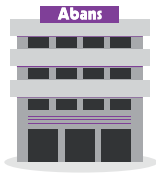




OUR ALL

ABANS PLC
Annual Report 2016/17

Abans



Abans Elite Channel

Abans is one of the leading electronics retailer in Sri Lanka launched the Abans Elite channel in 2000. The main objective of the channel is to create a memorable shopping experience for the customers.



Abans Retail Channel

Abans Retail Showrooms are located across the island. These showrooms are dedicated to providing quality Abans products and superior customer service. Abans Retail Showrooms give customers 'Ease of Buying' through special hire purchase methods which are very attractive.



BuyAbans Online Shopping

Abans has the distinction of being one of Sri Lanka's oldest E-tailers and a pioneer in E-commerce due to the company setting up the BuyAbans.com website a decade ago.



Abans Service Centres

Currently we have 17 customer service outlets across the country to ensure the correct technical service as per the customer's requirement and offer better customer service while maintaining higher quality and customer loyalty.



Corporate, Direct, Dealer & Wholesale Channel

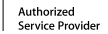
A strong network of dealers, corporates and direct customers have enhanced contributions to the Abans PLC.

OUR ALL

We have always taken pride in the fact that when it comes to customer-centric services, we have been whole-hearted in our efforts to go the extra mile. With the presence of an inspiring leadership, guiding a team united by a common goal, we are dedicated towards delivering an exceptional performance that will continue to exceed our customers' expectations.

IT and Communication Products

Abans PLC is proud to bring the most advanced IT and Communication solutions to Sri Lankan consumers through our world famous principals that are leading global innovators in digital technologies.



White Goods and Air Conditioners

The unparalleled range of White Goods and Air Conditioners offered by Abans from leading international brands, make a world of difference in quality of life.



Household and Cooking Appliances

Abans showcases the widest and most diverse range of Household Goods and Cooking Appliances from leading international brands to ensure value-for money and reliability for Sri Lankan consumers across the country.



Consumer Electronics

When it comes to entertainment, Abans has the perfect television and audio system solutions from the international experts featuring the latest trends in global entertainment advancements.



Fashion and Footwear

Abans is the sole distributor of the Skechers footwear brand and is the authorised distributor for Hugo Boss in Sri Lanka.



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“Abans holds a strong brand position in the consumer mind, whilst continuously improving its potential within an extremely competitive and challenging market”

ABAN PESTONJEE
Chairperson

VISION

To attract and retain our customers for life...

MISSION

Adding value to our most precious asset, our customers, by bestowing a novel range of world-class products and services that reflect comfort, convenience and quality.

The Abans Story



The Abans history of a home business started by a housewife that grew into one of the biggest Sri Lankan brand in the country is by now a well known story reported many times over. In our annual report we would like to let our business partners, customers, employees, shareholders and other stakeholders know how the Abans brand is doing in a business environment that is becoming increasingly crowded and competitive. Our customers are continually bombarded with new brands, new products and new conveniences, making purchase decisions even more complicated. In this regard Abans has remained true to its principles – we have our customers interests at heart and we make all efforts to give our customers value for money.

Nearly half a century since the inception of Abans in 1968, in the financial year 2016-17, Abans remained one of the most trusted retailers in the country for electronics and home appliances with one of the largest and most diversified portfolios of high-end international brands. As demonstrated by the steady growth in our sales during the year, the Abans customer base has continued to increase with a growing number of rural customers entering our showrooms island wide.

The diversified Abans Group of companies have performed well during this challenging year and we have made steady progress in our landmark mixed development project, the Colombo City Centre (CCC). The 47-storey joint venture with SilverNeedle Hospitality of Singapore is on track to change the Colombo skyline by redefining family-style entertainment, international cuisine and luxury residential facilities. The project is fast approaching completion with food courts, branded shopping complexes, 3D cineplex and many other exciting facilities lined up for Sri Lankan consumers.

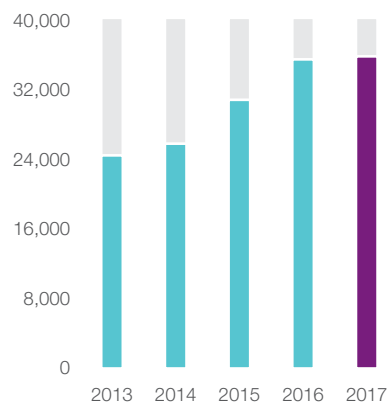
As we close a successful financial year, we reiterate our commitment to our customers to introduce the latest technologies, conveniences and modern ICTs to people all over the country.

Financial Highlights - Group

	2017 LKR '000	2016 LKR '000	2015 LKR '000	2014 LKR '000	2013 LKR '000
Revenue	35,731,860	34,933,245	30,082,218	25,516,810	24,294,938
Gross Profit	10,461,743	10,759,664	8,516,783	7,292,432	7,458,575
Operating Profit	1,781,804	2,644,591	1,648,524	1,117,095	1,700,205
Profit after Tax	(84,751)	1,099,636	576,952	(186,374)	394,296
Current Assets	26,385,283	25,089,190	22,188,361	21,340,902	20,017,986
Total Assets	33,657,230	31,990,108	28,094,574	26,004,942	22,759,409
Current Liability	21,823,183	19,714,590	16,513,590	16,962,621	16,089,216
Gross Profit Margin	29.28%	30.80%	28.31%	28.58%	30.70%
Operating Profit Margin	4.99%	7.57%	5.48%	4.38%	7.00%
Net Profit Margin	-0.24%	3.15%	1.92%	-0.73%	1.62%
ROCE (Return on Capital Employed)	15.06%	21.54%	14.23%	12.35%	25.49%
Assets Turnover	1.06	1.09	1.07	0.98	1.07
Liquidity Ratio	1.21	1.27	1.34	1.26	1.24
Quick Asset Ratio	0.70	0.75	0.82	0.76	0.79
Gearing Ratio (Debt to Equity)	1.88	1.85	1.92	2.08	1.76
Interest Cover (PBIT/Interest)	1.25	2.52	1.58	0.72	1.42
Net Assets Per Share	3,201	3,222	2,741	2,483	2,578

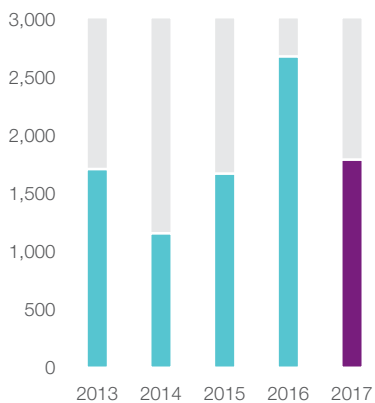
Gross Revenue-Group

(Rs. Mn)



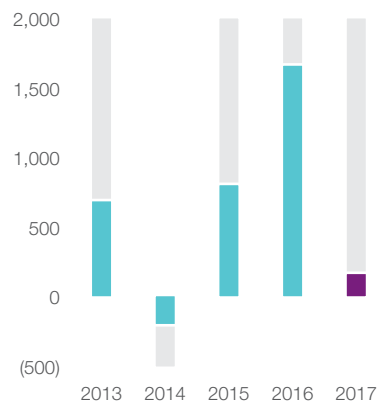
Operating Profit-Group

(Rs. Mn)



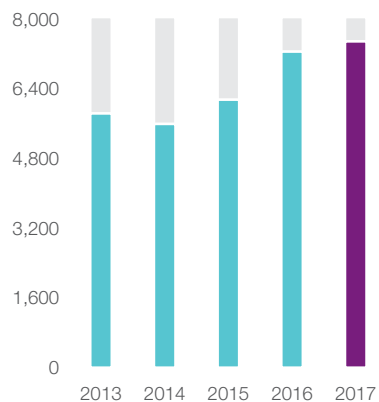
Profit Before Tax-Group

(Rs. Mn)



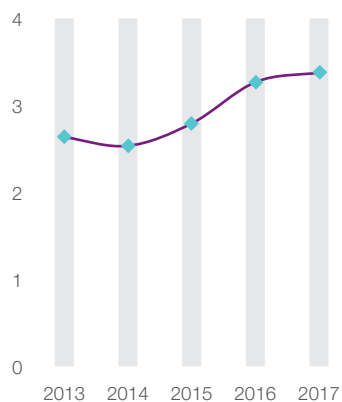
Net Assets- Group

(Rs. Mn)



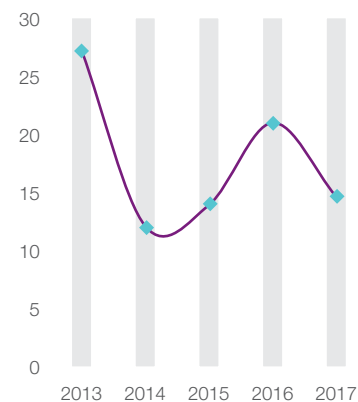
Net Assets Per Share-Group

(Rs. Mn)



Return on Capital Employed - Group

(%)



Group Structure

SUBSIDIARIES



Abans Retail (Pvt) Ltd

100% Ownership

Buying and Selling Consumer Durables

Rs. 4,789 Mn

13% of Group Revenue



Abans Lanka (Pvt) Ltd

56% Ownership

Buying and Selling Mobile Phones



Abans Engineering (Pvt) Ltd

95% Ownership

Installation and Servicing of Central Air Conditioning System

Rs. 1,576 Mn

4% of Group Revenue

ASSOCIATE



Abans Electricals PLC

43% Ownership

Manufacturing and Assembling of Household Appliances.

Rs. 1,730 Mn

Abans

ABANS PLC

Parent Company
Import and Selling Consumer Electronics and Home Appliances

78% of Group Revenue



AB Technologies (Pvt) Ltd

100% Ownership

Selling IT Related Products and Services



Abans Finance PLC

72% Ownership

Non Bank Financial Services

Rs. 1,599 Mn

4% of Group Revenue

JOINT VENTURE



Colombo City Centre Partners (Pvt) Ltd

Mixed Development Project

50% Ownership



JOINT VENTURE PARTNER

SilverNeedle Hospitality Pte Ltd



Aban

ABAN PESTONJEE
Chairperson

Message from the Chairperson



**RETAIN OUR
CUSTOMERS
FOR LIFE...**

“The Abans Group increased its total economic contribution by 3% against the previous year, to Rs. 36 Bn”

It gives me great pleasure to present the Annual Report and audited accounts of Abans PLC, for the financial year 2016/17. This is our fourth Annual Report since listing in the Colombo Stock Exchange following our initial debenture issue in 2013.

Abans holds a strong brand position in the consumer mind, whilst continuously improving its potential within an extremely competitive and challenging market. I am happy to report that even in such an inconsistent market scenario along with an unfavourable economic climate, our efforts at operational improvements are steadily bearing fruit.

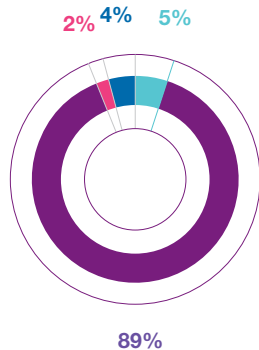
Even though the country's consumer durables sector did not enjoy any significant economic advantages during the financial year 2016-17 and faced almost the full gamut of economic disadvantages, from policy and political instability, to destructive weather, the Abans Group has maintained steady business growth.

Growing with Our Stakeholders

Although minus any significant organic demand expansion, I am pleased to report that the Abans Group increased its total economic contribution by 3% against the previous year, to Rs. 36 Bn. Out of this value, 5% was redistributed among our employees who are directly involved in the creation of the Company's wealth.

Message from the Chairperson

Distribution of Value Added 2016/17 (%)



Distribution to Employees
Cost of Material and Services
Distribution to Government
Distribution to Capital Providers
Retained with Business



As the parent Company Rs. 642 Mn was injected into our subsidiaries during the financial year. Out of this Rs. 167 Mn was injected in Abans Finance PLC and Rs. 475 Mn was injected into Abans Engineering (Pvt) Ltd.

The 89% of total value addition during the year was distributed among our local as well as foreign business partners. From locally manufactured purchases we have contributed to the development of small and medium businesses across the country.

The national exchequer received Rs. 511 Mn from a variety of levies, including income tax and Nation Building Tax from Abans PLC. In addition to the above, the Abans Group contributed to support various charitable causes and public welfare activities.

Our shareholders did not benefit directly from the profits of the Group as the Board of Directors did not declare any dividends for the financial year. The retained profits will be reinvested in our companies to support growth and expansion plans. However, Rs. 392 Mn was distributed among our debenture holders during the financial year.

Refer the Managing Director's Review for further details about our financial performance during the year.

Status of Compliance

The Abans PLC has continued to be fully compliant with all regulations applicable to our companies. Refer the chapters on Governance for details on the Group's compliance status.

Sustainable Growth

Abans progress for nearly half a century has been built on a platform of prudent and strategic decision making. This commitment to sustainable growth remains at the heart of our business.

Our real estate development project, the Colombo City Centre, which is currently the Group's largest outstanding investment, has achieved its construction targets for the year and has been extremely successful with the customer demand for retail shopping spaces and luxury apartments. Therefore, the project is enjoying comfortable cash flows to support its targeted developments.

In line with our growth strategy for Abans Finance PLC, Abans PLC diluted its shareholdings in Abans Finance by introducing a new shareholder, Ironwood Investment Holdings (Pvt) Ltd. This strategic partnership will strengthen the financial expertise of Abans Finance to develop competitive advantages in an increasingly aggressive and unpredictable operating environment.

While maintaining a focus on financial stability, we always attempt to align our business to be more environmentally sustainable in the face of growing indicators of climate change and rising energy costs. We are gradually changing the composition of our product portfolios and internal business operations to bring about this transition. An important development in this regard, is our decision to put our full weight behind the Ministry of Power and Renewable Energy, to promote solar power in the country.

“While maintaining a focus on financial stability, we always attempt to align our business to be more environmentally sustainable in the face of growing indicators of climate change and rising energy costs. We are gradually changing the composition of our product portfolios and internal business operations to bring about this transition.”

We have always been conscious of our social responsibility and we have continued to make socially sensitive business decisions. For instance, we maintain product portfolios with a wide price range to make sure consumers from all socio-economic strata have access to value for money products, that truly contribute to quality of life.

In the current financial year, Abans commenced another new social project that I believe will contribute to overall trade and

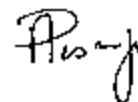
economic growth in the country. We initiated a unique collaboration with a number of key trade regulatory bodies, to modernise existing trading traditions. Our purpose is to maintain a paperless work environment through the Document Management System, which caters to a variety of users at any given point, ensuring the accessibility and trustworthiness of the documents. Under this programme we are hoping to work with the Inland Revenue Department, Sri Lanka Customs and the Colombo Stock Exchange to educate these national officials about the application of the Electronic Transactions Act No. 19 of 2006. The Act provides for acceptance of electronic documentation by courts of law in Sri Lanka, where electronic trade documentation would have the same validity as traditional printed documents. I believe, when fully implemented this law, coupled with the spread of internet access, will trigger a boom in E-commerce and will multiply local and international trade by facilitating paperless trading. We are planning to start the project in the new financial year, with the Inland Revenue Department.

As a part of our socio-economic contributions, we would also like to do more to help the country address its current solid waste management crisis. I believe it is possible to mitigate this problem through an effective waste management system. Abans PLC has the international network of technology suppliers and the experience in

domestic solid waste collection, to build and operate a waste-energy plant. However, the existing policy environment is not conducive for investments in this field. Therefore, I would like to call on the relevant national authorities to develop a specific policy framework for private sector investments in waste-energy projects. Abans is prepared to step in with modern environmentally friendly solutions to create a cleaner and healthier living environment.

I would like to conclude by thanking my Board of Directors, all employees, management of Abans PLC and all our business partners for their diverse contributions during a particularly difficult year. I thank all our investors for their confidence in the Company and our customers for their continued patronage. Our customers are at the centre of our business and we look forward to adding value to their lives in the new financial year.

Sincerely



Aban Pestonjee
Chairperson

14th August 2017

Board of Directors



Aban Pestonjee
Chairperson



Behman Pestonjee (TITO)
Managing Director



Saroshi Dubash
Director



Rusi Pestonjee
Director



Hiran Embuldeniya
Independent Non Executive Director



Sriyan De Silva Wijeyeratne
Independent Non Executive Director

Board of Directors

01 **Aban Pestonjee** Chairperson

A resourceful and self-taught entrepreneur, Mrs. Aban Pestonjee exemplifies the Abans creed of “finding a need and fulfilling it”. Her passion, drive and courage, especially as a South Asian woman in a male dominated business world have inspired successive generations of Sri Lankan business women. Mrs Pestonjee’s achievements have gained both local and international recognition. These include, the Award of Excellence for Women Achievers for Outstanding Achievements, presented by the SAARC Women’s Association, Sri Lanka Chapter, in the year 2000. The bronze award, under the large business category at the Women Entrepreneurs of the year Ceremony conducted by the Women’s Chamber of Industry and Commerce, in year 2000. And the KOTRA Plaque Appreciation, 2005, for forging strategic foreign economic ties between Korea and Sri Lanka. In 2006, she received international recognition by being awarded the Leading Woman Entrepreneur of the World award, which was presented by the princess of Thailand.

Mrs. Pestonjee has been invited by The Harvard Business School to be interviewed on the subject of “Creating Emerging Markets”. The full transcript of the interview will be kept at Harvard Business School’s Baker Library, among their historical

collections and will be available to students for research and case studies.

Mrs. Pestonjee also holds directorships at Abans Electricals PLC, Abans Environmental Services (Pvt) Ltd, Abans Construction and Engineering (Pvt) Ltd, Abans Lanka (Pvt) Ltd, Abans Tours (Pvt) Ltd, Abans Tourist Hotel (Pvt) Ltd, ABS Gardner Dixon Hall International (Pvt) Ltd, Abans Investments (Pvt) Ltd, Add Outdoor (Pvt) Ltd, Abans Graphics (Pvt) Ltd, Abans Marketing (Pvt) Ltd, Abans Consolidated (Pvt) Ltd, Abans Warehousing (Pvt) Ltd, Crown City Developers (Pvt) Ltd, AB Technologies (Pvt) Ltd, Abans Development (Pvt) Ltd, Abans Auto (Pvt) Ltd and Abans Office Automation (Pvt) Ltd, Abans Engineering (Pvt) Ltd, Colombo City Centre Partners (Pvt) Ltd.

02 **Behman Pestonjee (TITO)** Managing Director

Qualified as a Marine Engineer, class 1 (D.O.T. London), Mr Behman Pestonjee has been involved with Abans PLC since its inception and has been instrumental in building the business. His dynamic leadership of the operations division has been a key driver of success. He oversees most of the critical functions of the organisation, including sourcing, marketing and sales and manages many important business partnerships. Under his able supervision the Abans retail network

has expanded from a single store to over 400 stores. He is an inspiring leader with a unique management style based on pragmatism and execution.

Mr. Behman Pestonjee also holds directorships at Abans Electricals PLC, Abans Environmental Services (Pvt) Ltd, Abans Construction and Engineering (Pvt) Ltd, Abans Lanka (Pvt) Ltd, ABS Gardner Dixon Hall International (Pvt) Ltd, Abans Investments (Pvt) Ltd, Add Outdoor (Pvt) Ltd, Abans Restaurant Systems (Pvt) Ltd, Absgro (Pvt) Ltd, Abans Graphics (Pvt) Ltd, Abans Marketing (Pvt) Ltd, AB Leisure (Pvt) Ltd, Abans Consolidated (Pvt) Ltd, Abans Retail (Pvt) Ltd, Colombo City Centre Partners (Pvt) Ltd, Crown City Developers (Pvt) Ltd, Sirius Technologies (Pvt) Ltd, Abans Exports (Pvt) Ltd, Abans Development (Pvt) Ltd, Abans Auto (Pvt) Ltd and Abans Office Automation (Pvt) Ltd, Abans Engineering (Pvt) Ltd.

03 **Saroshi Dubash** Director

Dr. Dubash holds a PhD in Philosophy, an MBA (USA) and an honours degree in chemistry (London).

Within the Abans Group, Dr. Dubash is mainly involved in administering the supply chain functions of import purchasing, wharf clearance, warehousing, inventory control,

distribution and information systems, retail accounts, human resource and hire purchase departments also come under her purview and she oversees the Training Department to ensure the continuous training and development of Abans employees.

She is the Managing Director of Abans Logistics (Pvt) Ltd which is a fully fledged logistics company that deals with freight, transport, warehousing, distribution, container yards and other logistic operations. She is the alternative Director to Mr. Behman Pestonjee in the Colombo City Centre operations. Mrs. Dubash was the chairperson of the Women's Chamber of Industry and Commerce and then representative on the Ceylon Chamber of Commerce Board a member of WILAT (Women in Logistics and Transport)

04 **Rusi Pestonjee** Director

Mr. Rusi Pestonjee is an alumnus of the executive management programmes at the Indian School of Business, focusing on strategy and managing family businesses. He supports relationship building with key international partners and has been instrumental in implementing several new strategic growth initiatives.

Mr Rusi Pestonjee also holds various directorships within Abans Group of

Companies and is the Chairman of Abans Finance PLC.

05 **Hiran Embuldeniya** Independent Non Executive Director

Mr. Embuldeniya has an MBA from the Harvard Business School and a MEng (Hons) in Engineering, Economics and Management, from University of Oxford. He is currently Managing Partner of Ironwood Capital Partners, Sri Lanka's first private equity fund. He is also a Director of York Street Partners, an investment banking firm based in Sri Lanka. He has previously worked for 10 years with Goldman Sachs and McKinsey & Company where he helped, develop and execute the corporate strategies and M&A transactions for some of the leading banks and industrial companies in Europe, Middle East and South Asia.

Executive Officer of Teejay Lanka PLC and serves on their Board. He previously served as the Country Manager of Microsoft for Sri Lanka and Bangladesh. His key skills include driving growth and business expansion amidst competitive conditions and multi-dimensional challenges, both locally and in overseas markets. He has several academic and business awards to his credit and is a frequent speaker at leading forums locally and globally. He was previously named the CIMA Business Manager of the Year and is involved in many business chambers and in several local and global charities.

06 **Sriyan De Silva Wijeyeratne** Independent Non Executive Director

Mr. Wijeyeratne possesses a Master's Degree in Management from the University of Sri Jayewardenepura and holds a First Class Special Degree in Business Administration from the same University. Additionally he is a Fellow Member (FCMA) of the Chartered Institute of Management Accountants (CIMA) UK and is also a member of the Chartered Global Management Accountants (CGMA). He is currently the Managing Director/ Chief



Managing Director's Review of Performance

A LIFE-LONG PARTNERSHIP

“A core brand value of Abans is to convey international brands to local consumers. In this regard, I am pleased to report that Abans introduced the first luxury brand into the Sri Lankan market by contracting the national agency for Hugo Boss of Germany. While the country has attracted a number of high street brands to date, Hugo Boss is currently the only high end luxury designer clothing brand to enter Sri Lanka. The first Hugo Boss retail outlet was opened at the Arcade Independence Square with a significant price advantage for Sri Lankan consumers compared to Singapore and other western markets.”

The year under review did not have a promising start in the backdrop of the VAT increase of the previous year. The year progressed with more fiscal and monetary measures that were unfavourable to our business of retail electronics. While the VAT was cranked up from 11% to 15%, the PAL was raised on some products, including many home appliances. Policy rates were revised in two times during the year, which set off a rising interest rate trend in the market. The ensuing cost increases were compounded by continued depreciation of the rupee which hit Rs. 151 against the US Dollar by end of the financial year, from Rs. 145 at the start of the year.

Sri Lanka experienced inclement weather during the year 2016. Particularly, the severe flood experienced in the second quarter of 2016 and the drought that prevailed during the year, may have had an impact on the agricultural activities of the country. The extreme weather conditions, ranging from floods to drought that caused great distress to people in many parts of the country, cascaded down to the business sector by disrupting business activities in those parts of the country and by derailing demand. The continued drought in the North, North East and Eastern provinces for instance, has caused extreme forms of hardship for these communities not only due to lack of water but by also eroding their economic opportunities.

Managing Director's Review of Performance



“Our portfolio of energy efficient appliances has continued to grow during the year with broader pricing options to give consumers a better choice. In addition, we introduced solar panels manufactured by our primary brand principal LG of Korea, to the local market”

The majority agricultural communities in these regions have not been able to cultivate for consecutive seasons and face serious financial hardships. This economic reality is reflected in the slowdown in the country's real economic growth rate from 4.8%, to 4.4% year-on-year and has aggravated quality of life inequalities between the regional interiors and the Western Province.

Our retail market indicators point to a noticeable reduction in disposable incomes across the country, due to the cost of living increase as a result of a combination of the external factors I have discussed above. This situation translated into a noticeable decline in demand for household appliances with some

regional markets shrinking in size compared to the previous financial year. As cost increases were not offset by wage increases, as in the case of the public sector in the previous financial year, household demand growth was limited to the Western, Southern and Central parts of the country and even here, sales had to be continually stimulated through discounts which reduced our margins. The institutional sector demand fared better but the continuing efforts to curtail private sector credit did not allow for any major demand expansion even from this sector.

However, we benefited from the revival of the real estate sector and construction sector which created a steady demand for household products. With this segment in mind, during the year, we added a new range of furniture items to our portfolio, which saves space in urbanised living environments, especially small homes, apartments, or limited spaces. Demand for modern technology products such as mobile phones, computers, laptops and computer accessories maintained growth but penetration of rural markets was slower than the previous year. While we continuously faced competition from the informal sector and mushrooming retailers, the Abans brand credibility has consistently paid off with consumers willing to go the distance for the reliability and trust associated with Abans products.

Adaptive Strategies

The Abans strategy during the year was to supply the consumer sector with value for money offers, backed by reliable brand

names. A core element of the business strategy was to source situationally suitable products, such as high energy efficient appliances that are comparatively less costly to operate. We also negotiated pricing and exclusive rights with our brand principals to transfer maximum benefit and after sales advantages to our customers.

Our portfolio of energy efficient appliances has continued to grow during the year with broader pricing options to give consumers a better choice. In addition, we introduced solar panels manufactured by our primary brand principal LG of Korea, to the local market.

I am pleased to report that we obtained exclusive rights to a number of internationally recognised brands during the year. Through this strategy we have continued to consolidate our position as a leading ICT products purveyor in the country.

We are now the authorised re-seller to retail the Chinese mobile phone brand, Oppo, which comes in at a highly competitive price, packed with features. The inclusion of Oppo has improved consumer choice in the mobile phone category.

We also improved our market position with regards to major ICT brands. From being an authorised service provider for all Apple products, Abans was upgraded to national distributor status for Apple. We also hold the national distribution for Lenovo and Energizer brands as well. These exclusive

retailing rights have positioned Abans as the strongest ICT products retailer in the country and have dramatically increased our future revenue potential, while linking us directly to global cutting edge technology evolutions.

A core brand value of Abans is to convey international brands to local consumers. In this regard, I am pleased to report that Abans introduced the first luxury brand into the Sri Lankan market by contracting the national agency for Hugo Boss of Germany. While the country has attracted a number of high street brands to date, Hugo Boss is currently the only high end luxury designer clothing brand to enter Sri Lanka. The first Hugo

Boss retail outlet was opened at the Arcade Independence Square with a significant price advantage for Sri Lankan consumers compared to Singapore and other western markets.

Our Financial Performance

The heightened financial-risk profile for the year made cost management a key strategic priority for Abans PLC in the financial year under review. In this regard, I am pleased to report that our efforts have been effective to control our operating expenses from strategic cost controls across the board.

Trading activities continued to represent the

major share of revenues (91%) of the Abans Group during the current financial year and also sustained a year-on-year growth of 2%. Engineering services represented 5% of total revenues but revenue growth declined by 8% compared to the previous year. Financial services however, recorded the highest level of growth at 23% and accounted for 4% of total Group revenues.

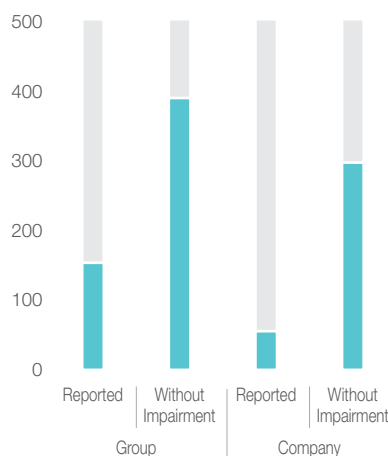
New recruitment was slowed across the Group to contain personnel costs. Distribution channels were rationalised with physical retail expansion put on hold and retail development was limited to re-opening and re-locating the showrooms which were closed during the previous financial years. Further we have upgraded and modernised the existing showrooms in order to develop a customer centric business environment. The Abstract showrooms, operated by an affiliated company of Abans, were taken over by Abans PLC. So our operations were extended into the fashion industry and high end brands such as Skechers footwear and The Face Shop cosmetics brand was brought under Abans PLC. These products are now retailed at Abstract showrooms as well as special counters at Abans Elite showrooms.

Greater emphasis was placed on digital channels and our e-commerce enabled website, buyabans.com, was revamped and made more user friendly. The online product portfolio was expanded and many promotional activities have been planned to channel consumers online. We also fast tracked internal ICT deployments to facilitate better cost savings across the delivery chain.

Segment Reporting -Revenue (Rs. Mn)



Profit Before Tax- With and Without Specific Impairment (Rs. Mn)



Managing Director's Review of Performance

This has helped improve our overall inventory and cash flow management.

Driven by continuous marketing and business partner engagements, our Group top line grew by 2.3% to Rs. 35.7 Bn against the previous year, while at Company level this was an 1.3% growth to Rs. 27.8 Bn Revenue growth was primarily fueled by Abans PLC and our financial service subsidiary, Abans Finance PLC. Our subsidiary Abans Engineering reported a loss for the year under review but the Company has a full pipeline of pent up billing which should accrue in the new financial year, transforming its current losses into comfortable profits in the financial year 2017-18.

I am pleased to report that the Colombo City Centre has already received advances for over 50% of its luxury apartment units and around 70% of the retail space by the end of the current financial year. Therefore, the project is already covering its costs and is also backed by allocated but unutilised funds. The retailing floors will be opened to the public in the first quarter of 2018, generating its own revenues.

Our profit before tax have been curtailed due to increase in interest rate and Rs. 241 Mn provisioning for the impairment of our affiliated company. The Group profit before tax came to Rs. 133 Mn while it was Rs. 52 Mn for the Company. Excluding the above provisioning the Group profit before tax would show as Rs. 374 Mn while it would be Rs. 293 Mn for the Company.

Refer the financial review for further details on our financial status.

Outlook and Plans

Sri Lanka faces a somewhat challenging future due to the country's mounting debt obligations which will have manifold and unavoidable impacts on businesses and consumers. We are also threatened by the increasing frequency of extreme weather patterns and the country's lack of preparedness to mitigate economic impacts from such events.

In this scenario we can expect consumer spending in general to remain flat or to even contract with regards to non-essential products. However, there will be many niche opportunities created through emerging demand patterns. Abans will maintain strong ground level links to ensure rapid transmission of market intelligence and we will leverage our ICT systems and global partner networks to speedily respond to demand trends. Going forward, cost containment will remain a priority and we will continue to strengthen our digital footprint as a cost efficiency measure.

In the interest of furthering the national plan to transform Sri Lanka into regional retail hub, we look forward to a more conducive fiscal policy and greater policy stability with regards to external policies.

I thank the management and staff of Abans PLC and our subsidiaries, for their excellent work that has ensured a successful year for the Group and I acknowledge the advice

and expertise contributed by the Board in navigating the company through stormy weather. I am grateful for the proactive support extended by our brand principals and our dealers during the year and I thank all our customers for their continued patronage of Abans.

Sincerely



Behman Pestonjee
Managing Director

14th August 2017





**ALL OUR
STRENGTH**

“Our legacy and stability lend much to our strength and we will continue to be a steadfast presence in creating products and services that serve a gamut of needs. ”

Industry Overview

Operating Environment

The Abans Group's revenues are primarily derived through local market operations of retailing electrical and electronic home appliances and ICT products. However, the Company is heavily import dependent in sourcing its products to meet domestic consumer demand trends. Therefore the Company is exposed to both domestic and international macroeconomic volatilities.

Global Economic Overview

World economic activity gained momentum in the second half of 2016, especially in advanced economies, to enable a global economic growth rate of 3.1%, compared to the 3.2% of 2015. Advanced economies recorded a growth rate of 1.6% from 2.1% in 2015. Emerging Markets and Developing

Economies maintained growth at 4.1% with China's growth rate dropping marginally to 6.7% from 6.9% and India's growth rate falling from 7.6% to 6.6%.

Global growth is projected to increase from an estimated 3.1 percent in 2016 to 3.5 percent in 2017 and 3.6 percent in 2018.

Sri Lankan Economy

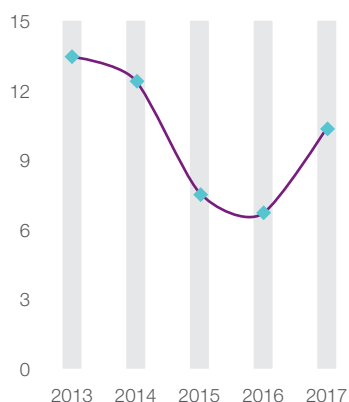
The Sri Lankan economy recorded a growth rate of 4.4% in 2016 compared to 4.8% in 2015. On the domestic front, recommencement of a few large scale government infrastructure projects and private sector investment activities supported economic growth. However, continuation of fiscal consolidation measures specifically related to revenue enhancement, increase in

inflationary pressure towards the latter part of 2016 driven by supply side impediments and tax policy measures, tightening of the monetary policy stance of the Central Bank and adverse weather conditions that prevailed throughout the year dampened the growth momentum. Moreover, uncertainty that arose from frequent policy changes during the beginning of 2016 also impacted the overall economic activity.

The agriculture sector contracted by 4.2% in 2016 as opposed to 4.8% growth recorded in 2015. Industry activities recorded a significant growth of 6.7% in 2016 in comparison to 2.1% recorded in 2015. Services related economic activities which collectively account for the major share of GDP, expanded by 4.2% in 2016 compared to 5.7% in 2015.

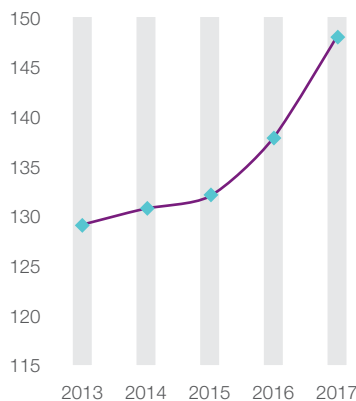
AWPLR

(%)



Exchange Rate

(USD: Rs.)



Private household consumption registered a slowdown to 4.3% from 10% in the previous year, due to the increase in interest rates and taxes, gradual increase in import prices of consumer goods and depreciation of the Sri Lankan rupee.

Interest Rates

Considering the ramifications of persistent and high liquidity levels in the market, the Central Bank increased Statutory Reserve Ratio applicable on all rupee deposit liabilities of commercial banks by 1.50 percentage points to 7.50% with effect from 16 January 2016. Following the increase in policy interest rates for the second time in July 2016,

Industry Overview

market interest rates started increasing, which in turn constrained private sector access to credit, decelerating credit growth from the peak of 28.5% in July 2016.

In March 2017 Standing Deposit Facility Rate and the Standing Lending Facility Rate was increased by 25 basis points each, to 7.25% and 8.75%, respectively.

AWPLR increased to 11.79% in March 2017 compared to 9.19% in the previous year. The three month Government T-bill rate was 9.63% in March 2017 compared to 8.90% in March 2016.

Inflation

Consumer price index moved upwards during the first half of 2016, although it stabilised

somewhat during the remainder of the year, while core inflation broadly followed an upward trend in 2016. Accordingly, the CCPI (2013=100) based headline inflation reached a peak of 5.8% in July 2016, before registering 4.5% at end 2016, while on an annual average basis, it stood at 4.0% by end 2016. The prevailing drought conditions, the effect of the tax changes and rising international commodity prices affected the movements in inflation in the first quarter of the year 2017 as well, although tightened monetary and fiscal policies enabled reining in of demand pressures on inflation to a great extent

Exchange Rate

The exchange rate, which was maintained at relatively stable levels during the first half of 2016 with the support from the supply of foreign exchange liquidity, depreciated at a higher rate during the second half due to the gradual curtailment of foreign exchange supply by the Central Bank. During the year as a whole, the rupee recorded a depreciation of 3.83% against the US dollar over the depreciation of 9.03% in 2015. However, the Real Effective Exchange Rate (REER) remained above 100 indicating the need of further adjustment to the exchange rate to be competitive in the international market.

External Trade

Despite the positive growth recorded in the latter part of 2016, earnings from exports at US dollars 10,310 Mn reflected a decline of 2.2%, from US dollars 10,546 Mn in

2015, led by the declines in agricultural and industrial exports during the first seven months of the year.

The total expenditure on imports rose moderately by 2.5% to US dollars 19,400 Mn in 2016, while non-fuel import expenditure increased by 4.2% to US dollars 16,919 Mn.

Economic Outlook

The Sri Lankan economy is projected to grow at a moderate rate of around 5.0% in 2017 and is expected to improve gradually thereafter to record an annual growth rate of 7.0% by 2020. The private sector is expected to play a key role in achieving this higher growth momentum by exploiting potential growth opportunities in the economy and external markets.

The opportunities for the private sector would include the planned establishment of the Colombo Financial City, new opportunities under the Western Region Megalopolis Project and the proposed establishment of economic corridors in the North East and South West of the island and also in the areas surrounding the Hambantota and Trincomalee ports. In addition to these initiatives, domestic investment activities are also expected to continue.

These developments are expected to be supported by complementary policy measures of the government in creating a conducive environment for economic expansion.



Financial Review

The Abans Group and Company sustained revenue growth in the 2016-17 financial year despite a challenging environment that saw demand fluctuations due to unfavourable external environmental factors. Revenue growth was primarily fueled by Abans PLC and our financial service subsidiary, Abans Finance PLC.

Revenue

Despite the tax fluctuations, low growth in the consumer expenditure and unfavourable weather conditions, Group consolidated revenue increased by 2.3% year on year to report Rs. 35.7 Bn. The revenue growth supported by 23% sales growth of financial

sector and 2% growth in trading sector of Abans PLC. All the sectors of Abans Group except engineering sector reported revenue growth during the financial year. The engineering sector has opportunities for high revenue contribution to the Group in the new financial year. Further, newly composed fashion and footwear sector will bring additional revenue to the Group in the following financial year.

Channel Growth

Most of the sales channels of Abans recorded growth in revenue during the year, with the online channel of buyabans registering an encouraging 35% growth in sales volumes

and revenues. Elite and Retail showrooms increased sales by 7% and 3% respectively, against the previous financial year.

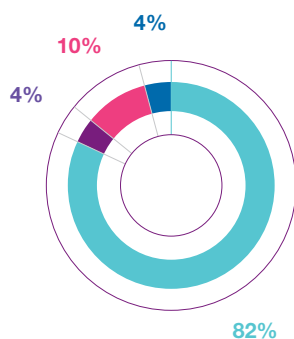
Channel	% Increase in Revenue
Retail Showrooms	3%
Elite Showrooms	7%
Direct Channel	22%
Online Channel	35%

Operating Profit

Abans Group reported Rs. 1.5 Bn operating profit while managing operating environmental challenges and a one-off provision related to Abstract Lanka (Private) Limited. The operating profit without the one-off provision would be Rs. 1.8 Bn for the Group and Rs. 1.6 Bn for the Company. The operating profit of the financial sector increased by 57% when compared to the previous year and supported the Group operating profit.

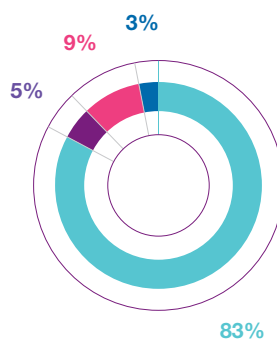
Selling and administration expenses increased by 10% compared to the previous year due to attractive advertising and promotional activities to position in the competitive market. The reduction in operating profit compared with the previous year, compelled the Company to more focus on cost management strategies. This will directly improve our bottom line further in near future.

Sector Revenue Contribution 2016/17 (%)



Consumer Durables
Engineering
Manufacturing
Financial Services

Sector Revenue Contribution 2015/16 (%)



Consumer Durables
Engineering
Manufacturing
Financial Services

Financial Review

Net Finance Cost

Group and Company Net Finance Cost increased by 37% and 33% to Rs. 1.3 Bn and Rs. 1.2 Bn respectively during the year mainly due to the increase in market interest rates and finance cost attributed to long term investments. As the Company had funded to the long term project, the Colombo City Centre, bearing high interest cost will be overpass with the financial benefits in the following years. A slight increase in the finance income was reported due to the increase of interest income from other assets.

Tax

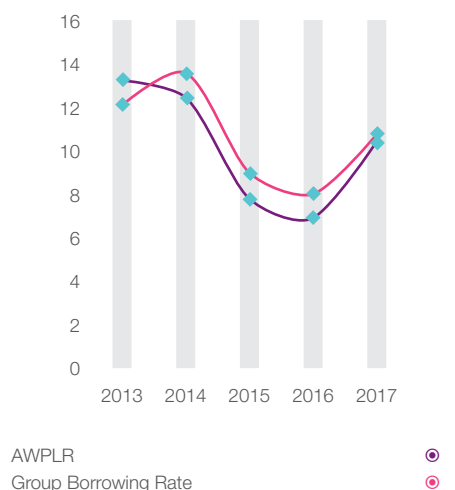
Abans Group contributed to the government with an income tax of Rs. 190 Mn and Nation Building Tax of Rs. 321 Mn during the financial year. Income tax and Nation Building Tax expense of the Company was Rs. 97 Mn and Rs. 274 Mn respectively.

Net Profit

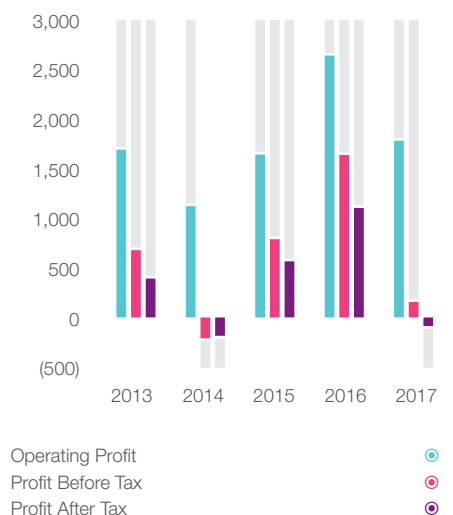
The Abans Group and Company reported a consolidated profit before tax Rs. 133 Mn and Rs. 52 Mn respectively, for the financial year. The lower profit compared to the previous year is due to the one-off provision and increased finance cost.

“The engineering sector has opportunities for high revenue contribution to the Group in the new financial year. Further, newly composed fashion and footwear sector will bring additional revenue to the Group in the following financial year.”

AWPLR VS Group Borrowing Rate (%)



Profit (Rs. Mn)



Following the contribution to the government by the tax expense of Rs. 218 Mn, the Group reported net loss of Rs. 85 Mn for the financial year. The Group and Company net profit without one-off impairment provision would be Rs. 156 Mn and Rs. 205 Mn respectively.

Financial Position

Total Assets

Group Total Assets value enhanced by 5% to Rs. 33.6 Bn from Rs. 32 Bn as at the year end. This supported by the factors of Investment in the joint venture Company, the Colombo City Centre, stockpile towards seasonal sales and the enhancement in receivable portfolio of Finance sector. The significant portions of total assets are from Inventories and Receivables which are directly allied to the working capital operations of the Group.

Total Liabilities

Group Non-current liabilities decreased by 13% to Rs. 4.4 Bn due to reclassification of long term debenture liability to short term liabilities based on the maturity period. Group Current liabilities increased by 11% to Rs. 21.8 Bn from Rs. 19.7 Bn as public deposits enhanced in the financial business sector and re-classification of debenture.

Ratios

Liquidity: The Abans Group maintained the average liquidity ratio at 1.27:1 over the years and reported 1.21:1 as at the financial year end under review. This indicates the sound

management of safe liquidity and operating efficiency of the Group. The acid ratio was reported at 0.70:1 at the financial year.

Profitability: The Group profitability ratios reported a downturn during the period due to the operating environmental challenges, increased finance cost and a one-off impairment provision. Abans Group reported 29.3% gross profit margin, 5% operating profit margin for the financial year.

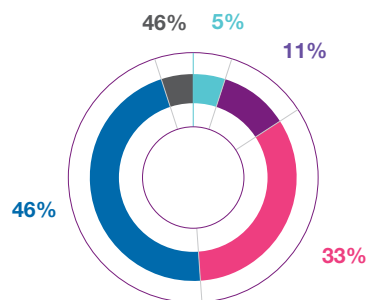
Leverage: The Group gearing ratio was 1.88 as at the 2016/17 financial year and it was at 1.85 in the previous financial year. The Abans

Group has leveraged the capital structure through borrowings to fuel investments, considering the sustainability of shareholders' value creation. The Group also reported a strong interest coverage, which indicates healthiness in interest payments.

Efficiency: Asset turnover ratio of the Group was 1.06 as at the financial year end and 1.09 in the previous financial year. Further we managed all other efficiency ratios also in satisfactory level.

Total Assets Composition

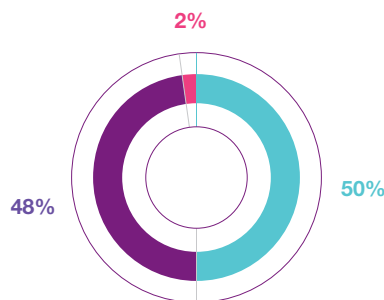
(%)



PPE and Intangible
Investments
Inventories
Receivables
Cash and Other

Total Liabilities Composition

(%)



Interest Bearing Borrowings
Trade and Other Payables
Employee Benefit, Tax and Other

Performance of Subsidiaries

Abans Finance PLC

Abans Finance PLC is a public limited liability company incorporated in Sri Lanka on 08 April 2005 under the Companies Act No. 17 of 1982. The Company commenced business initially as a registered finance leasing establishment under the Finance Leasing Act No. 56 of 2000 on 19th April 2006 and thereafter obtained a finance company license in terms of the Finance Companies Act No. 78 of 1988 with an initial stated capital of Rs. 382 Mn on 27th August 2007. The Company was listed on the Colombo Stock Exchange in the year 2011.

Abans Finance PLC is the Group's financial services arm. The company provides a comprehensive range of financial services encompassing Acceptance of Fixed Deposits, Maintenance of Savings Deposits, Provision of Finance Leases, providing Hire Purchase schemes, Mortgage Loans, Business Loans Personal Loans and Other Credit Facilities which have been designed to cater to varied needs of the customers.

Abans Finance PLC currently operates with ten branches, nine customer centres and four kiosks in addition to the head office.

The performance of the Company in the year under review has been outstanding. Total Income and Net Interest Income recorded an impressive growth of 23 percent which enabled the Company to achieve an

impressive profit after tax of Rs.133.6 Mn, up by 48.20 percent over the previous financial year. The Earning per Share grew to Rs. 2.75 in year under review from Rs. 2.29 in the previous.

The Total Assets recorded a significant growth of 22% reaching the mark of Rs. 7.49 Bn as on 31 March 2017. The Shareholders' Funds recorded a significant growth of 97% reaching Rs. 1.21 Bn in the year under review from Rs. 614.52 Mn in the previous year resulting from an issue of shares.

In May 2016, Abans Finance PLC issued Rs.185 Mn worth of shares by way of Rights and in November 2016 divested 11,067,978 ordinary shares by way of a private placement for a total consideration of Rs.277Mn to Ironwood Investments Holdings (Pvt) Ltd.

Abans Engineering (Pvt) Ltd

The business of Abans Engineering is pioneer in providing design, supply, installation and after sales services of Central Air Conditioning System and Elevators, Escalators, Travelators Systems to various business industries. During the financial year 2016-17 the company added value to its customer offering with the introduction of the Systemair Product range that includes Air Handling Units, Ventilation Fans, Grills and Diffusers. The company also expanded

the Trane brand portfolio by focusing on the Unitary product range.

With a competitive performance in winning large scale contracts, the company recorded a turnover of Rs. 1,576.6 Mn for the financial year 2016-2017. The current year's strong revenue can be attributed to the company's success in securing many large, landmark tenders in both the private and public sectors. Among the key projects for the year, Abans Engineering was awarded the MVAC solution for the Labor Department's new office building consisting of 32 Floors, the HVAC solutions for the Civil Aviation Department's new office complex and the HVAC solutions for the mixed development project of the Colombo City Centre, to name a few benchmark business deals clinched during the year. A particularly significant achievement for both the HVAC industry and Abans Engineering, was the contract to implement Sri Lanka's first simultaneous Cooling and Heating VRF Solution for a Star Class Hotel, Nuwara-Eliya.

Also, Abans Engineering is supplying and installing Elevator and Escalator for John Keells - Water Front Project which includes 85 Nos. Elevators and 27 Nos. Escalators and providing Vertical Travel for Proposed Colombo City Centre Mixed Development Project at Colombo 02 which includes 15 Nos. Elevators, 16 Nos. Escalators and 02 Nos. Dumbwaiters.

Abans Engineering has been awarded the ISO 9001 : 2008 certification for their efforts for upholding quality management with the company and also classified as an EM 1 Contractor by CIDA certifying their capability to handle any large scale projects. Abans Engineering is also a Member of National Construction Association of Sri Lanka (NCASL)

Abans Engineering Brand Portfolio



Abans Retail (Pvt) Ltd

The fully owned subsidiary of Abans PLC, Abans Retail is involved in buying and selling electronic and electrical appliances. During the financial year 2016-17 the company's total revenue reached Rs. 4,789 Mn supported by 460 showrooms including retail showrooms and digital showrooms. The profit after tax stood at Rs. 13.9 Mn.

A B Technologies (Pvt) Ltd

The company is engaged in the supply of computerised business solutions, hardware installation and management services. The total revenue for the year came to Rs. 19.8 Mn and the profit after tax was Rs. 8,1 Mn.

Abans Electricals PLC

Abans Electricals PLC, as the leading home appliance manufacture in Sri Lanka the highest priority has always been given for the environmental protection by producing innovative eco-friendly and energy saving products. Abans Electricals, the associate company of the Group, is involved in assembling and manufacturing washing machines, refrigerators, cookers, air-conditioners and Solar PV system installations. Through its Service Department, the company provides installation, repair and maintenance services, including after sales services for electrical and household appliances sold by Abans PLC.

During the financial year 2016-17 Abans Electricals recorded a total revenue of Rs. 4,028 Mn boosted by turnover growth from the Solar Panel Installation Division. The net profit for the year was Rs. 46.7 Mn.

Abans Lanka (Pvt) Ltd

Abans Lanka is a Subsidiary company of Abans Group, involves in importing and selling of mobile phones. During the financial year under review generated loss of Rs. 150,337.

Colombo City Centre Partners (Pvt) Ltd

Colombo City Centre Partners (Pvt) Ltd is a joint venture company between Abans PLC and SilverNeedle Hospitality of Singapore,

involved in developing mixed development project which includes a shopping mall, hotel and residential apartments.

The Company has not yet commenced its commercial operations and hence resulted in operating loss of Rs. 186 Mn during the financial year under review.

The Colombo City Centre



The Colombo City Centre, the single largest real-estate project of the Abans Group, initiated as a joint venture with SilverNeedle Hospitality of Singapore, reached podium level construction by end of the financial year 2016-17. With this milestone achieved, the landmark project is scheduled for completion by mid 2019. Located in Sir James Peiris Mawatha, Colombo-02, this ultra-modern, mixed use, 47-storey lifestyle centre project is managed by a hand-picked team of international experts to ensure the highest quality of technical and specialised skills and experience.

The Colombo City Centre Mall

The Colombo City Centre Mall is on track to open its doors to the public in the first quarter of 2018. The 5-floor mega-shopping



complex, the largest in the country, will feature multiplex cinemas, international food court, restaurants and an unparalleled shopping experience featuring local and international brands.

Food Studio, the Food Court, which will be located on the 3rd floor, is scheduled to open by December 2017. The Food Studio brand was founded and launched by Mr. Lim Tai Toon who is also the Co-founder of Food Republic, an internationally renowned restaurant chain that hosts numerous restaurants and food courts across Asia.

The mall will also feature some of the best restaurants in Colombo offering fine dining experiences from around the world.

Residencies at the Colombo City Centre

The Colombo City Centre will add 192 premium apartments to Colombo city's luxury accommodation capacity. Apartment sales have progressed well during the year under review.

The apartments have been designed by world-renowned architecture and interior design firms, Aedas and Gensler and come in 2, 3, 4 and 5 bedroom units ranging from 973 sq. ft. to 4,898 sq.ft. Additionally, residents will have private access to the infinity swimming pool, state-of-the-art gym, sauna, children's play area and a Sky Terrance on the 43rd floor. Separately demarcated parking facilities, elevator

access and entrances for the mall, hotel and residences will also be provided. All residents will receive a freehold title to their apartments.

Next Hotel Colombo

The Colombo City Centre will host the Next Hotel Colombo, an upper scale business hotel in an area of 155,000 sq. Ft., designed to cater to the modern business traveller. The hotel will provide amenities such as technology solutions for business travelers, a cocktail bar, fine dining options and a lush tropical garden with a wooden deck and sun lounge.

Product Portfolio Management

Abans PLC is the sole distributor for Skechers Footwear brand in Sri Lanka. A three billion-dollar global market leader in the performance and lifestyle footwear industry..

The Abans brand and product portfolio continued to expand during the year under review with the addition of the two major international brands – Skechers and Hugo Boss – under the Abans umbrella. As a policy, Abans maintains brand and product diversity to facilitate wide pricing choice to cater to a broad spectrum of customer demographics and also to mitigate supplier risk, market risk and product risk. However, all attempts are made to ensure value for money for customers by acquiring brands of international repute and with track records of reliability and dependability.

Abans also introduced many new products to Sri Lankan consumers during the year, including cutting edge technology brands, such as the latest Apple iPhone 7 and iPhone 7 Plus and the latest LG products, expanding

the Group's already extensive product line-up even further. The ever changing product types are selected in line with the strategic objectives of positioning Abans as the leading national retailer for the latest technology goods to debut international markets.

Abans Brand Portfolio

The Abans brand capital comprises a range of international brands that adds value to life in all aspects of living.



LG originally stood for "Lucky Goldstar", but is now promoted as meaning "Life's Good" in the company's marketing campaigns. LG has been a pioneer in innovation and has significantly focused on research and development by systematic investments. LG Electronics will do its best to create new products and services with an open mind, while developing new technologies and business fields through various partnerships with some of the world's most successful companies.

LG operates through five major business segments: TV and Home Entertainment, mobile communication and computer products, Air conditioning and Energy solution, Home appliances and vehicle components. Its products range from TV, home theatre system, refrigerators, washing

machines, computer monitor, and smart phones etc.

The company has a strong environmental record, where in it has ensured that its processes have been eco-friendly and has had low carbon strategies as a part of its operational activities.

Strategic synergy between LG and Abans has been a partnership that has been very successful, and this cooperation would continue to grow. LG remained the largest contributor to revenue in 2016/17 with highest sales volume.



Authorized
Reseller

Authorized
Service Provider

Apple is the world's largest information technology company by revenue, the world's largest technology company by total assets, and the world's second-largest mobile phone manufacturer. In November 2014, in addition to being the largest publicly traded corporation in the world by market capitalisation, Apple became the first U.S. company to be valued at over US\$700 Bn. The company employs 115,000 permanent full-time employees as of July 2015 and maintains 478 retail stores in seventeen countries as of March 2016. It operates the online Apple Store and iTunes Store, the latter of which is the world's largest music retailer. There are over one billion actively

used Apple products worldwide as of March 2016. We feel honored to be part of the Apple's supply chain and the only Tier 1 authorised distributor of Apple iPhones and iPads. Now Abans is the Value Added Distributor (National Distributor) for renowned Apple brand in Sri Lanka.



Operating in 170 countries with a network of more than 250,000 channel partners, HP uses the power of ideas to put technology to work for everyone, everywhere. HP's slogan is "HP invents, engineers and delivers solutions that amaze." The firm's motto is 'Keep reinventing,' which refers to both its internal operating strategy and its ability to reinvent itself by launching new products such as the thinnest laptop in the world or by revolutionising manufacturing with its 3D printing technology. According to the firm's internal figures, HP ships 1 PC and 1 Printer every second, is ranked first or second in every market and product category where it competes, while powering 430 of the global fortune 500 companies. To sustain long-term relationships with customers, HP's strategy is to sell solutions, not just products. To that end, the company offers "complete solutions" for partners and customers through integration of HP devices, supplies and services.

Lenovo

Lenovo has been the fastest growing major PC company for more than 4 years, but they're much more than a PC company. They create a full range of personal technology, including smartphones, tablets and smart TVs. Lenovo is the fourth largest smartphone company in the world and are expanding rapidly to new markets. Lenovo's business is built on product innovation, a highly efficient global supply chain and strong strategic execution. The company develops, manufactures and markets reliable, high-quality, secure and user friendly technology products and services for customers who want technology that does more— because people have a lot more to do. Its product lines include legendary Think-branded PCs and Idea-branded PCs, as well as servers, workstations and a family of mobile internet devices, including tablets and smart phones.

Haier
Inspired Living

Founded in 1984, is one of the world's leading white goods home appliance manufacturers engaging in the research, development, production and sale of a wide variety of household appliances (including the white goods) and consumer electronic goods today. The products of Haier Group are now sold in over 100 countries.

harman/kardon
by HARMAN



HARMAN designs and engineers connected products and solutions for automakers, consumers and enterprises worldwide, including connected car systems; audio and visual products, enterprise automation solutions and connected services with leading brands including AKG®, Harman Kardon®, Infinity®, JBL®



In 2015, Dell was the third largest PC vendor in the world after Lenovo and HP. Dell is currently the #1 shipper of PC monitors in the world. Dell is the sixth largest company in Texas by total revenue, according to Fortune magazine. It is the second largest non-oil company in Texas – behind AT&T – and the largest company in the Greater Austin area. It was a publicly traded company (NASDAQ: DELL), as well as a component of the NASDAQ-100 and S&P 500, until it was taken private in a leveraged buyout which closed on October 30, 2013. Abans has had a stronger relationship with Dell throughout the years and promotes Dell among school children and University students in order to support for their day to day education.

Product Portfolio Management

SKECHERS

Abans PLC is the sole distributor for Skechers Footwear brand in Sri Lanka. A three billion-dollar global market leader in the performance and lifestyle footwear industry, Skechers USA Inc. designs, develops and markets more than 3,000 styles for men, women and children, being widely renowned across the world for the brand's emphasis on providing extra comfort.

The brand also offers the comfort-focused Men Sports and Women Active collections that are tailored to meet the needs of an athletic lifestyle.

All Skechers footwear is designed with the aim of providing a fashionable approach to a healthier lifestyle.

Skechers has developed an ergonomically designed sole for the brand's footwear

products, namely the Memory Foam. The Memory Foam sole is engineered with special features that help release pressure for sensitive feet, contour to fit most foot shapes and provide extra comfort, making the Memory Foam sole as soft as a pillow. It also absorbs impact from walking and jogging on hard surfaces and provides you the perfect balance and support for your feet.

The brand is widely reputed for its lightweight, comfortable and high-performance footwear that caters to ladies, gents and kids and provides you the opportunity to choose between a variety of ranges that are adapted to meet the demands of several functions including Gym, Walking, Zumba, Running, Jogging and hiking.

Abans launched its first Skechers Flagship store at Race Course Mall on Aug 27, 2016. Presently, Abans has expanded the Skechers showrooms in leading malls in Colombo

such as Majestic City, Crescat Boulevard and Liberty Plaza. Skechers is also available at Abans Elite Colombo 3 and Abans Galle. Further, Skechers will be soon available in Kandana K zone, Kandy KCC(Bata), Nugegoda Bata and Abans Negambo.

BOSS HUGO BOSS

Founded in 1924 in Metzingen Germany, HUGO BOSS specialises in high end apparel manufactured with a passion and dedication of inculcating the highest quality and finest fabrics that leave individuals envied and admired in equal measures. HUGO BOSS expanded its global presence by launching in Colombo on the 28th of April 2017 in collaboration with Abans PLC as the authorised distributor for the brand in Sri Lanka.

HUGO BOSS is a world renowned brand with a growing popularity amongst various age



Skechers Flagship Store - Race Course



groups that successfully satisfies the upper parameters of premium to luxury fashion, in-turn becoming every man's desired fashion label. The brand encompasses a collection of all key fashion areas comprising of classic clothing, leisurewear, eveningwear, functional, sportswear and complementing accessories.

The diversity and versatility in products offered by HUGO BOSS signifies an admirable adaptability to changing trends, tastes and seasonal demands, economic and technological advancements.



HUGO BOSS - Independence Square

HUGO BOSS in Sri Lanka features two prominent brand lines namely – BOSS and BOSS Green. BOSS satisfy needs for business meetings, formal or smart casual events. Meticulous workmanship, well-tailored silhouettes, superior quality fabrics and precision fit together create this sophisticated line of modern classics for which HUGO BOSS is known universally. In contrast BOSS Green boasts designs for men in search of leisurewear combined with fashion, lifestyle and a sportive edge. This line of fashion comprises of lightweight active stretch fabrics that features t-shirts, shirts, denims and other casual attires making a youthful collection primarily on golf and sportswear.

Brand Partner Engagements

We engaged with our brands partners and added value to our brand portfolio through advertising campaigns for brand building, support services and brand events. During the current financial year we invested Rs. 741 Mn on advertising and promotions of our brands during the year. In addition we strengthened our brand partnerships and support services.



Outdoor Promotions

Product Portfolio Management

Performance of Our Product Portfolio

The Abans product portfolio consists of a variety of electric, electronic and home appliances which were marketed to Sri Lankan consumers by Abans throughout the decades to enhance quality of life and convenience. During the current financial year Abans introduced many new products such as solar panels and furniture. The Company also entered the fashion and footwear market to effectively extend market reach beyond the traditional home appliances and into new customer preferences.

Air Conditioners, White Goods

Air conditioners and white goods accounted for major portion of total revenues of Abans PLC in 2016-17. The sector saw strong demand, mainly for air conditioners, due to the many hotel and residential constructions that are taking place in the country and due to climate changes during the period. Total sales volumes of the segment increased by 3.47% year-on-year.

IT and Communication Products

IT and communication products, comprising laptops, tablet computers, printers, smart phones, digital screens, monitors and UPS are the fastest growing consumer electronics sub segment in the Abans portfolio. During the current financial year sales volumes increased by 16% year on year despite rising competition in the mobile phone and computer retail market.

LG Solar Panels

Solar panels from LG, are one of the latest products introduced by Abans Electricals PLC as an environmentally friendly energy solution. During the current financial year LG solar panels gained ground with market recognition of the superior quality and reliability of the product. The panels are assembled by Abans Electricals and are marketed through Abans PLC. Solar products shows 50% growth in the current financial year.

Consumer Electronics

Abans PLC markets a wide range of consumer electronic items for households and businesses. During the current financial

year Audio product category significantly contributed to total revenue of the Company.

Furniture

During the current financial year Abans introduced a new space saving range of furniture to Sri Lankan consumers. We expect this product category will have more contribution for our revenue in future.

Fashion, Footwear and Cosmetics

The Abans fashion footwear and cosmetics products are brought to consumers through the Skechers footwear brand, the luxury designer label Hugo Boss and Faceshop cosmetics.

Brand Contribution



New Products at Abans

Authorised Distributor and Importer of Apple Products

Apple, the world's most renowned and progressive technology brand, has appointed Abans PLC as the authorised distributor and importer of Apple products in Sri Lanka. Having released the all new Apple MacBook Pro with Touch bar and iPad 2017 series earlier this year, Abans has always been the first to introduce Apple's latest innovations to the Sri Lankan market with each product fulfilling the globalised preferences as expressed by local consumers. Following are the newest technologies introduced during the last year whilst having the great number of customer gathering along with the entertainment.

Apple iPhone 7 and iPhone 7 Plus

Abans launched the Apple iPhone 7 and iPhone 7 Plus, on 11th November 2016 at the Abans Apple iStore at Race Course, Colombo 07. Apple announced that the official launch time for South Asia was 12 midnight on 10th November 2016 and so Abans were the first to launch the iPhone 7 and iPhone 7 Plus in Sri Lanka at just one minute after midnight, at 00.01 on 11th November 2016. Abans recorded phenomenal pre-order (fully paid) sales of 1,500 units even before the official launch and of the first 250 customers to pre order, were invited for the official launch.

The Apple iPhone 7 is the most advanced iPhone, packed with unique innovations with more power and performance with the best battery life in an iPhone, immersive stereo speakers, wide colour system from camera to display, two new beautiful finishes and is the first water and dust resistant iPhone.

iPhone 7 and iPhone 7 Plus are equipped with new advanced camera systems. The 12-megapixel camera includes optical image stabilisation on both iPhone 7 and

iPhone 7 Plus and a larger $f/1.8$ aperture and 6-element lens enable brighter, more detailed photos and videos and a wide colour capture allows for more vibrant colours with more detail. iPhone 7 Plus features the same 12-megapixel wide angle camera as iPhone 7 and adds a 12-megapixel telephoto camera that together offer optical zoom at two times and up to 10 times digital zoom for photos.



Apple iPhone 7 and iPhone 7 Plus Launch - Apple iStore, Race Course

New Products at Abans

Apple MacBook Pro series

Abans unveiled the newest generation of the Apple MacBook Pro series featuring an integrated Touch Bar. The new MacBook Pro boasts a much thinner and lighter design, while being equipped with a unique fingerprint scanner. It also continues Apple's rollout of the USB-C, which was introduced with the MacBook last year.

The Touch Bar and Touch ID give you instant access to the tools you require for

the relevant task on hand. The right end of the strip also contains Apple's Touch ID fingerprint scanner integrated into the power button, which is similar to the one fitted onto the iPhone and iPad and can be used to unlock the laptop and confirm payments.

Apple has also unveiled a lower specification 13-inch model that comes without the Touch Bar and Touch ID.

LG G6

Abans, the country's sole authorised distributor for LG electronics launched the latest LG smart phone LG G6. The LG G6 offers a powerful performance with the all new Snapdragon 821 processor and possesses an ultra slim design, a refined curved back with a full glass and nearly-all screen front that gets rid of those fiddly home screen buttons for added sophistication and convenience with 02 sleek colour options,

namely Astro Black and Ice Platinum. Plus, the incredible IP68 water-resistance capability function makes the phone not only attractive, but highly durable.

The LG G6 demonstrates the latest cutting-edge innovations in smartphone technology specially developed by LG. This includes a 5.7" FullVision Display with an 18:9 aspect ratio as well as the HDR Video support which uses Dolby Vision and HDR10 to enable users to watch their favourite movies, TV shows and viral videos depicted in high quality. Also, the LG G6 possesses an avant-garde Dual Rear Camera that uses one lens to take wide-angle 125 shots and another lens to capture conventional 71 snapshots.

LG K10

The LG K10 redefines selfies with a unique 1200 Wide Angle Selfie Camera. Featuring a brighter F2.2 lens and 5MP sensor, this



camera takes wider, clearer shots and the full surrounding and also captures standard perspective portraits by centering into the heart of the image.

The Auto Shot feature gets the front camera to instantly recognised a face and take a selfie after just 01 second. The Gesture Shot and Interval Shot prevents the shaky, blurry shots that often occur while capturing selfies.

LG OLED TVs

In a star studded VIP event, Abans introduced the LG OLED TVs to Sri Lanka at the Abans Elite showroom in Kollupitiya, taking home entertainment to the next level. Special offers and exciting gifts were given on raffle draws at the event.

Abans Furniture

During the current financial year, Abans introduced the Otello collection of sofa beds that turn from sofa into a bed, at the click of a button. The Otello collection is made of natural materials and solid treated wood that do not emit noxious gases common with conventional melamine furniture, making this range not just highly durable, but safe for your home. The couch cushions contain high-density foam and the frames are constructed of treated wood, making them highly resistant to damage from insects, mold and marine corrosion.

To keep up with current trends in interior design, Abans unveiled the European Style

Sofa Collection 2017 featuring a variety of modern designs popular in Europe along with high-quality upholstery materials.

LG TWIN Wash

LG, one of the most popular global brands for home appliances, continues to redefine how we get our laundry done with its latest addition to the LG Washing Machine range – LG TWIN Wash™. The LG TWIN Wash™, using Korean technology, directly addresses the most common problems associated with laundry by offering consumers the option of using two innovative washers at the same time. Keeping to the Abans philosophy of making life more convenient, Abans has introduced the LG TWIN Wash™ with the option to wash differing fabrics and colours simultaneously, to save water, energy and time. This makes the LG TWIN Wash™ perfect for large families.

The LG TWIN Wash™ has two primary washers – a 21kg Front Load Washer and the 3.5 kg LG TWIN Wash Mini™. The Front Load Washer tackles large loads of normal, badly soiled and tough-to-wash clothes. The 6 Motion DD adapts the drum to correspond with the fabric type and wash load in 6 different motion. The True Steam™ function permeates each layer of fabric to completely eliminate dust mites, allergens, pet dander and bacteria. True Steam™ kills skin irritants making clothing safe for people with sensitive skin or newborn babies and toddlers.

The 3.5kg TWIN Wash Mini™ is designed for delicate clothing varying from active wear and silk couture, to baby clothes and undergarments. This detachable pedestal washer allows you to programme your laundry according to clothing type, for a flawless wash. Both washers employ LG's innovative Inverter Direct Drive that enhances the durability of the LG TWIN Wash™.



LG OLED - VIP Event



New Products at Abans

The LG 18kg/ 10kg Washer and Dryer

The Abans LG's Washer and Dryer will wash clothes upto 18kg sparkling clean and also 100% drying. Equipped with one of the best washing machine motors on the market it comes with a standard 10-year warranty on the motor and parts. The inverter direct drive motor that powers the machine is super reliable and really quiet and saves energy upto 33%. Sensors detect the loading capacity and calculates the exact RPM and braking time to save time, water and energy. The TurboWash™ technology reduces laundry time up to 30 minutes, but with the same washing performance. The Three-in-one True Steam™ technology removes allergens from clothes by optimal temperature control. Steam Refresh freshens up clothes in just 20 minutes. Steam Softener™ only uses pure True Steam™ water, ideal for babies and sensitive skin. Smart Diagnosis™ helps diagnose and troubleshoot mechanical issues.

SmartThinQ™ technology lets you operate or monitor your laundry from anywhere, anytime and track energy consumption. The Eco Hybrid technology with Energy A rating saves water or shortens the drying cycle*.

LG Dual Cool Inverter Air Conditioner

The LG Dual Cool Air Conditioner from Abans has up to 40% faster cooling than conventional air conditioners, backed by a faster and more powerful compressor. It is up to 60% energy saving by adjusting the speed



of the dual inverter compressor and the dual cool technology reduces energy loss. The air conditioner operates at low sound levels for up to 40% less noise than normal air conditioners.

Haier Wi-Fi Controlled Fixed Speed Air Conditioners

Abans introduces the Wi-Fi Controlled Fixed Speed Air Conditioners from Haier equipped with a range of unique features including, Wi-Fi smart control technology, R410 eco friendly gas, corrosion resistant blue fin technology with 100% copper condenser and a corrosion resistance outdoor unit. The technology innovations contribute towards 47% faster cooling 17 M and long distance air flow for comfort, convenience and energy savings. The Technology innovation contributes towards 47% of faster cooling and 17 M long distance airflow comfort, convenience and energy savings.

LG Door Cooling Inverter+ Refrigerators

If your refrigerator is not an LG Door Cooling Inverter+, then it is not energy-efficient. Designed with LG-patented technology namely Inverter Linear Compressor and Icebeam Door Cooling, this LG Refrigerator lowers electricity bills by producing energy-savings up to 42%, mitigates the impact of your carbon footprint on Earth and keeps your food fresh all at the same time. It also comes with the Hygiene Fresh+ that uses a 4-step filter system to eliminate up to 99.9%



of bacteria and mold and cleanses the air within your refrigerator of foreign impurities. This prevents quick food spoilage, saving you the time and money spent on extra grocery trips.

LG Side-by-Side Refrigerators

The LG Side-by-Side Refrigerator alleviates the clutter and disorganisation prevalent in conventional refrigerators with its upgraded Door-in-Door function that offers greater storage space for your family's go-to

beverages, snacks and condiments. Other striking features include the Inverter Linear Compressor which uses linear piston drive instead of a conventional drive for a lower energy consumption up to 42%. The Hygiene Fresh+ eliminates up to 99.9% of the foreign contaminants from the air inside the refrigerator whilst the unique Fresh Balancer evens out humidity levels to keep your food fresh for longer periods of time.

Abans Solar Systems

Aligning with the national renewable energy policy, Abans PLC has leveraged its international partnerships to introduce high quality solar power solutions to Sri Lankan consumers.

Under the 'Soorya Bala Sangramaya' (Battle for Solar Energy) programme of the Ministry of Power and Renewable Energy, consumers can now generate and use solar electricity in their premises. Excess electricity

can be sold to the national grid or be banked for later use or the total solar electricity production can be sold to the Ceylon Electricity Board under the three solar power schemes titled Net Metering, Net Accounting and Micro Solar Power Producer.

Abans has stepped up to support this national solar power drive by sourcing and supplying the latest solar systems for domestic and commercial premises. Abans Solar Systems use LG Solar Panels that are manufactured in Korea, SMA inverters from Germany and European e surge protectors, DC cables and enclosures. In addition, Abans offers a 5-year insurance cover against all natural disasters for Abans Solar Systems with online monitoring facilities. Abans is the only solar power system supplier to offer such a comprehensive insurance and security package to customers.

Abans Solar Systems has remarkable longevity and requires low maintenance. The number of solar panels installed depends on the level of energy required. Furthermore solar panels have no recurring costs involved giving consumers more value for their money.



Awards and Recognition

HP Best Direct Retail Partner for 5th Consecutive Year

Hewlett Packard (HP) recently held their annual HP Partner Night 2016, “Ride the Winning Spirit,” on 2nd December 2016 at Hotel Heritance, Negombo. In this event, Abans PLC received the prestigious, “Best HP Direct Retail Partner Award” for 2016, while recently formed AB Technologies (Pvt) Ltd, a part of the Abans Group, was nominated as the Best Commercial Partner for 2016.

HP is an internationally recognised technology company that operates in more than 170 countries around the world. Abans is currently serving as a Tier-1 Corporate Reseller, Authorised Service Centre for HP and Abans is HP’s highest performing retail partner in Sri Lanka.

Abans has been marketing and distributing HP computers and accessories for over a

decade, as being a pioneer in the IT field as well as the largest IT hardware company in the country.

Additionally, Abans has been the market leader for end-user computers in Sri Lanka. The Company’s corporate business approach towards providing ICT Solutions to the government and private sector has also contributed to exponential growth over the past few years.

Further, Abans is the nation’s service provider for both commercial and consumer HP products, offering efficient and professional after-sales services by HP certified engineers, and qualified computer technicians using state-of-the-art equipment for service and repairs.

Abans also possesses over 17 Service Centres located island wide that provide consumers across the country with easy

access to effective services for their HP computers.

Top Marketing Award at the Golden Globe Tigers 2017

Colombo City Centre, an upcoming mixed-use venture developed by the Abans Group in collaboration with SilverNeedle Hospitality, attained the coveted award for “Brand Excellence in Social Media and Digital Marketing (Retail & Real Estate)” at the prestigious Golden Globe Tigers 2017 which was recently held at Taj Samudra on 13th July 2017.

The Event was organised by CMO Asia, the foremost authority in brand and marketing excellence awards. Honourable Minister of Education, Mr. Akila Viraj Kariyawasam graced the occasion as Chief Guest.

Colombo City Centre is the first international quality mixed-use asset to Colombo, the first international standard mall, the first technologically advanced hotel and high-end apartments that have already received a strong response from local and foreign investors.



Best HP Direct Retail Partner Award 2016



Brand Excellence in Social Media and Digital Marketing (Retail & Real Estate) 2017

Channel Management Strategy

Abans holds one of the most extensive network of distribution channels across the country. This network comprises with variety of channels, including Abans Elite showrooms, Retail showrooms, Wholesale/ Corporate sales channel, Dealer network, B2B Operations, Duty Free channel and E-commerce channel.

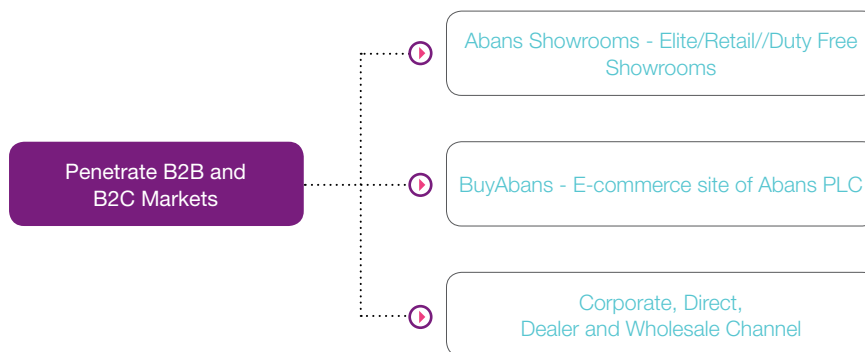
The Abans channel management objective is to enhance customer accessibility to Abans products, while maintaining optimum margins and minimising inventory costs. Our distribution network targets both institutional customers through wholesale channels and households, individuals through one of the largest retail network in the country.

Abans channel management strategy enables customer to purchase goods in the most convenient store with variety of choices under one roof. Those multiple brands and wide ranging products Abans offer caters for the emerging customer tastes and preferences.



The primary distribution channels of Abans are aimed at retail and wholesale/corporate customers. Following are the main channels under Abans PLC.

- ⦿ Abans Retail Showroom Network - Consist of 460 showrooms island wide.
- ⦿ Abans Elite Showrooms - Consist of 23 showrooms which are located at strategic locations of the main cities of the island.
- ⦿ Corporate, Direct, Dealer and Wholesale Channel - Consist of more than 700 dealers all over the country and strong corporate and direct customer portfolio.
- ⦿ BuyAbans Website - Most popular site among the E-commerce sites in Sri Lanka.
- ⦿ Abans Duty Free - Operates in arrival terminal in Bandaranayake International Airport.



Channel Management Strategy

Improvements to Channels

🕒 **Expanding Showroom Network:** The Abans retail network was extended by opening and relocating showrooms specially in rural areas, aiming upcoming demand and by expanding the retail space of selected existing showrooms to accommodate demand growth. We closed the year with 460 Abans Retail showrooms, 23 Abans Elite showrooms.

🕒 **Expanding the Wholesale Network:** During the year wholesale and corporate sales channel expanded attracting new institutional customers.

🕒 **Invest in People:** We have invested in experienced managers. We add value to our human resources by providing training in product features and correct product use. This leads to greater customer satisfaction and repeat purchases, together with better management of hire purchase portfolios to minimise NPLs at showroom level.

🕒 **Upgrading and Modernising Showrooms:** We continued with the initiative from last year to upgrade and redesign our showrooms to reflect the distinct Abans brand image, as a modern and innovative retailer. Branded showroom concept enables Abans strategic brand – LG to locate in customer mind.

🕒 Develop Non Traditional Channels: BuyAbans

Abans has the distinction of being one of Sri Lanka's oldest e-tailers and a pioneer in e-commerce due to the Company setting up the buyabans.com website a decade ago, in 2007 when very few companies were present online. The site operates through a secured payment gateway for safe online purchases and all purchases are delivered to buyers within five working days free of charge.

During the current financial year the website was revamped with enhanced user friendly features, including a range of search filters and detailed product specifications to provide all required information to save the customer the trouble and expense of visiting a showroom. The web development strategy was accompanied by a structured marketing and promotional campaign to channel more online traffic. Promotional activities included flash sales, on line clearance sales and daily deals to give customers only the genuine discounts on high quality products backed by unmatched services from Abans. The website currently markets the entire Abans electronic product portfolio and during the current year, expanded the product range to include other items from the Faceshop, Abans furnitures and Skechers footwear brand.

Supported by the marketing drive the website continued to sustain strong growth recording a 35% year-on-year growth in sales value on the back of a growing customer base of domestic and foreign residents.

We will continue to improve e-commerce facilities further, in the new financial year, to enhance customer convenience. During the current financial year, the website recorded 2.55 Mn page views compared to 1.56 Mn in the previous financial year with the number of unique visitors increasing from 400,000 to 500,000. The website recorded 825,000 sessions from 620,000 the previous year.

Abans Facebook Page

The Abans Facebook page is specifically targeted at the country's youth populations and is an increasingly popular channel of engaging and interacting with active followers of Facebook. The page is used to market and promote all Abans products and marketing events, CSR Projects, Interactive games, gift giveaways, healthy tips and many more useful information. Abans facebook page receives, on average, up to 40 inquiries per day, indicating the popularity and high volumes visiting the page. All inquiries are attended within 24-hours to ensure customer satisfaction at all times.

During the year the total number of fans increased by 23% to 392,061 and page impressions grew by 187% to 57,641,524 including organic, viral and paid impressions, reaching over 36 Mn users. Audience engagement level increased by 313.7% with total engagements reaching 767,224. A majority 49.2% of page fans are in the age group of 18 – 24 years with 75% of them being male, indicating the high youth profile of the Abans Facebook page.

🕒 **Engaging with Channel Partners:**

Abans authorised dealers are retail business partners involved in marketing and selling products from the Abans portfolio. We maintain a close working relationship with our dealers and we appreciate their contributions through Annual Abans Dealer Convention. This year, the Convention was held at Hotel Galadari Colombo partnering with “ELBA” as ELBA Abans partners get-together where high performers were rewarded for their achievements.

Abans Central Air Conditioning-LG Division

The Abans Central Air Conditioning Department of Abans PLC is a leading, professionally geared HVAC (Heating, Ventilation and Air Conditioning) engineering firm and is the pioneer in introducing world-renowned, trusted heating, ventilation and air conditioning solutions from designing to installation and then to maintenance of the systems.

A qualified and well experienced team of engineers and technical crew are willing to provide an efficient and quick service of Heating, Ventilation and Air Conditioning systems with back-up services. We strive to achieve and maintain unparalleled quality as measured by customer satisfaction, by providing the highest quality service and equipment available.

CAC-LG provides a wide range of state-of-the-art HVAC solutions. We are the sole agent for LG Korea's VRF (Variable Refrigerant Flow) system Multi V and LG Chillers.

As the most competitive HVAC solution provider, LG has achieved its objective of creating the most efficient VRF system around the world through Multi V IV and has produced a line of commercial air conditioners using the VRF technology that can achieve up to 60% higher energy savings than comparable unitary equipment.



ELBA-Abans Partners Get-Together







Channel Management Strategy

With “Beyond Your Standard” as its slogan, LG offers various types of products that suits for different applications.

- Multi V IV
- Multi V Space
- Multi V Mini
- Multi V Water
- Multi V Anti Corrosive

Our Projects

Following are the projects we are undertaken and successfully established Air Conditioning systems while fulfilling customised needs and preferences.

University Of Moratuwa (Administration Building)	
Institute Of Technology-University Of Moratuwa	
Mercantile Seamen Training Institute	
Basilur Tea Exports – New Factory	
Industrial Technology Institute	
British Council-Kandy	

LG Chillers and LG VRF Launch

The Central Air Conditioning Department of Abans PLC launched the latest LG chillers and LG VRF technologies in an impressive ceremony, along with a technical session and cocktail reception, held at the Grand Ballroom of Galadari Hotel in Colombo on Thursday 7 July 2016.

The Chief Guests at the event were Ambassador of the Republic of Korea Chang Won Sam and Kang Hyung-Eun. Top management personalities from LG Electronics were also present.



LG Chillers and LG VRF Launch

ICT Integration

“As part of this process we have introduced a documents management and imaging system for the Group for cost effective and secure storage and retrieval of all important official documentation.”

During the current financial year, we continued to re-engineer manual processes onto digital platforms to achieve a paperless office environment.

As part of this process we have introduced a documents management and imaging system for the Group for cost effective and secure storage and retrieval of all important official documentation. The system ensures an efficient means of creating, capturing, storing, authorising, delivering and managing key business documents. In operational applications the system will significantly enhance operational efficiencies by enabling access to a multitude of documentation, by authorised personnel, at anytime, from anywhere. The system will enable fast internal processing and allow the Company to respond to official regulatory queries. The Company will also benefit from cost savings on storage and by avoiding duplication costs. This could be further described as a paperless office technology that replaces paper based processes with electronic procedures eliminating printing, posting and manual filing of paper documents. The system supports Company's green agendas which is a vital criteria for any business in today's business context.

Enhancing Employee Productivity Through ICTs

Introduction of office 365 cloud has reduced the burden of maintaining the office solutions in-house which led towards a cost saving

on maintaining the solution on premise. The solution has made user experience easy and simple, having the idea, that increasing simplicity yields greater productivity. The biggest advantage is that any product on the solution stack, could be accessed and use from any geographical proximity and even on the move. While providing robust security and reliability the system provides IT control, governance and efficiency.

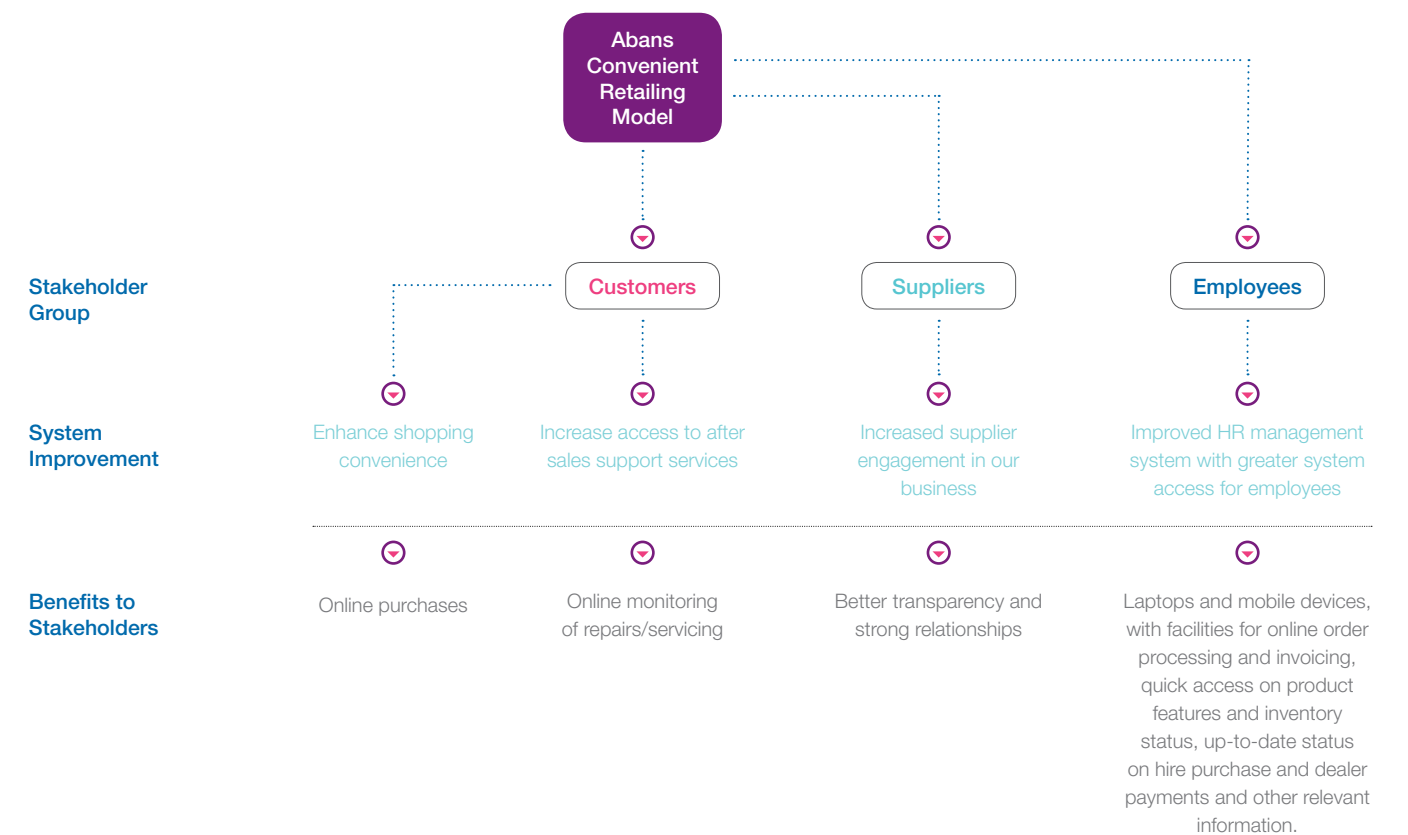
System Availability

We are pleased to report a 99% uptime of the Abans PLC IT systems for the financial year which indicates the high reliability and accessibility of the system. This has increased the efficiency of back office functions, increasing our ability to generate value for all stakeholders. For greater control over the IT system and to facilitate capacity expansion in anticipation of future growth the Company has shifted from virtual servers to physical servers. A disaster recovery system has been established to ensure uninterrupted business flow.

System Safety

The Abans ICT systems are regularly audited by internal auditors and also external auditors for optimum performance and security standards.

ICT Integration



Customer Engagement

As one of the oldest retailers of electronic consumer goods in the country, a key strength of the Abans Group is our ability to understand and even anticipate customer requirements in-line with external changes. We systematically evaluate our product portfolio and inventories in-line with consumer demand trends and other macro-economic developments, to ensure that we are prepared to meet the needs of our customers. Within the last few years we have realigned our product portfolio to provide the Sri Lankan population across the country with access to energy saving and environmentally friendly products in-line with changes in energy costs, health and wellbeing products to support a healthy population and access to the latest technologies in the sector of ICTs.

During the current financial year we continued to respond to customer demand in terms of pricing, brands and product types.

Abans Customer Care Facilities

We have been strengthening our multiple customer engagement channels to enhance customer satisfaction by enabling feedback and support. Our customer engagement methods are described below.

24 Hour Assistance

We offer after sales services and assistance outside regular working hours to all our valued customers. This service is available



island-wide through the Abans 24hour assistance number.

Online Payments Through a Dedicated Payment Gateway

Abans customers can make payments for estimates, services or repairs from the convenience of their home or office, by logging on to www.abanservice.lk. This secure payment gateway provides a safe payment channel, without the hassle associated with physically visiting the Abans showroom to make payments.

Online Job Status

Abans Service is the first service station to implement the 'check your job online' feature

which has been specially developed for Abans by the Abans ICT development team. The new facility is now up and ready to serve our customers.

Customer Support

📞 Call Centre

We have now diverted all incoming calls from across the island to one number (Tel: 5-555-888). This has helped us improve our customer care by connecting our customers with well trained call centre personnels.

Customer Engagement

Live Chat

The Abans Live Chat facilities have been designed to provide effective, long distance support for large scale customers. Our agents can be accessed live through our website to respond to customer queries. We also provide free updates on the status for customer repairs where ever the customer is located.

Mobile Service

At Abans PLC, we understand the importance of combining speed with effectiveness and reliability. That is why we provide immediate minor repairs at our state of the art workshop, in our bus, while you relax at home.

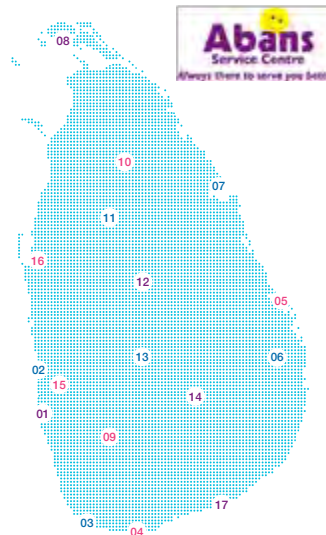
Abans Service Centres

Currently Abans has 17 customer service outlets spread out across the country coming under Abans Electricals PLC. These service centres ensure that our customers have access to the correct technical skills for their requirements, which ever part of the country they live in.



17▲

Abans Service Centres



- 01. Wellawatte
- 02. Negombo
- 03. Galle
- 04. Matara
- 05. Batticaloa
- 06. Ampara
- 07. Trincomalee
- 08. Jaffna
- 09. Ratnapura
- 10. Vavuniya
- 11. Anuradhapura
- 12. Dambulla
- 13. Kandy
- 14. Badulla
- 15. Gampaha
- 16. Puttalam
- 17. Hambantota

Authorised Service Agents

As at end March 2017, Abans had a network of 59 authorised service agents spread across the country. To encourage further improvements to the quality of customer service delivered by service agents the Company introduced KPIs (Key Performance Indicators) for service agents on customer satisfaction (through the call centre customer feedback points) and number of pending jobs (through the number of jobs assigned, completed and pending).

The strategic purpose of building the above KPIs is to maximise the customer satisfaction and minimise the waiting time of each service counter. Further Abans service team wants

to improve the quality of service they provide by ensuring the customer trust and loyalty on Abans brand throughout the period.

Technology Support for Customer Service

Abans has continued to introduce new technologies to improve the efficiency and quality of customer care. During the current year an engineering department was set up at the service centre to ensure the following:

- Higher quality of repairs
- Training and development for technicians.
- Engineer visits for our customers on the field.

In addition, LG sims, a maintenance and troubleshooting tool for LG Duct-Free Split (DFS) air conditioning systems, was introduced on the field.

While doing their best at customer service points, during the current financial year the Abans customer service responded to the emergency flood situation by immediately providing technical and repair support for our customers to get their flood damaged equipment back in working order.



Repairing Flood Affected Customer Products

Women's Day Event

Abans conducted a Women's Day event at the Abans main showroom in Colombo 03 and also hosted events to enhance Women's Day value in recognition of the immense contributions by women to the economy and to households. The events were attendant by many members of the public and continued to uphold the Abans brand promise of supporting quality of life improvements for women across the country.



Women's Day Event

Cookery Awareness Programme

Cookery demonstrations were conducted free of charge to increase awareness of new cooking technologies and new products that are introduced by Abans to make cooking healthier and more convenient. Abans has continued to introduce the latest in household appliances and also kitchen appliances that are not only easier to use but are energy saving and time saving allowing families more free time for family time and to enjoy home cooked meals.



Cookery Awareness Programme

Human Resource Management

The Abans team is the heart of the Company and is the key to sustain our revenue and profitability in this challenging year. Therefore, during the current financial year the key strategic priorities regarding human resource management were;

1. Getting employees to achieve the Company's objectives
2. Building the next generation of Abans leaders

The Team Drive

A primary objective of the HR Department in 2016-17 was to get employees at all grades and levels aligned with the Company's goals and targets. This was achieved through;

1. Employee awareness : Department heads were educated on Company goals for the year and were tasked with educating their staff. All staffs were made aware of the Company's financial and non financial targets and long term objectives.

2. KPIs: Coupled with awareness programmes, KPIs were developed for all employees, with the involvement of department heads, aimed at revenue growth, cost containment and maintaining profit margins. This has aligned employee targets, at individual level, with Abans' corporate objectives.
3. Evaluation: The performance evaluation system was improved and communicated to all employees to establish a transparent and fair process to motivate productivity.
4. Rewarding performance: A new reward system will be introduced in the new financial year to reward employees and encourage improvements.

Demonstrating strong cooperation and coordination, in the 2016-17 financial year, Abans conducted a island wide stock verification in one week, across all its retail outlets, with all categories of employees from all parts of the country, working together towards one objective.

Grooming Future Leaders

Abans has been a household name for generations of Sri Lankans and ensuring future sustainability of the Company is a priority. In line with the long term outlook, in the current financial year the HR department initiated a wide-ranging programme to commence grooming the next generation of managers to lead Abans into the next decade. The HR Department, guided by department heads, has started earmarking suitable candidates and will start them on a continuous mentoring and training regime to develop strategic and competencies necessary to maintain the competitive advantage of the Abans brand.

Building the Skill Base

The Company invested Rs. 6 Mn on employee training during the financial year 2016-17. The training calendar was developed based on identified skill gaps in line with each Company's growth targets.



Annual Stock Verification



Product Training



Skill Development Training

Abans PLC Training Programmes in 2016-17

Training Programme	No of Participants	No. of Programmes
Product and Brand Trainings		
Air Conditioner and Technology	465	07
Televisions and Technology	807	15
Small Appliances	134	02
Audio Products	277	06
Mobile Phone	890	13
IT Products	69	02
Refrigerators	158	03
Water Purifiers/Heaters	284	05
Solar Trainings	434	05
Philips Trainings	480	10
Apple Trainings	659	12
Skill Development Trainings		
Programme on Communication Executives	325	01
Skill Training	122	01
Regional Trainings		
Regional Administration and Product Trainings	2,779	22
Total		104

Changes to HR Policy

Changes were effected to the existing HR Policy to support the Company's growth objectives. The Abans Board has approved a new HR Recruitment Policy focused on reducing labour

turnover and enhancing the competitiveness of the Company through recruitment.

Retaining Talent

In the highly competitive retail market, long term employee retention is a challenge. However, Abans is developing attractive packages to retain employees at all levels to ensure institutional knowledge is retained within the Company through the retention of experienced and trained staff.

Attracting New Talent

Attracting the correct set of skills and personalities is essential to support growth plans of the Company. Abans participated in a number of career fairs during the year, to raise the Company's profile among potential job seekers and to educate young people about career opportunities at Abans, one of the fastest growing diversified corporate in the country.



Abans Career Fair



Human Resource Management

Induction and Orientation

The induction programme at Abans improved to facilitate a faster, smoother integration of new recruits into the Company. A structured orientation programme has been developed to inculcate new recruits within the Abans corporate culture and more detailed job descriptions have been developed to help new recruits fit into their job roles.

Internship Programme

The Abans internship programme for graduates was continued with great success. The Company accommodated 5 interns during the year.

Connecting People with Technology

The Abans Human Resource Information System (HRIS) was improved to become a direct communication tool between the HR department and employees. The new system allows employees from all parts of the country to access their personnel records and communicate directly with the HR Department online through the Internet and Intranet instead of physically visiting the head office. The final objective is to develop an inclusive and accessible Enterprise Social Network that allows all Abans employees, spread across the island to be interconnected as one family.

The system is also used as a notice board to inform employees of important topics and also provides access to the Employee Handbook in all three languages.

Abans kiosks: For maximum inclusivity, Abans HR has introduced a kiosk system for blue collar employees and others who are not computer literate to communicate with the HR Department and to access their personnel files. The machine, which uses all three languages, was tested at the Abans head office in Colombo-03 and will be rolled out to select locations in the new financial year.

Abans App: For greater employee accessibility, Abans HR is in the process of developing a mobile app for Abans field staff which will allow all field staff to remain networked with the Company and other employees at all times.

Compliance

Abans did not face any fines or penalties during the financial year 2016-17 for any non compliance with applicable labour regulations.

Investment in Employees

The Company has met all obligations towards employees, on time, including statutory EPF and ETF contributions. During the current year Abans contributed in excess of Rs. 317 Mn towards EPF and ETF payments. The Company contributed Rs. 16 Mn on employee welfare including social events. In total the Company's labour costs came to Rs. 2.9 Bn during the year.

New Recruitments and Replacements During the year 2016-17

Employee type	Male	Female	Total
Permanent	160	38	198
Contract	60	82	142
Interns and Management Trainees	2	3	5
Total	222	123	345

Total Employees by Type of Contract as at 31st March 2017

Employment type	Male	Female	Total
Permanent	953	219	1,172
Probation	160	38	198
Contract	232	278	510
Interns and Management Trainees	2	3	5
Total	1,347	538	1,885

Total Employees by Employment Grade as at 31st March 2017

Employee category	Male	Female	Total
Top management	2	2	4
Senior management	17	4	21
Middle management	82	13	95
Executive	1,032	515	1,547
Non - executive	213	5	218
Total	1,346	539	1,885

Total Employees by Age as at 31st March 2017

Above 60	18
60-50	100
50-40	219
40-30	685
30-20	833
Below 20	30
Total	1,885

Abans Employee Benefits

Medical benefits	Hospitalisation and O.P.D treatment expenses are reimbursed according to employee grades. All the limits were increased during the last financial year for all employee grades. Also employees who are admitted in government hospital wards (nonpaying) were also allowed on daily basis irrespective to their grades. Further, foreign treatments are also included for this scheme. Within the last financial year number of new scans/tests was added to claimable category in order to convince our employees in their health difficulties.
Death and Disease Donations	<ul style="list-style-type: none"> ⊙ In the event of a death of an employee, the family receives Rs. 100,000 and the employee is granted Rs. 25,000 in the case of a death of an immediate family member. ⊙ In the case of severe illness, undergoing an operation, or permanent disability, financial support is provided on a case by case basis.
Insurance Coverage	All permanent employees are provided surgical and hospitalisation insurance coverage. Field staffs are provided personal accident insurance coverage.
Special promotions for staff	All Abans employees can purchase electronic and home appliances at a special discount. Staff members also receive concessions, discounts and easy payment schemes.
Reimbursement of Expenses	<ul style="list-style-type: none"> ⊙ Subscriptions on Professional Membership: In order to enrich their careers and retain employee capital within the organisation, Abans reimburses professional subscriptions. ⊙ Travel Expenses: Travel expenses for official purposes are reimbursed. In addition, vehicle maintenance, transport allowances and fuel allowances are provided depending on the employee grade. ⊙ Accommodation: Accommodation costs at company specified hotels, for field work, are reimbursed.

Human Resource Management

Employee Events

Annually Abans conducts many employee social and welfare events to build a supportive and cooperative work environment. Some of these events for the financial year 2016-17 are described below.

Book Donations

Abans continued its tradition of making book donations to children of employees to support their education and development a part of the Company's employee welfare activities that are conducted annually.



Abans Sports Day

The Abans Sports Day was held on 9th Oct 2016 with Abans employees gathering together to show off their sporting skills and have a day of fun and enjoyment while also recognising the special skills of our team.



Abans Christmas Carols

Abans conducted Christmas carols during the holiday season with showroom wise participation and distributed prizes for participants who demonstrated their joyful talents of song and music.



Corporate Social Responsibility

The Abans PLC continued to support community welfare and charitable events during financial year and spent in excess of Rs. 13 Mn on various community engagements.

The LG CAC Academy

The LG CAC Academy is a collaboration between the Central Air Conditioning Department of Abans PLC and LG Electronics, Inc. a global leader and technology innovator in consumer electronics, mobile communications and home appliances.

The Academy was established to provide an opportunity for Sri Lankan youth to receive specialised practical training in modern air conditioning technology. All the lectures sessions are conducted by a well trained and qualified lecturer staff, under the guidance of LG Electronics, Korea.

The Academy offers short-term and advanced courses in Air Conditioning Technology, targeting school-leavers as well as technical and maintenance staff attached to hotels, banks, hospitals, telecommunication industries and large corporate sector establishments.



LG CAC Academy



Children's Day Events

Abans organised Children's Day events at St. Mary's Children's home to provide under privileged children with the opportunity to have a day of fun and laughter with the Abans staff stepping in to make the events memorable ones for all the small ones gathered together.



Corporate Social Responsibility

Blood Donation Campaign

A Blood donation campaign was organised by Abans for the 11th time as part of the Company's social responsibility drive with the full and active participation of employees from across the Abans Group.



Poson Dansala

A Poson dansala was organised and conducted with great success for the 12th time running to provide free food to people with the active involvement of Abans employees.



Dry Rations for Underprivileged Families

Abans employees with collaboration of Company conducted donation to rural area villagers in Dibulagala during the last financial year.







**ALL OUR
TEAMWORK**

“Our team is our pride and we have always strived, as one, to achieve, not just personal growth but also to develop as a company and as a team to achieve greater aspirations. ”

Risk Management and Internal Control Process

Proper risk management and internal controls assist an organisation in making informed decisions while taking into account the risks relating to the organisation's governance, management and finally the business operation.

Risk management is a subjective area where the Company deals with assuring achievement of the organisation's objectives while reaching operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and policies with real time, premeditated and ad-hoc decision making.

Internal Control Process



The Company has its own internal audit processes to ensure that effective controls are in place.

These processes extend across all Company operations. Such as,

- ⦿ Receivables Management
- ⦿ Inventory Management
- ⦿ Cash Management

- ⦿ Compliance with Company Policies
- ⦿ Internal Checks and balances

The Internal Audit Department of Abans carries out regular reviews on the risk management function and internal control system. The Audit Committee monitors, reviews and evaluates effectiveness of internal controls over financial reporting.

Risk Management at Abans

We at Abans have identified risk management as an iterative process that with each cycle can contribute progressively to organisational improvement by providing management with a greater insight into risks and their impact by taking the risk appetite of the Company into consideration. Risk management is applied to all levels of the organisation, in both the strategic and operational contexts, to specific projects, decisions or recognised risk areas through risk management process identified and set beforehand.

The outcome of internal, external and corporate audits laid the foundation for our risk management process.

The reports submitted by the audit teams with significant audit findings are then analysed and brainstormed, to find sustainable risk mitigation strategies. This process continuously improves and strengthens our internal controls and

Risk Management and Internal Control Process

risk governance procedures and risk management reporting results in a well-defined risk management culture. Regular meeting with internal and external auditors and audit committee are conducted to identify potential risks with in-depth analysing and interpretation of the same.

The risk management process of Abans PLC consists of seven phases.

1. Establishing a context for risk management in Abans

This involves clarifying the vision, mission and objectives of the Company while identifying the wider environment, setting scope and the risk criteria for risk management process.

2. Communicating risk management to the Company

Good communication and consultation to improve employee's understanding of risks and make every one including stakeholders clear on their roles and responsibilities.

3. Identifying risks faced by the Company

Identifying risks by brainstorming at staff meetings, brainstorming with stakeholders and doing systematic analysis (e.g. flow charting systems and processes), researching the relevant data such as warranty claims, net profit percentage and variances, conducting interviews.

4. Assessment of risks

Key questions are answered, such as likelihood of the risk, impacts, factors get affected, the level of uncertainty, limitations, etc.

Refer –Scatter Chart

5. Evaluating risks

Key questions are answered, such as acceptability, intolerable level, remedy needed or not, priorities for remedy.

6. Treating risks

Contingency planning, sharing the risk, transferring the risk, avoiding the risk, financing the risk, reducing the risk, retain the risk

Refer – Table for the response

7. Monitoring and reviewing

Risk management process needs monitoring and reviewing to ensure whether they are adequate and effective. It needs to be monitored periodically and new risks need to be scanned.

At Abans PLC, we identified risks confronting the Company during the financial period under three broad categories. These are, business, financial and strategic risks. The likelihood and impacts of top risk faced by Abans during the current financial year 2016/17 compared to last year is shown below.

01 National Policy Instability

Lack of clarity and consistency

2017 **H** 2016 **H**

02 Increase in Cost of Consumption

Quick changes in prices of consumer durables

2017 **H** 2016 **M**

03 Depreciation of Rupee Value

Rupee depreciation against foreign currencies

2017 **M** 2016 **M**

04 Market Development

Market fluctuations and intensity of the competition

2017 **M** 2016 **M**

05 Interest Rate Increase

Cost of funds and impede investment

2017 **H** 2016 **M**

06 Credit Default Risk

Failure to pay dues/ credits

2017 **H** 2016 **H**

07 Liquidity Risk

Insufficient financial resource to meet obligations

2017 **H** 2016 **H**

08 Reputational Risk

Corporate image and brand name earned over the previous years

2017 **M** 2016 **H**

09 IT System Risks/Cyber Incidents

Failures in systems, IT securities, data hacking

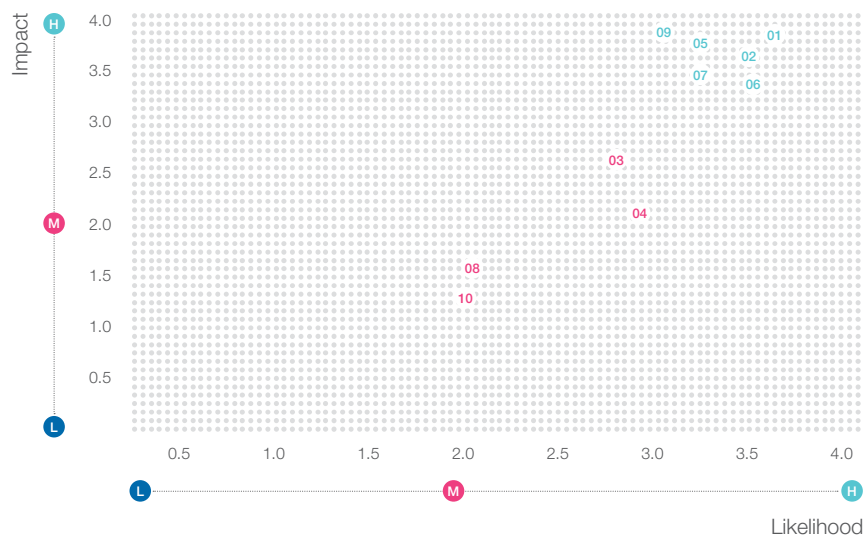
2017 **H** 2016 **H**

10 Human Resource/ People Risk

Right people with the right skills

2017 **M** 2016 **M**

H High
M Moderate
L Low



Risk Management and Internal Control Process

Our responses to mitigate the risks are described below.

Risk factor	Response
Business Risk	
National policy Instability Lack of clarity and consistency in national policies made financial planning and resource allocation difficult and delayed decision making, which translated into reduced operational efficiency and lower bottom line growth. More damagingly such unpredictability inhibits the Company's ability to invest in future value creation.	<ul style="list-style-type: none"> ➤ Carefully evaluate the long term vision of the Government and develop business strategies on long term value creation ➤ Rationalise product portfolio based on macro trends ➤ Invest in productivity and cost cutting technologies ➤ Following Pause/Proceed with Caution Strategy in business expansion
Increase in Cost of Consumption Price changes in consumer durables will depend on the national policies (ex: VAT changes) and it affects the demand for electronic items.	<ul style="list-style-type: none"> ➤ Invest in productivity and cost cutting technologies ➤ Negotiation with suppliers on prices ➤ Enter into cooperative purchase agreements to gain buying muscle ➤ Direct purchases
Depreciation of Rupee value Rupee depreciation puts pressure to increase prices.	<ul style="list-style-type: none"> ➤ Evaluate foreign exchange market fluctuations and find opportunities to reduce foreign currency exposure ➤ Not be confined to one currency
Market Development Intensified competition, market stagnation, mergers and acquisition have increased potential risks to companies in trading and this risk has been further enhanced via factors such as digitalisation, IT innovations.	<ul style="list-style-type: none"> ➤ Synergize the in house operation via mergers. Ex: Abstract Lanka (Pvt) Ltd ➤ Acquisition of sole distribution rights to world renowned products. Ex: All Apple products, Hugo Boss products
Financial Risk	
Interest rate increase Rising interest rates lead to increase in cost of fund. It will impact the profit available for shareholders and impede re-investment in profitable ventures.	<ul style="list-style-type: none"> ➤ Locking the interest rate by borrowing from fixed interest rate funding sources. ➤ Maintain right mix of borrowing to reduce maturity mismatch ➤ Strong business relationships with lenders help better negotiation on terms of credit

Risk factor	Response
Credit Default Risk <p>The clientele of Abans consists of corporate clients, Government and general public. While corporate and government institutions are given credits, the general public mostly uses hire purchase schemes. Therefore, credit risk for Abans arises from all sources of revenue.</p>	<ul style="list-style-type: none"> ➤ An effective credit policy is implemented across all sector clients and credit worthiness is reviewed regularly. ➤ Contractual agreements are drawn up with clients and material payments are backed by guarantees. ➤ Debtor age analysis is regularly reviewed and continuously monitored.
Liquidity Risk <p>Liquidity risk is when the Group does not have sufficient financial resources to meet obligations as and when they fall due, or will have to do so at an excessive cost.</p>	<ul style="list-style-type: none"> ➤ Maintain unutilised bank facility as a safety cushion to meet immediate commitments. ➤ Group treasury division is entrusted with monitoring borrowings, payments and maintaining good relationships with Banks.
Strategic Risk	
Reputational risk <p>Abans has secured a positive image in the trading industry as well as expanding it across the country in various industries. Any form of damage to the reputation can cause loss in earnings</p>	<ul style="list-style-type: none"> ➤ Board of Directors and the senior management continuously review strategic moves for a competitive edge. ➤ In order to protect the group reputation, measures have been taken to ensure compliance with laws and regulations
IT system Risks/Cyber Incidents <p>Failure of the ERP system, IT infrastructure or IT security may disrupt business.</p>	<ul style="list-style-type: none"> ➤ Communicate and monitor the IT strategy across the Group. ➤ Disaster recovery process is in placed ➤ IT system was upgraded by professionally qualified internal IT Division. ➤ Invested in training and skill development of IT professionals.
Human Resource/People Risk <p>Ensure adequate human resources to meet the strategic goals and operational plans of the Group by recruiting the right people with the right skills, at the appropriate time.</p>	<ul style="list-style-type: none"> ➤ Initiating a wide-ranging programme to commence grooming the next generation of managers to lead Abans into the next decade. ➤ Improved orientation programmes, employee awareness sessions, internship programmes etc. ➤ Introduction of new Recruitment Policies ➤ Conducting many employee social events and welfare events to build a supportive and cooperative work environment ➤ More on employee training and education

Corporate Governance

The Board is committed to maintaining the highest standards of corporate governance across all activities of the Company. The purpose of governance is to create long-term sustainable shareholder value through effective and prudent management. The principal duties of the Board include formulating business strategies and overseeing their implementation by the management with proper controls to manage risks. The Board is focused on ensuring that the Company operates in conformity with applicable laws and regulations and that all material operations are subject to effective internal controls and significant risks managed properly.

The Board has appointed two sub-committees to assist it in the performance of its duties. These committees, which include the Audit Committee and Remuneration 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.

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	Main Board		Audit Committee Meetings		Remuneration Committee Meetings	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
1. Aban Pestonjee	4	3	-	-	-	-
2. Saroshi Dubash	4	4	-	-	-	-
3. Rusi Pestonjee	4	4	-	-	-	-
5. Behman Pestonjee	4	3	-	-	-	-
6. Hiran Chaminda Embuldeniya	4	4	5	5	3	3
7. Sriyan Joseph De Silva Wijeyeratne	4	4	5	4	3	3

Governance Practices Adopted by Abans PLC

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

The Board consists of four Executive Directors and two Non-Executive Independent Directors who contribute different perspectives to its decision-making process. The composition of the Board complies with the corporate governance directives in the “Code of Best Practice” on corporate governance 2013 jointly issued by ICASL and SEC of Sri Lanka.

There is a clear division of responsibilities between the Board and the 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.

Stakeholder Engagement

The stakeholder engagement is a key component of a sustainable business and responsible corporate management. Abans PLC gives due importance to expectations and opinions of all stakeholders and develop engagement strategies with them. The key stakeholders of Abans PLC and the methods of engagement with them are presented below

Stakeholder	Method of Engagement	Frequency Key	Topics Discussed
Shareholders and Investors	Annual and Extraordinary General Meetings	Annual /When required	<ul style="list-style-type: none"> Financial performance Distribution of profits Business plans and strategies
	Circulation of Annual Reports	Annual	
	Colombo Stock Exchange announcements	Quarterly/When required	
	Updates on the Corporate Website	Continuous	
Customers	Direct interaction through business units	Continuous	<ul style="list-style-type: none"> Products, services, promotions Service standard improvement After Sales Service
	Client visits, business promotion meetings	Continuous	
	Marketing communication and product advertising	Continuous	
	Updates on the Corporate Website	Continuous	
Employees	Human Resources Portal (HR Portal), emails	Continuous	<ul style="list-style-type: none"> Financial performance Policies and procedures Training requirements
	Staff performance review engagements	Annually	
	Employee training workshops and seminars	Continuous	
	Abans sports day get-together	Annually	
Government	Direct interaction with Government Department, Authorities and Local Governments	Continuous	<ul style="list-style-type: none"> Compliance with Government Rules Financial performance
Suppliers	Meeting with suppliers, contractors and Banks	Monthly / Quarterly	<ul style="list-style-type: none"> Compliance with rules Statutory reporting
	Press notices calling for quotations tenders	As an when required	
Community	Direct interactions in CSR engagements	Continuous	<ul style="list-style-type: none"> CSR initiatives Environmental, community and social issues. Products responsibilities
	Abans website, information briefings, sponsorships.	Continuous	

Corporate Governance

Code of Best practice on Corporate Governance

We set out below, the corporate governance practices adopted and practiced by the Company, the extent of adoption of the code of Best Practice on Corporate Governance issued in year 2013 jointly by The Institute of Chartered Accountants of Sri Lanka and Securities and Exchange Commission of Sri Lanka and the Rules set out in Section 7.10 of the Colombo Stock Exchange Listing Rules on Corporate Governance.

Corporate Governance Principles	Reference to SEC & ICASL Code	Adoption Status	Extent of Adoption (2016/2017)
Section 1			
The Company :			
A. Directors			
1. The Board	Principle- A.1	Adopted	The profile of the Board and Corporate management is provided on pages 14 to 15.
Board Meetings	Code – A.1.1	Adopted	During the financial year 2016/17 a total of four Board meetings were held by Abans PLC. Details of Board meetings and Board Sub Committee Meetings are given on page 62 of this Annual Report.
2. Responsibilities of the Board	Code – A.1.2	Adopted	The Board takes responsibility for setting the overall strategy and level of risk appetite in governing affairs of the Company and approves capital and operating plans presented by management for the achievement of the strategic objectives it has set.
3. Compliance with laws and access to independent professional advice	Code – A.1.3	Adopted	A statement to applicable laws and regulations is given in page 84 by the Board of Directors.
4. Company Secretary	Code – A.1.4	Adopted	All Directors have access to the Company Secretary. The Company Secretary coordinates scheduling of Board meetings and other Sub –Committee meetings, keeping minutes and other relevant records
5. Independent judgement	Code –A.1.5	Adopted	Each Director brings independent judgement 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.

Corporate Governance Principles	Reference to SEC & ICASL Code	Adoption Status	Extent of Adoption (2016/2017)
6. Dedicating time and effort	Code A.1.6	Adopted	<p>During the financial year 2016/17 a total of four Board meetings were held by Abans PLC.</p> <p>All Non-Executive Directors have attended majority of the meetings and have devoted their time adequately.</p> <p>Information pertaining to Director participation levels at Board meetings and Board subcommittee meeting are given on page 62.</p>
7. Training needs of Directors	Code – A.1.7	Adopted	The Directors are given opportunity to having sufficient exposure, expertise in their relevant areas to fulfill their duties and responsibilities owing to the Board, the Company and its stakeholders.
A.2 Chairperson and Chief Executive Officer	Principle A.2	Adopted	Chairperson is providing leadership for governing Board activities and discharging Board functions.
8. Keeping separate the role of Chairperson and Chief Executive	Code A.2.1	Adopted	All the executive responsibilities for the overall management of the Company are held with the Managing Director. (No separate Chief Executive Officer).
A.3 Chairperson's role	Principle A.3	Adopted	Mrs. Aban Pestonjee, the Chairperson of the Board is an Executive Director who demonstrates leadership to the Board by discharging Board functions effectively and prudently.
9. Chairperson's role in conducting Board proceedings	Code A.3.1	Adopted	Being the founder with years of experience behind her, the Chairperson is able to properly conduct Board matters. She can obtain advice from across the Board considering the well-blended knowledge and experience of Abans PLC's Directors.

Corporate Governance

Corporate Governance Principles	Reference to SEC & ICASL Code	Adoption Status	Extent of Adoption (2016/2017)
A.4. Financial acumen 10. Availability of sufficient financial wisdom and knowledge within the Board	Principle – A.4	Adopted	<p>The Board is equipped with qualified Directors in the field of finance and accountancy and possesses the necessary financial wisdom.</p> <p>The Board has the privilege of having Directors who possesses qualifications in the field of finance and accountancy to obtain advice and guidance.</p> <p>The Finance Division is also well equipped in financial capabilities having qualified Chartered Accountants and experienced personnel to support the Board of Directors.</p>
A.5 Board Balance	Principle - A.5	Adopted	<p>As per Corporate Governance Code issued jointly by CSE and ICASL, the Abans PLC Board maintained the required Board balance right throughout the FY 2016/17, keeping proper checks and balances between Executive and Non-Executive Directors.</p>
11.Presence of Non-Executive Directors	Code A.5.1	Adopted	<p>Two out of six Directors of Abans PLC Board are Non-Executive Directors. The ratio of 1/3rd maintained since June 2014, fulfills the minimum requirement prescribed by the Code.</p>
12. Independent Directors	Code A.5.2	Adopted	<p>Both Non – Executive Directors are independent in terms of the criteria defined by CSE rule 7.10.4 on corporate governance, fulfills the minimum guidelines prescribed by the Code.</p>
13.Criteria for evaluating Independence of Non-Executive Directors	Code A.5.3	Adopted	<p>The Independent Non – Executive Directors complied with independency criteria stipulated by the SEC and ICASL guidelines during financial year 2016/17.</p>
14. Signed independence declaration by the Non-Executive Directors	Code –A 5.4	Adopted	<p>Each Non-Executive Director of the Company has made written submissions as to their independency as per schedule H of the code.</p>

Corporate Governance Principles	Reference to SEC & ICASL Code	Adoption Status	Extent of Adoption (2016/2017)
15. Determination of independence of Non – Executive Directors	Code –A 5.5	Adopted	Based on the written submissions made by the following Non-Executive Directors as per the code, the Board deems the said Directors “Independent” as at 31st March 2017. 1. Mr. H. C. Embuldeniya 2. Mr. S. J. D. S. Wijeyeratne
16. Appointment of an alternate Director by a Non- Executive Director	Code A 5.6	N/A	Not applicable as no Alternate Director was appointed during 2016/2017
17. Senior Independent Director (SID)	Code A.5.7	N/A	Chairperson's and Managing Director's roles have been separated w.e.f. 08.07.2014 and therefore no requirement to appoint a Senior Independent Director.
18. Confidential discussion with SID	Code A.5.8	N/A	Please see Code – A.5.7 above.
19. Meeting of Non- Executive Directors	Code A 5.9	Not adopted	No meeting of Non-Executive Directors was held during the period.
20. Recording of concerns in Board minutes	Code A 5.10	Adopted	Company Secretary records any concerns raised by the Directors during the year in the Board minutes with sufficient details.

Corporate Governance

Corporate Governance Principles	Reference to SEC & ICASL Code	Adoption Status	Extent of Adoption (2016/2017)
A.6. Supply of Information	Principle - A.6	Adopted	Agenda together with high quality information is circulated seven days prior to the Board meeting to discharge the Board obligations effectively as a practice.
21. Information to the Board by management	Code A 6.1	Adopted	Board receives adequate information by the Management on a timely manner. The Board receives regular reports and presentations on strategies and developments in relation to its business lines and performance.
22. Adequate time for effective meetings	Code A 6.2	Adopted	Executive Directors constantly briefed the Board on the functional areas of Revenue, Finance and Recoveries that they oversee. The Board on other functional matters deals with the Managing Director or the heads of those respective departments when necessary.
A.7 Appointments to the Board	Principle– A.7	Adopted	Although the formal Nomination committee is not formed by the Board, new appointments are decided based on consent of the Chairperson and all Directors and the final decision is made by the Board.
23. Nominations Committee	Code A.7.1	Adopted	All new appointments to the Board are considered and recommended by the Board as a whole in an objective and transparent manner
24. Board assessment by the Nominations Committee	Code A.7.2	Adopted	The 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' address the growing strategic needs of the Company.
25. Disclosure of appointments to shareholders	Code A.7.3	Adopted	All new Board appointments as it happens are communicated to shareholders via the Colombo Stock Exchange. A brief 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.

Corporate Governance Principles	Reference to SEC & ICASL Code	Adoption Status	Extent of Adoption (2016/2017)
A.8 Re - election	Principle – A.8	Adopted	In terms of Article 5.4 of the Articles of Association of the Company, Executive Directors are not whilst holding that office be subject to retirement by rotation or taken into account for determining the rotation of retirement of directors. Therefore there are two Non-Executive Directors of the Board who will be eligible for rotation of whom one of them will be re-elected at the next Annual General Meeting.
26. Appointment of Non-Executive Directors	Code A.8.1.	Adopted	As explained in A.8 above
27. Election of Directors by Shareholders	Code A.8.2	Adopted	As explained in A.8 above
A.9 Appraisal of Board performance	Principle A.9	Adopted	The performance of the Board and sub- committees is reviewed and evaluated by the Board and the Chairperson based on self- appraisal basis
28. Appraisal of Board performance	Code – A.9.1	Adopted	As explained in principle A.9 above.
29. Annual self-assessment of the Board and its committees	Code – A.9.2	Adopted	Please see A.9.1 above.
30. Disclosure of method of appraisal	Code – A.9.3	Adopted	Please see A.9.1 above.
A.10 Disclosure of information on Directors	Principle A.10	Adopted	Information pertaining to all Abans PLC Directors is made available to the shareholders through the Annual report.
31. Director information	Code – A.10.1	Adopted	Information pertaining to Directors are provided on pages 14 to 15.

Corporate Governance

Corporate Governance Principles	Reference to SEC & ICASL Code	Adoption Status	Extent of Adoption (2016/2017)
A.11 Appraisal of the Chief Executive Officer	Principle A.11	Adopted	The Chairperson and other Board members reviewed performance of the Managing Director and as a formality the Remuneration Committee carried out a formal evaluation to decide his remuneration package and changes thereof.
32. Targets for Managing Director	Code A.11.1	Adopted	Being the apex chief executive of the Company the Managing Director is entrusted by the Board to conduct day to day operations effectively to attain broad strategic targets/ goals.
33. Evaluation of MD's performance	Code A.11.2	Adopted	The performance of the MD is evaluated in relation to the achievement of business targets.
B. Directors remuneration B.1 Remuneration procedure	Principle B.1	Adopted	No Director is involved in deciding his or her own remuneration package.
34. Remuneration Committee	Code – B.1.1	Adopted	The Board has established a Remuneration Committee authorised to evaluate, assess, decide and recommend, to the Board, Executive Directors remuneration as per the Terms and Reference of the Remuneration Committee.
35. Remuneration Committee composition	Code B.1.2	Adopted	Remuneration Committee comprises of all Non-Executive Directors and the Chairman of the Committee is Mr. S J D S Wijeyeratne
	Code B.1.3	Adopted	The report of the Remuneration Committee is given on Page 87 to the annual report. The Remuneration Committee composition and details of meetings held and participation status is given on page 62.
36. Remuneration of Non-executive Directors	Code B.1.4	Adopted	The Board has the authority on deciding the Non-Executive Directors' remuneration packages which is made as a collective decision. The Non-Executive Directors are paid a fee for attending Board or other Committee meetings and carrying out other Non- executive duties based on their assigned responsibilities.

Corporate Governance Principles	Reference to SEC & ICASL Code	Adoption Status	Extent of Adoption (2016/2017)
37. Remuneration Committees access to Managing Director and professional advice	Code B. 1.5	Adopted	When deciding on remuneration of Executive Directors, the Committee also obtains advice from the Managing Director as necessary.
B.2 The level and make up of remuneration structure	Principle B.2	Adopted	The Board together with the Remuneration Committee aims to attract retain and motivate high caliber individuals for top executive positions.
38. Managing Director's remuneration	Code B.2.1	Adopted	The Remuneration Committee makes assessment on 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.
39. Comparison of remuneration with other Institutions	Code B.2.2	Adopted	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.
40. Remuneration comparison with other Group companies	Code B.2.3	Adopted	Executive Directors represent other companies within the Group as well.
41. MD's performance related payments	Code B.2.4	Adopted	Please refer principle B.2 and Code B.2.1 above.
42. Executive share options	Code B.2.5	N/A	There was no executive share options scheme offered to any Director during 2016/17 period.
43. Deciding Executive Director Remuneration	Code B.2.6	Adopted	Please see comments given in Principle B.2 for details on Executive Director Remuneration.
44. Early terminations clauses in service contract of Directors	Code B.2.7	N/A	Not applicable to the Board.

Corporate Governance

Corporate Governance Principles	Reference to SEC & ICASL Code	Adoption Status	Extent of Adoption (2016/2017)
45. Early terminations of Directors	Code B.2.8	N/A	In an event of early termination of a director, the remuneration will be concluded based on the scenario occurred.
46. Level of Remuneration of Non-Executive Directors	Code B.2.9	Adopted	The Non- Executive Directors are paid a fee for their services as mentioned in Code B.1.4.
B.3 Disclosure of remuneration	Principle B.3	Adopted	The Remuneration Committee operates within the agreed terms of reference and is committed to the principles of accountability and transparency.
47. Names of members in the Remuneration Committee and remuneration paid to Directors	Code – B.3.1	Adopted	Details of Remuneration Committee composition with meetings held and participation status of members are provided on pages 62 and 87. “Related Party Disclosure Note” on page 180 is in the notes to financial statements provides information on remuneration paid to Executive and Non-Executive Directors in aggregate.
C. Relations with shareholders	Principle C	Adopted	As a family owned business, Good relationship is maintained at Abans PLC.
C.1 Constructive use of AGM	Principle C.1	Adopted	AGM will be held on 28/09/2017 and all shareholders are encouraged to participate at the AGM.
48. Level of proxies at AGM's	Code - C.1.1	Adopted	Proxy forms are made available in the Annual report that is released with adequate prior notice to all shareholders in accordance with the Companies Act.
49. Propose separate resolutions for each separate issue	Code – C.1.2	Adopted	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.
50. Availability of Chairperson's of all Board Sub-Committees at AGM's	Code – C.1.3	Adopted	All Board members which include Chairpersons of all the Board Sub committees, namely, Audit Committee and Remuneration Committee are presented at the AGM to answer any questions coming under the purview of their Committee.

Corporate Governance Principles	Reference to SEC & ICASL Code	Adoption Status	Extent of Adoption (2016/2017)
51. Adequate notice of the AGM	Code – C.1.4	Adopted	For the previous financial period, the Annual report of FY 2015/16 was submitted to the Colombo Stock Exchange on 26 August 2016 and was delivered to all shareholders on the same day. Abans PLC's AGM was held on 27 September 2016.
52. Voting procedures at General Meetings	Code – C.1.5	Adopted	Voting procedures at the General Meetings are circulated to the shareholders.
C.2 Communication with Shareholders	Principle C.2	Adopted	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.
53. Channel to reach all shareholders of the Company	Code- C.2.1	Adopted	Formal communications with the shareholders are conducted through Notices to shareholders, Annual Report and 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.
54. Disclosure of the shareholder Communication Policy, Methodology and Implementation	Code- C.2.2 & C2.3	Adopted	The Communication Policy is implemented through exchange Memos, Electronic Mails, Board Papers and Presentations.
55. Disclosure of Contact person for shareholders	Code- C.2.4	Adopted	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.
56. Process to make aware of major issues and concerns of shareholders	Code – C.2.5	Adopted	Material issues and concerns of the shareholders are communicated to the Board by management of the Company and Executive Directors hold weekly meetings to discuss business matters.
57. Person to Contact in relation to shareholders matters	Code – C.2.6	Adopted	The Chairman, MD, Directors, Company Secretary and key management personnel are designated as contact persons on shareholder matters.

Corporate Governance

Corporate Governance Principles	Reference to SEC & ICASL Code	Adoption Status	Extent of Adoption (2016/2017)
58. Responding process of shareholder matters	Code- C.2.7	Adopted	According to Abans PLC's "Communication Policy", all shareholders related material matters are handled promptly and attentively by the Board upon being informed.
C.3 Major and Material Transactions	Principle – C.3	Adopted	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.
59. Disclose material facts of major transactions	Code - C.3.1	Adopted	Material related party transaction or corporate transactions involving acquisitions, mergers or disposals, which materially affect Abans PLC net assets position, are disclosed on pages 175 to 180.
60. Balanced and understandable assessment of the Company	Code – D.1.1	Adopted	Regulatory interim publication format and the applicable accounting standards are compiled by the Abans PLC
61. Directors Report	Code – D.1.2	Adopted	The Annual Report of the Board of Directors (Directors' Report) provided on pages 80 to 83 gives an affirmation on Company's compliance with laws and regulations, confirms the going concern assumption and the effectiveness of the Internal Control System that is in place.
62.Directors' and Auditors' responsibility statement	Code – D.1.3	Adopted	Statement of Directors' responsibility for Financial Reporting given on page 84 provides a statement setting out the responsibilities of the Board for the preparation and presentation of the Financial Statements.
63.Management Discussions and Analysis	Code – D.1.4	Adopted	As per Code –D.1.4 management commentary covering all requirements is given on pages 16 to 56 in the "Management Discussion and Analysis", which comprises the sustainability section as well.
64. Directors' affirmation of going concern	Code – D.1.5	Adopted	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 G of the Code.

Corporate Governance Principles	Reference to SEC & ICASL Code	Adoption Status	Extent of Adoption (2016/2017)
65. Calling of an EGM when net assets fall below 50% of shareholders' funds	Code – D.1.6	Adopted	A situation of a serious loss of capital is unlikely to arise.
66. Adequacy and accuracy of related third party transaction disclosures	Code – D.1.7	Adopted	An adequate and accurate disclosure of related party transactions is given in Note 33 to the Financial Statements on pages 177 to 180.
D.2 Internal Controls- Maintaining a sound system of internal controls	Principle – D.2	Adopted	The Board has established an effective system of internal controls to safeguard the assets of the Company.
67. Reviewing effectiveness of internal control system	Code – D.2.1	Adopted	Internal Auditors have been entrusted to periodically review the adequacy and effectiveness of internal controls of the Company a feedback of which is given to the higher level Audit Committee. Statement on Internal Controls provided on pages 85 to 86 complies with content of Annexure K of the code.
68. Internal Audit function	Code – D.2.2	Adopted	Abans PLC's Internal Audit division which is centrally located provides independent and objective assurance in respect of the adequacy of the design and operating effectiveness of internal controls and governance process across the Company.
69. Audit Committee to review process and effectiveness of risk management and internal controls and to report to the Board	Code – D.2.3	Adopted	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.
70. Statement of Internal Control	Code – D.2.4	Adopted	The Board Statement on Internal Controls given on page 80 complies with the contents in Annexure K of the code.

Corporate Governance

Corporate Governance Principles	Reference to SEC & ICASL Code	Adoption Status	Extent of Adoption (2016/2017)
D.3 Audit Committee - A Committee to review financial reporting aspects, internal controls and maintain relationship with company auditors	Principle – D.3	Adopted	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.
71. Audit Committee composition	Code - D.3.1	Adopted	The Committee met 06 times during the year. The names of members forming the Audit Committee, their participation level, secretary and invitees of the Committee are disclosed on pages 85 to 86.
72. Reviewing objectivity, effectiveness and independence of External Auditors	Code - D.3.2	Adopted	As disclosed in Audit Committee Report, the Audit Committee in keeping to it terms of reference monitors the objectivity, effectiveness and independence of the External Auditor of the Company
73. Terms of reference of the Audit Committee	Code - D.3.3	Adopted	The Board approved written terms of reference governs all activities of the Audit Committee. The Terms of Reference have been drawn after giving due reference the “Code of Best Practices on Audit Committee”
D.4 Code of Business Conduct & ethics	Principle – D.4	Adopted	High standards in business conduct and ethics are an integral part of Abans PLC’s culture. In keeping with Abans PLC’s practiced value system, an organisation wide human resource policy document is in place which defines clear HR policies and procedures to employee.
75. Compliance to requirements on business conduct and ethics	Code D.4.1	Adopted	The HR division has devised a formal document incorporating human resources procedures including aspects on employee conduct.

Corporate Governance Principles	Reference to SEC & ICASL Code	Adoption Status	Extent of Adoption (2016/2017)
76. Affirmation by Chairperson that no individual has violated business conduct and ethical requirements of the Company	Code D.4.2	Adopted	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 review" on pages 08 to 11.
D.5 Corporate Governance disclosure	Principle D.5	Adopted	Abans PLC Board of Directors upholds adopting sound corporate governance practices, while improving the overall governance year on year.
77. Disclosure on Corporate Governance	Code – D.5.1	Adopted	Abans PLC's Corporate Governance report of FY 2016/17 provides a comprehensive disclosure on the Company's corporate governance framework and practices indicating Code of best practices on corporate governance issued in 2013.
Section 2 : Shareholders			
E1. Institutional Investors	Principle E.1	N/A	Abans PLC shareholder base comprises only of individual investors. The Company has Debt listing status on the Colombo Stock Exchange, Main Board since 2013.
78. Constructive dialog between shareholders and company.	Code – E.1.1	Adopted	Being the communication agent, the Board Chairperson performs a crucial role to communicate the opinions and views of shareholders to both Board and corporate management concisely.
E.2 Evaluation of Governance Disclosure	Principle E.2	Adopted	Matters relating to governance are communicated effectively to all shareholders via the Annual Report and through AGM as disclosed in above Code E.1.1, Views and other material matters of shareholders are subsequently taken up at Board meetings as necessary.

Corporate Governance

Corporate Governance Principles	Reference to SEC & ICASL Code	Adoption Status	Extent of Adoption (2016/2017)
F. Other Investors	Principle- F.1	Adopted	Annual report of Abans PLC comprises adequate information for prospective investors to carryout thorough analysis of the Company. Further Abans PLC publishes accounts in the CSE website on quarterly basis so that retail investors could make judgement of the performance of the Company on an ongoing basis.
F.1 Individual shareholders			
F.2 Shareholder voting	Principle- F.2	Adopted	Individual shareholders are encouraged to participate at the Annual General Meeting and to exercise their voting rights.
G .Sustainability Reporting	Principle- G.1	Adopted	Being a responsible corporate citizen Abans PLC believes in meeting its responsibilities towards key stakeholders namely; shareholders, customers, employees, suppliers and the community in the optimal way through its business activities, more from a long term perspective.
79. Economic Sustainability	G.1.1	Adopted	A disclosure on economic sustainability covering all requirements referred in Code G.1.1 is provided in pages 19 to 20 under “Our Financial Performance” in the Managing Director’s Review Section.
80. Environmental Sustainability	G.1.2	Adopted	A disclosure on environmental practices covering all requirements referred in Code G.1.2 is provided in page 11 under “Sustainable Growth” in the Message from the Chairperson Section.
81. Labour practices	G.1.3	Adopted	A disclosure on labour practices covering all requirements referred to in Code G.1.3 is provided in page 54 under “Employees” in Sustainability Section.
82. Society governance disclosures	G.1.4	Adopted	A disclosure of society governance covering all requirements referred to in Code G.1.4 is provided in pages 55 to 56 under “Social Responsibility” in Sustainability Section.

Corporate Governance Principles	Reference to SEC & ICASL Code	Adoption Status	Extent of Adoption (2016/2017)
83. Product responsibility disclosures	G.1.5	Adopted	A disclosure of product responsibility practices covering all requirements referred to in Code G.1.5 is provided in pages 47 to 48 under “Sub section of Social Responsibility ‘Customers’ ” in Sustainability Section.
84. Stakeholder identification, engagement and effective communication	G.1.6	Adopted	Stakeholder identification, engagement and effective communication: Please refer page 63 for details of engagement practices with the shareholders, customers, government, employees, suppliers and the community at large.
85. Formalised Sustainability Reporting Process.	G.1.7	Not Adopted	

Annual Report of the Board of Directors

The Board of Directors of Abans PLC has pleasure in presenting the Annual Report and the Audited Financial Statements of the Company and its subsidiaries for the financial year ended 31st March 2017.

Principal Activities

The principal activities of Abans PLC are importing and marketing of electrical and electronic home appliances, crockery and cookware, sanitary and light fittings, a host of other household items and carrying out electro mechanical contract work and clearing and forwarding activities.

The Company has five Subsidiaries, one Joint Venture and one Associate Company and their activities are given on page 97 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 and the Management Discussion and Analysis sections 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 Company for the year under review amounted to Rs. 27.8 Bn whilst Group Revenue amounted to Rs. 35.7 Bn. Contribution to Group Revenue from the different business segments carried out by the five subsidiaries is provided in Note 14.2 to the Financial Statements.

Financial Statements and the Report of the Auditors

The Financial Statements of the Group for the year ended 31st March 2017 as approved by the Board of Directors on 14th August 2017 are given on pages 89 to 181. The Auditors' Report on the Financial Statements of the Group is given on page 89.

Accounting Policies

The Accounting Policies adopted in the preparation and presentation of the Financial Statements are given on pages 97 to 117. There were no material changes in the Accounting Policies adopted by the Group during the year under review.

Investments

Total investments of the Company in its Subsidiaries, Associates, Joint Venture, Equity investments and other Financial Instruments amounted to Rs. 3,593,070,099/-. The details of the investments are given in Notes 13, 15, 16 and 17 to the Financial Statements.

Property, Plant and Equipment

The Net Book Value of Property, Plant and Equipment as at year end amounted to Rs. 1,085,395,851/- and Rs. 1,272,803,764/- for the Company and the Group respectively. Total capital expenditure during the year for acquisition of Property, Plant and Equipment by the Company and the Group amounted to Rs. 157,167,981/- and Rs. 201,620,114/- respectively. Details of Property, Plant and Equipment are given in Note 8 to the Financial Statements.

Stated Capital and Reserves

The Stated Capital of the Company as at 31st March 2017 was Rs. 218,500,000/- consisting of Rs. 216,000,000/- ordinary voting shares and Rs. 2,500,000/- ordinary non-voting shares. The total Group equity was Rs. 7,415,669,557 as at 31st March 2017.

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 2017 and their brief profiles are given on pages 14 to 15. The following persons were the Directors of the Company as at 31st March 2017.

- (a) Mrs. Aban Pestonjee - Chairperson
- (b) Mr. Behman Pestonjee – Managing Director
- (c) Mrs. Saroshi Dubash - Executive Director
- (e) Mr. Rusi Pestonjee - Executive Director
- (h) Mr. Hiran Embuldeniya- Independent Non-Executive Director
- (i) Mr. Sriyan de Silva Wijeyeratne- Independent Non-Executive Director

Re-Election of Directors

Resolution will be tabled at the forthcoming Annual General Meeting to re-elect

Mrs. Aban Pestonjee, the Director who is above the age of 70 years and who is due to retire at the end of the Annual General Meeting in terms of Section 210 of the Companies Act No. 7 of 2007.

Mr. Hiran Embuldeniya will retire by rotation in terms of Section A.8 of the Code of Best Practice on Corporate Governance 2013 at the Annual General Meeting and being eligible offers himself for re-election with the unanimous support of the other Directors.

Board Committees

The Board has appointed two Sub-Committees i.e. the Audit Committee and the Remuneration 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 33.5 to the Financial Statements.

Annual Report of the Board of Directors

Directors' Shareholding

The shareholdings of the Directors of the Company as at 31st March 2017 and as defined under the Listing Rules of the Colombo Stock Exchange are as follows.

Name of the Director	Shareholding					
	Ordinary Voting Shares		Class B Ordinary Management Non-voting shares		Total ordinary Shares (Voting and Non-Voting)	
	Number	%	Number	%	Number	%
Aban Pestonjee	432,000	20%	5,000	20%	437,000	20%
Saroshi Dubash	432,000	20%	5,000	20%	437,000	20%
Rusi Pestonjee	432,000	20%	5,000	20%	437,000	20%
Behman Pestonjee	432,000	20%	5,000	20%	437,000	20%
Hiran Chaminda Embuldeniya	Nil	Nil	Nil	Nil	Nil	Nil
S.J. De S Wijeyeratne	Nil	Nil	Nil	Nil	Nil	Nil
Total	1,728,000		20,000		1748,000	

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 33.5 to the Financial Statements.

Share Information

Information relating to earnings, dividends and net assets is given on pages 183 to 184. The distribution and the composition of shareholding are given on pages 183 to 184 of this Annual Report.

Listed Debt

Information relating to the listed debentures is given on page 185.

Corporate Governance

The Board of Directors has endeavored 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 Securities and Exchange Commission and the Institute of Chartered Accountants of Sri Lanka. Directors are committed towards 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 62 to 79 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 endeavors 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 a reasonable assurance of their 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

Messrs. Ernst & Young, Chartered Accountants are deemed re-appointed in terms of Section 158 of the Companies Act No. 07 of 2007 as the Auditors of the Company. A resolution to authorise the Directors to determine the remuneration of the Auditors will be proposed at the forthcoming Annual General Meeting.

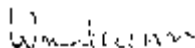
Total audit fees paid to Messrs. Ernst & Young by the Company and its Subsidiaries are disclosed in Note 5.6 to the Financial Statements. The Auditors of the Company and its Subsidiaries have confirmed that they do not have any relationship with the

Company or its subsidiaries (other than the Auditor) that would have an impact on their independence.

Annual General Meeting

The Annual General Meeting will be held at Head Office, Abans PLC, on 28th September 2017 at 2.30 p.m. 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.

By Order of the Board



Varners International (Pvt.) Ltd.

Company Secretaries,

Level 14, West Tower,
World Trade Centre,
Echelon Square,
Colombo 01.

14th August 2017

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.

The financial statements comprise:

- ① Statement of profit and loss and other comprehensive income, which present a true and fair view of the profit and loss of the Company and the Group for the financial year; and
- ① 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 Act and SLFRS.

The Directors are required to ensure that, in preparing these financial statements:

- ① Appropriate accounting policies have been selected and applied in a consistent manner and material departures if any, have been disclosed and explained.
- ① All applicable accounting standards (SLFRS/LKAS) issued by The Institute of Chartered Accountants of Sri Lanka, as relevant have been followed.
- ① 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 of the Group and 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 of the Group and in this regard, to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting 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 recognised 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.

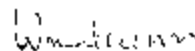
The Directors are required to prepare the financial statements and to provide the independent external auditors with every opportunity to take whatever steps and undertake whatever inspections that they may consider to be appropriate to enable them to give the independent auditors' opinion.

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

Compliance Report

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,



Varners International (Pvt.) Ltd.
Company Secretaries

14th August 2017

Audit Committee Report

Role of the Committee

Audit Committee is the sub-Committee of the Board of Directors and it is accountable to the Board. The Committee is chaired by Mr. Hiran Embuldeniya who is an Independent Non-Executive Director and consists of one other Independent Non-Executive Director Mr. Sriyan de Silva Wijeyeratne.

The Committee is responsible for supporting the Board in ensuring that the Group's financial results, internal controls and risk management are effectively managed in line with the best practices and in compliance with the accounting standards of the Institute of Chartered Accountants of Sri Lanka, requirements of the listing rules of the Colombo Stock Exchange and other relevant laws and regulations. In addition, the Committee considers the contents of internal and external audit reports and recommends the appointment of the external auditors.

The Audit Committee obtains representations from the Head of Finance and Chief Internal Auditor on the adequacy and effectiveness of internal control systems.

Meetings

During the year, the Audit Committee met five times. The attendance of the members at these meetings were as follows:

Mr. Hiran Embuldeniya	5/5
Mr. Sriyan de Silva Wijeyeratne	4/5

The Executive Director Mrs Saroshi Dubash, the Head of Finance, Chief Internal Auditor and Senior Managers of the Company's External Auditors, Messrs Ernst & Young also attended most of these meetings by invitation. Further members of the management of the Company were invited to participate in the meeting as and when the necessity arose.

Financial Reporting and Audit

The External Auditors are responsible for auditing the annual consolidated financial statements in accordance with generally accepted auditing standards and ensuring that the financial statements truly and fairly present the results of operations and the financial position of the Company. The External Auditors are also responsible for issuing a report on those financial statements. The Audit Committee monitors and oversees these processes.

The Committee reviewed and discussed with Management the un-audited quarterly financial statements and the full year financial statements prior to the recommendation of same to the Board. The Head of Finance provided confirmation to the Audit Committee that the said full year financial statements were prepared in accordance with the Sri Lanka Accounting Standards and the information required by the Companies Act No. 07 of 2007 therein, presented a true and fair view of the Company's state of affairs as at that date.

The Committee also reviewed and discussed with the External Auditor and management, the matters communicated to the Committee in the management letter. Some of these included a focus on the controls and risks related to information systems that are used to ensure integrity of the data used to prepare the financial statements. The Committee suggested remedial action as required based on the recommendations of the External Auditor.

The Committee carried out an evaluation of the External Auditors to establish their independence and objectivity. The evaluation included the review of policies and procedures to ensure independence as well as a review of the non-audit services provided by the Auditors to Abans PLC. As part of this review the engagement partner has been replaced by rotation. The Audit Committee has recommended to the Board of Directors that Ernst and Young be reappointed as Auditors for the financial year ending 31st March 2017.

Internal Audit, Risks and Controls

The Audit Committee reviewed the effectiveness of the Group's internal controls and corporate risks which are under the purview of the Chief Internal Auditor to provide reasonable assurance that there is no material misstatement or loss, the Group's assets are safeguarded and the financial information used within the business and for external reporting is reliable.

Audit Committee Report

The Audit Committee receives regular reports on the adequacy and effectiveness of internal controls in the Group, compliance with laws and regulations and established policies and procedures of the Group. During the course of the year, the Committee followed up on the treasury management review conducted in the previous year and monitored progress made in implementing the recommendations.

The Chief Internal Auditor prepared an annual internal audit plan which was approved by the Committee and has direct access to the chairman of the Audit Committee.

On behalf of the Board Audit Committee,



Hiran Embuldeniya

Chairman

14th August 2017

Board Remuneration Committee Report

The Role of the Committee

The Committee is entrusted with the responsibility to evaluate, assess, decide and recommend, to the Board of Directors, on any matters that may affect the remuneration structure and policies of the Company. The Committee reviews the remuneration and other benefits of personnel, along with the Recruitment and Performance Appraisal process. This is with the objective of ensuring that the Company is geared to attract, grow and retain employees with appropriate skills and competencies, who could further the key objectives of the Company. The Committee also reviews the policies and parameters of the remuneration structure for staff members and provides inputs on implementing the same.

Members

The Board Remuneration Committee comprises the following personnel:
Mr. Sriyan de Silva Wijeyeratne - Chairman (Independent Non-Executive Director)
Mr. Hiran Embuldeniya - Independent Non-Executive Director

The committee met on three occasions during the year under review and all members attended the meetings. The Executive Director, General Managers and the DGM-HR attended by invitation, when needed.

Remuneration and Benefits provided:

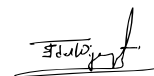
The remuneration provided to employees consists of a fixed basic salary component and allowances and a variable portion which is conditional upon performance of the Company and the individual. Employees also enjoy other benefits such as medical, travel and etc where applicable and in keeping with the market practices. No remuneration is paid to the Non-Executive Directors other than the Directors fees paid for participation at Board meetings.

The committee reviewed information in related to remuneration and retention ratios of staff members with the objective of ensuring that individual performance reviews are more closely linked to the corporate objectives, as it helps with the retention of key personnel. External Compensation Surveys were also studied to validate these assumptions. The committee also assessed and made recommendations on Annual increments and bonuses, where required and on KPI introduction.

Conclusion

Following the discussions at Committee meetings, the Chairman of the Committee reports to the Board on the Committee's findings and recommendations, on matters related to Remuneration and Performance

Management. The Committee is satisfied that the Company follows appropriate recruitment, appraisal and remuneration policies and procedures, which reasonably ensure that the Human Capital of the Company is retained and developed. There is severe competition for talent in the market and the Company will need to continually 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.



Sriyan de Silva Wijeyeratne
Chairman,
Remuneration Committee

14th August 2017

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**ALL OUR
EFFORT**

**“We remain focused and unwavering
in our relentless march towards
excellence and in furthering our brand
to every corner of Sri Lanka.”**

Independent Auditor's Report



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TO THE SHAREHOLDERS OF ABANS PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Abans PLC, ("the Company"), and the consolidated financial statements of the Company and its subsidiaries ("Group"), which comprise the statement of financial position as at 31 March 2017, 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 a summary of significant accounting policies and other explanatory information (set out on pages 97 to 181).

Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal controls as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance

about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2017, and of its financial performance and cash flows for the

year then ended in accordance with Sri Lanka Accounting Standards.

Report on other legal and regulatory requirements

As required by Section 163(2) of the Companies Act No. 7 of 2007, we state the following:

- a) The basis of opinion, scope and limitations of the audit are as stated above.
- b) In our opinion :
 - 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.
 - the financial statements of the Company give a true and fair view of its financial position as at 31 March 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards, and
 - the financial statements of the Company and the Group comply with the requirements of Section 151 and 153 of the Companies Act No. 07 of 2007.

Ernst 2/2-2

14 August 2017
Colombo

[illegible]

Statement of Profit or Loss

Year ended 31 March	Note	Group		Company	
		2017 LKR	2016 LKR	2017 LKR	2016 LKR
Revenue	5.1	35,731,859,725	34,933,245,274	27,864,044,571	27,501,593,009
Cost of Sales		(25,270,116,817)	(24,173,581,123)	(20,062,868,597)	(19,340,460,685)
Gross Profit		10,461,742,908	10,759,664,151	7,801,175,974	8,161,132,324
Other Operating Income	5.2	543,297,182	247,614,896	529,451,757	235,537,658
Selling & Distribution Expenses		(4,681,170,157)	(4,233,641,878)	(3,643,271,938)	(3,522,305,279)
Administrative Expenses		(4,542,066,331)	(4,129,045,695)	(3,109,189,465)	(2,857,515,893)
Operating Profit		1,781,803,602	2,644,591,474	1,578,166,328	2,016,848,810
Impairment of Related Party Receivables	5.3	(240,688,084)	-	(240,688,084)	-
Finance Cost	5.4	(1,421,099,550)	(1,050,908,089)	(1,348,956,829)	(1,028,823,131)
Finance Income	5.5	72,099,819	65,768,752	63,920,516	62,703,720
Share of Associates' Profits	15	20,083,650	41,403,882	-	-
Share of Joint Venture's Loss	16	(78,993,723)	(75,455,796)	-	-
Profit before Income Tax and Value Added Tax on Financial Services from Continuing Operations		133,205,714	1,625,400,223	52,441,931	1,050,729,399
Value Added Tax on Financial Services		(58,317,560)	(33,742,312)	(2,262,622)	(2,884,772)
Income Tax Expense	6.1	(159,639,152)	(492,022,384)	(85,420,966)	(322,316,714)
Profit/ (Loss) for the Year		(84,750,998)	1,099,635,527	(35,241,657)	725,527,913
Attributable to:					
Equity Holders of the Parent		(103,006,069)	1,087,444,834	(35,241,657)	725,527,913
Non-Controlling Interest		18,255,071	12,190,693	-	-
		(84,750,998)	1,099,635,527	(35,241,657)	725,527,913
Earnings Per Share					
Profit/ (Loss) for the Year Attributable to Ordinary Equity Holders of the Parent	7	(47.14)	497.69	(16.13)	332.05

The accounting policies and notes on pages 97 through 181 form an integral part of the financial statements.

Statement of Comprehensive Income

Year ended 31 March	Note	Group		Company	
		2017 LKR	2016 LKR	2017 LKR	2016 LKR
Profit for the Year		(84,750,998)	1,099,635,527	(35,241,657)	725,527,913
Other Comprehensive Income					
Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods:					
Gain/(Loss) on Available for Sale Financial Assets		-	(130,255)	-	-
Net Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods		-	(130,255)	-	-
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods:					
Revaluation Gain		-	96,760,807	-	89,854,882
Actuarial Gain on Defined Benefit Plans	27.2	9,019,104	11,790,362	7,070,392	8,778,935
Actuarial Gain/(Loss) from Associate	15.2	4,652,884	(220,637)	-	-
Tax Effect	6.2	(2,838,667)	(10,675,853)	(1,905,000)	(8,064,509)
Net Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods		10,833,321	97,654,679	5,165,392	90,569,308
Total Other Comprehensive Income for the Year, Net of Tax		10,833,321	97,524,424	5,165,392	90,569,308
Total Comprehensive Income for the Year, Net of Tax		(73,917,677)	1,197,159,951	(30,076,265)	816,097,221
Attributable to:					
Equity Holders of the Parent		(92,767,963)	1,184,232,494	(30,076,265)	816,097,221
Non-Controlling Interest		18,850,286	12,927,457	-	-
		(73,917,677)	1,197,159,951	(30,076,265)	816,097,221

The accounting policies and notes on pages 97 through 181 form an integral part of the financial statements.

Statement of Financial Position

As at 31 March			Group		Company
	Note	2017 LKR	2016 LKR	2017 LKR	2016 LKR
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	8	1,272,803,764	1,216,234,279	1,085,395,851	1,041,696,453
Leasehold Land Payments	9	254,747,474	257,373,737	254,747,474	257,373,737
Investment Properties	10	22,456,984	23,854,597	22,456,984	23,854,597
Lease Rentals Receivable and Stock Out on Hire	11	1,795,707,199	1,872,280,011	-	-
Intangible Assets	12	64,141,499	56,671,257	38,638,379	37,498,683
Investments in Subsidiaries	13	-	-	1,108,486,711	466,173,511
Investments in an Associate	15	360,891,070	342,739,493	30,752,197	30,752,197
Investments in a Joint Venture	16	2,201,552,471	2,055,169,194	2,423,593,870	2,198,216,870
Other Financial Assets	17	91,492,900	25,133,140	15,600,000	15,600,000
Deferred Tax Assets	6.4	393,703,537	374,251,906	281,091,848	275,368,855
Trade and Other Receivables	18	814,450,214	677,210,253	-	-
		7,271,947,112	6,900,917,867	5,260,763,314	4,346,534,903
Current Assets					
Inventories	19	11,176,796,937	10,365,724,961	9,756,245,885	8,716,690,227
Trade and Other Receivables	18	11,135,699,613	11,293,579,237	8,096,571,399	9,527,126,444
Lease Rentals Receivable and Stock Out on Hire	11	1,884,258,447	1,723,971,768	-	-
Income Tax Receivables		205,911,260	4,584,793	142,859,183	-
Other Financial Assets	17	644,935,463	264,902,601	14,637,321	12,219,382
Securities Purchased under Repurchase Agreement	20	250,809,890	630,158,530	-	-
Cash and Short Term Deposits	21	1,086,871,510	806,268,158	620,115,220	663,688,713
		26,385,283,120	25,089,190,048	18,630,429,008	18,919,724,766
Total Assets		33,657,230,232	31,990,107,915	23,891,192,322	23,266,259,669
EQUITY AND LIABILITIES					
Equity					
Stated Capital	22	218,500,000	218,500,000	218,500,000	218,500,000
Other Component of Equity	23	492,546,166	457,158,336	399,048,767	399,048,767
Retained Earnings		6,282,206,524	6,363,505,389	4,541,684,823	4,571,761,088
Equity Attributable to Equity Holders of the Parent		6,993,252,690	7,039,163,725	5,159,233,590	5,189,309,855
Non-Controlling Interests		422,416,867	133,916,025	-	-
Total Equity		7,415,669,557	7,173,079,750	5,159,233,590	5,189,309,855

As at 31 March			Group		Company
	Note	2017 LKR	2016 LKR	2017 LKR	2016 LKR
Non-Current Liabilities					
Interest Bearing Borrowings	25	2,974,720,444	3,167,783,211	2,847,908,218	3,154,402,157
Employee Benefits Liabilities	27	258,678,913	236,796,414	159,343,346	149,772,204
Trade and Other Payables	28	1,184,978,711	1,697,858,803	-	-
		4,418,378,068	5,102,438,428	3,007,251,564	3,304,174,361
Current Liabilities					
Trade and Other Payables	28	11,298,577,153	9,141,013,741	6,207,064,074	4,887,704,411
Warranty Provision	26	345,253,875	313,863,057	279,267,881	269,748,307
Income Tax Liabilities		630,730	403,429,392	-	265,419,966
Interest Bearing Borrowings	25	10,178,720,849	9,856,283,547	9,238,375,213	9,349,902,769
		21,823,182,607	19,714,589,737	15,724,707,168	14,772,775,453
Total Equity and Liabilities		33,657,230,232	31,990,107,915	23,891,192,322	23,266,259,669

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



Chandima Bandara
Chief Financial Officer

The board of directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the board by.



Behman Pestonjee
Director



Rusi Pestonjee
Director

The accounting policies and notes on pages 97 through 181 form an integral part of the financial statements.

14 August 2017
Colombo

Statement of Changes in Equity

Group	Attributable to the Equity Holders of the Parent					Non-Controlling Interest	Total Equity
	Stated Capital	Revaluation Reserve	Other Reserves	Retained Earnings	Total		
Year ended 31 March 2017	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Balance as at 31 March 2015	218,500,000	307,385,292	45,321,150	5,417,740,674	5,988,947,116	119,056,474	6,108,003,590
Net Profit for the Year	-	-	-	1,087,444,834	1,087,444,834	12,190,693	1,099,635,527
Other Comprehensive Income	-	88,479,045	(116,266)	8,424,881	96,787,660	736,764	97,524,424
Transfers to/(from) during the Year	-	-	16,089,115	(18,025,000)	(1,935,885)	1,935,885	-
Dividends	-	-	-	(132,080,000)	(132,080,000)	(3,791)	(132,083,791)
Balance as at 31 March 2016	218,500,000	395,864,337	61,293,999	6,363,505,389	7,039,163,725	133,916,025	7,173,079,750
Net Profit for the Year	-	-	-	(103,006,069)	(103,006,069)	18,255,071	(84,750,998)
Other Comprehensive Income	-	-	-	10,238,106	10,238,106	595,215	10,833,321
Change in Holding Percentage without Change in Controlling power	-	-	-	46,856,928	46,856,928	270,463,880	317,320,808
Transfers to/(from) during the Year	-	-	35,387,830	(35,387,830)	-	-	-
Dividends	-	-	-	-	-	(813,324)	(813,324)
Balance as at 31 March 2017	218,500,000	395,864,337	96,681,829	6,282,206,524	6,993,252,690	422,416,867	7,415,669,557

Company	Stated Capital	Revaluation Reserve	Other Reserves	Retained Earnings	Total Equity
	LKR	LKR	LKR	LKR	LKR
Balance as at 31 March 2015	218,500,000	307,385,292	7,415,000	3,971,992,342	4,505,292,634
Net Profit for the Year	-	-	-	725,527,913	725,527,913
Other Comprehensive Income	-	84,248,475	-	6,320,833	90,569,308
Dividends	-	-	-	(132,080,000)	(132,080,000)
Balance as at 31 March 2016	218,500,000	391,633,767	7,415,000	4,571,761,088	5,189,309,855
Net Profit for the Year	-	-	-	(35,241,657)	(35,241,657)
Other Comprehensive Income	-	-	-	5,165,392	5,165,392
Balance as at 31 March 2017	218,500,000	391,633,767	7,415,000	4,541,684,823	5,159,233,590

The accounting policies and notes on pages 97 through 181 form an integral part of the financial statements.

Statement of Cash Flows

Year ended 31 March	Note	Group		Company	
		2017 LKR	2016 LKR	2017 LKR	2016 LKR
Cash Flows from/(used in) Operating Activities					
Profit before Tax from Continuing Operation		133,205,714	1,625,400,223	52,441,931	1,050,729,399
		133,205,714	1,625,400,223	52,441,931	1,050,729,399
Adjustments for:					
Depreciation - Property Plant & Equipment	8	135,327,223	118,359,910	105,458,739	92,246,425
Depreciation - Investments Property	10	1,397,613	1,397,613	1,397,613	1,397,613
Amortisation of Intangible Assets & Prepaid Rent		42,156,655	91,688,264	38,703,851	89,945,713
(Gain)/Loss from Fair Value of Quoted Shares		(643,399)	17,519,280	65,768	211,132
Impairment of Property Plant & Equipment		-	12,797,326	-	8,020,500
Income from Investments		(252,189,656)	(9,274,340)	(274,054,672)	(23,042,590)
Profit on Disposal of Assets		(884,908)	(6,845,895)	(3,653,543)	(8,345,024)
Finance Costs	5.4	1,421,099,550	1,050,908,089	1,348,956,829	1,028,823,131
Share of Profit from Associate	15	(20,083,650)	(41,403,882)	-	-
Share of Loss from Joint Venture	16	78,993,723	75,455,796	-	-
Provision for Warranty	26	341,912,598	286,660,938	242,862,662	242,118,928
Employee Benefit Obligation Transferred	27	1,840,285	-	1,159,560	910,000
Provision for Employee Benefits Liabilities	27	57,843,682	47,051,278	35,223,104	28,799,511
Operating Profit before Working Capital Changes		1,939,975,430	3,269,714,600	1,548,561,842	2,511,814,738
(Increase)/Decrease in Inventories		(811,071,976)	(1,677,064,988)	(1,039,555,658)	(1,682,726,665)
(Increase)/Decrease in Trade and Other Receivables		(63,074,204)	(1,635,831,851)	1,430,555,045	447,351,740
Increase/(Decrease) in Trade and Other Payables		1,644,683,320	920,892,163	1,319,359,663	(522,156,869)
Cash Generated from Operations		2,710,512,570	877,709,924	3,258,920,892	754,282,944
Finance Cost Paid	5.4	(1,421,099,550)	(1,050,908,089)	(1,348,956,829)	(1,028,823,131)
Employee Benefits Liabilities Paid	27	(28,782,364)	(16,127,136)	(19,741,130)	(12,959,905)
Repair Charges Paid	26	(310,521,780)	(250,574,158)	(233,343,088)	(209,618,989)
Income Tax Paid		(844,372,139)	(312,565,120)	(503,590,730)	(183,345,409)
Net Cash Flows from/(used in) Operating Activities		105,736,737	(752,464,579)	1,153,289,115	(680,464,490)

Statement of Cash Flows

Year ended 31 March	Note	Group		Company	
		2017 LKR	2016 LKR	2017 LKR	2016 LKR
Cash Flows from / (used in) Investing Activities					
Acquisition of Property, Plant and Equipment	8	(197,820,114)	(229,401,590)	(157,167,981)	(146,480,119)
Acquisition of Intangible Assets	12	(47,000,634)	(11,605,157)	(37,217,284)	(1,008,347)
Proceeds from Sale of Property, Plant and Equipment		10,608,314	26,439,826	11,663,387	21,760,250
(Acquisition)/Proceeds From Other Investments		(445,749,223)	205,300,555	(2,483,707)	(3,135,809)
Dividend Received		258,774,613	14,761,804	274,054,672	23,042,590
Loss on Available for Sale Financial Assets		-	(130,255)	-	-
Investments in Subsidiaries	13	-	-	(642,313,200)	-
Investments In Joint Ventures	16	(225,377,000)	(394,416,920)	(225,377,000)	(394,416,920)
Securities Purchased under Repurchase Agreement	20	379,348,640	(203,270,009)	-	-
Net Cash Flows used in Investing Activities		(267,215,404)	(592,321,746)	(778,841,113)	(500,238,355)
Cash Flows from (used in) Financing Activities					
Increase/(Decrease) in Import Financing Loans		(770,196,541)	544,442,745	(770,196,541)	544,442,745
Proceeds From Interest Bearing Borrowings		11,249,744,676	10,034,568,215	10,807,900,000	9,481,978,408
Net Impact on Ownership Change					
without Change in Controlling Power		317,320,808	-	-	-
Repayment of Interest Bearing Borrowings		(10,987,378,031)	(10,132,245,269)	(10,888,998,470)	(9,678,863,189)
Proceeds from other Bearing Borrowings		735,080,641	956,432,418	586,332,743	917,125,597
Payments under Finance Lease Liabilities		(8,360,720)	(9,086,035)	(1,503,201)	(7,556,729)
Dividends Paid		(813,324)	(132,083,791)	-	(132,080,000)
Net Cash Flows from/(used in) Financing Activities		535,397,509	1,262,028,283	(266,465,469)	1,125,046,832
Net Increase/(Decrease) in Cash and Short Term Deposits		373,918,842	(82,758,042)	107,982,533	(55,656,013)
Cash and Short Term Deposits at the beginning of the Year	21	444,568,992	527,327,034	427,030,201	482,686,214
Cash and Short Term Deposits at the end of the Year	21	818,487,834	444,568,992	535,012,734	427,030,201

The accounting policies and notes on pages 97 through 181 form an integral part of the financial statements.

Notes to the Financial Statements

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.

1.2 Consolidated Financial Statements

The consolidated financial statements of Abans PLC, as at and for the year ended 31 March 2017, 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

The Company does not have a parent undertaking and the shares are held by individuals. No individual shareholder has a controlling interest.

1.4 Approvals of Financial Statements

The Financial Statements of Abans PLC and Its Subsidiaries for the year ended 31 March 2017 were authorised for issue in accordance with a resolution of the board of directors on 14 August 2017.

1.5 Directors' Responsibility Statement

The Board of Directors is responsible for preparation and presentation of financial statements.

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, skechers and textile and carrying out electro mechanical contract work.

Subsidiary – Abans Retail (Pvt) Ltd

The principal activities of the Company were buying and selling hire purchase sales of electrical and electronic home appliances, crockery and cookware, sanitary and light fittings, a host of other household items.

Subsidiary – Abans Lanka (Pvt) Ltd

The principal Activities of the Company were importing and selling of mobile phones. However the Company has suspended its operations in a previous year, due to future Group restructuring plan.

Subsidiary - AB Technologies (Pvt) Ltd

The principal activities of the Company were developing computer software and providing IT related services.

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.

Subsidiary - Abans Engineering (Pvt) Ltd

The principal activities of the Company were providing complete range of MVAC (Mechanical, Ventilation and Air Conditioning) solution which includes supply, install, maintenance and after sales services.

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.

Joint Venture - Colombo City Centre Partners (Pvt) Limited

The principle activity of the Company is to carry out mix development project.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation and Measurement

The Financial Statements have been prepared on the historical cost basis, except for Lands and Buildings, Fair value through profit or loss financial assets, Available for sale and that have been measured at fair value and defined benefit plans which are measured at present value of retirement benefits obligation

Notes to the Financial Statements

as explained in the respective notes in the financial statement.

2.1.1 Statement of Compliance

The Financial Statements 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 Policies and Notes have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act No. 7 of 2007.

2.1.2 Comparative Information

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

2.1.3 Going Concern

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

2.1.4 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.

2.1.5 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.

2.2 Basis of Consolidation

The Consolidated Financial Statements comprise the Financial Statements of the Company and its Subsidiaries as at 31 March 2017. 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:

- ① Power over the investee (i.e. Existing rights that give it the current ability to direct the relevant activities of the investee)
- ① Exposure, or rights to variable returns from its involvement with the investee
- ① 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 circumstances in assessing whether it has power over an investee, including:

- ① The contractual agreement(s) with the other vote holders of the investee
- ① Rights arising from other contractual agreements
- ① 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.

2.3 Summary of Significant Accounting Policies

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

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 Consolidation of Entities with Different Accounting Periods

The Financial Statements of all entities in the Group other than Colombo City Centre Partners (Pvt) Ltd, are prepared for a common financial year, which ends on 31 March.

Colombo City Centre Partners (Pvt) Ltd with a 31 December financial year end prepares for consolidation purpose, additional financial information as of the same date as the financial statements of the parent.

2.3.4 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
- Ⓢ There is no unconditional right 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.

2.3.5 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 3 and 29)
- Ⓢ Quantitative disclosures of fair value measurement hierarchy (Note 29)
- Ⓢ Property, plant and equipment under revaluation model (Note 8)
- Ⓢ Financial instruments (including those carried at amortised cost) (Note 29)

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 in Note 29

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.

2.3.6 Revenue Recognition

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

The following specific criteria are used for recognition of revenue:

2.3.6.1 Revenue Recognition Policy of Abans Finance PLC

a. Interest Income and Interest Expense

For all financial instruments measured at amortised cost, interest bearing financial assets

classified as available for sale and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the Effective Interest Rate (EIR). EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Company revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'Interest and similar income' for financial assets and 'Interest and similar expense' for financial liabilities. However, for a reclassified financial asset for which the bank subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate. Once the recorded value of a financial asset or a Group of similar financial assets has been reduced due to an impairment

Notes to the Financial Statements

loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

b. Fee and Commission Income

The Company earns fee and commission income from a diverse range of services it provides to its customers.

Fees earned for the provision of services over a period of time are accrued over that period. These fees include Credit related fees & commission, Service charge, Transfer Fees and other fees income. Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EIR on the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight line basis.

c. Net trading income

Net trading income includes all gains and losses from changes in fair value and related dividends for financial assets and financial liabilities 'held for trading' other than interest income.

2.3.6.2 Revenue Recognition Policy other than Abans Finance PLC

d. Sale of Goods (Normal Trading Transactions)

Revenue from the sale of goods is recognised when the significant risk and rewards of

ownership of the goods have passed to the buyers, the recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

e. Sale of Goods (Hire Purchase Transactions)

At the time of effecting hire sales, the cash sales value is recognised as sales. The unearned income is recognised as income over the term of hire purchase contract commencing from the month in which first rental is due, in proportion to the declining receivable balance, so as to produce a constant periodic rate of return on the hirer's net investment outstanding on the hire purchase.

f. Service Fee Income on Hire Purchase

Service Fee Income is recognised over the length of hire purchase agreement using the effective interest rate method. In the event of early termination of the Hire Purchase Contract or Cash conversion remaining deferred, service income is recognised when such contract is recognised or converted.

g. Rendering of Services

Revenue from rendering of services is recognised by reference to the stage of completion. Stage of completion is measured by referring to the terms and references in the construction contract. Where the contract

outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered. Revenue from rendering of maintenance services is recognised in the accounting period in which the services are rendered or performed.

h. Dividend

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

i. Gains and Losses

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non-current assets, including investments, are accounted for in the Statement of Profit or Loss, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

j. Interest – Other

Interest Income is recognised in profit or loss as it accrues and is calculated by using the effective interest rate method.

k. Other Income

Other income is recognised on an accrual basis.

2.3.7 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.

2.3.8 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 capitalised 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.

2.3.9 Taxes

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.

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:

- ⦿ 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 accounting 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

Notes to the Financial Statements

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.

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.

VAT on Financial Services

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

2.3.10 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).

2.3.11 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 and 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 at 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.

2.3.12 Leases

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

Group as Lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance lease assets are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit or Loss.

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

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Prepayments that are classified as operating leases over land are disclosed as non-current assets in the statement of financial position.

Notes to the Financial Statements

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. 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.

Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of assets, but not necessarily legal title, are classified as finance leases. When the Company is a lessor under finance leases the amounts due under the leases, after deduction of unearned charges, are included in 'Lease rentals receivables and stock out on hire'. The finance income receivable is recognised in 'Net interest income' over the periods of the leases so as to give a constant rate of return on the net investment in the leases.

2.3.13 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity

incurs in connection with the borrowing of funds.

2.3.14 Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation and accumulated impairment losses. Such cost 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.

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. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

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.

2.3.15 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 lives are amortised 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.

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of Profit or Loss when the asset is derecognised.

2.3.16 Financial Instruments - Initial Recognition and Subsequent Measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.3.16.1 Financial Assets

a) Initial Recognition and Measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables,

held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

b) Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- ① Financial assets at fair value through profit or loss
- ① Loans and receivables
- ① Held-to-maturity investments
- ① AFS financial assets

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial

recognition at fair value through profit or loss. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by LKAS 39. Derivatives, including separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments.

Financial assets at fair value through profit and loss are carried in the Statement of Financial Position at fair value with changes in fair value recognised in the other income in the Statement of Profit or Loss.

The Group's financial assets at fair value through profit or loss include investments made in quoted equity securities.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit or Loss. The losses

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arising from impairment are recognised in the Statement of Profit or Loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

Held-to-Maturity Investments

Non derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortisation is included in finance income in the Statement of Profit or Loss. The losses arising from impairment are recognised in the Statement of Profit or Loss in finance costs.

Available-for-Sale Financial Investments

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the Statement of Profit or Loss in finance costs. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR.

If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the Statement of Profit or Loss.

c) De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- ① The rights to receive cash flows from the asset have expired
- Or
- ① The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) the Group has transferred substantially all the risks and rewards of the asset,
 - or
 - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained

substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an 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 that the Group could be required to repay.

d) Impairment of Financial Assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability

that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets Carried at Amortised Cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Profit or Loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the Statement of Profit or Loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the Statement of Profit or Loss.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost.

Notes to the Financial Statements

'Significant' is evaluated against the original cost of the investment and 'Prolonged' against the period in which the fair values has been below its original cost.

Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the Statement of Profit or Loss-is removed from other comprehensive income and recognised in the Statement of Profit or Loss. Impairment losses on equity investments are not reversed through the Statement of Profit or Loss; increases in their fair value after impairments are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the Statement of Profit or Loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose

of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the Statement of Profit or Loss, the impairment loss is reversed through the Statement of Profit or Loss.

2.3.16.2 Financial Liabilities

a) Initial Recognition and Measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

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

b) Subsequent Measurement

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

Financial Liabilities at Fair Value through Profit or Loss

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

Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by LKAS 39. Separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held-for-trading are recognised in the Statement of Profit or Loss.

The Group has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Loans and Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Statement of Profit or Loss.

c) Derecognition

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

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

2.3.16.3 Off-setting of Financial Instruments

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

2.3.16.4 Fair Value of Financial Instruments

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

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

- ① Using recent arm's length market transactions;
- ① Reference to the current fair value of another instrument that is substantially the same;
- ① A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 29.

2.3.16.5 Collaterals

a) Collateral Valuation

The Company seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit/guarantees, gold, real estate, receivables and other non-

financial assets. 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.

Non-financial collateral, such as real estate, is valued based on data provided by third parties such as Independent values and other independent sources.

b) Collateral Repossessed

The Company's policy is to determine whether a repossessed asset is best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset.

c) Renegotiated Loans

Where possible, the Company 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 criteria are met and that future payments

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are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR.

2.3.16.6 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 transaction's economic substance as a loan by the Company. 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 cost incurred in bringing inventories to its present location and conditions are accounted using the Following cost formula:-

Finished Goods	- First in First Out Basis
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 Company 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 recognised 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.

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

General

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 27.3. 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.

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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.

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"

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.

2.4 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. Those SLFRS will have an effect on the accounting policies currently adopted by the Group and may have an impact on the future financial statements.

2.4.1 SLFRS 9 -Financial Instruments: Classification and Measurement

SLFRS 9 replaces the existing guidance in LKAS 39 Financial Instruments: Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from LKAS 39.

SLFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

2.4.2 SLFRS 15 -Revenue from Contracts with Customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, LKAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

SLFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

2.4.3 SLFRS 16 -Leases

SLFRS 16 provides a single lessee accounting model, requiring leases to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value even though lessor accounting remains similar to current practice. This supersedes: LKAS 17 leases, IFRIC 4 determining whether an arrangement contains a lease, SIC 15 operating leases - incentives; and SIC 27 evaluating the substance of transactions involving the legal form of a lease. Earlier application is permitted for entities that apply SLFRS 15 Revenue from Contracts with customers.

SLFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019.

Pending the completion of the detailed impact analysis, possible Impact from SLFRS 9, SLFRS 15 and SLFRS 16 is not reasonably estimable as of the reporting date.

The Group will adopt these standards when they become effective.

The following amendments and improvements are not expected to have a significant impact on the Company's/Group's financial statements.

- ④ Accounting for Acquisitions of Interests in Joint Operations (Amendments to SLFRS 11).
- ④ Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to LKAS 16 and LKAS 38).
- ④ Equity Method in Separate Financial Statements (Amendments to LKAS 27).
- ④ Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to SLFRS 10 and LKAS 28).
- ④ Annual Improvements to SLFRS 2012–2014 Cycle – various standards.
- ④ Investment Entities: Applying the Consolidation Exception (Amendments to SLFRS 10, SLFRS 12 and LKAS 28).
- ④ Disclosure Initiative (Amendments to LKAS 1).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, 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.

Revaluation of Property, Plant and Equipment

The Group uses the revaluation model of measurement of land and buildings. The Group engaged independent expert valuers, to determine the fair value of its land and buildings. 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 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 8.12.

Impairment of Loans and Advances

The Company reviews their individually significant loans and advances at each date of Statement of Financial Position to assess whether an impairment loss should be recorded in the Statement of Profit or Loss. In particular, management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance. Loans and advances that have been assessed individually and found to be not impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be

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made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes in to account data from the loan portfolio (such as levels of arrears, credit utilisation, loan-to-collateral ratios, etc.), and judgements on the effect of concentrations of risks and economic data (including levels of unemployment, inflation, interest rates, exchange rates).

Further details about impairment of loans and advances are given in Note 11.

Impairment of Non-Financial Assets

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

the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

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.

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 response 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 27.

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.

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.

Warranty Provisions

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.

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 Chairman 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 Chairman 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.

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4. SEGMENT REPORTING (CONTD.)

Segment Information

For management purposes, the Group is organised into business units based on their products and services and has three 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, sneakers and textile and carrying out electro mechanical contract work.

Engineering Services

Engineering services includes Air conditioning installation on providing complete range of MVAC (Mechanical, Ventilation and Air Conditioning) solution which includes supply, install, maintenance and after sales services.

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		Engineering Services		Financial Services		Group	
	2017	2016	2017	2016	2017	2016	2017	2016
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Revenue	32,418,971,274	31,753,592,318	1,713,152,189	1,879,369,545	1,599,736,266	1,300,283,411	35,731,859,725	34,933,245,274
Segment Results (Operating Profit)	1,629,869,698	2,365,395,523	(100,791,188)	118,526,595	252,725,092	160,669,356	1,781,803,602	2,644,591,474
Impairment of Related Party Receivables	(240,688,084)	-	-	-	-	-	(240,688,084)	-
Finance Costs	(1,345,955,480)	(1,024,548,170)	(75,144,070)	(26,359,919)	-	-	(1,421,099,550)	(1,050,908,089)
Finance Income	69,761,259	65,768,752	2,338,560	-	-	-	72,099,819	65,768,752
Share of Associate Profits	20,083,650	41,403,882	-	-	-	-	20,083,650	41,403,882
Share of Joint Venture Loss	(78,993,723)	(75,455,796)	-	-	-	-	(78,993,723)	(75,455,796)
Profit before Income Tax	54,077,320	1,372,564,191	(173,596,699)	92,166,676	252,725,092	160,669,356	133,205,714	1,625,400,223
VAT on Financial Services	(2,998,797)	(3,553,851)	-	-	(55,318,763)	(30,188,461)	(58,317,560)	(33,742,312)
Income Tax Expense	(112,823,481)	(438,331,804)	17,026,517	(13,334,350)	(63,842,188)	(40,356,230)	(159,639,152)	(492,022,384)
Profit for the year	(61,744,958)	930,678,536	(156,570,182)	78,832,326	133,564,141	90,124,665	(84,750,998)	1,099,635,527
Assets and Liabilities								
Non Current Assets	2,419,249,353	2,289,188,992	184,252,051	178,431,506	4,668,445,708	4,433,297,369	7,271,947,112	6,900,917,867
Current Assets	21,235,432,517	21,072,548,820	2,332,088,853	2,301,229,355	2,817,761,750	1,715,411,873	26,385,283,120	25,089,190,048
Total Assets	23,654,681,870	23,361,737,812	2,516,340,904	2,479,660,861	7,486,207,458	6,148,709,242	33,657,230,232	31,990,107,915
Non-Current Liabilities	2,941,550,513	3,189,772,598	62,971,604	199,557,688	1,413,855,951	1,713,108,142	4,418,378,068	5,102,438,428
Current Liabilities	15,521,512,606	14,694,045,438	1,439,584,252	1,199,468,300	4,862,085,749	3,821,075,999	21,823,182,607	19,714,589,737
Total Liabilities	18,463,063,119	17,883,818,036	1,502,555,856	1,399,025,988	6,275,941,700	5,534,184,141	26,241,560,675	24,817,028,165
Other Disclosures								
Amortisation of Intangible Assets	36,102,217	87,570,284	914,472	-	2,513,703	1,491,717	39,530,392	89,062,001
Depreciation for the Year	95,059,923	89,285,406	25,518,067	19,055,223	16,146,846	11,416,894	136,724,836	119,757,523
Purchase of Property, Plant and Equipment	154,520,199	188,043,290	20,920,660	-	26,179,255	60,472,866	201,620,114	248,516,156
Purchase of Intangible Assets	37,217,285	4,745,627	197,500	-	9,585,849	6,859,530	47,000,634	11,605,157
Provision for Employee Benefit Liability	46,133,617	32,588,467	7,243,529	5,339,956	4,466,536	9,122,855	57,843,682	47,051,278
Deferred Tax Assets	316,801,103	311,250,143	19,102,110	1,582,227	57,800,324	61,419,536	393,703,537	374,251,906

Notes to the Financial Statements

5. REVENUE, OTHER INCOME AND EXPENSES

5.1 Revenue

	Group		Company	
	2017	2016	2017	2016
	LKR	LKR	LKR	LKR
Gross Revenue	36,052,731,427	35,247,572,135	28,137,837,529	27,771,075,175
Less: Nation Building Tax	(320,871,702)	(314,326,861)	(273,792,958)	(269,482,166)
Revenue	35,731,859,725	34,933,245,274	27,864,044,571	27,501,593,009

5.2 Other Operating Income

	Group		Company	
	2017	2016	2017	2016
	LKR	LKR	LKR	LKR
Income from Other Investments	252,189,656	9,202,318	274,054,672	23,042,590
Commission Income	147,897,551	143,297,107	123,378,034	109,696,558
Rent Income	4,563,908	11,852,072	1,271,016	9,018,422
Sundry Income	125,038,387	63,723,288	96,806,022	51,482,238
Fixed Assets Hiring Income	-	-	19,014,959	23,076,654
Investment Disposal Income	-	1,326,247	-	-
Profit from Disposal of Assets	884,908	6,845,895	3,653,543	8,345,024
Fines and Surcharges	12,722,772	11,367,969	11,273,511	10,876,172
	543,297,182	247,614,896	529,451,757	235,537,658

5.3 Impairment of Related Party Receivables

	Group		Company	
	2017	2016	2017	2016
	LKR	LKR	LKR	LKR
Impairment of Receivables from Abstract Lanka (Pvt) Ltd	240,688,084	-	240,688,084	-
	240,688,084	-	240,688,084	-

5.4 Finance Cost

	Group		Company	
	2017 LKR	2016 LKR	2017 LKR	2016 LKR
Interest Expense on Overdrafts	26,619,288	10,205,412	9,538,714	4,368,541
Interest Expense on Borrowings	956,225,173	561,638,337	902,876,065	545,978,144
Finance Charges on Lease Liabilities	2,111,478	2,220,118	398,439	1,632,224
Debenture Interest	436,143,611	476,844,222	436,143,611	476,844,222
	1,421,099,550	1,050,908,089	1,348,956,829	1,028,823,131

5.5 Finance Income

	Group		Company	
	2017 LKR	2016 LKR	2017 LKR	2016 LKR
Interest Income on Debtors	42,800,319	33,333,149	42,800,319	33,333,149
Interest Income on Staff Loans	2,880,786	1,403,035	2,880,786	1,403,035
Interest Income on Bank Deposits and Intercompany Receivables	26,418,714	31,032,568	18,239,411	27,967,536
	72,099,819	65,768,752	63,920,516	62,703,720

Notes to the Financial Statements

5. REVENUE, OTHER INCOME AND EXPENSES (CONTD.)

5.6 Profit/ (Loss) Before Tax

	Group		Company	
	2017	2016	2017	2016
Stated after Charging /(Crediting)	LKR	LKR	LKR	LKR
Included in Administrative Expenses				
Employee Benefits including the following				
- Defined Benefit Plan Costs - Gratuity	57,843,682	47,051,278	35,223,104	28,799,511
- Defined Contribution Plan Costs - EPF & ETF	118,157,951	118,533,943	59,326,463	64,976,306
Amortisation of Intangible Assets	39,530,392	89,062,001	36,077,588	87,319,450
Depreciation	111,015,217	86,848,200	88,669,643	93,644,038
Legal Fees	9,683,342	9,162,323	5,367,254	3,236,793
Director's Emoluments	32,536,621	25,435,771	19,499,380	17,232,000
Exchange Gains	(21,094,161)	(9,796,596)	(12,051,564)	(12,330,326)
Auditors' Fees	3,284,731	2,886,425	1,220,049	1,146,613
Included in Selling and Distribution Expenses				
Employee Benefits including the following				
- Defined Contribution Plan Costs - EPF & ETF	309,087,392	271,744,313	258,130,794	229,734,914
Transport Costs	21,817,005	31,829,118	21,817,005	31,812,768
Depreciation	28,336,560	34,834,732	20,813,650	24,879,492
Advertising Costs	654,017,034	435,322,105	546,973,509	355,795,978

6. INCOME TAX & DEFERRED TAX

6.1 Statement of Profit or Loss

	Group		Company	
	2017	2016	2017	2016
	LKR	LKR	LKR	LKR
Current Income Tax:				
Current Tax Expense for the Year (Note 6.3)	190,157,664	587,304,702	97,624,934	399,799,900
Under/(Over) Provision of Current Taxes in respect of Prior Years	(8,228,214)	(300,413)	(4,575,977)	(693,681)
Expenses on Assessments	-	2,056,361	-	2,056,361
Deferred Tax:				
Deferred Taxation Charge/(Reversal)	(22,290,298)	(97,038,266)	(7,627,991)	(78,845,866)
Income Tax Expense Reported in the Statement of Profit or Loss	159,639,452	492,022,384	85,420,966	322,316,714

6.2 Statement of Other Comprehensive Income

Deferred Tax Related to Items Charged or

Credited to Other Comprehensive Income:

Revaluation Gain	-	7,540,066	-	5,606,407
Actuarial Gain/(Loss) on Retirement Benefit Plans	2,838,667	3,135,787	1,905,000	2,458,102
Income Tax Charged Directly to Other Comprehensive Income	2,838,667	10,675,853	1,905,000	8,064,509

Notes to the Financial Statements

6. INCOME TAX & DEFERRED TAX (CONTD.)

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

		Group		Company	
		2017	2016	2017	2016
		LKR	LKR	LKR	LKR
Accounting Profit (Profit before Tax)		133,205,714	1,625,400,223	52,441,931	1,050,729,399
Aggregate Disallowed Items		1,455,523,223	818,683,655	992,519,034	738,076,179
Aggregate Allowable Expenses		(2,222,654,287)	(1,918,094,563)	(410,419,068)	(335,037,994)
Income not Subject to Tax		(294,685,778)	96,728,096	(294,685,778)	(60,758,185)
Other Sources of Income Liable for Tax		1,491,375,717	1,470,002,644	24,460,071	5,574,811
Taxable Profit		562,764,589	2,092,720,055	364,316,190	1,398,584,210
Total Assessable Income		521,996,779	1,469,229,089	364,316,190	1,469,229,089
		521,996,779	1,469,229,089	364,316,190	1,469,229,089
Construction & Export	12%	2,698,320	11,723,959	2,698,320	246,452
Other	28%	187,459,344	575,580,743	94,926,613	399,553,448
		190,157,664	587,304,702	97,624,933	399,799,900

6.4 Reconciliation of Deferred Tax Asset

		Group		Company	
		2017	2016	2017	2016
		LKR	LKR	LKR	LKR
Balance as at 01 April		(374,251,906)	(287,889,493)	(275,368,855)	(204,587,498)
Charge/(Release) Made during the Year		(19,451,631)	(86,362,413)	(5,722,993)	(70,781,357)
Balance as at 31 March		(393,703,537)	(374,251,906)	(281,091,848)	(275,368,855)

6.5 Deferred Tax Assets, Liabilities and Income Tax related to the following:

Group	Statements of Financial Position		Statement of Other Comprehensive Income		Statement of Profit or Loss	
	2017	2016	2017	2016	2017	2016
	LKR	LKR	LKR	LKR	LKR	LKR
Deferred Tax Liability						
Capital Allowances for Tax Purposes						
- Property, Plant and Equipment	110,840,523	92,157,126	-	7,540,066	49,783,218	(26,342,539)
- Intangible Assets	10,410,469	10,523,296	-	-	(112,827)	(24,143,444)
	121,250,992	102,680,422	-	7,540,066	49,670,391	(50,485,983)
Deferred Tax Assets						
Employee Benefits Liabilities	(65,551,796)	(62,227,372)	2,838,667	3,135,787	(6,163,091)	(8,131,324)
Warranty Provision	(88,399,283)	(87,881,656)	-	-	(517,627)	(9,121,025)
Inventory Provision	(109,402,756)	(78,280,801)	-	-	(31,121,954)	(4,715,672)
Provision for Impairment on						
Trade Receivables	(238,693,174)	(248,542,499)	-	-	(21,250,497)	(51,559,834)
	(502,047,009)	(476,932,328)	2,838,667	3,135,787	(59,053,169)	(73,527,855)
Carried forward Tax Loss	(12,907,520)	-	-	-	(12,907,520)	26,975,572
Deferred Income Tax Charge/(Reversal)	-	-	-	-	(22,290,298)	(97,038,266)
Net Deferred Tax Liability/(Asset)	(393,703,537)	(374,251,906)	2,838,667	10,675,853		

Notes to the Financial Statements

6. INCOME TAX & DEFERRED TAX (CONTD.)

Company	Statements of Financial Position		Statement of Other Comprehensive Income		Statement of Profit or Loss	
	2017	2016	2017	2016	2017	2016
	LKR	LKR	LKR	LKR	LKR	LKR
Deferred Tax Liability						
Capital Allowances for Tax Purposes						
- Property, Plant and Equipment	79,758,180	80,329,670	-	5,606,407	(571,489)	(9,889,746)
- Intangible Assets	10,410,469	10,499,631	-	-	(89,162)	(24,167,109)
	90,168,649	90,829,301	-	5,606,407	(660,651)	(34,056,855)
Deferred Tax Assets						
Employee Benefits Liabilities	(42,932,416)	(41,936,217)	1,905,000	2,458,102	(2,901,199)	(4,689,890)
Warranty Provision	(75,244,089)	(75,529,526)	-	-	285,437	(8,116,709)
Inventory Provision	(101,517,380)	(71,139,270)	-	-	(30,378,109)	(7,622,312)
Provision for Impairment on						
Trade Receivables	(151,566,612)	(177,593,143)	-	-	26,026,531	(24,360,100)
	(371,260,497)	(366,198,156)	1,905,000	2,458,102	(6,967,340)	(44,789,011)
Deferred Income Tax Charge/(Reversal)			-	-	(7,627,991)	(78,845,866)
Net Deferred Tax Liability/(Asset)	(281,091,848)	(275,368,855)	1,905,000	8,064,509		

7. EARNINGS/(LOSS) PER SHARE

- 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	
	2017	2016	2017	2016
	LKR	LKR	LKR	LKR

Amount Used as the Numerator:

Net Profit Attributable to Ordinary Equity Holders of the Parent	(103,006,068)	1,087,444,834	(35,241,657)	725,527,913
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	Group		Company	
	2017	2016	2017	2016
	Number	Number	Number	Number

Number of Ordinary Shares used as the Denominator:

Ordinary Shares	2,160,000	2,160,000	2,160,000	2,160,000
Non Voting Ordinary Shares	25,000	25,000	25,000	25,000
	2,185,000	2,185,000	2,185,000	2,185,000

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

Notes to the Financial Statements

8. PROPERTY, PLANT & EQUIPMENT

8.1 Gross Carrying Amounts

Group	Balance As at 01 April 2016 LKR	Additions LKR	Disposals LKR	Transfers LKR	Balance As at 31 March 2017 LKR
At Cost or Valuation					
Land	585,267,076	-	-	-	585,267,076
Buildings	114,926,970	-	(8,020,500)	29,788,934	136,695,404
Furniture and Fittings	372,390,405	64,919,117	(102,550)	-	437,206,972
Office Equipment	101,404,151	25,271,823	-	-	126,675,974
Motor Vehicles	198,436,081	5,672,558	(21,423,492)	14,922,500	197,607,647
Computer Equipment	164,495,043	85,686,238	(514,753)	-	249,666,528
Telephone	1,517,512	463,764	-	-	1,981,276
Service Equipment	29,978,387	8,757,119	-	-	38,735,506
Fixtures & Fittings	-	2,480,849	-	-	2,480,849
Factory/Stores Equipment	-	649,147	-	-	649,147
Generators	6,230,898	198,401	-	-	6,429,299
Plant and Machinery	2,046,115	-	-	-	2,046,115
	1,576,692,638	194,099,016	(30,061,295)	44,711,434	1,785,441,793
Assets on Finance Leases					
Motor Vehicles	45,357,538	3,800,000	-	(14,922,500)	34,235,038
	45,357,538	3,800,000	-	(14,922,500)	34,235,038
Total Value of Depreciable Assets	1,622,050,176	197,899,016	(30,061,295)	29,788,934	1,819,676,831
In the Course of Construction					
Capital Work in Progress	26,067,836	3,721,098	-	(29,788,934)	-
	26,067,836	3,721,098	-	(29,788,934)	-
Total Gross Carrying Amount	1,648,118,012	201,620,114	(30,061,295)	-	1,819,676,831

8.2 Depreciation & Impairment

	Balance As at 01 April 2016 LKR	Charge for the Year LKR	Disposals LKR	Transfers LKR	Balance As at 31 March 2017 LKR
At Cost or Valuation					
Land	4,378,000	-	-	-	4,378,000
Buildings	8,419,326	4,869,364	(8,020,500)	-	5,268,190
Furniture and Fittings	136,031,814	50,238,324	(102,550)	-	186,167,588
Office Equipment	41,586,756	13,080,539	-	-	54,667,295
Motor Vehicles	99,197,378	16,644,181	(12,155,605)	6,667,500	110,353,454
Computer Equipment	106,379,761	37,600,890	(59,234)	-	143,921,417
Telephone	865,488	330,722	-	-	1,196,210
Service Equipment	18,359,741	2,840,904	-	-	21,200,645
Generators	5,493,779	617,647	-	-	6,111,426
Plant and Machinery	2,046,115	-	-	-	2,046,115
	422,758,158	126,222,571	(20,337,889)	6,667,500	535,310,340
Assets on Finance Leases					
Motor Vehicles	9,125,575	9,104,652	-	(6,667,500)	11,562,727
	9,125,575	9,104,652	-	(6,667,500)	11,562,727
Total Depreciation	431,883,733	135,327,223	(20,337,889)	-	546,873,067

Notes to the Financial Statements

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

8.3 Net Book Values

	2017 LKR	2016 LKR
At Cost or Valuation		
Land	580,889,076	580,889,076
Buildings	131,427,214	106,507,644
Furniture and Fittings	251,039,384	236,358,591
Office Equipment	72,008,679	59,817,395
Motor Vehicles	87,254,193	99,238,703
Computer Equipment	105,745,111	58,115,282
Telephone	785,066	652,024
Service Equipment	17,534,861	11,618,646
Fixtures & Fittings	2,480,849	-
Factory/Stores Equipment	649,147	-
Generators	317,873	737,119
Plant and Machinery	-	-
	1,250,131,453	1,153,934,480
Assets on Finance Leases		
Motor Vehicles	22,672,311	36,231,963
	22,672,311	36,231,963
In the Course of Construction		
Capital Working Progress	-	26,067,836
	-	26,067,836
Total Carrying Amount of Property, Plant and Equipment	1,272,803,764	1,216,234,279

8.4 Gross Carrying Amounts

Company	Balance As at 01 April 2016 LKR	Additions LKR	Disposals LKR	Transfers LKR	Balance As at 31 March 2017 LKR
At Cost or Valuation					
Land	531,045,001	-	-	-	531,045,001
Buildings	95,616,800	-	(8,020,500)	29,788,934	117,385,234
Furniture and Fittings	307,431,809	58,579,831	-	-	366,011,640
Office Equipments	73,002,230	15,577,734	-	-	88,579,964
Motor Vehicles	162,055,424	5,588,803	(18,823,492)	14,922,500	163,743,235
Computer Equipments	95,473,511	69,383,180	(514,753)	-	164,341,938
Telephone	1,514,654	463,764	-	-	1,978,418
Service Equipments	463,259	525,174	-	-	988,433
Fixtures & Fittings	-	2,480,849	-	-	2,480,849
Factory/Stores Equipment	-	649,147	-	-	649,147
Generators	6,230,898	198,401	-	-	6,429,299
	1,272,833,586	153,446,883	(27,358,745)	44,711,434	1,443,633,158
Assets on Finance Leases					
Motor Vehicles	20,562,500	-	-	(14,922,500)	5,640,000
	20,562,500	-	-	(14,922,500)	5,640,000
Total Value of Depreciable Assets	1,293,396,086	153,446,883	(27,358,745)	29,788,934	1,449,273,158
In the Course of Construction					
Capital Working Progress	26,067,836	3,721,098	-	(29,788,934)	-
	26,067,836	3,721,098	-	(29,788,934)	-
Total Gross Carrying Amount	1,319,463,922	157,167,981	(27,358,745)	-	1,449,273,158

Notes to the Financial Statements

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

8.5 Depreciation & Impairment

	Balance As at 01 April 2016 LKR	Charge for the Year LKR	Disposals LKR	Transfers LKR	Balance As at 31 March 2017 LKR
At Cost or Valuation					
Buildings	8,020,500	4,275,032	(8,020,500)	-	4,275,032
Furniture and Fittings	103,326,986	42,351,307	-	-	145,678,293
Office Equipments	27,038,385	9,929,466	-	-	36,967,851
Motor Vehicles	63,864,652	17,113,562	(11,269,167)	6,667,500	76,376,547
Computer Equipments	61,838,243	26,888,397	(59,234)	-	88,667,406
Telephone	865,433	330,063	-	-	1,195,496
Service Equipments	95,362	100,953	-	-	196,315
Generators	5,493,779	617,647	-	-	6,111,426
	270,543,340	101,606,427	(19,348,901)	6,667,500	359,468,366
Assets on Finance Leases					
Motor Vehicles	7,224,129	3,852,312	-	(6,667,500)	4,408,941
	7,224,129	3,852,312	-	(6,667,500)	4,408,941
Total Depreciation	277,767,469	105,458,739	(19,348,901)	-	363,877,307

8.6 Net Book Values

	2017 LKR	2016 LKR
At Cost or Valuation		
Land	531,045,001	531,045,001
Buildings	113,110,202	87,596,300
Furniture and Fittings	220,333,347	204,104,823
Office Equipments	51,612,113	45,963,845
Motor Vehicles	87,366,688	98,190,772
Computer Equipments	75,674,532	33,635,268
Telephone	782,922	649,221
Service Equipments	792,118	367,897
Fixtures & Fittings	2,480,849	-
Factory/Stores Equipment	649,147	-
Generators	317,873	737,119
	1,084,164,792	1,002,290,246
Assets on Finance Leases		
Motor Vehicles	1,231,059	13,338,371
	1,231,059	13,338,371
In the Course of Construction		
Capital Working Progress	-	26,067,836
	-	26,067,836
Total Carrying Amount of Property, Plant and Equipment	1,085,395,851	1,041,696,453

Notes to the Financial Statements

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

8.7 The Lands & Buildings of the Group were revalued during the financial year ended 31 March 2016 and such assets were valued on an open market value for existing use basis. The result of the revaluation has 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 Mr. K.D.Sirisena (Incorporated Valuer) and H.N. Jayawardene (Incorporated Valuer).

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 2017 LKR	Net Carrying Amount 2016 LKR
Land	238,783,086	-	238,783,086	238,783,086
Building	92,549,102	38,231,245	54,317,857	27,666,931

8.8 During the financial year, the Group and Company acquired property, plant & equipment to the aggregate value of LKR 201,620,114/- and LKR 157,167,981/- respectively (2016 - LKR 248,516,156/- and LKR 146,480,119/-). Cash payment amounting LKR 197,820,114/- and LKR 157,167,981/- respectively. (2016 - LKR 229,401,590/- and LKR 146,480,119/-).

8.9 The amount of borrowing costs capitalised with property, plant and equipment during the year ended 31 March 2017 was Nil (2016- Nil).

8.10 Property, plant and equipment of the Group and the Company includes fully depreciated assets having a gross carrying amount of LKR 79,230,235/- and LKR 44,079,256/- respectively (2016 -LKR 66,062,032/- and LKR 30,911,052/-).

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

	2017	2016
Buildings	20 Years	20 Years
Leasehold Buildings	15 Years	15 Years
Service Equipments	4 Years	4 Years
Office Equipments	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	-
Factory/Stores Equipment	8 Years	-

Notes to the Financial Statements

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

8.12 Details of Land & Buildings Revaluation

Name of Professional Valuer /Location	Extent	Method of Valuation and Significant Unobservable Inputs	Range of Estimate for Unobservable Inputs	Valued in 2016 Valuation (LKR)
KD Sirisena- Consultant Valuer				
Freehold Property at Rathmalana		Market Comparable method		
Land	14.9 P	Price per perch of Land	LKR 650,000	9,700,000
Building	5,162 sq.ft	Price per sq.ft for Building	LKR 1,500	7,800,000
KD Sirisena- Consultant Valuer				
Freehold Property at Liberty Plaza		Market Comparable method		
Shopping Block at Liberty Plaza Colombo	435 sq.ft	Gross monthly rental	LKR 2,160	15,700,000
		Estimated Outgoing Expenses	33.33%	
		Risk	4%	
KD Sirisena- Consultant Valuer				
Freehold Property at Kandy		Market Comparable method		
Land	11.094 P	Price per perch of Land	LKR 11,000,000	122,000,000
Building	4,415 sq.ft	Price per sq.ft for Building	LKR 1,750	8,000,000
KD Sirisena- Consultant Valuer				
Freehold Property at Kalutara		Market Comparable method		
Land	24.46 P	Price per perch of Land	LKR 805,000	19,700,000
Building	9,403 sq.ft	Price per sq.ft for Building	LKR 3,500	33,000,000
KD Sirisena- Consultant Valuer				
Freehold Property at Nugegoda		Market Comparable method		
Land	17.45 P	Price per perch of Land	LKR 4,038,000	70,470,000
KD Sirisena- Consultant Valuer				
Freehold Property at Gampaha		Market Comparable method		
Land	17.52 P	Price per perch of Land	LKR 3,000,000	52,600,000
Building	724 sq.ft	Price per sq.ft for Building	LKR 1,381	1,000,000

Name of Professional Valuer /Location	Extent	Method of Valuation and Significant Unobservable Inputs	Range of Estimate for Unobservable Inputs	Valued in 2016 Valuation (LKR)
KD Sirisena- Consultant Valuer				
Freehold Property at Kurunegala		Market Comparable method		
Land	50 P	Price per perch of Land	LKR 1,750,000	87,500,000
Building	4,300 sq.ft	Price per sq.ft for Building	LKR 581	2,500,000
KD Sirisena- Consultant Valuer				
Freehold Property at Rajagiriya		Market Comparable method		
Land	22 P	Price per perch of Land	LKR 2,500,000	55,000,000
Building	3,687 sq.ft	Price per sq.ft for Building	LKR 600	2,200,000
KD Sirisena- Consultant Valuer				
Freehold Property at Wellawatta		Market Comparable method		
Land	25.65 P	Price per perch of Land	LKR 3,500,000	90,000,000
HN Jayawardene				
Freehold Property at Rathmalana		Market Comparable method		
Land	15.00 P	Price per purch of Land	LKR 750,000	11,250,000
Building	3,157 sq.ft	Price per sq.ft for Building	LKR 2,500	7,892,500
HN Jayawardene				
Freehold Property at Rathmalana		Market Comparable method		
Land	17.1 P	Price per purch of Land	LKR 750,000	12,825,000
Building	3,690 sq.ft	Price per sq.ft for Building	LKR 2,576	9,503,800
R T K Sirisena				
Freehold Property at Galnewa		Market Comparable method		
Building	85.37 sq.ft	Price per sq.ft for Building	LKR 410,000	35,000,000
KD Sirisena- Consultant Valuer				
Freehold Property at Rathmalana		Market Comparable method		
Land	15.75 P	Price per purch of Land	LKR 750,000	12,000,000
Land	15 P	Price per purch of Land	LKR 650,000	9,750,000
Building	3,065 sq.ft	Price per sq.ft for Building	LKR 3,888	12,000,000

Notes to the Financial Statements

9. LEASEHOLD LAND PAYMENTS

Group/Company	2017 LKR	2016 LKR
As at 01 April	257,373,737	260,000,000
Amortisation for the year	(2,626,263)	(2,626,263)
As at 31 March	254,747,474	257,373,737

- 9.1** Leasehold land payments are up-front payments to acquire long-term leasehold interests of land situated in Bentota obtained from The Sri Lanka Tourism Development Authority. These payments are stated at cost and are amortised on a straight-line basis over the lease period of 99 years.

10. INVESTMENT PROPERTIES

10.1 Gross Carrying Amounts

Group/Company	Balance As at 01 April 2016 LKR	Additions LKR	Disposals LKR	Balance As at 31 March 2017 LKR
At Cost				
Land	14,676,525	-	-	14,676,525
Buildings	27,892,446	-	-	27,892,446
	42,568,971	-	-	42,568,971

10.2 Depreciation

	Balance As at 01 April 2016 LKR	Charge for the Year LKR	Disposals LKR	Balance As at 31 March 2017 LKR
At Cost				
Buildings	18,714,374	1,397,613	-	20,111,987
	18,714,374	1,397,613	-	20,111,987

10.3 Net Book Value

	2017 LKR	2016 LKR
At Cost		
Carrying Amount of Investment Property	22,456,984	23,854,597

10.4 Details of Fair Values of Investment Properties are as follows;

Name of Professional	Extent	Method of Valuation and Significant Unobservable Inputs	Range of Estimate for Unobservable Inputs	Valuation	Date of the Valuation
Valuer/Location					
KD Sirisena- Consultant Valuer					
Investment Property at Kirula road, Nawala		Market Comparable method			
Land	31 P	Price per perch of Land	LKR 4,173,387	148,250,000	31 March 2017
Building	15164 sq.ft	Price per sq.ft for Building	LKR 3,940	59,750,000	
				208,000,000	

**The investment properties are valued by Mr. K.D. Sirisena, Incorporated Valuer using the open market value method.*

Fair Value Hierarchy

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

10.5 No rental income earned or direct operating expenses incurred for the investment properties.

10.6 The useful lives of the investment property is estimated as follows;

	2017	2016
Building	20 Years	20 Years

Notes to the Financial Statements

11. LEASE RENTALS RECEIVABLE AND STOCK OUT ON HIRE - GROUP

11.1

Group	Within One Year		Over One Year*		Total	
	2017 LKR	2016 LKR	2017 LKR	2016 LKR	2017 LKR	2016 LKR
Gross Receivable						
- Lease Rentals	2,805,275,780	2,608,328,913	2,244,813,942	2,233,308,471	5,050,089,722	4,841,637,384
- Amounts receivable from Hirers	65,384,569	165,402,739	12,694,867	47,482,264	78,079,436	212,885,003
	2,870,660,349	2,773,731,652	2,257,508,809	2,280,790,735	5,128,169,158	5,054,522,387
Less: Unearned Income	(730,522,043)	(767,466,097)	(461,801,610)	(408,510,724)	(1,192,323,653)	(1,175,976,821)
Net Investment	2,140,138,306	2,006,265,555	1,795,707,199	1,872,280,011	3,935,845,505	3,878,545,566
Less:						
- Allowances For Impairment Losses	(248,692,186)	(276,780,949)			(248,692,186)	(276,780,949)
- Rentals received in advance	(16,512)	(20,500)			(16,512)	(20,500)
- VAT	(7,171,161)	(5,492,338)			(7,171,161)	(5,492,338)
	1,884,258,447	1,723,971,768			3,679,965,646	3,596,251,779

* Lease Rental Receivables include net rental receivable balance over 5 year of LKR Nil (2016 - LKR 11,499/-)

* Lease and hirers receivables include receivables amounting to Rs. 750,144,331/- that have been pledged for facilities obtained from Banks

11.2 Allowance for Impairment

	2017 LKR	2016 LKR
As at 01 April	276,780,949	195,612,684
Charged for the year	127,163	145,889,821
Amount Written off	(28,215,926)	(64,721,556)
As at 31 March	248,692,186	276,780,949

12. INTANGIBLE ASSETS

	Group		Company	
	2017 LKR	2016 LKR	2017 LKR	2016 LKR
As at 01 April	56,671,257	134,128,101	37,498,683	123,809,786
Acquired during the year	47,000,634	11,605,157	37,217,284	1,008,347
Charged for the year	(39,530,392)	(89,062,001)	(36,077,588)	(87,319,450)
As at 31 March	64,141,499	56,671,257	38,638,379	37,498,683

12.1 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 amortised over a period of 4 years.

13. INVESTMENTS IN SUBSIDIARIES

13.1 Quoted

Cost	Holding - %		Number Of Shares		Value	
	2017	2016	2017	2016	2017 LKR	2016 LKR
Abans Finance PLC*	71.6	89.26	39,717,534	33,025,006	527,485,761	360,172,561
			39,717,534	33,025,006	527,485,761	360,172,561

Market Value	Market Valuation	Market Valuation
	2017 LKR	2016 LKR
Abans Finance PLC*	980,625,914	1,261,555,229
	980,625,914	1,261,555,229

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

Notes to the Financial Statements

13. INVESTMENTS IN SUBSIDIARIES (CONTD.)

13.2 Non-Quoted

	Holding - %		Number Of Shares		Value	
	2017	2016	2017	2016	2017 LKR	2016 LKR
AB Technologies (Pvt) Ltd	100	100	500,000	500,000	5,000,000	5,000,000
Abans Lanka (Pvt) Ltd	56.87	56.87	600,000	600,000	6,000,000	6,000,000
Abans Retail (Pvt) Ltd	100	100	10,000,000	10,000,000	100,000,000	100,000,000
Abans Engineering (Pvt) Ltd	95	95	47,500,095	95	475,000,950	950
Less: Impairment					(5,000,000)	(5,000,000)
			61,600,095	14,100,095	581,000,950	106,000,950
Total Carrying Value of Investments in Subsidiaries			101,317,629	47,125,101	1,108,486,711	466,173,511

14. MATERIAL PARTLY-OWNED SUBSIDIARIES

14.1 Proportion of Equity Interest Held by Non-Controlling Interests:

Name	Principal Place of Business	Country of Incorporation and Operation	2017 %	2016 %
Abans Finance PLC	No. 128, Airport Road, Ratmalana	Sri Lanka	28.4	10.74
Abans Engineering (Pvt) Ltd	No. 456, R.A. De Mel Mawatha, Colombo 03	Sri Lanka	5	5

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

	Abans Finance PLC		Abans Engineering (Pvt) Ltd	
	2017	2016	2017	2016
	LKR	LKR	LKR	LKR
Summarised Statement of Profit or Loss				
Revenue	1,599,736,266	1,300,283,411	1,576,608,485	1,956,385,140
Expenses	(1,347,011,174)	(1,139,614,055)	(1,649,797,694)	(1,837,388,176)
Finance Cost	-	-	(65,722,425)	(25,362,770)
Profit before tax	252,725,092	160,669,356	(138,911,634)	93,634,194
Tax Expense	(119,160,951)	(70,544,691)	17,026,517	(14,557,729)
Profit for the year	133,564,141	90,124,665	(121,885,117)	79,076,465
Attributable to Non-Controlling Interests	24,045,998	9,508,152	(5,726,086)	4,681,710
Dividend Paid to NCI	-	-	318,016	4,212
Summarised Statement of Financial Position				
Non Current Assets	2,784,187,261	2,709,325,601	200,903,176	109,855,050
Current Assets	4,702,020,197	3,439,383,641	1,805,708,947	1,893,326,661
Non Current Liabilities	(1,318,172,529)	(1,713,108,142)	(41,222,844)	(38,853,704)
Current Liabilities	(4,957,769,171)	(3,821,075,999)	(1,440,282,931)	(1,808,189,112)
Total Equity	1,210,265,757	614,525,101	525,106,348	156,138,895
Attributable to Equity Holders of Parent	866,550,282	548,525,105	498,851,031	148,331,950
Attributable to Non-Controlling Interest	343,715,475	65,999,996	26,255,317	7,806,945
Summarised Cash Flow Information				
Operating	(260,734,492)	107,996,674	(573,179,055)	(226,462,300)
Investing	(250,289,950)	118,347,087	(94,869,489)	(40,254,996)
Financing	604,662,054	(65,532,531)	648,475,118	221,632,338
Net Increase/(Decrease) in Cash and Cash Equivalents	93,637,612	160,811,230	(19,573,426)	(45,084,958)

Notes to the Financial Statements

15. INVESTMENT IN AN ASSOCIATE

15.1 The Group/Company has a 42.95% (2016 - 42.95%) 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.

15.2 The Group's interest in Abans Electricals PLC 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;

Group	2017 LKR	2016 LKR
Summarised Statement of Profit or Loss		
Revenue	4,028,609,620	3,506,809,241
Operating Expenses	(3,868,672,489)	(3,325,851,584)
Finance Cost	(79,297,777)	(40,609,179)
Profit for the Year	80,639,354	140,348,478
Group's Share of Profit for the Year	34,634,603	60,279,671
Summarised Statement of Financial Position		
Non Current Assets	755,809,660	701,832,377
Current Assets	1,724,440,205	1,313,034,246
Non Current Liabilities	(132,065,149)	(150,108,970)
Current Liabilities	(1,507,926,113)	(1,066,761,161)
Equity	840,258,603	797,996,492
Group's Carrying Amount of the Investment	360,891,070	342,739,493
Other Commitments and Guarantees	315,000	315,000

	2017 LKR	2016 LKR
Equity Reconciliation		
Carrying Value as at 01 April	342,739,493	307,043,712
Share of Operating Profits	34,634,603	60,279,671
Share of Income Tax	(14,550,953)	(18,875,789)
Actuarial Gain /(Loss)	4,652,884	(220,637)
Dividend Received	(6,584,957)	(5,487,464)
Carrying Value as at 31 March	360,891,070	342,739,493

15.3 Investments in an Associate

Company	Holding - %		Cost	Market	Cost	Market
	2017	2016	2017 LKR	Valuation 2017 LKR	2016 LKR	Valuation 2016 LKR
Quoted						
Abans Electricals PLC	42.95	42.95	30,752,197	197,566,110	30,752,197	243,884,387
			30,752,197	197,566,110	30,752,197	243,884,387

Notes to the Financial Statements

16. INVESTMENTS IN A JOINT VENTURE

16.1 The Group/Company has a 50% interest in Colombo City Centre Partners (Private) Limited, a joint venture carries out mix development project. The principal place of business of the Company is located at No:498, Galle Road, Colombo 03.

16.2 The Group's interest in Colombo City Centre Partners (Private) Limited is accounted for using the equity method in the Consolidated Financial Statements. Summarised financial information of the joint venture and reconciliation with the carrying amount of the investment in the Financial Statements are set out below:

Group	2017 LKR	2016 LKR
Summarised Statement of Profit or Loss		
Revenue	-	-
Operating Expenses	(186,266,788)	(146,646,850)
Finance Income	28,279,343	-
Finance Cost	-	(4,264,742)
Profit for the Year	(157,987,445)	(150,911,591)
Group's Share of Profit for the Year	(78,993,723)	(75,455,796)
Summarised Statement of Financial Position		
Non Current Assets	4,333,209,908	2,506,495,456
Current Assets	3,750,405,231	3,921,315,334
Non Current Liabilities	(280,291,065)	(931,590,484)
Current Liabilities	(3,468,534,499)	(950,640,315)
Equity	4,334,789,575	4,545,579,991
Group's Carrying amount of the Investments	2,201,552,471	2,055,169,194
Capital commitments	14,055,966,269	13,861,998,390
Equity Reconciliation		
Carrying Value as at 01 April	2,055,169,194	1,736,208,070
Investment Made during the Year	225,377,000	394,416,920
Share of Loss	(78,993,723)	(75,455,796)
Carrying Value as at 31 March	2,201,552,471	2,055,169,194

16.3 There are considerations received from other investors as well as Abans PLC, which are classified under equity as Consideration Received for Shares.

16.4 Investment in a Joint Venture

Company	Holding - %		Value	
	2017	2016	2017 LKR	2016 LKR
Colombo City Centre Partners (Private) Limited	50	50	2,423,593,870	2,198,216,870
			2,423,593,870	2,198,216,870

17. OTHER FINANCIAL ASSETS

	Group		Company	
	2017 LKR	2016 LKR	2017 LKR	2016 LKR
Non Current				
Available for Sale of Financial Assets (Note 17.2 & Note 17.5)	15,680,400	25,133,140	15,600,000	15,600,000
Loans and Receivables	75,812,500	-	-	-
	91,492,900	25,133,140	15,600,000	15,600,000
Current				
Fair Value Through Profit or Loss (Note 17.1 & Note 17.4)	8,537,208	7,893,809	912,800	978,568
Loans and Receivables*	397,825,292	235,338,979	13,724,521	11,240,814
Held to Maturity (Note 17.3)	238,572,963	21,669,813	-	-
	644,935,463	264,902,601	14,637,321	12,219,382

* Fixed Deposit Investments include Investments amounting to Rs.34,000,000/- that have been Pledged for facilities obtained from Banks.

Notes to the Financial Statements

17. OTHER FINANCIAL ASSETS (CONTD.)

17.1 Fair Value Through Profit or Loss

Group	Value 2017 LKR	Value 2016
Hotels & Travels		
Mahaweli Reach Hotels PLC	178,600	212,440
Renuka City Hotel PLC	382,850	421,720
	561,450	634,160
Diversified Holdings		
Hayleys PLC	18,020	16,708
John Keells Holdings PLC	375,088	345,284
JKH Warrants	-	-
Aitken Spence PLC	-	446
	393,108	362,438
Power & Energy		
Lanka IOC PLC	1,160,000	1,300,000
	1,160,000	1,300,000
Banking & Finance		
Sampath Bank PLC	1,129,499	912,362
Seylan Bank PLC - Non Voting	656,400	756,000
Seylan Bank PLC - Voting	87,000	86,000
First Capital Holdings PLC	39,235	37,283
Commercial Bank of Ceylon PLC	52,993	57,178
Hatton National Bank PLC	302,597	270,650
Nations Trust Bank PLC	148,000	148,400
Central Finance Company PLC	178,175	210,000
Union Bank PLC	99,400	116,200
DFCC Bank	114,000	137,000
Pan Asia Banking Corporation PLC	115,500	115,000
	2,922,800	2,846,073

Group	Value 2017 LKR	Value 2016 LKR
Telecommunication		
Sri Lanka Telecom PLC	139,527	162,572
	139,527	162,572
Manufacturing		
Royal Ceramic Lanka PLC	142,800	120,120
Singer Sri Lanka	69,950	58,850
Tokyo Cement Company (Lanka) PLC - Non Voting	867,875	528,913
Tokyo Cement Company (Lanka) PLC - Voting	610,000	370,000
Regnis (Lanka) PLC	26,980	29,240
Piramal Glass Ceylon PLC	560,000	510,000
	2,277,605	1,617,123
Hospitals		
Lanka Hospital Corporation PLC	184,500	153,000
	184,500	153,000
Investment		
Ceylon Investment PLC	40,360	53,174
Access Engineering Ltd	95,200	83,200
Ceylon Guardian Investment Trust PLC	45,501	60,449
	181,061	196,823
Automobiles		
United Motors Lanka PLC	39,000	41,500
	39,000	41,500
Beverage, Food & Tobacco		
Hemas Holdings PLC	253,597	188,040
	253,597	188,040
Insurance		
Peoples' Insurance PLC	424,560	392,080
	424,560	392,080
	8,537,208	7,893,809

Notes to the Financial Statements

17. OTHER FINANCIAL ASSETS (CONTD.)

17.2 Available for Sale of Financial Assets

Group	No of Shares		Carrying Value	Carrying Value
	2017	2016	2017 LKR	2016 LKR
Investment in Ordinary Shares				
Abans Environmental Services (Pvt) Ltd	1,000	1,000	500,000	500,000
Abans Restaurant Systems (Pvt) Ltd	500,000	500,000	5,000,000	5,000,000
Crown City Developers (Pvt) Ltd	10,000	10,000	100,000	100,000
			5,600,000	5,600,000
Investment in Preference Shares				
Abans Investment (Pvt) Ltd *	1,000,000	1,945,274	10,000,000	19,452,740
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	19,533,140
			15,680,400	25,133,140

* Abans Lanka (Private) Limited has sold its investment in shares of Abans Investment (Private) Limited amounting to Rs 9,452,740/- at its carrying value.

17.3 Held to Maturity

Group	2017 LKR	2016 LKR
Treasury Bills*	216,321,780	-
Treasury Bonds*	22,251,183	21,669,813
	238,572,963	21,669,813

* Government of Sri Lanka

17.4 Fair Value Through Profit or Loss

Company	Market Value 2017 LKR	Market Value 2016 LKR
Royal Ceramic Lanka PLC	142,800	120,120
Lanka IOC PLC	725,000	812,500
Hayleys PLC	18,020	16,708
Regnis (Lanka) PLC	26,980	29,240
	912,800	978,568

17.5 Available for Sale of Financial Assets

Company	No. of Shares		Carrying Value 2017 LKR	Carrying Value 2016 LKR
	2017	2016		
Investment in Ordinary Shares				
Abans Environmental Services (Pvt) Ltd	1,000	1,000	500,000	500,000
Abans Restaurant Systems (Pvt) Ltd	500,000	500,000	5,000,000	5,000,000
Crown City Developers (Pvt) Ltd	10,000	10,000	100,000	100,000
			5,600,000	5,600,000
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
			15,600,000	15,600,000

Notes to the Financial Statements

18. TRADE AND OTHER RECEIVABLES

	Current LKR	2017 Non-Current LKR	Total LKR	Current LKR	2016 Non-Current LKR	Total LKR
18.1 Group						
Trade Receivables - Related Parties	152,128,763	-	152,128,763	134,162,086	-	134,162,086
- Other	8,494,506,746	-	8,494,506,746	8,619,089,776	-	8,619,089,776
Less: Provision for Impairment	(635,357,837)	-	(635,357,837)	(530,527,158)	-	(530,527,158)
	8,011,277,672	-	8,011,277,672	8,222,724,704	-	8,222,724,704
Other Debtors - Related Parties	1,054,572,370	-	1,054,572,370	1,574,054,042	-	1,574,054,042
- Other	1,027,345,576	-	1,027,345,576	1,057,360,883	-	1,057,360,883
Less: Provision for Impairment	(658,159,779)	-	(658,159,779)	(478,076,380)	-	(478,076,380)
	9,435,035,839	-	9,435,035,839	10,376,063,249	-	10,376,063,249
Loans and Advances	1,321,875,827	814,450,214	2,136,326,041	508,467,507	677,210,253	1,185,677,760
Staff Loans	87,322,022	-	87,322,022	97,647,833	-	97,647,833
	10,844,233,688	814,450,214	11,658,683,902	10,982,178,589	677,210,253	11,659,388,842
Advances and Prepayments	291,465,925	-	291,465,925	311,400,648	-	311,400,648
	11,135,699,613	814,450,214	11,950,149,827	11,293,579,237	677,210,253	11,970,789,490

18.2 Company

Trade Receivables - Related Parties	828,699,145	-	828,699,145	844,362,073	-	844,362,073
- Other	6,115,908,913	-	6,115,908,913	6,221,711,164	-	6,221,711,164
Less: Provision for Impairment	(562,538,360)	-	(562,538,360)	(494,549,734)	-	(494,549,734)
	6,382,069,698	-	6,382,069,698	6,571,523,503	-	6,571,523,503
Other Debtors - Related Parties	1,241,592,406	-	1,241,592,406	2,316,839,423	-	2,316,839,423
- Other	758,449,648	-	758,449,648	612,357,720	-	612,357,720
Less: Provision for Impairment	(575,352,597)	-	(575,352,597)	(310,419,062)	-	(310,419,062)
	7,806,759,155	-	7,806,759,155	9,190,301,584	-	9,190,301,584
Staff Loans	35,156,297	-	35,156,297	55,317,548	-	55,317,548
	7,841,915,452	-	7,841,915,452	9,245,619,132	-	9,245,619,132
Advances and Prepayments	254,655,947	-	254,655,947	281,507,312	-	281,507,312
	8,096,571,399	-	8,096,571,399	9,527,126,444	-	9,527,126,444

18.3 Provision for Impairment

	Group		Company	
	2017 LKR	2016 LKR	2017 LKR	2016 LKR
Balance as at 01 April	1,008,603,538	947,300,339	804,968,796	824,339,062
Provision Made During the Period	284,914,078	61,303,199	332,922,161	(19,370,266)
Balance as at 31 March	1,293,517,616	1,008,603,538	1,137,890,957	804,968,796

19. INVENTORIES

	Group		Company	
	2017 LKR	2016 LKR	2017 LKR	2016 LKR
Work in Progress	789,148,786	393,524,150	6,662,961	7,511,796
Finished Goods	10,734,668,364	10,176,635,158	10,126,363,930	8,963,247,254
Real Estate Stock	66,050,693	83,066,481	-	-
Less: Provision for Slow Moving Inventory	(413,070,906)	(287,500,828)	(376,781,006)	(254,068,823)
Total Inventories at the Lower of Cost and Net Realisable Value	11,176,796,937	10,365,724,961	9,756,245,885	8,716,690,227

20. SECURITIES PURCHASED UNDER REPURCHASE AGREEMENT

	2017 LKR	2016 LKR
Group		
Repurchase Agreements	250,809,890	630,158,530
	250,809,890	630,158,530

Notes to the Financial Statements

21. CASH AND SHORT TERM DEPOSITS

	Group		Company	
	2017 LKR	2016 LKR	2017 LKR	2016 LKR
21.1 Favourable Cash and Short Term Deposits				
Cash and Bank Balances	1,086,871,510	806,268,158	620,115,220	663,688,713
	1,086,871,510	806,268,158	620,115,220	663,688,713
21.2 Unfavourable Cash and Short Term Deposits				
Bank Overdraft (Note 25)	(268,383,676)	(361,699,166)	(85,102,486)	(236,658,512)
Total Cash and Short Term Deposits for the Purpose of Cash Flows Statement	818,487,834	444,568,992	535,012,734	427,030,201

22. STATED CAPITAL

	2017		2016	
	Number	LKR	Number	LKR
Ordinary Shares *	2,160,000	216,000,000	2,160,000	216,000,000
Non Voting Ordinary Shares **	25,000	2,500,000	25,000	2,500,000
	2,185,000	218,500,000	2,185,000	218,500,000

*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.

23. OTHER COMPONENTS OF EQUITY

	2017 LKR	Group 2016 LKR	2017 LKR	Company 2016 LKR
Revaluation Reserve (Note 23.1)	395,864,337	395,864,337	391,633,767	391,633,767
Other Reserves (Note 23.2)	96,681,829	61,293,999	7,415,000	7,415,000
	492,546,166	457,158,336	399,048,767	399,048,767

23.1 Revaluation Reserve

	2017 LKR	2016 LKR	2017 LKR	2016 LKR
On: Land and Buildings				
Balance as at the Beginning of the Year	395,864,337	307,385,292	391,633,767	307,385,292
Increase/(Decrease) in Revaluation Reserve Net of Tax	-	88,479,045	-	84,248,475
Balance as at the End of the Year	395,864,337	395,864,337	391,633,767	391,633,767

23.2 Other Reserves

	2017 LKR	2016 LKR	2017 LKR	2016 LKR
Statutory Reserve & Investment Fund Reserve (Note 23.2.1)	89,266,829	53,878,999	-	-
Other Reserves*	7,415,000	7,415,000	7,415,000	7,415,000
	96,681,829	61,293,999	7,415,000	7,415,000

*Other Reserves are used for General Purposes

23.2.1 Statutory Reserve & Investment Fund Reserve

Balance as at the beginning of the year	53,878,999	37,789,884	-	-
Transfers during the year	35,387,830	16,089,115	-	-
	89,266,829	53,878,999	-	-

23.2.2 Reserve Fund is a capital reserve which contains profits transferred as required by Section 3(b)(ii) of Central Bank Direction No. 1 of 2003.

Notes to the Financial Statements

24. DISTRIBUTIONS MADE AND PROPOSED

Company	2017 LKR	2016 LKR
Cash Dividends on Ordinary Shares Declared and Paid:	-	132,080,000
Interim dividend for 2015: LKR 2,000 per share on Non Voting Ordinary Shares	-	50,000,000
Interim dividend for 2015: LKR 38 per share on Ordinary Shares	-	82,080,000
	-	132,080,000

25. INTEREST BEARING BORROWINGS

25.1 Group

	Amount Repayable Within 1 Year LKR	Amount Repayable After 1 Year LKR	2017 Total LKR	Amount Repayable Within 1 Year LKR	Amount Repayable After 1 Year LKR	2016 Total LKR
Finance Leases	6,954,386	8,756,727	15,711,113	5,721,042	14,550,790	20,271,832
Import Financing Loans	5,443,347,859	-	5,443,347,859	6,213,544,400	-	6,213,544,400
Bank Loans	2,558,942,204	1,430,355,499	3,989,297,703	2,113,421,836	26,143,500	2,139,565,336
Bank Overdrafts (Note 21.2)	268,383,676	-	268,383,676	361,699,166	-	361,699,166
Commercial Papers	209,489,935	-	209,489,935	77,799,911	-	77,799,911
Debentures - Listed	1,691,602,789	1,535,608,218	3,227,211,007	959,769,786	3,127,088,921	4,086,858,707
Securitisation	-	-	-	124,327,406	-	124,327,406
	10,178,720,849	2,974,720,444	13,153,441,293	9,856,283,547	3,167,783,211	13,024,066,758

25.2 Company

	Amount Repayable Within 1 Year LKR	Amount Repayable After 1 Year LKR	2017 Total LKR	Amount Repayable Within 1 Year LKR	Amount Repayable After 1 Year LKR	2016 Total LKR
Finance Leases	1,183,372	-	1,183,372	1,516,837	1,169,736	2,686,573
Import Financing Loans	5,443,347,859	-	5,443,347,859	6,213,544,400	-	6,213,544,400
Bank Loans	1,807,648,772	1,312,300,000	3,119,948,772	1,767,396,548	26,143,500	1,793,540,048
Bank Overdrafts (Note 21.2)	85,102,486	-	85,102,486	236,658,512	-	236,658,512
Commercial Papers	209,489,935	-	209,489,935	46,689,280	-	46,689,280
Debentures - Listed	1,691,602,789	1,535,608,218	3,227,211,007	959,769,786	3,127,088,921	4,086,858,707
Securitisation	-	-	-	124,327,406	-	124,327,406
	9,238,375,213	2,847,908,218	12,086,283,431	9,349,902,769	3,154,402,157	12,504,304,926

25.3 Security and Repayment Terms

	Company	Tenor	Interest Rate	Collateral
Import Financing Loans		3-6 Months	AWPLR+0.25%-1%	Stocks and Book Debtors
Term Loan HNB PLC		4 Years	AWPLR+1.75%	Credit Card Receivables
Term Loan Sampath Bank PLC	Abans PLC	4 Years	AWPLR+2%	Hire Purchase Receivable
Short Term Loans ***		3-6 Months	AWPLR+0.25%-1%	No Collateral
Commercial Papers		3 - 12 Months	AWPLR+2%	No Collateral
Union Bank PLC	Abans Finance PLC	3 Years	AWPLR+3%	Lease Portfolio
Term Loan 1 - HNB PLC		1 Year	AWPLR+3.00%	Foreign Currency Savings Account
Term Loan 2 - HNB PLC		3 Years	AWPLR+1.25%	Book Debtors
TR Loans - HNB PLC	Abans Engineering (Pvt) Ltd.	180 Days	AWPLR+0.75%	Stocks
TR Loans - Peoples Bank		180 Days	AWPLR+1.00%	Stocks
TR Loans - Sampath Bank PLC - One-off Facility		180 Days	AWPLR+2.00%	Book Debtors

*** Short Term Loans are taken from Sampath Bank PLC, Seylan Bank PLC, DFCC, Muslim Commercial Bank, NTB, ICICI, Cargills Bank.

Notes to the Financial Statements

25. INTEREST BEARING BORROWINGS (CONTD...)

25.4 Debentures

Senior Listed Rated Unsecured Redeemable

Year of Issue	Face Value	Term	Issue Date	Maturity Date	Interest Rate	Carrying Value	
						2017 LKR	2016 LKR
2013	844,110,000	3 Years	12/20/2013	12/20/2016	14%	10,586	873,411,024
	541,250,000	4 Years	12/20/2013	12/20/2017	14.25%	560,321,299	560,373,549
	614,640,000	5 Years	12/20/2013	12/20/2018	14.50%	636,737,571	636,737,571
2014	1,064,630,000	3 Years	12/26/2014	12/26/2017	8.25%	1,087,490,377	1,087,667,895
	175,020,000	4 Years	12/26/2014	12/26/2018	8.50%	178,892,018	178,922,085
	760,350,000	5 Years	12/26/2014	12/26/2019	9.00%	778,160,938	778,299,246

26. WARRANTY PROVISION

	Group		Company	
	2017 LKR	2016 LKR	2017 LKR	2016 LKR
Balance as at the beginning of the Year	313,863,057	277,776,277	269,748,307	237,248,368
Provision for the Year	341,912,598	286,660,938	242,862,662	242,118,928
Utilised during the Year	(310,521,780)	(250,574,158)	(233,343,088)	(209,618,989)
Balance as at the end of the Year	345,253,875	313,863,057	279,267,881	269,748,307

27. EMPLOYEE BENEFITS LIABILITIES

	Group		Company	
	2017	2016	2017	2016
	LKR	LKR	LKR	LKR
27.1 Expense on Benefits Plan				
Current Service Cost	29,877,770	26,256,265	17,223,803	16,018,799
Interest Cost on Benefit Obligation	27,965,912	20,795,013	17,999,301	12,780,712
Total Expenses	57,843,682	47,051,278	35,223,104	28,799,511

27.2 Employee Benefits Liability

Balance as at 01 April	236,796,414	217,662,634	149,772,204	141,801,533
Provision for the Year	57,843,682	47,051,278	35,223,104	28,799,511
Net Actuarial Gain	(9,019,104)	(11,790,362)	(7,070,392)	(8,778,935)
Benefit Paid	(28,782,364)	(16,127,136)	(19,741,130)	(12,959,905)
Transferred from/(to) Intercompany (Note 27.5)	1,840,285	-	1,159,560	910,000
Balance as at 31 March	258,678,913	236,796,414	159,343,346	149,772,204

27.3 The principle assumptions used in determining the employment benefit liability for the Company/Group are shown below.

	Group		Company	
	2017	2016	2017	2016
Salary Incremental Rate	8.5% - 10%	10% - 11%	10%	10%
Discount Rate	11.5% - 12.5%	10% - 11.5%	12%	11.50%
Retirement Age - Female	60 years	55 - 60 years	60 years	60 years
- Male	60 years	55 - 60 years	60 years	60 years

Notes to the Financial Statements

27. EMPLOYEE BENEFITS LIABILITIES (CONTD...)

27.4 Sensitivity of Assumptions in Actuarial Valuation of Retiring Gratuity Obligation

The following table demonstrates the sensitivity to a possible change in key assumptions employed with all other variables held constant in the Retiring Gratuity Obligations measurement as at 31 March 2017 and 31 March 2016. The sensitivity of the Statement of Financial Position and Statement of profit or Loss is the effect of the assumed changes in the discount rate and salary increment on the profit or loss and Employee Benefits Liability for the year.

2017	Group					Company		
Increase/ (Decrease) in Discount Rate	Increase/ (Decrease) in Salary Increment Rate	Sensitivity Effect on Statement of Profit or Loss	Sensitivity Effect on Statement of Financial Position	Present Value of Defined Benefit Obligation	Sensitivity Effect on Statement of Profit or Loss	Sensitivity Effect on Statement of Financial Position	Present Value of Defined Benefit Obligation	
1%	-	7,872,462	(5,862,022)	252,816,891	7,522,152	(7,522,152)	151,821,194	
-1%	-	(4,712,660)	4,712,660	263,391,573	(4,302,886)	4,302,886	163,646,232	
-	1%	(5,480,993)	5,480,993	264,159,906	(5,084,453)	5,084,453	164,427,799	
-	-1%	8,684,154	(8,684,154)	249,994,759	8,346,984	(8,346,984)	150,996,362	

2016	Group						Company	
	Increase/ (Decrease) in Discount Rate	Increase/ (Decrease) in Salary Increment Rate	Sensitivity Effect on Statement of Profit or Loss	Sensitivity Effect on Statement of Financial Position	Present Value of Defined Benefit Obligation	Sensitivity Effect on Statement of Profit or Loss	Sensitivity Effect on Statement of Financial Position	Present Value of Defined Benefit Obligation
	1%	-	5,909,354	(5,909,354)	230,887,059	5,225,273,	(5,225,273),	144,546,931
	-1%	-	(6,463,147)	6,463,147	243,259,560	(5,633,887)	5,633,887	155,406,091
	-	1%	(10,198,590)	10,198,590	246,995,003	(6,316,295)	6,316,295	156,088,499
-	-1%	9,557,417	(9,557,417)	227,238,996	5,948,669	(5,948,669)	143,423,535	

27.5 Employee Benefits Liability Transferred from/(to) Related Parties

	Group		Company	
	2017 LKR	2016 LKR	2017 LKR	2016 LKR
Abans Retail (Pvt) Ltd	-	-	(680,725)	-
Abans Engineering (Pvt) Ltd	-	-	-	910,000
Abstract Lanka (Pvt) Ltd	1,840,284	-	1,840,284	-
	1,840,284	-	1,159,560	910,000

28. TRADE AND OTHER PAYABLES

28.1 Group

	Current LKR	2017 Non-Current LKR	Total LKR	Current LKR	2016 Non-Current LKR	Total LKR
Trade Payable - Related Parties	818,941,828	-	818,941,828	825,029,019	-	825,029,019
- Other	6,604,883,741	1,184,978,711	7,789,862,452	5,314,272,052	1,697,858,803	7,012,130,855
Other Payable - Related Parties	1,093,202,474	-	1,093,202,474	222,449,809	-	222,449,809
- Other	482,801,794	-	482,801,794	545,964,708	-	545,964,708
	8,999,829,837	1,184,978,711	10,184,808,548	6,907,715,588	1,697,858,803	8,605,574,391
Advances and Deposits	897,770,237	-	897,770,237	845,531,000	-	845,531,000
	9,897,600,074	1,184,978,711	11,082,578,785	7,753,246,588	1,697,858,803	9,451,105,391
Sundry Creditors Including						
Accrued Expenses	1,400,977,079	-	1,400,977,079	1,387,767,153	-	1,387,767,153
	11,298,577,153	1,184,978,711	12,483,555,864	9,141,013,741	1,697,858,803	10,838,872,544

Notes to the Financial Statements

28. TRADE AND OTHER PAYABLES (CONTD...)

28.2 Company

	Current LKR	2017 Non-Current LKR	Total LKR	Current LKR	2016 Non-Current LKR	Total LKR
Trade Payable - Related Parties	810,642,442	-	810,642,442	68,981,210	-	68,981,210
- Other	2,056,694,437	-	2,056,694,437	1,848,892,539	-	1,848,892,539
Other Payable - Related Parties	1,262,417,068	-	1,262,417,068	994,207,936	-	994,207,936
- Other	387,507,549	-	387,507,549	463,727,389	-	463,727,389
	4,517,261,496	-	4,517,261,496	3,375,809,074	-	3,375,809,074
Advances and Deposits	885,825,246	-	885,825,246	820,501,667	-	820,501,667
	5,403,086,742	-	5,403,086,742	4,196,310,741	-	4,196,310,741
Sundry Creditors Including						
Accrued Expenses	803,977,332	-	803,977,332	691,393,670	-	691,393,670
	6,207,064,074	-	6,207,064,074	4,887,704,411	-	4,887,704,411

29. FINANCIAL INSTRUMENTS

29.1 Financial Assets and Liabilities by Categories

Group

Financial assets and liabilities in the tables below are split into categories in accordance with LKAS 39.

Financial Assets by Categories		Loans and Receivables		Financial Assets at Fair Value Through Profit or Loss		Available-for-Sale Financial Assets		Held to Maturity	
Notes		2017 LKR	2016 LKR	2017 LKR	2016 LKR	2017 LKR	2016 LKR	2017 LKR	2016 LKR
Financial instruments in non-current assets									
Other Financial Assets	17	75,812,500	-	-	-	15,680,400	25,133,140	-	-
Lease Rentals Receivable and Stock Out on Hire	11	1,795,707,199	1,872,280,011	-	-	-	-	-	-
Trade and Other Receivables Excluding Pre-payments	18	814,450,214	677,210,253	-	-	-	-	-	-
Financial instruments in current assets									
Lease Rentals Receivable and Stock Out on Hire	11	1,884,258,447	1,723,971,768	-	-	-	-	-	-
Trade and Other Receivables Excluding Pre-payments	18	10,844,233,688	10,982,178,589	-	-	-	-	-	-
Other Financial Assets	17	397,825,292	235,338,979	8,537,208	7,893,809	-	-	238,572,963	21,669,813
Cash and Short Term Deposits	21	1,086,871,510	806,268,158	-	-	-	-	-	-
Security purchase under Re-purchase Agreement	20	250,809,890	630,158,530	-	-	-	-	-	-
Total		17,149,968,740	16,927,406,288	8,537,208	7,893,809	15,680,400	25,133,140	238,572,963	21,669,813

Notes to the Financial Statements

29. FINANCIAL INSTRUMENTS (CONTD...)

Financial Liabilities by Categories		Financial Liabilities Measured at Amortised Cost	
	Notes	2017 LKR	2016 LKR
Financial instruments in non-current liabilities			
Interest Bearing Borrowings	25	2,974,720,444	3,167,783,211
Trade and Other Payables	28	1,184,978,711	1,697,858,803
Financial instruments in current liabilities			
Interest Bearing Borrowings	25	10,178,720,849	9,856,283,547
Trade and Other Payables	28	9,897,600,074	7,753,246,588
Total		24,236,020,078	22,475,172,149

Company

Financial assets and liabilities in the tables below are split into categories in accordance with LKAS 39.

Financial Assets by Categories		Loans and Receivables		Financial Assets at Fair Value Through Profit or Loss		Available-for-Sale Financial Assets	
	Notes	2017 LKR	2016 LKR	2017 LKR	2016 LKR	2017 LKR	2016 LKR
Financial instruments in non-current assets							
Other Financial Assets	17	-	-	-	-	15,600,000	15,600,000
Financial instruments in current assets							
Trade and Other Receivables							
Excluding Pre-payments	18	7,841,915,452	9,245,619,132	-	-	-	-
Other Financial Assets	17	13,724,521	11,240,814	912,800	978,568	-	-
Cash and Short Term Deposits	21	620,115,220	663,688,713	-	-	-	-
Total		8,475,755,193	9,920,548,659	912,800	978,568	15,600,000	15,600,000

Financial Liabilities by Categories	Notes	Financial Liabilities Measured at Amortized Cost	
		2017 LKR	2016 LKR
Financial instruments in non-current liabilities			
Interest Bearing Borrowings	25	2,847,908,218	3,154,402,157
Financial instruments in current liabilities			
Trade and Other Payables	28	5,403,086,742	4,196,310,741
Interest Bearing Borrowings	25	9,238,375,213	9,349,902,769
Total		17,489,370,173	16,700,615,667

29.2 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 2017.

Financial Assets - Group	Level 1 LKR	Level 2 LKR	Level 3 LKR	Total LKR
Recurring Fair Value Measurements				
Financial Assets:				
Available for sale	-	-	15,680,400	15,680,400
Fair Value Through Profit or Loss	8,537,208	-	-	8,537,208
Total Recurring Financial Assets	8,537,208	-	15,680,400	24,217,608
Non Financial Assets:				
Land and Buildings	-	-	712,316,290	712,316,290
Total Recurring Non-Financial Assets	-	-	712,316,290	712,316,290

Notes to the Financial Statements

29. FINANCIAL INSTRUMENTS (CONTD.)

Financial Assets - Company	Level 1 LKR	Level 2 LKR	Level 3 LKR	Total LKR
Recurring Fair Value Measurements				
Financial Assets:				
Available for sale	-	-	15,600,000	15,600,000
Fair Value Through Profit or Loss	912,800	-	-	912,800
Total Recurring Financial Assets	912,800	-	15,600,000	16,512,800
Non Financial Assets:				
Land and Buildings	-	-	531,045,001	531,045,001
Total Recurring Non-Financial Assets	-	-	531,045,001	531,045,001

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 2017 and 2016, 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 Inputs to Fair Value
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 Comparison approach	The fair values of land are derived using the sale comparison approach. 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 price per square meter.	The higher the value per perch/square feet, higher fair value

29.3 Fair Value of Financial Instruments

Group	Note	2017		2016	
		Carrying Amount LKR	Fair Value LKR	Carrying Amount LKR	Fair Value LKR

Financial Assets

Lease Rentals Receivable and Stock Out on Hire		3,679,965,646	3,369,188,748	3,596,251,779	3,633,442,953
Other Financial Assets		736,428,363	734,708,901	290,035,741	289,596,292
Trade and Other Receivables Excluding Pre-payments (Non Current)	B	814,450,214	814,450,214	677,210,253	677,210,253
Trade and Other Receivables Excluding Pre-payments (Current)	A	10,844,233,688	10,844,233,688	10,982,178,589	10,982,178,589
Securities Purchased under Repurchase Agreement	A	250,809,890	250,809,890	630,158,527	630,158,527
Cash and Short Term Deposits	A	1,086,871,510	1,086,871,510	806,268,158	806,268,158

Financial Liabilities

Interest Bearing Borrowings (Non Current)	B	2,974,720,444	2,974,720,444	3,167,783,211	3,167,783,211
Interest Bearing Borrowings (Current)	A	10,178,720,849	10,178,720,849	9,856,283,547	9,856,283,547
Trade and Other Payables (Non Current)	B	1,184,978,711	1,184,978,711	1,697,858,803	1,697,858,803
Trade and Other Payables (Current)	A	9,897,600,074	9,897,600,074	7,753,246,588	7,753,246,588

Company	Note	2017		2016	
		Carrying Amount LKR	Fair Value LKR	Carrying Amount LKR	Fair Value LKR

Financial Assets

Other Financial Assets		30,237,321	30,237,321	27,819,382	27,819,382
Trade and Other Receivables Excluding Pre-payments	A	7,806,759,155	7,806,759,155	9,245,619,132	9,245,619,132
Cash and Short Term Deposits	A	620,115,220	620,115,220	663,688,713	663,688,713

Financial Liabilities

Interest Bearing Borrowings (Non Current)	B	2,847,908,218	2,847,908,218	3,154,402,157	3,154,402,157
Interest Bearing Borrowings (Current)	A	9,238,375,213	9,238,375,213	9,349,902,769	9,349,902,769
Trade and Other Payables	A	5,403,086,742	5,403,086,742	4,196,310,741	4,196,310,741

Notes to the Financial Statements

29. FINANCIAL INSTRUMENTS (CONTD.)

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	Level of Valuation
Lease Rentals Receivable and Stock Out on Hire	Level 2

Other Financial Assets

Other Financial Assets includes investments in Government of Sri Lanka Treasury Bonds with the carrying value of LKR 238,572,963 and fair value of LKR 236,853,500 that are valued under Level 2.

- A. Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- B. Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group/Company based on parameters such as interest rates, specific counting risk factors and risk characteristics of the financed project etc. As at 31 March 2017, the carrying amounts of such receivables/borrowings are not materially different from their calculated fair values.

Reclassification of financial assets

There have been no reclassifications during 2016 & 2017.

30. 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 investments are managed to generate lasting returns. The group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the group is exposed are described below.

The Group is exposed to market risk, credit risk and liquidity risk.

30.1 Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments

The Group trades only with recognised, 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, available-for-sale 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.

30.1.1 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	Neither Past Due		Past Due not Impaired				
	Total LKR	not Impaired LKR	< 30 days LKR	30-60 days LKR	61-90 days LKR	91-120 days LKR	> 120 days LKR
2017	8,011,277,672	5,360,224,078	893,083,150	306,605,157	400,283,596	179,117,514	871,964,176
2016	8,222,724,704	6,165,730,319	589,055,667	300,595,844	212,409,884	359,985,829	594,947,161

Company	Neither Past Due		Past Due not Impaired				
	Total LKR	not Impaired LKR	< 30 days LKR	30-60 days LKR	61-90 days LKR	91-120 days LKR	> 120 days LKR
2017	6,382,069,698	4,553,394,153	624,295,404	286,993,600	266,244,602	150,631,194	500,510,745
2016	6,571,523,503	4,984,033,543	465,723,234	238,345,773	159,774,344	156,975,164	566,671,444

Notes to the Financial Statements

30. FINANCIAL RISK MANAGEMENT - OBJECTIVE AND POLICIES (CONTD.)

30.1.2 Lease Rental Receivable and Stock on Hire

	Total LKR	Neither Past Due not Impaired	Past Due Not Individually Impaired	Individually Impaired
2017	3,928,657,832	2,301,218,597	1,574,998,890	52,440,345
2016	3,873,032,728	1,690,466,460	2,085,470,606	97,095,662

Past Due but Not Individually Impaired

	Total LKR	1 to 30 Days	31 to 60 Days	61 to 90 Days	More than 91 Days
2017	1,574,998,890	524,621,687	295,416,729	163,487,667	591,472,807
2016	2,085,470,606	641,358,019	429,639,453	280,381,664	734,091,470

30.1.3 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 1,087 Mn and LKR 620 Mn at 31 March 2017 (2016 - LKR 806 Mn and 664 Mn).

30.2 Liquidity Risk

The Group's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the Group has available funds to meet its medium term capital and funding obligations, including organic growth and acquisition activities, and to meet any unforeseen obligations and opportunities. The Group holds cash and undrawn committed facilities to enable the Group to manage its liquidity risk.

The Group monitors its risk to a shortage of funds using a daily cash management process. This process considers the maturity of both the Group's financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of multiple sources of funding including bank loans and overdrafts.

30.2.1 Credit Exposure

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 As at 31st March 2017	Maximum Exposure to Credit Risk	Cash / Near Cash	Fair Value of Collateral Held		Other **	Total Collateral Value	Net Exposure to Credit Risk
			Property Mortgages	Moveable Assets *			
Cash and Bank Balances (Excluding cash in hand)	903,140,568	-	-	-	-	-	903,140,568
Securities Purchased under Repurchase Agreement	250,809,890	-	-	-	-	-	250,809,890
Other Financial Assets - Available for Sale	15,680,400	-	-	-	-	-	15,680,400
Other Financial Assets - Held for Trading	8,537,208	-	-	-	-	-	8,537,208
Other Financial Assets- Held to Maturity	238,572,963	-	-	-	-	-	238,572,963
Other Financial Assets -Loans and Receivables	473,637,792	-	-	-	-	-	473,637,792
Trade and Other Receivables							
excluding Prepayments	11,878,931,518	164,754,856	538,541,871	1,153,949,890	3,313,673	1,860,560,290	10,018,371,228
Lease rentals receivable & Stock out on hire	3,928,657,832	-	-	3,694,689,732	-	3,694,689,732	233,968,100
	17,697,968,171	164,754,856	538,541,871	4,848,639,622	3,313,673	5,555,250,022	12,142,718,149

Group Type of Collateral As at 31st March 2016	Maximum Exposure to Credit Risk	Cash / Near Cash	Fair Value of Collateral Held		Other **	Total Collateral Value	Net Exposure to Credit Risk
			Property Mortgages	Moveable Assets *			
Cash and Bank Balances (Excluding cash in hand)	404,231,936	-	-	-	-	-	404,231,936
Securities Purchased under Repurchase Agreement	630,158,530	-	-	-	-	-	630,158,530
Other Financial Assets - Available for Sale	25,133,140	-	-	-	-	-	25,133,140
Other Financial Assets - Held for Trading	7,893,809	-	-	-	-	-	7,893,809
Other Financial Assets- Held to Maturity	21,669,813	-	-	-	-	-	21,669,813
Other Financial Assets -Loans and Receivables	235,338,979	-	-	-	-	-	235,338,979
Trade and Other Receivables							
excluding Prepayments	11,797,333,532	113,495,177	392,191,087	494,223,479	5,572,660	1,005,482,402	10,791,851,130
Lease rentals receivable & Stock out on hire	3,873,032,728	-	-	3,769,396,511	-	3,769,396,511	103,636,217
	16,994,792,467	113,495,177	392,191,087	4,263,619,990	5,572,660	4,774,878,913	12,219,913,554

* Movable assets includes absolute ownership/ mortgage over motor vehicles and Machineries & Equipments.

** Other collateral includes secured by consumer durables & title deed transfers (Real Estate Loans).

Notes to the Financial Statements

30. FINANCIAL RISK MANAGEMENT - OBJECTIVE AND POLICIES (CONTD.)

30.2.1 Credit Exposure (Contd...)

Company Type of Collateral As at 31st March 2017	Maximum Exposure to Credit Risk	Cash / Near Cash	Fair Value of Collateral Held Property Mortgages	Moveable Assets	Other	Total Collateral Value	Net Exposure to Credit Risk
Cash and Bank Balances (Excluding cash in hand)	484,797,702	-	-	-	-	-	484,797,702
Other Financial Assets - Available for Sale	15,600,000	-	-	-	-	-	15,600,000
Other Financial Assets - Held for Trading	912,800	-	-	-	-	-	912,800
Other Financial Assets -Loans and Receivables	13,724,521	-	-	-	-	-	13,724,521
Trade and Other Receivables excluding Prepayments	7,841,915,452	-	-	-	-	-	7,841,915,452
	8,356,950,475	-	-	-	-	-	8,356,950,475

Company Type of Collateral As at 31st March 2016	Maximum Exposure to Credit Risk	Cash / Near Cash	Fair Value of Collateral Held Property Mortgages	Moveable Assets	Other	Total Collateral Value	Net Exposure to Credit Risk
Cash and Bank Balances (Excluding cash in hand)	267,489,108	-	-	-	-	-	267,489,108
Other Financial Assets - Available for Sale	15,600,000	-	-	-	-	-	15,600,000
Other Financial Assets - Held for Trading	978,568	-	-	-	-	-	978,568
Other Financial Assets -Loans and Receivables	11,240,814	-	-	-	-	-	11,240,814
Trade and Other Receivables excluding Prepayments	9,245,619,132	-	-	-	-	-	9,245,619,132
	9,540,927,622	-	-	-	-	-	9,540,927,622

30.2.2 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 in due.

Group (As at 31 March 2017)	Less than 1 year LKR	1 to 2 years LKR	2 to 5 years LKR	Total LKR
Interest Bearing Borrowings	10,178,720,849	2,537,820,443	436,900,000	13,153,441,292
Trade and Other Payables	12,483,555,864	-	-	12,483,555,864
	22,662,276,713	2,537,820,443	436,900,000	25,636,997,156

Group (As at 31 March 2016)	Less than 1 year LKR	1 to 2 years LKR	2 to 5 years LKR	Total LKR
Interest Bearing Borrowings	9,856,283,547	1,617,773,211	1,550,010,000	13,024,066,758
Trade and Other Payables	10,838,872,544	-	-	10,838,872,544
	20,695,156,091	1,617,773,211	1,550,010,000	23,862,939,302

Company (As at 31 March 2017)	Less than 1 year LKR	1 to 2 years LKR	2 to 5 years LKR	Total LKR
Interest Bearing Borrowings	9,238,375,213	2,411,008,218	436,900,000	12,086,283,431
Trade and Other Payables	6,207,064,074	-	-	6,207,064,074
	15,445,439,287	2,411,008,218	436,900,000	18,293,347,505

Company (As at 31 March 2016)	Less than 1 year LKR	1 to 2 years LKR	2 to 5 years LKR	Total LKR
Interest Bearing Borrowings	9,349,902,769	1,604,392,157	1,550,010,000	12,504,304,926
Trade and Other Payables	4,887,704,411	-	-	4,887,704,411
	14,237,607,180	1,604,392,157	1,550,010,000	17,392,009,337

Notes to the Financial Statements

30. FINANCIAL RISK MANAGEMENT - OBJECTIVE AND POLICIES (CONTD.)

30.2.3 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 maximised.

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 2017.

30.3 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.

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.

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.

31. ASSETS PLEDGED

The following assets have been pledged as security for Liabilities.

31.1 Assets Pledged by Abans PLC

Nature of Assets	Nature of Liability	Purpose	Carrying Amount Pledged	
			2017 LKR	2016 LKR
Property At 141, Kirula Road, Colombo 05	Primary Mortgage Bond For LKR 115 Mn	Term Loan	207,933,200	207,933,200
Property At No:09, 47th Lane, Colombo 06	Primary Mortgage Bond For LKR 78 Mn	Term Loan	89,775,000	89,775,000
Finished Goods	Primary Mortgage Bond over Stock For LKR 4,980.5 Mn	Term Loan	10,101,704,960	8,958,839,600
Trade Debtors - Other	Primary Mortgage Bond over Debtors For LKR 4,980.5 Mn	Term Loan	1,944,925,601	3,234,691,981
Trade Debtors - H.P Debtors	Hire Purchased Receivable Securitisation Loan- LKR 400 Mn	Working Capital Finance	1,330,000,000	-

31.2 Assets Pledged by Abans Finance PLC

Included Under Lease Rental Receivables & Stock Out on Hire

Lease & Hire Purchase Receivables	Bank Overdraft	313,366,667	279,366,667
Lease & Hire Purchase Receivables	Term Loan	402,777,664	47,193,955
Placement with Bank	Bank Overdraft	34,000,000	34,000,000

Notes to the Financial Statements

32. COMMITMENTS AND CONTINGENCIES

There were no material Commitments and Contingencies as at the reporting date except followings.

Group/Company

Commitments

Abans PLC has entered into a Joint Venture with SilverNeedle Hospitality Pte Ltd to develop a Mixed Development Project. Abans PLC is required to make a total investment of LKR 2,717,000,000/-. The Company has already invested LKR 2,423,593,870/-, as at 31 March 2017.

	2017 LKR	2016 LKR
Letters of Credit opened with Banks Favours Suppliers	2,309,791,172	2,515,383,492
Contingent Liabilities	2017 LKR	2016 LKR
Guarantees Issued by Banks	1,146,679,019	728,229,692
Corporate Guarantee	-	1,150,000,000

33. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

33.1 Transaction with /between Subsidiaries

	Company	
	2017	2016
	LKR	LKR
Balance as at 01 April	802,978,126	1,296,296,141
Nature of Transaction		
Sale of goods	91,270,931	341,009,356
Purchase of Goods	(26,972,912)	(22,597,274)
Dividend	17,493,010	-
Share Transfer	(475,000,000)	-
Rendering of Services	13,925,022	9,816,464
Receipts of Services	(2,499,648)	(1,378,401)
Gratuity Transfer	(680,725)	910,000
Rental Expenses	(5,800,336)	(4,318,096)
Fund Transfers	2,465,080,915	1,516,693,583
Fund Receipts	(2,201,004,594)	(2,359,415,686)
Others	3,177,703	25,962,038
Balance as at 31 March	681,967,492	802,978,127

* Subsidiaries including

AB Technologies (Pvt) Ltd, Abans Finance PLC, Abans Lanka (Pvt) Ltd, Abans Retail (Pvt) Ltd, Abans Engineering (Pvt) Ltd.

Notes to the Financial Statements

33. RELATED PARTY DISCLOSURES (CONTD.)

33.2 Transaction with /between Associates

	2017 LKR	Group 2016 LKR	2017 LKR	Company 2016 LKR
Balance as at 01 April	(650,408,511)	(484,754,215)	(68,000,302)	(51,662,385)
Nature of Transaction				
Sale of goods	78,395,630	108,072,946	20,289,472	29,044,241
Purchase of Goods	(3,083,554,708)	(2,506,651,960)	(614,631,031)	-
Receipt of Services	(750,647,167)	(620,176,965)	(648,431,068)	(511,454,183)
Funds Receipts	(131,124,358)	(295,887,599)	(70,470,852)	(234,169,950)
Fund Transfers	4,229,699,771	3,455,898,266	738,024,882	730,256,154
VAT Portion of purchases of Goods	(443,869,801)	(306,908,984)	(167,844,711)	(30,014,179)
Balance as at 31 March	(751,509,144)	(650,408,511)	(811,063,610)	(68,000,302)

* Associates including

Abans Electricals PLC

33.3 Transaction with Joint Venture

	2017 LKR	Group 2016 LKR	2017 LKR	Company 2016 LKR
Balance as at 01 April	232,443	63,477,774	106,642	63,339,866
Sale of goods	4,459,086	896,135	4,323,154	691,335
Receipts	(5,423,272)	(63,664,298)	(5,157,972)	(63,447,390)
Fund Transfer	3,750,000	393,416,920	3,750,000	393,416,920
Investment	-	(394,416,920)	-	(394,416,920)
Other	393,293	522,832	374,200	522,832
Balance as at 31 March	3,411,550	232,443	3,396,024	106,643

* Joint Venture Includes

Colombo City Centre Partners (Pvt) Ltd (Earlier Known as Abans Investment II (Pvt) Ltd)

Abans PLC has entered into a Joint Venture with SilverNeedle Hospitality Pte Ltd to develop a Mixed Development Project under the name of Colombo City Centre Partners (Pvt) Ltd.

33.4 Transaction with Others

	Group		Company	
	2017 LKR	2016 LKR	2017 LKR	2016 LKR
Balance as at 01 April	1,310,913,370	1,829,418,288	1,362,927,884	1,972,898,052
Nature of Transaction				
Sale of goods	70,547,826	26,327,782	59,882,780	19,700,440
Purchase of Goods	(1,899,125,281)	(2,433,769,384)	(6,846,403)	(19,209,625)
Rendering of Services	-	1,497,151	-	1,497,151
Receipts of Services	(1,658,794,188)	(1,398,958,971)	(1,542,982,241)	(1,309,830,054)
Dividend	250,000,000	-	250,000,000	-
Rent Expenses	(164,021,310)	(130,702,422)	(165,162,224)	(130,702,422)
Fund Transfer & Payments	3,817,789,791	4,150,894,449	1,666,797,043	1,213,624,479
Consideration from Abstract Operation	(85,101,010)	-	(85,101,010)	-
Transferred to Investment	(225,377,000)	-	(225,377,000)	-
Funds Receipts	(248,792,939)	(300,876,879)	(282,317,162)	(226,698,220)
Temporary Loan from Abans Auto (Pvt) Ltd	(700,000,000)	-	(700,000,000)	-
Other	(425,384,835)	(432,916,643)	(208,889,532)	(158,351,916)
Balance as at 31 March	42,654,424	1,310,913,370	122,932,135	1,362,927,885

* The above Includes Rs. 700 Mn temporary working capital borrowed from Abans Auto (Pvt) Ltd

* Other related parties including

Add Outdoor (Pvt) Ltd, Abans Office Automation (Pvt) Ltd, Abans Warehousing (Pvt) Ltd, ABS Gardner Dixen Hall International (Pvt) Ltd, Abans Tours (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 Graphics (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, Abans Restaurant Systems (Pvt) Ltd, AB securities (Pvt) Ltd, S.A. Electricals (Pvt) Ltd, Aban Pestonjee Trust, Ab Suncity (Pvt) Ltd, AB Logistics (Pvt) Ltd, Abans Auto (Pvt) Ltd, AB Transport (Pvt) Ltd, Abans Marketing (Pvt) Ltd, Absgro (Pvt) Ltd, Logirite (Pvt) Ltd, Abans Resorts (Pvt) Ltd, Abstract Lanka (Pvt) Ltd, Abans International (Pvt) Ltd, Abans Logistic (Pvt) Ltd, AB Creations (Pvt) Ltd, Abans Partnership

Notes to the Financial Statements

33. RELATED PARTY DISCLOSURES (CONTD.)

33.5 Transactions with Key Management Personnel of the Company

The key management personnel of the Company are the members of its Board of Directors.

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

	Group		Company	
	2017	2016	2017	2016
	LKR	LKR	LKR	LKR
Key Management Personnel Compensation				
Short-term employee benefits	43,598,828	31,254,750	18,968,130	16,800,000
Post employment benefits	5,771,250	432,000	531,250	432,000
	49,370,078	31,686,750	19,499,380	17,323,000
Other Transactions with Key Management Personnel				
Fixed Deposits/Promissory Notes Accepted during the Year	2,310,130	15,000,000	-	-
Fixed Deposits/Promissory Notes held at the Beginning of the Year	1,231,212	13,772,515	-	-
Purchase of Shares (17.2)	9,452,740	-	-	-
	12,994,082	28,772,515	-	-

34. EVENTS OCCURRING AFTER THE REPORTING DATE

Subsequent to the reporting date, no circumstances have arisen which would require adjustment to or disclose in the Financial Statements.

35. RECLASSIFICATION OF COMPARATIVES

The following comparative amounts have been reclassified in order to comply with the current year presentation.

Statement of Financial Position		Previously Reported LKR	Impact of Adjustment LKR	Reclassified Amount LKR
Group				
Trade and Other Receivables	Note 1	11,542,692,280	(249,113,043)	11,293,579,237
Trade and Other Payables		(9,390,126,784)	249,113,043	(9,141,013,741)
		2,152,565,496	-	2,152,565,496
Company				
Trade and Other Receivables	Note 1	9,776,239,487	(249,113,043)	9,527,126,444
Trade and Other Payables		(5,136,817,454)	249,113,043	(4,887,704,411)
		4,639,422,033	-	4,639,422,033
Group				
Non-Current Liabilities - Warranty Provision	Note 2	313,863,057	(313,863,057)	-
Current Liabilities - Warranty Provision		-	313,863,057	313,863,057
		313,863,057	-	313,863,057
Company				
Non-Current Liabilities - Warranty Provision	Note 2	269,748,307	(269,748,307)	-
Current Liabilities - Warranty Provision		-	269,748,307	269,748,307
		269,748,307	-	269,748,307

Note 1 : The Undelivered Sale balance which was classified in Trade and Other Payables has been reclassified to Trade & Other Receivables for better presentation.

Note 2 : Warranty provision will be utilised within next twelve months of period since then the provision has been reclassified from Non-Current Liabilities to Current Liabilities.

The above reclassification did not have any impact on comprehensive income, other comprehensive income, earnings per share, operating, investing and financing cash flows for the year ended 31 March 2017.

Statement of Value Added

	Group		Company	
	2017 LKR '000	2016 LKR '000	2017 LKR '000	2016 LKR '000
Gross Turnover	35,731,860	34,933,245	27,864,045	27,501,593
Other Operating Income	543,297	247,615	529,451	235,537
Interest Income	72,100	65,769	63,921	62,704
Share of Associate' Profit	20,084	41,404	-	-
Share of Joint Venture Loss	(78,994)	(75,456)	-	-
Value Added	36,288,347	35,212,577	28,457,417	27,799,834

DISTRIBUTION OF VALUE ADDED

Group	2017		2016	
	LKR '000	%	LKR '000	%
To Employees as Remuneration	1,867,522	5.1%	1,684,062	4.8%
Operating Expenses	32,368,271	89.2%	30,326,434	86.1%
Revenue To Government				
-NBT	320,872	0.9%	314,327	0.9%
-Income Tax	217,957	0.6%	525,765	1.5%
To Provider of Capital	1,421,100	3.9%	1,050,908	3.0%
Retained with the Business as				
-Depreciation	177,377	0.5%	211,446	0.6%
-Retained Profit	(84,751)	-0.2%	1,099,636	3.1%
	36,288,347	100%	35,212,577	100%

Company	2017		2016	
	LKR '000	%	LKR '000	%
To Employees as Remuneration	1,146,136	4.0%	1,058,329	3.8%
Operating Expenses	25,491,865	89.6%	24,208,881	87.1%
Revenue To Government				
-NBT	273,793	1.0%	269,482	1.0%
-Income Tax	87,684	0.3%	325,201	1.2%
To Provider of Capital	1,348,957	4.7%	1,028,823	3.7%
Retained with the Business as				
-Depreciation	144,224	0.5%	183,590	0.7%
-Retained Profit	(35,242)	-0.1%	725,528	2.6%
	28,457,417	100%	27,799,834	100%

Investor Information

1. STATED CAPITAL

Class of Shares	31st March 2017		31st March 2016	
	No. of Shares	LKR	No. of Shares	LKR
Ordinary Voting Shares	2,160,000	216,000,000	2,160,000	216,000,000
Class B Ordinary Management Non-Voting	25,000	2,500,000	25,000	2,500,000
Total Ordinary Shares (Voting & Non-Voting)	2,185,000	218,500,000	2,185,000	218,500,000

2. Stock Exchange Listing Issued Shares of the Company are not listed with the Colombo Stock Exchange of Sri Lanka. Only the Debentures (LKR 4 Bn in which LKR 844 Mn has been redeemed during the financial year) of the Company are listed with Colombo Stock Exchange with effect from 27th December 2013.

3. DISTRIBUTION OF SHAREHOLDING

Total Ordinary Shares (Voting & Non-Voting)	31st March 2017			31st March 2016		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
1-1,000	-	-	-	-	-	-
1,001-10,000	-	-	-	-	-	-
over 1,000,000	5	2,185,000	100	5	2,185,000	100
Total	5	2,185,000	100	5	2,185,000	100

4. TWENTY LARGEST SHAREHOLDERS

Name	Voting as at 31st March 2017		Voting as at 31st March 2016	
	No of Share	%	No of Share	%
Mrs Aban Pestonjee	432,000	20	432,000	20
Mr P N Pestonjee	432,000	20	432,000	20
Mrs Saroshi Dubash	432,000	20	432,000	20
Mr Behman Pestonjee	432,000	20	432,000	20
Mr Rusi Pestonjee	432,000	20	432,000	20
	2,160,000	100	2,160,000	100

Investor Information

	Non-Voting as at 31st March 2017		Non-Voting as at 31st March 2016	
	No of Share	%	No of Share	%
Mrs Aban Pestonjee	5,000	20	5,000	20
Mr P N Pestonjee	5,000	20	5,000	20
Mrs Saroshi Dubash	5,000	20	5,000	20
Mr Behman Pestonjee	5,000	20	5,000	20
Mr Rusi Pestonjee	5,000	20	5,000	20
	25,000	100	25,000	100

5. PUBLIC HOLDING

31st March	2017	2016
Total number of shares Issued	2,185,000	2,185,000
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

	2017	2016
Group	3,201	3,222
Company	2,361	2,375

8. DEBT SECURITIES RELATED DETAILS

	Group 2017	Company 2017
Debt to Equity Ratio	1.88	2.34
Quick Assets Ratio	0.70	0.56
Interest Coverage Ratio	1.25	1.17

9. INTEREST RATE OF COMPARABLE GOVERNMENT SECURITY

Debenture Issue 2013		Category	
Interest Rate		4 Years	5 Years
Abans PLC		14.25%	14.50%
Government		-	10.64%

Debenture Issue 2014		Category	
Interest Rate	3 Years	4 Years	5 Years
Abans PLC	8.25%	8.50%	9.00%
Government	8.29%	-	8.93%

10. MARKET VALUE PER DEBENTURE

Debenture Issue 2013		Category	
		4 Years LKR	5 Years LKR
Highest Price		101.39	114.06
Lowest Price		101.39	114.06
Last Traded Price		101.39	114.06
Last Traded Dates-			
4 Years - 12th October 2016			
5 Years - 15th July 2015			

Debenture Issue 2014		Category	
	3 Years LKR	4 Years LKR	5 Years LKR
Highest Price	99.35	N/T	N/T
Lowest Price	99.09	N/T	N/T
Last Traded Price	99.35	N/T	N/T
Last Traded Date-			
3 Years - 16th January 2015			

N/T - Not Traded

Five Years Summary - Statement of Financial Position

As at 31 March	Group				
	2017 LKR	2016 LKR	2015 LKR	2014 LKR	2013 LKR
ASSETS					
Non Current Assets					
Property Plant and Equipment	1,272,803,764	1,216,234,279	1,021,708,483	958,769,030	981,566,620
Leasehold Land Payments	254,747,474	257,373,737	260,000,000	-	-
Investment Property	22,456,984	23,854,597	25,252,210	26,649,822	28,194,890
Lease Rentals Receivable and Stock Out on Hire	1,795,707,199	1,872,280,011	1,643,410,169	1,250,847,064	995,788,313
Intangible Assets	64,141,499	56,671,257	134,128,101	199,671,632	284,768,902
Investment in Subsidiaries	-	-	-	-	-
Investment in Associate	360,891,070	342,739,493	307,043,712	273,509,727	240,877,459
Investment in Joint Venture	2,201,552,471	2,055,169,194	1,736,208,070	1,320,482,294	-
Other Financial Assets	91,492,900	25,133,140	150,676,484	45,493,016	52,487,014
Deferred Tax Assets	393,703,537	374,251,906	287,889,493	221,504,303	157,739,290
Trade and Other Receivables	814,450,214	677,210,253	339,895,595	367,113,462	-
	7,271,947,112	6,900,917,867	5,906,212,317	4,664,040,350	2,741,422,488
Current Assets					
Inventories	11,176,796,937	10,365,724,961	8,688,659,973	8,442,631,209	7,256,417,401
Trade and Other Receivables	11,135,699,613	11,293,579,237	10,688,028,573	10,555,193,978	11,328,744,632
Lease Rentals Receivable and Stock Out on Hire	1,884,258,447	1,723,971,768	1,259,875,081	822,741,354	553,658,978
Income Tax Recoverable	205,911,260	4,584,793	4,641,546	107,462,120	20,504,417
Other Financial Assets	644,935,463	264,902,601	362,179,092	241,613,048	299,662,732
Securities Purchased under Repurchase Agreement	250,809,890	630,158,530	426,888,521	268,997,323	-
Cash and Short Term Deposits	1,086,871,510	806,268,158	758,088,398	902,262,690	558,998,256
	26,385,283,120	25,089,190,048	22,188,361,184	21,340,901,722	20,017,986,416
Total Assets	33,657,230,232	31,990,107,915	28,094,573,501	26,004,942,072	22,759,408,904

Company				
2017	2016	2015	2014	2013
LKR	LKR	LKR	LKR	LKR
1,085,395,851	1,041,696,453	919,043,603	940,805,256	964,929,322
254,747,474	257,373,737	260,000,000	-	-
22,456,984	23,854,597	25,252,210	26,649,822	28,194,890
-	-	-	-	-
38,638,379	37,498,683	123,809,786	190,330,911	272,500,000
1,108,486,711	466,173,511	466,173,511	466,172,761	417,953,870
30,752,197	30,752,197	30,752,197	30,752,197	46,502,197
2,423,593,870	2,198,216,870	1,803,799,950	1,342,799,950	-
15,600,000	15,600,000	16,789,700	16,690,020	21,196,002
281,091,848	275,368,855	204,587,498	221,058,425	160,328,816
-	-	-	-	-
5,260,763,314	4,346,534,903	3,850,208,455	3,235,259,342	1,911,605,097
9,756,245,885	8,716,690,227	7,033,963,561	7,119,656,554	7,122,552,565
8,096,571,399	9,527,126,444	9,974,478,184	10,101,493,780	10,330,529,864
-	-	-	-	-
142,859,183	-	-	102,776,732	-
14,637,321	12,219,382	8,105,005	7,564,691	6,000,000
-	-	-	-	-
620,115,220	663,688,713	614,002,427	775,038,937	517,260,696
18,630,429,008	18,919,724,766	17,630,549,177	18,106,530,694	17,976,343,125
23,891,192,322	23,266,259,669	21,480,757,632	21,341,790,036	19,887,948,222

Five Years Summary - Statement of Financial Position

As at 31 March	Group				
	2017 LKR	2016 LKR	2015 LKR	2014 LKR	2013 LKR
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	218,500,000	218,500,000	218,500,000	218,500,000	218,500,000
Other Components of Equity	492,546,166	457,158,336	352,706,442	356,483,418	323,115,556
Retained Earnings	6,282,206,524	6,363,505,389	5,417,740,673	4,850,148,446	5,090,527,192
	6,993,252,690	7,039,163,725	5,988,947,115	5,425,131,864	5,632,142,748
Non-controlling Interest	422,416,867	133,916,025	119,056,474	105,142,727	126,768,833
Total Equity	7,415,669,557	7,173,079,750	6,108,003,589	5,530,274,591	5,758,911,581
Non Current Liabilities					
Interest Bearing Borrowings	2,974,720,444	3,167,783,211	4,148,613,753	2,514,842,913	786,763,921
Employee Benefits Liabilities	258,678,913	236,796,414	217,662,634	183,238,184	124,517,565
Trade and Other Payables	1,184,978,711	1,697,858,803	1,106,703,668	813,965,436	-
	4,418,378,068	5,102,438,428	5,472,980,055	3,512,046,533	911,281,486
Current Liabilities					
Trade and Other Payables	11,298,577,153	9,141,013,741	8,811,276,713	7,936,599,655	6,618,338,380
Warranty Provision	345,253,875	313,863,057	277,776,277	238,271,055	214,507,907
Income Tax Liabilities	630,730	403,429,392	93,248,304	5,895,367	114,481,025
Current Portion of Interest Bearing Borrowings	10,178,720,849	9,856,283,547	7,331,288,563	8,781,854,871	9,141,888,525
	21,823,182,607	19,714,589,737	16,513,589,857	16,962,620,948	16,089,215,837
Total Equity and Liabilities	33,657,230,232	31,990,107,915	28,094,573,501	26,004,942,072	22,759,408,904

Company				
2017	2016	2015	2014	2013
LKR	LKR	LKR	LKR	LKR
218,500,000	218,500,000	218,500,000	218,500,000	218,500,000
399,048,767	399,048,767	314,800,292	314,800,292	286,903,081
4,541,684,823	4,571,761,088	3,971,992,342	3,534,189,609	3,694,118,159
5,159,233,590	5,189,309,855	4,505,292,634	4,067,489,901	4,199,521,240
-	-	-	-	-
5,159,233,590	5,189,309,855	4,505,292,634	4,067,489,901	4,199,521,240
2,847,908,218	3,154,402,157	4,125,083,728	2,397,038,786	612,438,862
159,343,346	149,772,204	141,801,533	175,826,368	104,660,020
-	-	-	-	-
3,007,251,564	3,304,174,361	4,266,885,261	2,572,865,154	717,098,882
6,207,064,074	4,887,704,411	5,409,861,280	5,950,074,635	5,949,235,385
279,267,881	269,748,307	237,248,368	237,233,734	214,507,908
-	265,419,966	44,718,023	-	25,132,078
9,238,375,213	9,349,902,769	7,016,752,066	8,514,126,612	8,782,452,729
15,724,707,168	14,772,775,453	12,708,579,737	14,701,434,981	14,971,328,100
23,891,192,322	23,266,259,669	21,480,757,632	21,341,790,036	19,887,948,222

Five Years Summary - Statement of Profit or Loss

As at 31 March	Group				
	2017 LKR	2016 LKR	2015 LKR	2014 LKR	2013 LKR
Revenue	35,731,859,725	34,933,245,274	30,082,217,757	25,516,809,656	24,294,938,354
Cost of Sales	(25,270,116,817)	(24,173,581,123)	(21,565,435,105)	(18,224,377,305)	(16,836,362,976)
Gross Profit	10,461,742,908	10,759,664,151	8,516,782,652	7,292,432,351	7,458,575,378
Other Operating Income	543,297,182	247,614,896	292,360,320	600,207,307	396,406,756
Selling & Distribution Expenses	(4,681,170,157)	(4,233,641,878)	(3,225,612,993)	(3,019,913,621)	(3,084,488,731)
Administrative Expenses	(4,542,066,331)	(4,129,045,695)	(3,935,006,028)	(3,755,631,304)	(3,070,288,816)
Operating Profit	1,781,803,602	2,644,591,474	1,648,523,950	1,117,094,732	1,700,204,586
Impairment of Related Party Receivables	(240,688,084)	-	-	-	-
Finance Cost	(1,421,099,550)	(1,050,908,089)	(1,045,891,861)	(1,541,676,504)	(1,196,387,314)
Finance income	72,099,819	65,768,752	191,418,624	191,449,371	106,088,868
Share of Associate's Profits	20,083,650	41,403,882	42,950,354	45,921,599	64,898,376
Share of Joint Venture's Losses	(78,993,723)	(75,455,796)	(45,274,224)	(22,317,656)	-
Profit/(Loss) Before Income Tax and Value Added Tax on Financial Services	133,205,714	1,625,400,223	791,726,843	(209,528,458)	674,804,516
Value Added Tax on Financial Services	(58,317,560)	(33,742,312)	(25,468,054)	(6,080,910)	(13,211,341)
Income Tax Expense	(159,639,152)	(492,022,384)	(205,056,915)	33,434,388	(267,296,896)
Profit / (Loss) for the year from continuing operations	(84,750,998)	1,099,635,527	561,201,874	(182,174,980)	394,296,279
Discontinued Operations :					
Profit for the year from discontinued operations	-	-	15,750,000	(4,199,371)	-
Profit/(Loss) for the year/ Comprehensive Income for the year, net tax	(84,750,998)	1,099,635,527	576,951,874	(186,374,350)	394,296,279
Profit/(Loss) attributable to;					
Equity holders of the parent	(103,006,069)	1,087,444,834	564,835,785	(187,062,026)	385,187,430
Non Controlling Interest	18,255,071	12,190,693	12,116,090	687,676	9,108,849
	(84,750,998)	1,099,635,527	576,951,875	(186,374,350)	394,296,279
Earnings Per Share	(47.14)	497.69	258.51	(85.61)	178.33

Company				
2017	2016	2015	2014	2013
LKR	LKR	LKR	LKR	LKR
27,864,044,571	27,501,593,009	25,030,345,580	24,225,118,800	23,704,374,843
(20,062,868,597)	(19,340,460,685)	(18,463,726,814)	(17,675,145,521)	(16,495,455,485)
7,801,175,974	8,161,132,324	6,566,618,766	6,549,973,279	7,208,919,358
529,451,757	235,537,658	311,321,674	568,866,969	447,927,973
(3,643,271,938)	(3,522,305,279)	(2,603,833,657)	(2,909,456,320)	(3,084,418,112)
(3,109,189,465)	(2,857,515,893)	(2,787,213,669)	(3,187,327,743)	(2,866,949,744)
1,578,166,328	2,016,848,810	1,486,893,114	1,022,056,185	1,705,479,474
(240,688,084)	-	-	-	-
(1,348,956,829)	(1,028,823,131)	(1,022,995,330)	(1,492,677,321)	(1,196,169,486)
63,920,516	62,703,720	189,360,610	191,378,789	101,995,719
-	-	-	-	-
-	-	-	-	-
52,441,931	1,050,729,399	653,258,394	(279,242,347)	611,305,707
(2,262,622)	(2,884,772)	(2,722,882)	(1,534,631)	(2,472,411)
(85,420,966)	(322,316,714)	(215,163,027)	63,285,822	(212,621,520)
(35,241,657)	725,527,913	435,372,485	(217,491,156)	396,211,776
-	-	-	76,877,952	-
(35,241,657)	725,527,913	435,372,485	(140,613,205)	396,211,776
(35,241,657)	725,527,913	435,372,485	(140,613,205)	396,211,776
-	-	-	-	-
(35,241,657)	725,527,913	435,372,485	(140,613,205)	396,211,776
(16.13)	332.05	199.26	(64.35)	183.43

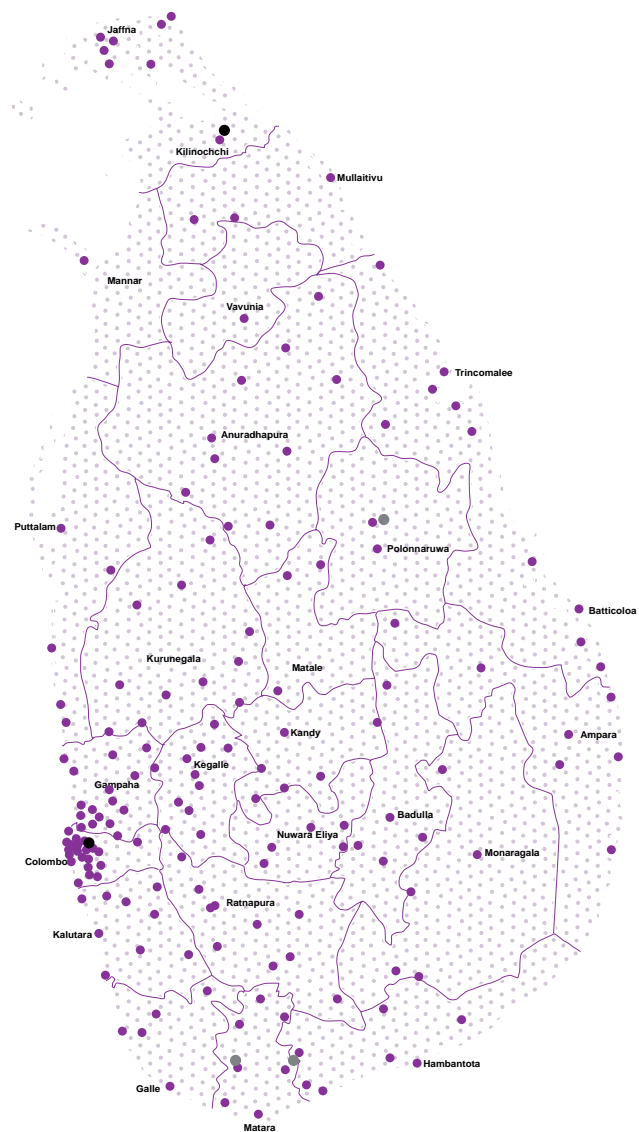
Real Estate Portfolio

FREEHOLD LAND AND BUILDINGS

Location	Extent	Valuation Rs.	Date of the Valuation
Freehold Property at Rathmalana			
Land	14.9 P	9,700,000	15 March 2016
Building	5,162 sq.ft	7,800,000	
Freehold Property at Liberty Plaza			
Shopping Block at Liberty Plaza Colombo	435 sq.ft	15,700,000	15 March 2016
Freehold Property at Kandy			
Land	11.094 P	122,000,000	10 March 2016
Building	4,415 sq.ft	8,000,000	
Freehold Property at Kalutara			
Land	24.46 P	19,700,000	15 March 2016
Building	9,403 sq.ft	33,000,000	
Freehold Property at Nugegoda			
Land	17.45 P	70,470,000	25 April 2016
Freehold Property at Gampaha			
Land	17.52 P	52,600,000	16 March 2016
Building	724,sq.ft	1,000,000	
Freehold Property at Kurunegala			
Land	50 P	87,500,000	10 March 2016
Building	4,300 sq.ft	2,500,000	

Location	Extent	Valuation Rs.	Date of the Valuation
Freehold Property at Rajagiriya			
Land	22 P	55,000,000	15 March 2016
Building	3,687 sq.ft	2,200,000	
Freehold Property at Wellawatta			
Land	25.65 P	90,000,000	15 March 2016
Freehold Property at Rathmalana			
Land	15.00 P	11,250,000	17 March 2016
Building	3,157 sq.ft	7,892,500	
Freehold Property at Rathmalana			
Land	17 P	12,825,000	17 March 2016
Building	3,690 sq.ft	9,503,800	
R T K Sirisena Freehold Property at Galnewa			
Building	85.37 sq.ft	35,000,000.00	17 March 2016
KD Sirisena- Consultant Valuer Freehold Property at Rathmalana			
Land	15.75 P	12,000,000.00	17 March 2016
Land	15 P	9,750,000.00	
Building	3,065 sq.ft	12,000,000.00	

Branch Network



 Retail Showrooms
460

 Apple iStores
3

Elite  Elite & Apple Showrooms
23

Glossary of Financial Terms

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 that 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.

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 sell these all the time.

AWPLR

Average Weighted Prime Lending Rate

BENCHMARK

A set of conditions against which a product or business is measured.

BOTTOM LINE

See Net profit.

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

See Security

COMPETITIVE ADVANTAGE

This is the attribute that allows an entity to outperform its competitors or superiority gained by an entity when its ability to provide same value as the competitors under lower costs or can charge higher price by creating greater value through the 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.

ECOFRIENDLY

Not harmful to the environment.

Glossary of Financial Terms

EFFECTIVE TAX RATE

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. Or owner's interest in the company's Assets. See Net Assets also.

ERP SYSTEM

Enterprise Resource Planning is business process management software that allows an organisation 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 on 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 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.

INTANGIBLE ASSETS

Non-physical assets with no fixed value, such as goodwill and intellectual property rights.

NASDAQ

An American stock exchange

NET ASSETS

(Also known as net worth, owner's equity or shareholder's equity) is the total assets minus total liabilities.

NET PROFIT

(Also known as bottom line) is the total gross profit minus all business expenses.

NICHE OPPORTUNITIES

Opportunities arise which are focusing on need for a product or service that has not been addressed by mainstream producers or try to satisfy specific market need.

NON-CONTROLLING INTEREST

Equity in a subsidiary not attributable, directly or indirectly, to parent.

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

Measures ability to meet its short term obligations with its most liquid assets. $[(\text{Current Assets} - \text{Inventory}) / \text{Current Liabilities}]$

RELATED PARTIES

Parties who can control or significantly influence the financial and operating politics of the entity.

SECURITY

(Also known as Collateral) is property or assets that a lender can take possession of, in the event that a loan cannot be repaid.

TURNOVER

The amount of money taken by a business in a particular period.

WORKING CAPITAL

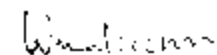
The cash available to a business for day to day expenses.

Notice of Meeting

Notice is hereby given that the ANNUAL GENERAL MEETING of the Company will be held at Head Office of Abans PLC on 28th September 2017 at 2.30 p.m. 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 2017 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 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-elect Mr. Hiran Chaminda Embuldeniya, a Director of the Company who retires by rotation in terms of Section A.8 of the Code of Best Practice on Corporate Governance 2013. Directors recommend the re-election of Mr. H C Embuldeniya as a Director of the Company.
4. 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 (Private) Limited

Secretaries

Level 14, West Tower,
World Trade Centre,
Echelon Square,
Colombo 01.

14th August 2017

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. Behman Pestonjee of Colombo or failing him
Mr. Rusi Pestonjee of Colombo or failing him
Mr. Hiran Embuldeniya of Colombo or failing him
Mr. S J D S Wijeyeratne of Colombo or failing him

..... 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 28th September 2017 and at every poll which may be taken in consequence of the aforesaid meeting and at 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 2017 and the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
To re-elect Mrs. Aban Pestonjee, as a Director of the Company in terms of Article 4.1 of Part II of the Articles of Association and Section 210 of the Companies Act No.07 of 2007.	<input type="checkbox"/>	<input type="checkbox"/>
To re-elect Mr. Hiran Chaminda Embuldeniya, a Director of the Company who retires by rotation in terms of Section A.8 of the Code of Best Practice on Corporate Governance 2013.	<input type="checkbox"/>	<input type="checkbox"/>
To re-appoint Messrs. Ernst & Young, Chartered Accountants, as the Auditors for the ensuing year and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

Signature : Signed this day of 2017

Witness :
(*Please delete the inappropriate words)

Form of Proxy

INSTRUCTIONS ON COMPLETING THE 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 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 the 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 2013.

REGISTERED OFFICE

498, Galle Road, Colombo 03

WEB SITE

www.abansgroup.com

AUDITORS

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

INTERNAL AUDITORS

Chief Internal Auditor
Abans Group of Companies
Abans Finance Building,
4th Floor,
Internal Audit Department,
No. 456, R.A.DE Mel Mawatha,
Colombo-03

SECRETARIES

Varners International (Pvt) Ltd,
Level 14, West Tower, World Trade Center,
Echelon Square, Colombo 01

LAWYERS

Varners International (Pvt) Ltd,
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
Hatton National Bank PLC

ICICI Bank Ltd
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

VAT REGISTERED NO.

104080065 - 7000

TAX PAYER IDENTIFICATION NUMBER

104080065

BOARD OF DIRECTORS

Mrs. Aban Pestonjee
- Chairperson / Executive Director
Mr. Behman Pestonjee
- Managing Director / Executive Director
Mrs. Saroshi Dubash
- Executive Director
Mr. Rusi Pestonjee
- Executive Director
Mr. Hiran Chaminda Embuldeniya
- Independent Non-Executive Director
Mr. Sriyan De Silva Wijeyeratne
- Independent Non-Executive Director



ABANS PLC

498, Galle Road, Colombo 03.

www.abansgroup.com