a Factor company buys a business' outstanding invoices at a discount. The Factor company then chases up the debtors. Factoring is a way to get quick access to cash but can be quite expensive compared to traditional financing options.

FAIR VALUE
Fair value is the amount for which an asset could be exchanged between knowledgeable and willing parties in an arm's length transaction.

FISCAL POLICY
This is the Government spending and Taxation that influence the economy.

GEARING RATIO
Proportion of a Company's borrowed funds to its Equity.

GROSS PROFIT
The difference between sales and the direct cost of making the sales.

GUARANTOR
A person who promises to pay a loan in the event the borrower cannot meet the repayments. The guarantor is legally responsible for the debt.

HELD-TO-MATURITY
Assets acquired by the entity with the intention of holding till maturity.

HIRE-PURCHASE
A type of finance contract where a good is purchased through an initial deposit and then rented while the good is paid off in installments plus interest charges. Once the good is fully paid for, the ownership of the good transfers to the purchaser.

IMPAIRMENT
This occurs when the recoverable amount of an asset is less than its carrying value.

INCIDENT
The occurrence of an event that interrupts the completion of an activity. It may be a minor event or result of a crisis such as an accident.

INTANGIBLE ASSETS
Non-physical assets with no fixed value, such as goodwill and intellectual property rights.

NASDAQ
An American Stock Exchange.

NET PROFIT
(Also known as bottom line) is the total gross profit minus all business expenses.

NICHE OPPORTUNITIES
Opportunities arise which focus on the need for a product or service that has not been addressed by mainstream producers or try to satisfy a specific market need.

NON-CONTROLLING INTEREST
Equity in a subsidiary not attributable, directly or indirectly, to parent.

OCCUPATIONAL DISEASE
Any disease or disorder that occurs as a result of work or working conditions.

P/E RATIO
Price of a share divided by earnings of a share.

PLANT AND EQUIPMENT
A group of fixed assets used in the operation of a business such as furniture, machinery, fit-out, vehicles, computers and tools.

QUICK ASSETS RATIO
Measure's ability to meet its short-term obligations with its most liquid assets. (Current Assets-Inventory)/ Current Liabilities]

RELATED PARTIES
Parties who can control or significantly influence the financial and operating politics of the entity.

TURNOVER
The amount of money earned by a business in a particular period.

WORKING CAPITAL
The cash available to a business for day-to-day operation

Notes

Notice of meeting

Notice is hereby given that the ANNUAL GENERAL MEETING of the Company for the year 2024, will be held on 5th August 2024 at 4.00 p.m. as an online Audio-Visual Meeting for the following purposes.

1. To receive and adopt the Report of the Directors, the Audited Statement of Accounts of the Company for the year ended 31st March 2024 and Report of the Auditors thereon.

2. To re-elect Mrs. Aban Pestonjee, Director of the Company who being over seventy years of age retires in accordance with Section 210 and 211 of the Companies Act No.07 of 2007. The Directors recommend the re-election of Mrs. Aban Pestonjee as a Director of the Company.

3. To re-appoint M/s. Ernst & Young, Chartered Accountants, as the Auditors of the Company for the ensuing year and to authorize the Directors to determine their remuneration.

By order of the Board

Varners International (Pvt.) Ltd.

Company Secretaries

Level 14, West Tower

World Trade Centre

Echelon Square

Colombo 01.

Form of proxy

I/We *..
.... being a member/members of Abans PLC, hereby appoint;

Ms. Aban Pestonjee	of Colombo or failing her
Ms. Saroshi Dubash	of Colombo or failing her
Mr. Rusi Pestonjee	of Colombo or failing him
Mr. Rajaratnam Selvaskandan	of Colombo or failing him
Mr. Dinesh Stephan Weerakkody	of Colombo or failing him
Ms. D.A.R.C. Perera	of Colombo or failing her

....of..
(National Identity Card Number) as my/our* proxy to represent me/us* and to vote as indicated hereunder for me/us* and on my/our* behalf at the Annual General Meeting of the Company to be held on 5th August 2024 and at every poll which may be taken in consequence of the aforesaid meeting and any adjournment thereof.

	FOR	AGAINST
To receive and adopt the Report of the Directors and the Audited Financial Statements for the year ended 31st March 2024 and the Report of the Auditors thereon.		
To re-elect Mrs. Aban Prestonjee, as a Director of the Company in terms of article 4.1 of Part II of the Articles of Associations and Section 210 and 211 of the Companies Act No.07 of 2007.		
To re-appoint Messrs. Ernst & Young, Chartered Accountants, as the Auditors for the ensuing year and to authorize the Directors to determine their remuneration.		

Signature: ....

Signed this .... day of 2024

Witness : ....
(*Please delete inappropriate words.)

INSTRUCTIONS ON COMPLETING FORM OF PROXY

1. Please perfect the Form of Proxy after filling in legibly your name and address and by signing in the space provided and inserting the date of signatures.

2. Please return the completed Form of Proxy to the office of the Company Secretaries, Varners International (Private) Limited at Level 14, West Tower, World Trade Center, Echelon Square, Colombo 01, after crossing out one or the other of the alternate words indicated by asterisks on the body of the Form. The Form of Proxy shall be lodged with the Company Secretaries not less than forty-eight hours before the time appointed for holding the meeting.

3. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should accompany the completed Form of Proxy for registration, if a Power of Attorney has not been already registered with the Company.

4. If the shareholder is a Company or a body corporate, the Form of Proxy should be under its Common Seal in accordance with its Articles of Association or Constitution.

5. If there is any doubt as to the manner in which the proxy should vote by reason of the manner in which instructions in 2 above have been carried out, the proxy holder will vote as she/he thinks fit.

Corporate Information

Company Name
Abans PLC

Legal Form
The Company was incorporated in Sri Lanka on 17th December 1981 as a Private Limited Liability Company under the provisions of the Companies Ordinance of 1938 and re-registered under the Companies Act No. 07 of 2007 as Abans (Pvt) Ltd. The Company changed its name in accordance with the provisions of Section 8 of the Companies Act No. 07 of 2007 to Abans Limited on 17th December 2012. Consequent to being listed on the Colombo Stock Exchange pursuant to its debenture issue, the Company name was changed to Abans PLC on 16th January 2014.

Registration Number
Old – PVS 8006
New – PV 5301 PB/PQ

Stock Exchange Listing
Debentures of the Company were listed on the Colombo Stock Exchange on 27th December 2019.

Registered Office
498, Galle Road, Colombo 03.

Website
www.abansgroup.com

Auditors
Ernst & Young,
Rotunda Towers,
No 109, Galle Road,
Colombo 03.

Internal Auditors
Chief Internal Auditor, Abans Group of Companies, Abans PLC, 498, Galle Road, Colombo 03.

Company Secretaries
Varners International (Pvt) Ltd.
Level 14, West Tower, World Trade Center, Echelon Square, Colombo 01.

Lawyers
Varners
Level 14, West Tower, World Trade Center, Echelon Square, Colombo 01.

Bankers
Amana Bank Ltd.
Bank of Ceylon.
Cargills Bank Ltd.
Commercial Bank of Ceylon PLC.
DFCC Bank PLC.
Habib Bank Ltd.
Hatton National Bank PLC.
MCB Bank Ltd.
National Development Bank PLC.
Nations Trust Bank PLC.
Pan Asia Banking Corporation PLC.
People's Bank.
Sampath Bank PLC.
Seylan Bank PLC.
The Hongkong & Shanghai Banking Corporation Ltd. (HSBC)
Union Bank of Colombo PLC.
State Bank of India.

VAT Registered No.
104080065 - 7000

Taxpayer Identification Number
104080065

Board of Directors
Mrs. Aban Pestonjee - Chairperson/Executive Director

Mr. Rusi Pestonjee - Managing Director/Executive Director

Dr. Saroshi Dubash - Executive Director

Mrs. Chandrika Perera - Executive Director

Mr. Dinesh S. Weerakkody - Senior Independent Non-Executive Director

Mr. R. Selvaskandan - Independent Non-Executive Director

Contact Number
+94 11 237 0777

This Annual Report is conceptualised, designed and produced by ABS GDH

GARDNER DIXON HALL INTERNATIONAL
ABANS GROUP AFFILIATE

www.abansgroup.com