



THE FUTURE SPACE



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Five decades ago, the Founder of Abans embarked on a journey to shape the future space of Sri Lankan households into a convenient lifestyle. Revolutionizing lives with innovation and the best of technology, the Abans brand name has redefined the Sri Lankan business sphere with globally renowned electronics and electrical appliances.

Having progressed rapidly with the strategic expansion into six sectors; retail, services, finance, manufacturing, real estate and hospitality, the brand has demonstrated the prowess to truly mould the new future space of the country. Venturing into the avenue of creating an iconic presence, Sri Lanka's first ever international mall was brought to life – a magnificent multi-dimensional and classically modern structure that inspires world class living amidst a luxuriously opulent atmosphere.

The success story of Abans is driven by the committed teams who share core values of empathy, perseverance, and the indomitable spirit of the Founder, who forged a golden future with a vision to create a sustainable legacy. All milestones and accomplishments achieved over the years, mark the unwavering conviction and determination to lead Sri Lankans to a better way of life.

The legendary tale of Abans' history is intertwined with the elevation of living standards of Sri Lankans, and thus, the future space is forever evolving for the better with Abans.



VISION

To attract and retain 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.



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Setting The Benchmark For Next Level Entrepreneurial Success



In the world of business, it takes a unique individual with exceptional drive and passion to turn a dream into a renowned, multi-faceted business that has triumphed over numerous obstacles to continue to emerge victorious.

Going back to the roots of this noteworthy tale – in the year 1968, during the closed economy – a young wife and mother of three, Mrs. Aban Pestonjee was inspired to offer a solution to reduce the long hours that home makers physically spent on household chores. With the aim of easing the heavy work and making their lives more convenient, she came up with the idea of reselling home appliances. This was quite a bold step – even for a normal business person – yet Mrs. Pestonjee did not falter in her conviction that her venture would prove to be the ideal solution not only for herself, but also other home makers in a similar situation as herself.

Embarking on this journey, she began retrieving used home appliances from embassy auctions and repairing them, before reselling them for affordable prices. Having purchased 20 machines initially, two of them were retained for spare parts. For this specific purpose, she set up a modest corner store in Bambalapitiya. Knowing the importance of aftersales for the customers, she set up the service workshop in her

garage to conduct the repairing work for the appliances she intended to sell. In time, this little idea would be the significant starting point of a massive undertaking that would create a remarkable transformation in the lives of Sri Lankans, and impact their day-to-day activities to empower them to a better 'way to life'.

The closed economy of the 1960s shifted to a more liberalized state over the years. Seeing an opportunity in this economic shift, Mrs. Pestonjee ventured into importing globally renowned brands such as Electrolux, Hoover and Russell Hobbs to the Sri Lankan market. As a pioneer of introducing top quality Korean and Japanese household appliance brands, she has been instrumental in being at the forefront of enabling Sri Lankans to enjoy innovation and the latest of technology, starting from the age-old brand Lucky Gold Star, which is now rebranded as the internationally reputed LG Electronics and Mitsubishi names. LG is currently one of Sri Lanka's most popular and trusted home appliance and electronics brands.

As the 80s and 90s came around, Mrs. Pestonjee found great strength and support when her family members joined her business, and Abans Group of Companies was thus formed. The single store grew to over 500 stores across the country. In the initial stage, Abans became

the sole franchisee of McDonald's restaurants, and the conglomerate expanded into six strategic business sectors – retail, services, finance, manufacturing, real estate and hospitality. Abans is fuelled by the unique sense of empathy that saw them understanding the stresses people faced in their day-to-day lives and finding solutions for them. More recently, Sri Lanka's first mixed development, Colombo City Centre came to be, due to the desire to create a dedicated space for Sri Lankan families to spend quality time together. Colombo City Centre was brought to life in September 2018 as a result of this concept.

Mrs. Pestonjee's life story is truly inspirational in every aspect – from her humble beginnings at a corner shop, to the prestigious conglomerate named Abans, her unique business model of continuously seeking better solutions to elevate people's 'way to life' along with hard work, dedication and empathy towards her fellow country people, is an inspiration to all. Having revolutionised the lives of Sri Lankans, her legacy is truly phenomenal and has set the benchmark for entrepreneurs world wide.

Momentous laurels bestowed upon Mrs. Aban Pestonjee in recognition of her efforts as a pioneering entrepreneur in the local and global avenues of business.

YEAR 2000

Award of Excellence for Women Achievers for Outstanding Achievement – SAARC Women's Association

Bronze Award in the Large Business category – Women Entrepreneurs of the Year Awards by the Women's Chamber of Industry and Commerce (WCIC)

YEAR 2005

KOTRA Plaque of Appreciation for forging strategic foreign economic ties between South Korea and Sri Lanka – Presented by Mr. Young Kyo, President and CEO of the Korea Trade Investment Promotion Agency (KOTRA)

YEAR 2006

Leading Women Entrepreneur of the World Award – Presented in Thailand

LG Award for the Best Importer in South-East Asia – On behalf of Abans Limited

YEAR 2017

Sri Lanka's Entrepreneur of the Year Award – Derana Sri Lankan of the Year Awards

Women Entrepreneur of the Year – “Unstoppable – The Future Belongs To Her” Women Entrepreneur of the Year Awards by the Women's Chamber of Industry and Commerce (WCIC)

Abans Milestones

1968

Mrs. Aban Pestonjee opens her corner store in Bambalapitiya.

1978

Abans ties up with 'Electrolux'.

1981

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

2011

Incorporation of Abans Auto (Pvt) Ltd.*

2005

Incorporation of Abans Finance PLC.

2013

Incorporation of Abans Engineering (Pvt) Ltd.*

2014

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

2015

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

*These companies are not subsidiaries of Abans PLC.

1987

Abans ties up with
'Gold Star'.

1995

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

2004

Milestone of first 100
showrooms.

1999

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

1998

Abans Restaurants Systems (Pvt)
Ltd.* - the first Sri Lankan retailer to
franchise an international fast food
restaurant chain, McDonald's.

2017

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

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

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

2018

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

2019

Became the Authorized
Reseller for Hyundai Motor
Company in Sri Lanka.

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

2020

Became the sole agent
for Under Armour Inc. in
Sri Lanka and opened
first showroom at Arcade
Independence Square.





Financial Highlights - Group

Earning Highlights		2019/20	2018/19	Change %
Revenue	LKR'000	33,985,226	35,260,656	-3.62%
Gross Profit	LKR'000	10,408,522	10,596,965	-1.90
Result from Operating Activities	LKR'000	2,524,647	2,671,470	-5.98%
Profit Before Income Tax & VAT	LKR'000	1,103,402	1,213,472	-9.07%
Profit after Tax - Continuing Activities	LKR'000	554,761	923,239	-40.61%
Profit Attributable to Owners of the Parent	LKR'000	502,771	893,930	-44.12%
Dividends	LKR'000	-	(350,037)	-100.00%
Gross Profit Margin	%	30.63	30.05	1.80%
Operating Profit Margin	%	7.43	7.58	-2.51%
Net Profit Margin	%	1.63	2.62	-38.55%
Earnings per Share	LKR	230.10	409.12	-44.19%
Return on Assets (ROA)	%	1.65	2.72	-41.16%
Return on Capital Employed (ROCE)	%	12.39	12.39	-0.85%
Interest Cover	No. of times	1.71	1.83	-6.90%

Financial Position Highlights		2019/20	2018/19	Change %
Total Assets	LKR'000	33,583,259	33,273,263	0.83%
Total Borrowings	LKR'000	11,377,486	12,684,580	-9.74%
Current Assets	LKR'000	22,789,879	24,840,575	-8.32%
Current Liability	LKR'000	20,542,315	20,121,663	-2.60%
Equity Attributable to Equity Holders of the Parents	LKR'000	8,106,635	8,036,345	0.83%
Gearing	%	55.83	58.81	-4.78%
Equity Asset Ratio	%	26.81	26.69	0.49%
Net Assets per Share	LKR	3,710	3,678	0.83%
Current Ratio	No. of Times	1.11	1.23	-5.69%
Quick Asset Ratio	No. of Times	0.74	0.81	-4.94%
No. of Shares in Issue	'000	2,185	2,185	0.00%

Message From The Chairperson



“The market went through a drastic change owing to the COVID-19 impact. Social norms changed as people were forced to embrace the new normal. Digital transformation was further expedited with many embracing the new way to life. The need for social distancing will give rise to innovation in sales channels and virtual socialising platforms, to name a few.”

“The group has diversified into six sectors; retail, services, finance, manufacturing, real estate and hospitality, and this has ensured business endurance through tough economic situations. Further diversification into new and emerging sectors is also a route the Group will continue to explore. We will explore more synergies across sectors as well, as it will ensure better solutions to the customer while securing better returns for the business.”

Dear Shareholders,

I am writing to you in an unusual time. The COVID-19 pandemic is sweeping the globe, leaving no community or business untouched. In Sri Lanka the commendable efforts of the government, the medical teams and the Tri-Forces saw the country pulling through with a comparatively low number of casualties. Our gratitude goes out to all who worked tirelessly to keep us safe. The pandemic made all of us take a step back, and rethink our business models. Businesses needed to evolve with the new normal and evolve quickly. The crisis is unprecedented in our times and has impacted businesses across the country, and indeed over the world. Through all of this, the core strengths and values of Abans Group shone through with our teams working together through long days and late nights to steer the business through the tough

times. It is time to take the learnings from this very tumultuous recent past and plan for the future.

I am pleased to present the Annual Report and the Audited Financial Statement for Abans PLC for the year 2019/2020.

We remain optimistic and look forward to taking the Group to new heights and you, as our valued shareholders, can look forward to a more cohesive, integrated approach to the Group's activities.

Abans Group has been a significant part of Sri Lankans' everyday lives for over 50 years, through our dedicated teams and our vast network spanning the country. It is a

well-known fact that Abans Group had a humble beginning when I embarked on the business endeavour in 1968. As a home maker with three children, I empathised with the stress factors of everyday life at home. I was driven to find better ways to manage the home and I saw an opportunity to empower more in our communities with a better way to life. The Group, through the six diversified sectors and the wide array of products and services, have been able to keep catering to the needs and aspirations of people. From the home, to the office, to time spent in leisure, to on the road, it is no doubt that Abans Group is very much a part of every Sri Lankan's everyday life.

Market Perspective

The financial year ending 31st March 2020, simply put, was challenging. Market conditions were negatively impacted by many factors, which in turn caused the country's economy to endure a slowdown and by mid-March ground to a near standstill. The national GDP growth remains below 5%, causing many industries to struggle for growth. At the start of the financial year, the country was shaken by the terrible Easter bombings. While the direct impact was on the tourist industry, the two million people working in the tourism sector are interconnected directly and indirectly to many in our communities. Furthermore, prior to April 21st 2019, the premium product market was showing rapid growth as more and more international brands were making their way to Sri Lanka to cater to the growing number of tourists. This too is another market where growth has now slowed down.

During the 2019/2020 financial year, the government tax structures, the changing policy approaches and the unclear strategic direction put a strain on local businesses. Post-presidential elections, the tax structure reforms were to create a marketplace that was more conducive for spending, that would positively benefit the Durables Industry along with the premium product markets. Furthermore, the more recent government support for local manufacturing may see the sector positively growing, creating more employment opportunities in the medium term.

Further away from home, crude oil prices have become volatile since the third quarter. Hence, we expect freight and logistics charges to increase and to experience a hit to consumer durables in 2020. Rupee devaluation versus the Dollar continued throughout the year. Finally, the COVID-19 crisis impacting the global community has severely impacted the global travel industry and global trade. The pandemic has also resulted in the creation of demand for E-commerce and strengthened the chase for digital transformation.

Performance

The Group recorded a turnover of Rs. 34 Billion for the year ended 31st March 2020, compared to a turnover of Rs. 35 Billion previous year, with a negative year on year growth of only 3.6% despite adverse macro-economic conditions throughout the year. Further, the group recorded a Profit before Tax and VAT of Rs. 1.1 Billion compared to Rs. 1.2 Billion the previous year and a Profit after Tax of Rs. 555 Million against Rs. 923 Million in the previous financial year.

We, as a Group, also generated Rs. 34 Billion in terms of economic value during 2019/20. During the year under review we contributed Rs. 363 Million by way of taxes to the state, distributed Rs. 1.8 Billion to our employees as employee remuneration and Rs. 32 Billion by way of payments to our suppliers and business partners. Earnings per share of the Group stood at Rs. 230 compared to Rs. 409 last year. Net Assets per share at the end of 2019/20 was Rs. 3,710 compared to Rs. 3,678 at the beginning of the year.

Future Space

The market went through a drastic change owing to the COVID-19 impact. Social norms changed as people were forced to embrace the new normal. Digital transformation was further expedited with many embracing the new way to life. The need for social distancing will give rise to innovation in sales channels and virtual socialising platforms, to name a few.

The Sri Lankan market is changing and the urban to rural demarcation is becoming stronger. Rather than the rural market developing, the Sri Lankan market is seeing an influx of people to urban centres. The urban lifestyle is evolving at a fast pace and more are aspiring to join in. The growing urban population needs solutions to meet their everyday problems; the traffic and congestion on the road, the faster pace of life, the increasing availability of extracurricular activities, which mean people have higher spending power but less time. As in the past, the Group is keen to venture into more avenues where better and unique solutions can be provided while ensuring the customer is kept at the centre of the digital transformation we are undertaking.

A key to unlocking the economic growth is the unleashing of the female human capital in the country. During the Ordinary Level examinations in the country, 52% representation came from women. A similar representation was seen in university entrants as well. When it comes to employment figures, the percentages greatly differ, with only 3% representation of women at levels of executive and above. The question of what is happening to all the educated and capable women entering the workforce needs to be addressed. The constraints for women to enter the workforce and continue working may have changed in outward appearance but still remain at large. The

Group, while catering to all, continues to have a unique empathy towards the women of Sri Lanka. The products and services that are to come will continue to focus on enhancing a woman's life.

The group has diversified into six sectors; retail, services, finance, manufacturing, real estate and hospitality and this has ensured business endurance through tough economic situations. Further diversification into new and emerging sectors is also a route the Group will continue to explore. We will explore more synergies across sectors as well, as it will ensure better solutions to the customer while securing better returns for the business.

The Group will continue to seek more like-minded partners to cater to growing trends. As always, the principles of sustained value creations will guide our approach to new investments. The latest venture the Group embarked on in November 2019, saw Abans Auto PLC joining Hyundai Motor Company of Korea – securing the authorized dealership for Hyundai vehicles. Hyundai is the 4th largest automobile company in the world. The Hyundai Motor Company's business approach and the innovation pipeline is aligned with Abans Group. The new ranges, while focusing on performance and safety, are aimed at energy efficiency. The more environmentally friendly range of electric vehicles are of special interest to Abans Auto PLC, as these types of products showcase the hallmarks of our strategy of ensuring environmental impact is reduced as much as possible while driving growth.

The Colombo City Centre (CCC) Residences are the first mixed development residences to be completed in Sri Lanka, with the majority of the residences being sold and the handing over of the keys to have taken place in July making it the first waterfront residence in Colombo to be handed over to the owners.

One of the key assets for the Group is the 'Abans' brand name. Over the decades, the brand name has grown to become one synonymous with quality and dependability. We will be investing in this asset to encompass the Group stature so that more look to the Group for complete, everyday life solutions. Thus the strategic repositioning of 'Abans' branded electronics to be the preferred choice for shoppers seeking the best value for money.

The Approach to Corporate Sustainability

The strategic approach to combine social and environmental responsibility with our business is not new to the Group. We have been fortunate enough to work with like-minded global partners and as a result, have been able to introduce many environmentally-friendly solutions to our business portfolio over the past few decades. From the first refrigerator completely devoid of CFC, to smart inverter technology for air conditioners and washing machines, entering the solar market through Abans Solar and as always, Abans Environmental Services and Cleantech that play significant roles in Colombo's beautification, and waste management, working with the Colombo Municipality Council.

In May of 2020, as the city was preparing to reopen, the Group took it upon themselves to help keep the city safe. After the COVID-19 quarantine period in Colombo, anxiety levels were high as many would once again flock to the city. Fort Railway Station is considered a key doorway for many using public transport. Through the environmental business arm, Abans Environmental Services, Fort Railway Station was cleaned and sanitised for a week by our cleaning teams. The initiative was greatly commended on national news and social media.

The Group has had a progressive outlook on corporate sustainability, where initiatives taken are in line with business focus areas. The main business cluster is retail, including the powerhouse of global electronics and appliance brands, LG. Introductions of new products to the market have been assessed with an eye for energy efficiency and reduced carbon footprint in the products.

While the Group was built on empowering people with a better 'Way to Life', strategically, we are looking to align with the Sustainable Development Goals for the country. Under our Corporate Sustainability framework, Goal 4 for quality education, Goal 8 for decent work and economic growth, Goal 12 for responsible consumption and Goal 15 for life on land, will be of main focus with initiatives planned and rolled out. Recently, Abans PLC joined Cleantech (Pvt) Ltd. for a Group-wide resource recovery campaign. The campaign was a pilot for the island wide, community-based campaign we are planning to carry out later in the year.

Our Abans Family

To us, each Abans Family member matters. From the C-level executives to the sales

teams, to our warehousing teams, including back office teams and our city beautification teams, their passion and commitment have enabled us to rise to the present position we are in.

While the business vision "To Attract and Retain Customers For Life" is clear, the need for professionals that possess specialised expertise is vital to realise the vision. For the past four years, we have kept to this strategy and continue to recruit key professionals to the Abans Family. While nurturing, rewarding and recognising key existing talents, the Group is ensuring key expertise and knowledge gaps are filled. For sustained business performance during the next decade, key professionals have been identified and I am happy to note that they are now a part of the ever growing Abans Family.

Further, I would like to welcome Dinesh Weerakkody to the Board of Directors as an independent non-executive director. The wealth of experience and outstanding corporate credentials that Dinesh brings to the table will be of great value as we embark on new business ventures.

Appreciation

We could not have come so far on this journey if it was not for the able teams that make up the Abans Family, supporting us every step of the way. Their commitment and loyalty have been remarkable, and with new HR practices being introduced to the organisation, they will continue to grow along with us.

I would like to sincerely thank our customers. We are predominantly a business that caters to the individual customer and those individual customers who have remained loyal to Abans through the years, and my sincere gratitude to all our valued customers for their loyalty and support over the years.

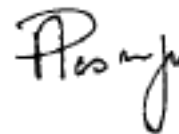
To our valued business partners, including LG, who have been with us for many decades, the synergies in our businesses and our strong partnership will continue to stand us in good stead as we forge ahead.

A special mention of the invaluable contributions of Tito Pestonjee, the Managing Director, and Directors, Saroshi Dubash and Rusi Pestonjee towards the Group. I wish to extend my appreciation to the Group's Chief Financial Officer, Chandrika Perera, and to all the senior leadership who have brought forth reforms and change, ensuring the Group is geared for the future.

I thank the members of the Board for their advice on helping us stay true to our course and taking us from strength to strength.

Finally, I wish to extend my appreciation to you, our shareholders, who have continued to place your trust in us. The persevering and relentless spirit of the Group continues, as we actively prepare to grasp new opportunities and evolve with the times. We remain committed to our vision and to taking the business to new heights. We will continue to ensure that your wise investment in us will consistently exceed your expectations.

Sincerely,



Aban Pestonjee
Chairperson

4th August 2020

Managing Director's Review Of Performance



“Despite the macro-economic conditions stated above that impacted many sectors severely deterring the spending power of a large population the Group was able to record a stable performance by reaching Rs. 34 Billion in sales for 2019/20. The noteworthy accomplishment was: amongst the market chaos, by the end of February, the company profits were well-set to over deliver. Accordingly, amidst the chaos, the company delivered a staggering 1 Billion in Profits for FY 2019/20 (before taxes).”

It is my privilege to present to you the Annual Report and Financial Statement for the year ending 31st March 2020.

The year ended on the 31st of March put forth many challenges that saw the market struggling. Rather than focusing on growth, businesses had to focus on survival. The COVID-19 outbreak that impacted the entire world, caused setbacks that had never been seen before. Amidst the unfavourable market conditions that prevail, the businesses that are proactive and evolve fast – have the endurance to weather the storm.

The past 50-year journey has been exciting and the constant fact that has kept the business drive going is the pursuit to find better solutions to people's 'way to life'. The unique sense of empathy for people, coupled with the unwavering drive to find solutions, and convert the solution to a sustainable business model has been our core strength. During the past year, while we

stayed true to our roots of relentless pursuit of growth; we focused on advancing the processes and streamlining the operations. The overall cohesive Group approach saw us re-staging the Group vision, commence work to re-launch the Group website and moving to a more progressive approach as the employer brand to attract the new generation of youth entering the job market.

Results

Despite the macro-economic conditions stated above that impacted many sectors severely deterring the spending power of a large population the Group was able to record a stable performance by reaching Rs. 34 Billion in sales for 2019/20. The noteworthy accomplishment was: amongst the market chaos, by the end of February, the company profits were well-set to over deliver. Accordingly, amidst the chaos, the company delivered a staggering 1 Billion in Profits for FY 2019/20 (before taxes).

The Gross Profit margins were impacted due to a variety of factors, including rising interest

rates, and pricing under low consumer disposable income in the first six months to maintain volumes in a weak market.

Being reliant on imports, the devaluation of the Sri Lanka Rupee was not favourable to us and changed to a new accounting standard (IFRS 9 and 15) with additional provisioning requirement. The business conditions in the period under review were challenging. The continuous drought in the dry zone, floods in the wet zone and the political instability along with the Covid-19 pandemic impacted the purchasing power of a large market segment. In addition, exchange rate devaluation also impacted the Retail Channel, which was susceptible to the market conditions.

The Year Under Review

The results are owing to many initiatives taken during the year. As we have been doing year after year, through strong insight and experience, many new products were introduced across most of the Electronics and Home Appliance categories. Each

of the new products were backed by new leading technologies. The Group's leading brand, LG, led the way in product innovation.

Whilst the exclusive retailing rights have positioned Abans as the strongest ICT and Mobile products retailer, both OPPO and VIVO partnerships enabled Abans PLC to capture market share from competition in the Google Android market. During the year, this segment recorded a 55% growth. Apple sales have continued to grow significantly with the introduction of Sri Lanka's only Apple Mono Stores at Colombo City Centre mall and One Galle Face Mall.

The Home appliance category saw many new product introductions during the year. Some noteworthy launches were the LG dishwasher 'True Steam' technology, LG Smart Inverter top loader washing machines, LG R32 air conditioners possessing R32, a revolutionary green refrigerant and SmartThinQ, a unique Wi-Fi technology.

The 'Abans' branded product range was also strengthened, by increasing the brand presence across more categories. The range focusses on offering a quality product at an affordable price level, which will give more satisfaction and elevate the Abans Brand loyalty amongst customers.

In August 2019, Hyundai Motor Company appointed Abans Auto (Pvt) Ltd. as the authorized dealer for Hyundai vehicles in Sri Lanka. We are privileged to have Hyundai Motor Company join our repertoire of strong global brands, and the partnership enables Abans Auto to further establish the auto market positioning.

Abans PLC enhanced its position in the fashion, footwear and cosmetic markets by introducing world-renowned brands to Sri Lanka. We continued to nurture the Hugo Boss and Skechers brands throughout the year. We are happy to announce the inclusion of globally renowned athletic wear brand Under Armour to the Group. The flagship store in Independence Arcade Colombo, was opened in March.

During the past year, we took a more proactive approach to the future of Abans Group with regards to the operations. A key point of focus was Abans Services (Pvt) Ltd. where a new digital solution was rolled out, along with the appointment of the new Chief Operations Officer, who was engaged to ensure the operations are enhanced. Abans Electricals also saw a turnaround during this financial year. More customer centricity coupled with aggressive campaigns on Solar rewarded us with strong results.

Future Space

As in the past, we will continue to focus on diversification that fuels growth and aids in the Group's resilience. Diversification enables the business to continue the growth trajectory amidst volatile market conditions. We are strategically looking to build better synergies across the Group in order to give superior solutions to our valued customers and build on the overall competitive advantage.

The rate at which people are striving to call Colombo 'home' is increasing at a fast rate and the stresses being faced due to the rapid urbanization are steep. The Colombo City Centre mixed development provides the ideal solution for Colombo living. The Colombo City Centre residences were scheduled to be completed and handed over to the homeowners in March. However, due to the unexpected situation of COVID-19 in the country, this has been delayed.

We will continue to seek like-minded business partners that will further enable our journey forwards. The entrepreneurial spirit is a key strength of the Group, and unique business ventures are always of interest as it offers first mover advantage. While it is important for the prospective partners to fuel growth, their business values and the ethical code of conduct will remain an important fact. We consider our valued partners as an asset and will continue to invest in nurturing the business ventures.

Digital Drive

Foresight, smart strategy and strong implementation has enabled us to rise to leadership positions in many of the sectors we operate in. However, it is necessary to recalibrate strategy to ensure we are geared for the new normal, for an era driven by artificial intelligence and big data, which will provide significant competitive advantage to those who are quick to embrace it.

As we gear up to face the new normal, the business will embrace digital in a much larger scale. The integration of ERP services and moving to more cloud-based data solutions, and the roll out of real time data platforms are just a few of the many digital transformation steps the Group will be embarking on.. The digital expertise was enhanced through industry experts joining the team to ensure the digital knowledge of the Group is improved and the progress forward to be easier.

Sustainability Focus

No longer is Corporate Social Responsibility seen as a peripheral action: we are evolving to incorporate sustainable business into our operations and business ventures. The foresight and entrepreneurial spirit was

demonstrated in 1985 with the setting up of Abans Environmental Services (Pvt) Ltd. The business focusses on many services that cater to people's needs while taking care of the environment.

In the enhanced tomorrow, it is vital that we envision the sustainability of the environment of our precious island nation. As the leading electrical retailer with over 400 outlets spanning across the island, we see it as our responsibility to find a sustainable solution for the electrical waste. As a first step to the campaign, in March, the waste management campaign was rolled out at the Head Office. The initiative was a great success, with over 70% of employees taking part, and 100kg of waste collected and sustainably disposed of vs. going into landfills. The initiative is just a pilot for the larger scale initiative we will be rolling out across the country.

Acknowledgement

I would like to acknowledge the direction and guidance given by the Board of Directors whose advice and foresight enables the Group to lay forth a clear strategy and follow through on the plans. I would like to thank all the employees who continue to propel the business forward. I also wish to extend my gratitude to all shareholders and business partners, who continue to be with us through the 50 years and beyond. Finally, I wish to mention all the diverse customers across the country, who continue to place their trust with us – they will always be our most valued asset.

Sincerely,



Behman Pestonjee (Tito)
Managing Director

4th August 2020

Board Of Directors



Aban Pestonjee
Chairperson

Behman Pestonjee (Tito)
Managing Director

Saroshi Dubash
Director



Rusi Pestonjee
Director

Dinesh Weerakkody
Independent Non-Executive Director

Rajaratnam Selvaskandan
Independent Non-Executive Director

Board Of Directors

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. She has received local and international recognition for her achievements. These include the Award of Excellence for Women Achievers for Outstanding Achievements, presented by the SAARC Women’s Association, Sri Lanka Chapter and the Bronze Award, under the Large Business category at the Women Entrepreneur of the Year Awards by the Women’s Chamber of Industry and Commerce, both in the year 2000. She was awarded the KOTRA Plaque of Appreciation in 2005 for forging strategic foreign economic ties between Korea and Sri Lanka. In 2006, Mrs. Pestonjee received international recognition as the Leading Woman Entrepreneur of the World Award, presented by the Princess of Thailand.

Mrs. Pestonjee has been interviewed by The Harvard Business School on the subject of “Creating Emerging Markets”. The transcript of the interview is retained at the Harvard Business School’s Baker Library, among their historical collections, and 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., Abans Office Automation (Pvt) Ltd., Abans Engineering (Pvt) Ltd. and Colombo City Centre Partners (Pvt) Ltd.

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 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 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., AB Sun City (Pvt) Ltd., Abans Development (Pvt) Ltd., Abans Auto (Pvt) Ltd., Abans Office Automation (Pvt) Ltd. and Abans Engineering (Pvt) Ltd.

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. She oversees the Training Department to ensure the continuous training and development of Abans employees. Dr. Dubash is the Managing Director of Abans Logistics (Pvt) Ltd., 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.

Dr. Dubash was the chairperson of the Women’s Chamber of Industry and Commerce and representative on the Ceylon Chamber of Commerce Board. She is a member of Women in Logistics and Transport (WILAT) and the committee member of the Australian New Zealand Business Committee and the Canadian Business Committee.

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 of the Abans Group with key international partners and has been instrumental in implementing several new strategic growth initiatives within the Group. Mr. Rusi Pestonjee also holds various directorships within the Abans Group of Companies and is the Chairman of Abans Finance PLC.

Dinesh Weerakkody

Independent Non-Executive Director

Dinesh Weerakkody is the Chairman of the International Chamber of Commerce Sri Lanka, Hatton National Bank PLC and Cornucopia Sri Lanka. He is a former Chairman of Commercial Bank of Ceylon PLC, National Human Resources Development Council of Sri Lanka and the Employees' Trust Fund Board of Sri Lanka.

He was also a Director of DFCC Bank and was the Chairman of the Review Committee for the banking sector and the non banking sector consolidation and the committee appointed to review the budgetary allocation for education.

He currently serves in a number of private sector boards. He is a Council Member of the Employers Federation of Ceylon and the Institute of Directors of Sri Lanka, Advisory Board Member of Caritas Sri Lanka-SEDEC, HR Cornucopia India and Financial Advisory Committee of

Sri Lanka Cricket. He was also a member of the CIMA Asia Pacific Industry Advisory Body and a Vice President of the Sri Lanka Tennis Association.

He is a Graduate in Business Administration, a Fellow Member of both the Chartered Institute of Management Accountants (UK) and the Certified Management Accountants (Sri Lanka), Professional Member of the Singapore Human Resource Institute, Honorary member of the Institute of Personnel Management of Sri Lanka, International Public Management Association HR Certified Professional USA and holds an MBA from the University of Leicester, UK. Weerakkody has received an extensive leadership, economic finance, HR, and management training in the UK, USA, France, Japan, Singapore and India. He is the recipient of a Jaycees Ten Outstanding Young Persons Award in 1999 and an International Associations of Lions Clubs National Achievers Award in 2008 for the advancement of good governance in the public sector and was conferred National Honours in 2019. Weerakkody has published widely on economics, banking and finance, HR, leadership, management, international relations and development issues. He is an author of six books and is a regular business writer, speaker and commentator.

Rajaratnam Selvaskandan

Independent Non-Executive Director

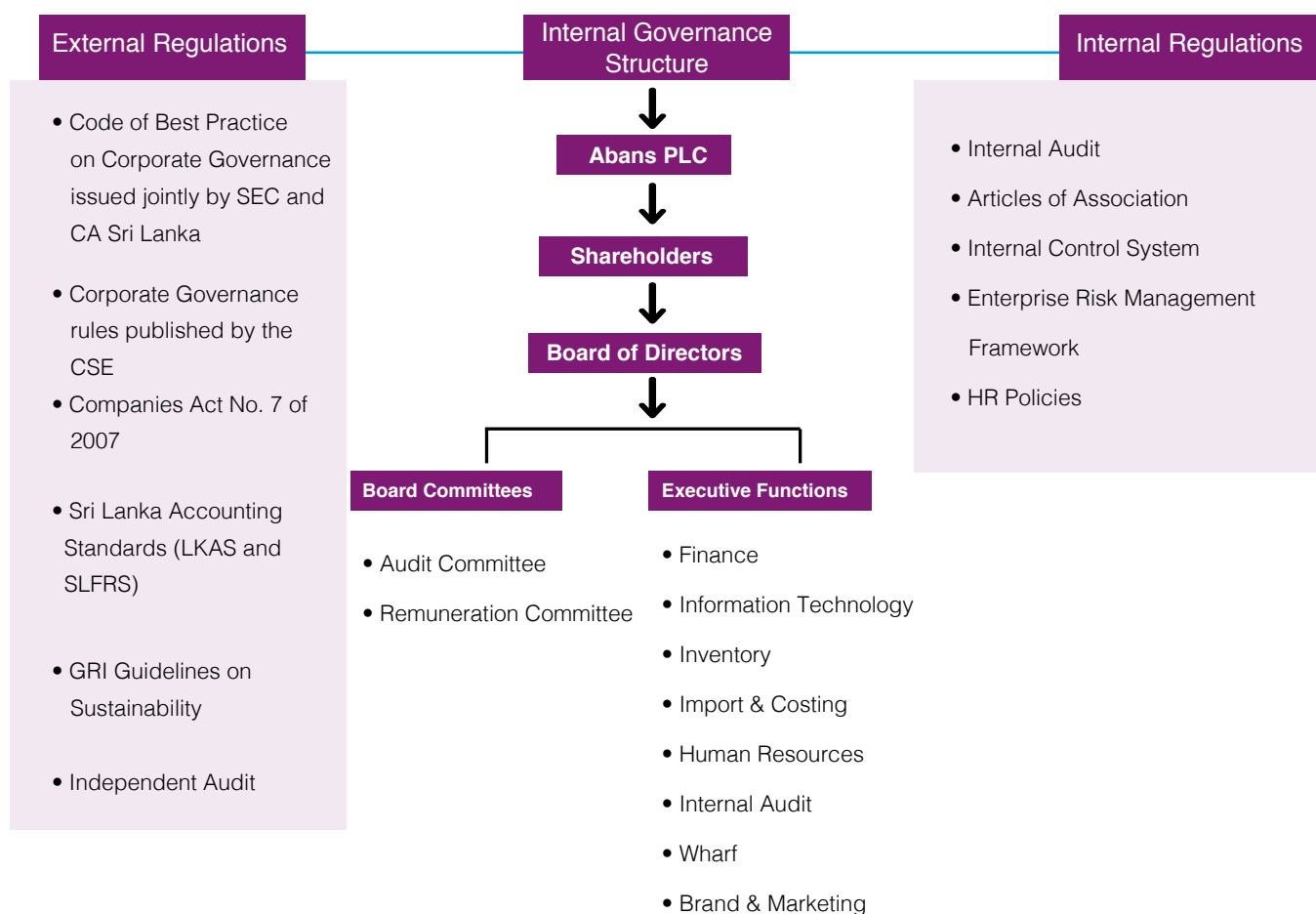
Mr. R. Selvaskandan is an Attorney-at-Law (SL) and Solicitor (England & Wales and Hong Kong). He was a senior partner of a leading law firm

in Hong Kong, prior to joining the property sector of the CT Holdings Group. He is the Chairman of CT Land Development PLC, Deputy Chairman of C T Properties Limited and a Partner of Varners, a Law firm based in Sri Lanka. He has more than thirty years' experience in legal practice and management in Sri Lanka, UK, and Hong Kong.

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.

Mr. D. S. Weerakkody was appointed as an Independent Non-Executive Director during the period under review.



Role of the Chairperson and Managing Director

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

Responsibilities of the Board	Chairperson's Responsibilities	Managing Director's Responsibilities
<ul style="list-style-type: none"> Formulation, implementation and monitoring of business strategy Place effective systems to secure the integrity of information, internal controls, business continuity and risk management Compliance with laws, regulations and ethical standards Consider the interests of all stakeholders in corporate decisions 	<ul style="list-style-type: none"> Ensure that the new Board members are given appropriate induction Lead the Board and manage the business of the Board Approve the agenda for each Board meeting Ensure that the Board members receive accurate, timely information to enable them to take clear and sound decisions Ensure regular meetings, the minutes of which are accurately recorded and where appropriate, include the individual and collective views of the Directors Facilitate and encourage discussions among all Directors in decision making Represent the views of the Board to the public 	<ul style="list-style-type: none"> Formulate, obtain approvals and implement the Company's strategies, and manage the day-to-day operations of the Company Develop and recommend budgets to the Board Continuously monitor and report to the Board on the performance of the Company Establish an optimum organizational structure which is appropriate for the execution of the Company's strategy Ensure compliance with all applicable legal and regulatory obligations Manage the financial and business risks of the company's operations and identify the potential risks of the company

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.

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

Corporate Governance

Attendance at Board Meetings

The Board of Directors performs the role of leading the Company primarily through participation in Board meetings and Board Sub-Committee meetings. The Board and the Committees constructively use the time and agenda of these meetings to perform their roles effectively.

The attendance of the Directors at meetings of the Board and the Sub-Committees during the year is detailed below.

Name of the Director	Main Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings
1. Aban Pestonjee	4/4	-	-
2. Saroshi Dubash	4/4	-	-
3. Rusi Pestonjee	4/4	-	-
4. Behman Pestonjee	4/4	-	-
5. Hiran Chaminda Embuldeniya (Resigned on 16 December 2019)	3/3	3/3	3/3
6. Rajaratnam Selvaskandan	4/4	4/4	4/4
7. D. S. Weerakkody (Appointed on 16 December 2019)	1/1	1/1	1/1

Governance Practices Adopted by Abans










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








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











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











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 the year 2017, jointly by the Institute of Chartered Accountants of Sri Lanka and Securities of Exchange Commission of Sri Lanka.










Code Ref	Compliance and Implementations	Compliance
A. Directors		
A.1 An effective Board should direct, lead and control the Company	The profile of the Board is provided on pages 18 to 19.	
A.1.1 Frequency of Board Meetings	The Board meets on a quarterly basis and attendance at meetings is given on page 22.	
A.1.2 Role and responsibilities of the Board	Please refer "Responsibilities of the Board" on page 21.	
A.1.3 Compliance with laws and access to independent professional advice	A statement to applicable laws and regulations is given on page 20 by the Board of Directors.	
A.1.5 Independent judgement	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.	
A.1.6 Dedicate adequate time and effort	<p>During the financial year 2019/20, a total of four Board meetings were held by Abans PLC.</p> <p>All Non-Executive Directors have attended a majority of the meetings and have devoted their time adequately.</p> <p>Information pertaining to Director participation levels at Board meetings and Board Sub-Committee meetings are given on page 22.</p>	
A.1.7 Calls for resolutions	Any Director can call for a resolution to be presented to the Board if deemed necessary.	
A.1.8 Board induction and training	The Directors are given opportunity to have sufficient exposure and expertise in their relevant areas to fulfil their duties and responsibilities owing to the Board.	
A.2 Chairperson and Managing Director	The roles of the Chairperson and Managing Director are segregated at Abans. The Chairperson's main responsibility is to lead, direct and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The MD is responsible for the day-to-day operations of the Company and the Group.	









Code Ref	Compliance and Implementations	Compliance
A.3. Chairperson's role in preserving good Corporate Governance	Please refer "Responsibilities of the Board" on page 21.	
A.4 Availability of Financial Acumen	<p>The Board is equipped with qualified Directors in the fields of finance and accountancy, and possesses the necessary financial wisdom.</p> <p>The Board has the privilege of having Directors who possess qualifications in the fields 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	There are only two Non-Executive Directors and hence, Executive Directors form the majority of the Board. The Board is reviewing this new requirement at present with a view to comply with the same.	Under review as it is a new requirement
A.5.1 Majority of Non-Executive Directors		
A.5.2 If only 3 NEDs, they should be independent	The Board is reviewing this new requirement at present with a view to comply with the same.	Under review as it is a new requirement
A.5.3 Independence of Directors	Both Non-Executive Directors are independent in terms of the criteria defined by CSE rule 7.10.4 on Corporate Governance, which fulfils the minimum guidelines prescribed by the code.	
A.5.4 Signed declarations of independence by the Non-Executive Directors	Each Non-Executive Director of the company has made written submissions as to their independence as per schedule J of the code.	
A.5.5 Determination of independence of the Directors by the Board	<p>Based on the written submissions made by the following Non-Executive Directors as per code, the Board deems the said Directors "Independent" as at 31st March 2020.</p> <p>1. Mr. D. S. Weerakkody 2. Mr. R. Selvaskandan</p>	
A.5.6 Alternate Directors	Not applicable as no Alternate Director was appointed during 2019/2020.	
A.5.7 Senior Independent Director	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.	

Code Ref	Compliance and Implementations	Compliance
A.5.8 Confidential discussion with the Senior Independent Director	Please see Code – A.5.7 above.	
A.5.9 Meeting of Non-Executive Directors	No meeting of Non-Executive Directors was held during the period.	
A.5.10 Recording of concerns in Board minutes	Company Secretary records any concerns raised by the Directors during the year in the Board minutes with sufficient details.	
A.6 Supply of Information	Agenda, together with high quality information, is circulated seven days prior to the Board meeting to discharge the Board obligations effectively as a practice.	
A.6.1 Management's obligation to provide appropriate and timely information	Board receives adequate information 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.	
A.6.2 Adequate time for effective Board meetings	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 and Re-election	Although the formal Nomination committee is not formed by the Board, new appointments are decided based on consent of the Chairperson and all Board of Directors, and the final decision is made by the Board.	
A.7.1 Appointments to the Board	All new appointments to the Board are considered and recommended by the Board as a whole, in an objective and transparent manner.	
A.7.2 Assessment of Board composition	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.	
A.7.3 Disclosure of details of new Directors to shareholders	All new Board appointments, as it happens, are communicated to shareholders via the Colombo Stock Exchange. A 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. During the year, the appointment of Mr. D. S. Weerakkody was properly disclosed in the CSE on 16 th December 2019.	







Code Ref	Compliance and Implementations	Compliance
A.8 Directors Re-elections	In terms of the Article 5.4 of the Articles of Association of the Company, Executive Directors are not, whilst holding that office, 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.	
A.8.1 Appointment of Non-Executive Directors	As explained in A.8 above.	
A.8.2 Election of Directors by the shareholders	As explained in A.8 above.	
A.9 Appraisal of Board and Committee Performance	The performance of the Board and Sub-Committee is reviewed and evaluated by the Board and Chairperson based on self-appraisal basis.	
A.9.1,9. 2,9.3 Appraisal of Board Performance	As explained in principle A.9 above.	
A.10 Annual Report to disclose specified information regarding Directors	Information pertaining to all Abans PLC Directors is made available to the shareholders through the Annual Report.	
A.10.1 Disclosure of information in respect to Directors	Information pertaining to Directors are provided on pages 18 to 19.	
A.11 Appraisal of the Chief Executive Officer / Managing director	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.	
A.11.1 Target/goals for the Managing Director	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.	
A.11.2 Evaluation of the Managing Director's performance	The performance of the Managing Director is evaluated in relation to achievement of business targets.	








Code Ref	Compliance and Implementations	Compliance
B. Director's Remuneration		
B.1 Remuneration Procedure	No Director is involved in deciding his or her own remuneration package.	
B.1.1 Remuneration Committee	The Board has established a Remuneration Committee authorized to evaluate, assess, decide and recommend, to the Board, Executive Directors' remuneration as per the Terms and Reference of the Remuneration Committee.	
B.1.2, 1.3 Composition of the Remuneration Committee	<p>Remuneration Committee comprises of all Non-Executive Directors and the Chairman of the Committee is Mr. R. Selvaskandan.</p> <p>The report of the Remuneration Committee is given on Page 58 in the Annual Report. The Remuneration Committee composition, and details of meetings held and participation status are given on page 22.</p>	
B.1.4 Remuneration of the Non-Executive Directors	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 or carrying out other Non-Executive duties based on their responsibilities assigned.	
B.1.5 Consultation of the Chairperson and access to professional advice	When deciding on remuneration of Executive Directors, the Committee also obtains advice from the Managing Director as necessary.	
B.2 Level and make-up of Remuneration	The Board, together with the Remuneration Committee, aims to attract, retain and motivate high calibre individuals for top executive positions.	







Code Ref	Compliance and Implementations	Compliance
B.2.1 Level and make-up of the remuneration of the Managing Director	The Remuneration Committee makes assessments 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.	
B.2.2 Comparison of remuneration with other companies	When positioning remuneration levels relative to other companies in the industry, Remuneration Committee reviews the information related to the Executive Directors' pay level against the industry.	
B.2.3 Comparison of remuneration with other companies in the Group	Executive Directors represent other companies within the group.	
B.2.4 Performance related payments to the Managing Director	Please refer principle B.2 and Code B.2.1 above.	
B.2.5 Executive share options	There was no executive share options scheme offered to any Director during 2019/20 period.	
B.2.6 Deciding the Executive Directors' Remuneration	Please see comments given in Principle B.2 for details on Executive Director Remuneration.	
B.2.7 Early termination of Directors	Not applicable to the Board.	
B.2.8 Early termination not included in the initial contract	In an event of early termination of a Director, the remuneration will be concluded based on the scenario occurred.	
B.2.9 Remuneration of Non-Executive Directors	The Non-Executive Directors are paid a fee for their services as mentioned in Code B.1.4.	







Code Ref	Compliance and Implementations	Compliance
B.3 Disclosure of Remuneration	The Remuneration Committee operates within agreed terms of reference and is committed to the principles of accountability and transparency.	
B.3.1 Disclosure of Remuneration	<p>Details of Remuneration Committee composition with meetings held and participation status of members are provided on page 58.</p> <p>Related "Party Disclosure Note" on page 124 in the notes to financial statements, provides information on remuneration paid to Executive and Non-Executive Directors in aggregate.</p>	
C. Relation with Shareholders		
C.1 Constructive use of the Annual General Meeting (AGM) and Conducting of General Meetings	AGM will be held on 31 st August 2020 and all shareholders are encouraged to participate in the AGM.	
C.1.1 Use of proxy votes	Proxy forms are made available in the Annual Report, that is released with adequate prior notice to all shareholders in accordance with Companies Act.	
C.1.2 Separate resolution for all separate issues	Company passed separate resolutions for the adoption of the "Report of the Directors" and "Statement of Financial Report and the Report of the Auditors" included in the Annual Report.	
C.1.3 Availability of all Board Sub-Committee Chairmen at the Annual General Meeting	All Board members which include 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.	
C.1.4 Adequate notice of the Annual General Meeting	For the previous financial period, the Annual Report of FY 2018/19 was submitted to the Colombo Stock Exchange on 28 June 2019 and was delivered to all shareholders on same day. Abans PLC's AGM was held on 25 July 2019.	
C.1.5 Procedures of voting at General Meetings	Voting procedures at the General Meetings are circulated to the shareholders.	








Code Ref	Compliance and Implementations	Compliance
C.2 Communication with shareholders	Extensive financial and non-financial information of company's activities are provided to shareholders through the Annual Report and the Interim Reports published on a quarterly basis.	
C.2.1 Channel to reach all shareholders of the Company	Formal communications with the shareholders are conducted through Notices to shareholders, Annual Report 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.	
C.2.2 Policy and methodology for communication with shareholders	The Communication Policy is implemented through exchange of Memos, Electronic Mails, Board Papers and Presentations.	
C.2.3 Implementation of the policy and methodology for communication with shareholders	Please see Code – C.2.2 above.	
C.2.4, C.2.6 Contact person in relation to shareholders' matters	As per the general practice of the company, main point of contact for the shareholders for their concerns and clarification is the Board of Directors.	
C.2.5 Process to make all Directors aware of major issues and concerns of shareholders	Material issues and concerns of the shareholders are communicated to the Board by management of the company and family directors hold weekly meetings to discuss business matters.	
C.2.7 The process of responding to shareholder matters	According to Abans PLC's "Communication Policy", all shareholders related material matters are handled promptly and attentively by the Board upon being informed.	

Code Ref	Compliance and Implementations	Compliance
C.3 Major and Material Transactions	Abans PLC Board has established a process to capture and disclose any material transactions proposed that would alter or vary the net asset position of Company, either through its audited financial statements or in interim publication, or by making an announcement to the Colombo Stock Exchange.	
C.3.1 Major transactions	Material related party transactions or corporate transactions involving acquisitions, mergers or disposal, which materially affect Abans PLC net assets position, are disclosed on page 126.	
D. Accountability and Audit		
D.1 Financial Reporting	The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.	
D.1.1 Statutory and Regulatory Reporting	<p>Abans PLC has reported a true and fair view of its financial position and performance for the year ended 31st March 2020 and at the end of each quarter of 2019/20 financial year.</p> <p>The Board ensures that the quarterly and annual Financial Statements of the Company and Group are prepared and published in compliance with the requirements of the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards (LKASs and SLFRSs) and the Rules of the Colombo Stock Exchange.</p>	
D.1.2 Director Report in the Annual Report	The Annual Report of the Board of Directors (Directors' Report) provided on pages 54 to 55 gives an affirmation of the Company's compliance to laws and regulations, and confirms the going concern assumption, and the effectiveness of Internal Control System that is in place.	
D.1.3 Statement of Directors' and Auditors' responsibility for the Financial Statements	Statement of Directors' responsibility for Financial Reporting given on page 56 provides a statement setting out the responsibilities of the Board for the preparation and presentation of the Financial Statements.	

Code Ref	Compliance and Implementations	Compliance
D.1.4 Management Discussions and Analysis	As per Code–D.1.4, management commentary covering all requirements is given on pages 50 to 52 in the Financial Review Section.	
D.1.5 Declaration by the Board that the business is a Going Concern	The Annual Report of the Board of Directors provides disclosure affirming the going concern of the company, after drawing attention to aspects mentioned in the schedule G of the code.	
D.1.6 Summoning an Extra Ordinary General Meeting (EGM) to notify serious loss of capital	A situation of a serious loss of capital is unlikely to arise.	
D.1.7 Related party transactions	An adequate and accurate disclosure of related party transactions is given in Note 32 to the Financial Statements on pages 124 to 126.	
D.2 Internal Control	The Board has established an effective system of internal controls to safeguard the assets of the company.	
D.2.1 Annual evaluation of the risks facing the Company and the effectiveness of the system of internal controls	Internal Auditors have been entrusted to periodically review the adequacy and effectiveness of internal controls of the company a feedback of which is given to the higher level Audit Committee. Statement on Internal Controls provided on page 57 complies with content of Annexure K of the code.	
D.2.2 Internal audit function	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.	

Code Ref	Compliance and Implementations	Compliance
D.2.3 Review of the process and effectiveness of risk management and internal controls by the Audit Committee	Audit Committee continuously reviewed the effectiveness of risk management process and internal controls, and ensured the soundness of the risk management process and internal controls, and managed to report any deficiencies and matters to the Board with recommendations.	
D.2.4 Responsibilities of Directors in maintaining a sound system of internal control	The Board Statement on Internal Controls, given on page 57, complies with the contents in Annexure K of the code.	
D.3 Audit Committee	The Board of Abans PLC has established an Audit Committee that operates independently under specified terms of reference, covering review of financial reporting aspects, internal controls and maintaining relationship with company auditors internal and external, in accordance with the provisions of this code and other regulatory requirements.	
D.3.1 Composition of the Audit Committee	The Committee met four times during the year. The names of members forming the Audit Committee, their participation level, secretary, and invitees of the Committee are disclosed on page 57.	
D.3.2 Review of Objectivity of the External Auditor	As disclosed in the Audit Committee Report, the Audit Committee, in keeping with terms of reference, monitors the objectivity, effectiveness and independence of the External Auditor of the company.	
D.3.3 Terms of Reference	The Board approved written terms of reference governs all activities of Audit Committee. The Terms of Reference have been drawn after giving due reference to the "Code of Best Practices on Audit Committee".	

Code Ref	Compliance and Implementations	Compliance
D.3.4 Disclosures of the Audit Committee	<p>Please refer page 57 for the Audit Committee Report.</p> <p>The External Auditor has provided a Confirmation of Independence in compliance with the “Guidelines for Appointment of Auditors of Listed Companies” issued by SEC.</p>	
D.4 Code of Business Conduct and Ethics	<p>High standards in business conduct and ethics is an integral part of Abans PLC’s culture. In keeping with Abans PLC’s practiced value system, an organization wide human resource policy document is in place which defines clear HR policies and procedures to employee.</p>	
D.4.1 Code of Business Conduct and Ethics	<p>The HR division has devised a formal document incorporating human resources procedures including aspects on employee conduct.</p>	
D.4.2 Affirmation by the Chairman that there is no violation of the Code of Conduct and Ethics	<p>The Chairperson’s affirmation that she is not aware of any violations to the requirements of the Company on specified business conduct and ethics is given in the “Chairperson’s review” on pages 11 to 13.</p>	
D.5 Corporate Governance Disclosures	<p>Abans PLC Board of Directors upholds adopting sound corporate governance practices, while improving the overall governance year on year.</p>	
D.5.1 Disclosure of Corporate Governance	<p>Abans PLC’s Corporate Governance Report of FY 2019/20 provides a comprehensive disclosure on the company’s Corporate Governance framework and practices indicating Code of Best Practices on Corporate Governance issued in 2017.</p>	

Code Ref	Compliance and Implementations	Compliance
E. Institutional Investors		
E.1 Shareholders Voting	Institutional shareholders are required to make considered use of their votes, and encouraged to ensure their voting intentions are translated into practice.	
E.1.1 Institutional Shareholders	The Company obtained Debt listing status in the Colombo Stock Exchange, Main Board since 2013.	
E.2 Evaluation of Corporate Governance initiatives	Matters relating to governance are communicated effectively to all shareholders via the Annual Report and through AGM. Views and other material matters of shareholders are subsequently taken up at Board meetings as necessary.	
F. Other Matters		
F.1 Investing/Divesting decision		
F.1.1 Individual shareholders	Individual shareholders are encouraged to carry out adequate analysis and seek independent advice prior to make investing or divesting directly in shares of the Company.	
F.2 Individual shareholders voting	Individual shareholders are encouraged to participate at the Annual General Meeting and to exercise their voting rights.	
G. Sustainability Reporting		
G.1 Principles of Sustainability Reporting	Please refer Financial Review on pages 50 to 52 and Chairperson Review and Managing Director review on page no 11 to 15.	

Compliance with Colombo Stock Exchange Continuing Listing Rules

CSE Rule Reference	Compliance and Implementations	Compliance Status
7.10.1 (a)	Non-Executive Directors (NED)	Two NED out of total of six directors
7.10.2 (a)	Independent Directors (ID)	All NED are Independent
7.10.2 (b)	Independent Directors	NEDs have submitted the declaration in the prescribed format
7.10.3 (a)	Disclosure relating to Directors	✓
7.10.3 (b)	Disclosure relating to Directors	The Board has determined that criteria for independence is met for IDs
7.10.3 (c)	Disclosure relating to Directors	✓
7.10.3 (d)	Disclosure relating to Directors	✓
7.10.5 (a)	Composition of Remuneration Committee	✓
7.10.5 (b)	Functions of Remuneration Committee	✓
7.10.5 (c)	Disclosure in the Annual Report relating to Remuneration Committee	✓
7.10.6 (a)	Composition of Audit Committee	✓
7.10.6 (b)	Audit Committee Functions	✓
7.10.6 (c)	Disclosure in the Annual Report relating to Audit Committee	✓

Risk Management

The impact of risks to any organisation can be detrimental to its overall performance, if risks are not mitigated or managed effectively. These risks are related to the macro-economic environment, operations, strategy, governance and financial aspects of the business. The strategies introduced to mitigate these risks should therefore be in line with the overall objectives of the Abans Group. The strategic planning and implementation phase for an organisation will generally be 3 to 5 or more years.

Risk management is a crucial part of the strategic management of Abans PLC. The risk management process involves identifying the risks that are associated with the Group and thereafter introducing strategies by which the business impact of the identified risks can be mitigated. Efficient risk management techniques and internal controls assist the organisation in making informed decisions while accounting for risks related to the Group's business operations and corporate governance.

Risk management is a subjective area which involves a combination of premeditated decision making and ad-hoc decision making based on current market conditions or developments within the current financial year. However, in efficiently managing risks, the company is responsible for assuring the achievement of the organisation's strategic and operational objectives, while maintaining effectiveness and efficiency, compliance with laws and regulations and reliable financial reporting.

Risk Management at Abans

The Enterprise risk management framework was established at Abans PLC with reference to ERM best practices (ISO 31000).

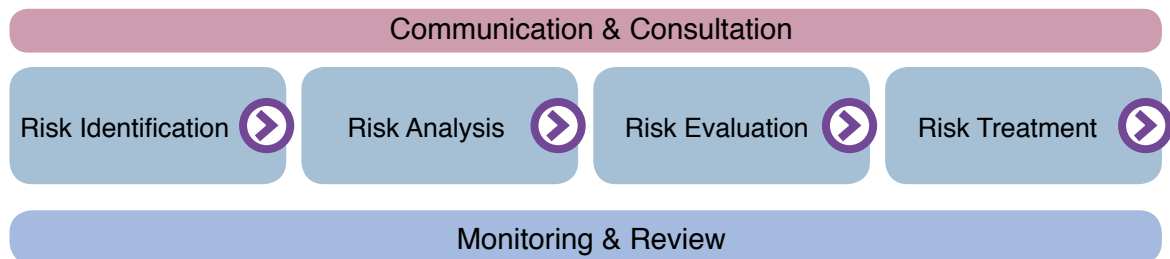
At a strategic level, our risk management objectives are as follows:

- Identify any significant risks to the organisation.
- 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 close consideration.
- Conduct internal, external and corporate audits in order to ensure provision of guidance and assurance for the risk management process at Abans PLC
- Bridge the gap between significant audit findings / areas of susceptible risk and find sustainable risk mitigation strategies.
- Develop a well-defined risk management culture within the group.

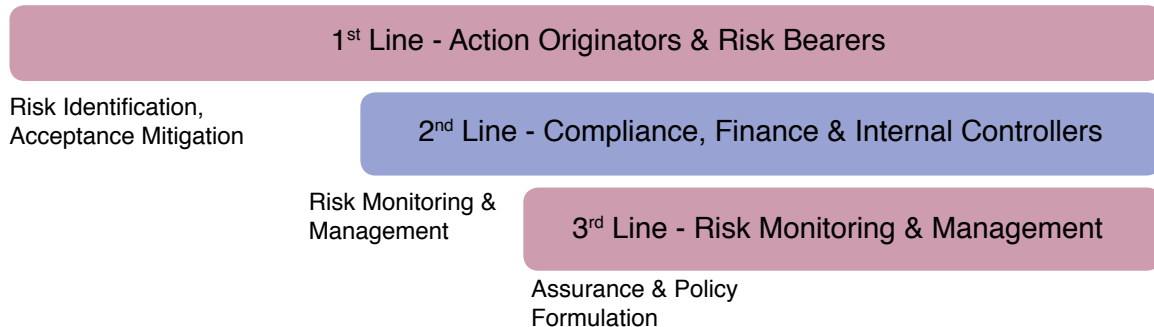
The primary foundation for risk management processes at Abans PLC is based on the internal controls designed and implemented within the Group, with a heavy focus on operations and strategic management within the organisation. The outcome of internal, external and corporate audits provides guidance and assurance for the risk management process at Abans. Any significant audit findings that are reported both internally and externally will enable the organisation to identify the key areas of risk for the business and thereafter brainstorm the most optimum strategies for risk mitigation. The strategies implemented within the organisation will ultimately depend on the developments in the current financial year and the overall objectives of the business.

Risk Management Process and Three Lines Of Defense

Risk Management Process

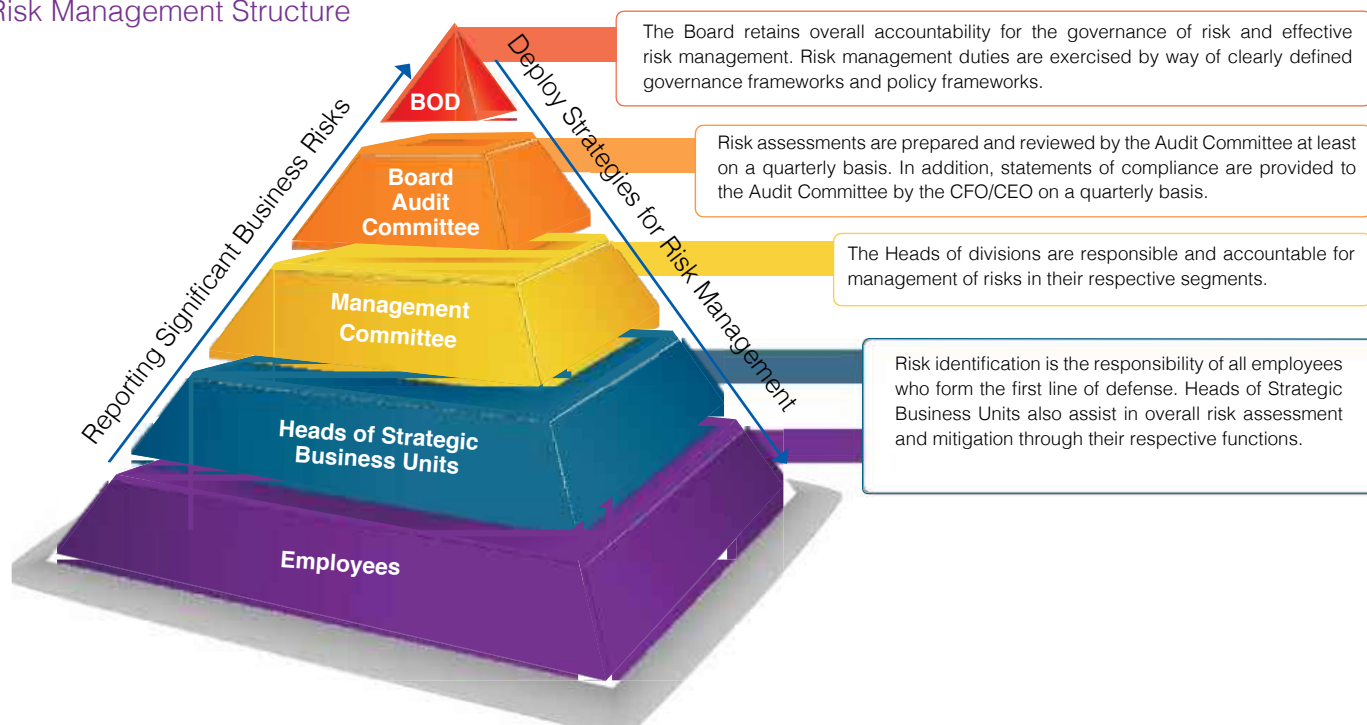


Three Line of Defense



Risk Management

Risk Management Structure

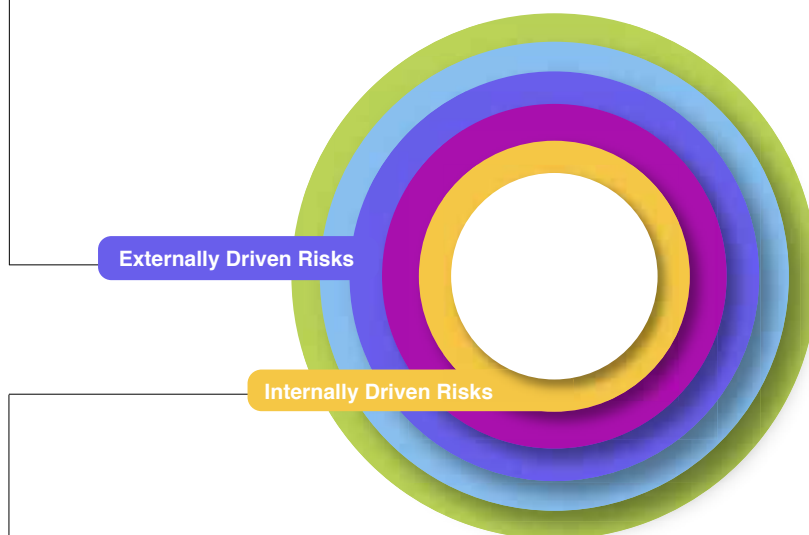
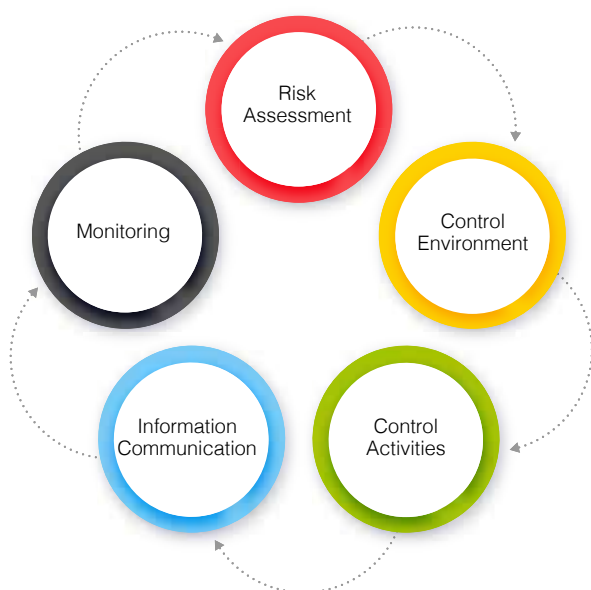


Below summarises critical risks driven both internally and externally with a brief description of each risk and the strategies deployed for mitigation during the financial year 2019/2020 at Abans.

Risk Drivers of Abans PLC

Risk Drivers of Abans PLC

- Fast Changing Technology & Customer Preferences
- Competition
- Reputation Risk
- National Policy Instability
- Tax & Duty Changes
- Foreign Exchange Rate
- Inflation



- Supply Chain Interruption
- Investment Risk
- Liquidity Risk
- Interest Rate Risk
- Credit Default Risk
- People Risk
- Frauds
- Information Technology & System Risk

Risk	Risk Statement	Risk Rating 2019/2020	Developments in 2019/2020	Strategies for Risk Management/Mitigation
Economic and Business Risk				
National Policy Instability	Policy instability leads to a lack of clarity and consistency in national policies which in turn make financial planning and resource allocation difficult and could lead to delays in decision making. This in turn results in reduced operational efficiency and productivity. Lack of predictability in the political environment also leads to the company's inability to plan and invest in future value creation, which ultimately affects the bottom line	High	<ul style="list-style-type: none"> Government Restriction on imports of certain products in our portfolio in order to manage the LKR devaluation impacted by the Global Pandemic Situation in March 2020. NBT – Abolished on 1st of December 2019. Abans PLC was previously liable to pay 1% of their sales turnover as NBT to the Government. Reduced expenditure and improved cash flow ESC (Economic Service Charge) – Abolished on 1st January 2020. Abans PLC was previously liable to pay 0.5% of their sales turnover as ESC to the Government. Improves cash flow, however ESC can't be claimed as a tax credit at EOFY WHT on Rent (previously 10%) and WHT on service fees (previously 5%) abolished on 1st January 2020 – Reduced administrative costs for the Group Re-election impact Government projects being discontinued due to intervention of the new government i.e laptop sales to schools abolished by the new government 	<ul style="list-style-type: none"> Manage the existing inventory of the company until such time the government releases the temporary restriction in order to maintain the smooth flow of goods to the market while maintaining the existing market share of Abans. Carefully evaluate the long-term vision of the government and develop strategies on the long-term value creation Rationalise product portfolio based on macro-economic trends Invest in productivity and cost cutting techniques Following pause/proceed with caution strategy in business expansion

Risk	Risk Statement	Risk Rating 2019/2020	Developments in 2019/2020	Strategies for Risk Management/Mitigation
Economic and Business Risk				
Increase in cost of consumption	At Abans PLC, the cost of consumption depends heavily on changes in national policies and laws & regulations within the economy. In other words, this could have a direct impact on the prices of consumer durables and thereby affect the demand for electronic items in the market i.e changes in taxation law	High	<ul style="list-style-type: none"> VAT (Value Added Tax) reduced from 15% to 8% on the 1st of December 2019, which reduced the tax on consumption and therefore encouraged consumers to spend more PAL (Port Authority Levy) – Revised on the 6th of December 2019. This had an adverse impact on imports as the tax on imports has increased by 2.5% on average for different HS Codes. This will invariably increase the cost of goods sold to the consumer 	<ul style="list-style-type: none"> Invest in technology and cost cutting technologies Negotiation with suppliers on prices Enter into cooperative purchase agreements to gain buying muscle Direct purchases
Market Place Risk				
Competition	Increasing competition in the consumer electronics and retail industry invariably reduces the market share of the company and may reduce profit margins as well.	Medium	<ul style="list-style-type: none"> Started investing heavily on Abans Brand specially regarding our virtual presence which aided the Abans Brand to be available island wide throughout the pandemic time via Buyabans.com. Initiated new developments to Abans Service Division regarding Business Plan and Customer Centric Culture. 	<ul style="list-style-type: none"> Ensure that prices remain competitive based on the industry average Shared resources among channels and upgraded showroom outlook with supplier participation Expand and improve after sales customer services Develop strong international branding Maintain good relationships with suppliers, both local and international

Risk	Risk Statement	Risk Rating 2019/2020	Developments in 2019/2020	Strategies for Risk Management/Mitigation
Market Place Risk				
			<ul style="list-style-type: none"> Increased our locations in Abans Elite & Retail Showroom Channels while increasing the availability of our substantive portfolio of consumer durables available in almost all main cities around the island. 	
Seasonality	A substantial amount of the Group's revenue and operating profit is generated during peak seasons, being Christmas and New Year. Adverse impacts on trading during these seasonal periods is likely to impact the overall results and bottom line for the current accounting period	High	<ul style="list-style-type: none"> Due to the Easter attacks that occurred in April 2019, increased security concerns have ultimately led to a general reduction in consumer spending during one of the peak periods and have therefore led to a reduction in overall economic growth. During the Covid-19 pandemic period, specially during March 2020 which is the starting month of the Sinhala-Tamil new year season, Abans Showroom channel happened to loose a significant amount of sales with curfew in place around the island. 	<ul style="list-style-type: none"> Improve virtual presence and customer centric after sale services culture to reduce impact of any possible pandemic alike situations in the future. Proper financial and operational planning to ensure that the business performance is not impacted. Internal promotions, discounts and offers to maintain a regular inflow of income over the course of the financial year.

Risk	Risk Statement	Risk Rating 2019/2020	Developments in 2019/2020	Strategies for Risk Management/Mitigation
Market Place Risk				
Fast Changing Technology and Customer Preferences	<p>This risk entails the failure to capitalise on new technology or emerging trends.</p> <p>The failure to meet customer expectations could also have a negative impact on the revenue and bottom line of the company</p>	Medium	<ul style="list-style-type: none"> • Changes in web strategy positively impacting the overall performance of the business – BuyAbans team formulated a systematic web marketing and development strategy accompanied by structured marketing campaigns • Revamped e-commerce website with back - end improvement and standardised pricing; 80% mobile responsive • More product offerings in the e-Commerce space • Convenient and secure payment gateways for customer and business banking • Digital marketing campaigns are done in-house to minimize costs and increase social media awareness amongst customer base • Improved customer interaction and feedback – cleaner customer database and quicker responses to customer queries by introducing a chatbot • Introduction of commercial TV's to cater to growing demand in digital signage and interactive solutions by various institutions • Changes in product lines or new products that have been introduced to the market to keep up with customer trends and preferences • Re-evaluating the Strategy of After Sales Service to direct it towards current trends to improve the alignment of customer expectations with our strategy 	<ul style="list-style-type: none"> • Showroom renovations to take into account emerging trends in showroom layouts • New and exciting product launches to ensure that Abans showrooms consist of the latest technology • Product knowledge is improved by providing adequate training to customer service representatives and sales consultants • Introducing loyalty programs that encourage the existing customer base to stay with the brand and its products, but to also attract new customers on board • Clearance sales and other promotions to minimize slow moving stocks

Risk	Risk Statement	Risk Rating 2019/2020	Developments in 2019/2020	Strategies for Risk Management/Mitigation
Operational Risk				
Inventory Management	Adhering to the supervision of the flow of inventory from suppliers to warehouses and thereafter to the point of sale. Poor inventory management can ultimately lead to the buildup of slow-moving stock and inefficiencies in achieving the targeted bottom line	Medium	<ul style="list-style-type: none"> • Changes in inventory management processes • Introduction of more efficient methods of reducing slow moving stock • Promotional offers, discounts and sales introduced to reduce excess levels of inventory 	<ul style="list-style-type: none"> • Focusing on developing a suitable inventory management system that ensures there is no unnecessary build up on inventory • Clearance sales and promotions to minimise slow moving stocks • Regular evaluations of customer expectations to avoid a delay in obtaining the required inventory
People Risk and Labour Shortages	Ensuring adequate human resources are available to meet the strategic goals and operational plans of the Group by recruiting the right people with the required skills at the appropriate time. Ensuring that adequate training has been provided to current employees and good working conditions are provided to keep employees satisfied	Medium	<ul style="list-style-type: none"> • Introduction of the Change Makers League – rigorous professional development program for the top talent at Abans PLC to optimise staff satisfaction and retention • Continuous development programs for sales consultants to ensure that they are all aligned to similar standards of customer service • PERF LEAD – Performance Management System in place to ensure that performance is driven from within • Competency framework introduced in January 2020 to ensure that employees meet their KPIs and monitor their behavioral patterns • Shop to shop visits to ensure that customer service is prioritised and that customer demos are carried out in a professional manner – main focus is on Abans retail; the main revenue driver 	<ul style="list-style-type: none"> • Well-designed training programs to ensure that the next generation of employees and managers are well equipped to meet the expectations of the organisation • Better orientation programs, employee awareness programs and better health and safety measures taken to ensure that employees are well looked after • Internship and trainee programs to attract school leavers or University students and attract more talent • New and improved recruitment policies • Offer more benefits, perks and salary increments on an annual basis to ensure that employees are both recognised and satisfied • Greater focus on gender parity and women in empowerment

Risk	Risk Statement	Risk Rating 2019/2020	Developments in 2019/2020	Strategies for Risk Management/Mitigation
Operational Risk				
Fraud	Due to the current business environment, the likelihood of potential fraudulent and dishonest activities by customers and employees have shown an increasing trend.	Medium	<ul style="list-style-type: none"> Internal controls that are currently in place or yet to be introduced Frequency of internal audits Security measures that are in place to reduce the loss of sensitive information to competitors Improved IT security and infrastructure 	<ul style="list-style-type: none"> Providing guidance to employees through operational manuals. Suitable internal controls and procedures established across the business to mitigate frauds Internal, external and corporate audits to be carried out on a periodical basis Undertake thorough investigations into sensitive business processes and report significant findings to the Audit Committee Introduction of a suitable whistle-blower policy and adequate guidance to employees through training and operational manuals
Strategic Risk				
Reputation Risk	A company's reputation is one of their main intangible assets. Abans' have secured a positive image in the trading industry and expanded across the country in multiple industries such as consumer electronics, retail etc. Any hindrance to their reputation could therefore have a negative impact on their earnings and lead to a loss in competitive advantage.	Medium	<ul style="list-style-type: none"> Measures in place to deal with negative publicity regarding the company's conduct & business practices, should it occur Business ethics, integrity and quality of products and services Codes of conduct – governance practices and risk management programs, policies, procedures and training Re-evaluation being done regarding strategy of after sales services of Abans. 	<ul style="list-style-type: none"> To maintain a competitive edge, the BOD and their senior management continuously review their strategic initiatives. Adequate measures are taken in order to comply with laws and regulations and protect the group's reputation Improvements are being done to the after sales services related aspects of the Brand in order to improve customer focus.

Risk	Risk Statement	Risk Rating 2019/2020	Developments in 2019/2020	Strategies for Risk Management/Mitigation
Strategic Risk				
Information Technology & Systems Risk	Lack of an ERP system, proper IT infrastructure or IT security may adversely disrupt the business. The loss of sensitive information to competitors could also lead to a loss of competitive advantage	Medium	<ul style="list-style-type: none"> • Introduction of a new dynamic ERP system – currently under way • Introducing a digital wallet - improved payment gateways that reduce costs and enable business banking • Physical server infrastructure is being moved to cloud based platforms - higher transparency and more secure database • Better internal controls in place to safeguard sensitive information • Improved IT infrastructure 	<ul style="list-style-type: none"> • Improved measures of IT security and infrastructure • Communicate and monitor the IT strategy across the Group • Emergency recovery processes are in progress • Upgrades to the IT systems in place by qualified IT professionals • Regular backups of all databases • Introduction of a new and improved ERP system.
Financial Risk				
Interest Rate Risk	Rising interest rates result in an increased cost of borrowing and a higher return on investments. However, the risk associated with the business is due to the former, which is an increase in the cost of fund. This will invariably delay the re-investment in profitable ventures and ultimately impact the profit that is available to shareholders due to the high borrowing costs. A significant component of the interest rates is variable in nature. Therefore, this invariably leads to uncertainty in the current market	Medium	<ul style="list-style-type: none"> • Rs.750Mn worth of debentures were matured during the period. Company was able to manage the Debt & Interest cost by obtaining a lesser amount as a bank loan to reduce the effective rate of interest in 2019/20. • Maintained a mix of fixed and variable interest rates in the current loan portfolio. • Effective Interest Rates of Abans PLC; • 2019/20 : 11.96% • 2018/19 : 12.41% 	<ul style="list-style-type: none"> • Maintaining a feasible mix of Fixed & Variable interest rates in the loan portfolio. • 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 and brand strength help to ensure better negotiation on terms of credit • Fixed rate debentures are issued to capitalize on existing interest rates

Risk	Risk Statement	Risk Rating 2019/2020	Developments in 2019/2020	Strategies for Risk Management/Mitigation
Financial Risk				
Foreign Exchange Rate Risk	Abans PLC has several supplier contracts that are denominated in foreign currency. Therefore, the transactional risk of unanticipated changes in exchange rates based on economic conditions, has a significant impact on the cost of goods sold.	Medium	<ul style="list-style-type: none"> Steep depreciation of the LKR against the USD is mainly due to the exit of foreign investors who shifted from emerging markets to safe haven markets in the wake of Covid-19. Expected drop in SL exports (mainly apparel) and tourism earnings will result in further depreciation of LKR. However, part of this is expected to be set off by the curtail of imports. 	<ul style="list-style-type: none"> Consider the impact of exchange rate fluctuations in pricing Forward booking and supplier credit arrangements are used to reduce the impact of time differences in settlements Consider the impact of changes in major contributing economies beforehand, in order to adequately prepare for exchange rate fluctuations Negotiate favorable payment terms and payment currencies with overseas suppliers
Liquidity Risk	Liquidity risk is when the Group does not have sufficient financial resources to meet financial obligations when due or will need to do so at an excessive cost. The liquidity risk of the company is assessed based on the current ratio and the quick asset ratio of the company which is calculated on a (add in frequency) basis. The objective of liquidity risk management is to ensure that sufficient funding is available at all times irrespective of cyclical fluctuations	Medium	<ul style="list-style-type: none"> Due to the Pandemic situation, Hire Purchase collections were impacted which was successfully addressed by subsequent incentives implemented aiming the collection staff. Hire Purchase portfolio collections bounced back to normalcy in a short period. At the end of 2019/20, the company has unutilised facilities worth Rs. 6.7Bn Current ratio at the end of 2019/20 stood at 1.14x compared to 1.23x at the beginning due to declining receivables as a result of declined sales at the latter part of the year. However, in turn the cash & short-term deposits have increased partially negating the working capital impact. 	<ul style="list-style-type: none"> To manage the Working Capital risk effectively, obtained extensions for the current import loans of the company. Obtained Short Term Loans to maintain the liquidity. Maintain unutilised bank facilities as a safety cushion to meet immediate commitments Group treasury division is entrusted with monitoring borrowings, payments and maintaining good relationships with banks Liquidity position of the company is regularly reviewed

Risk	Risk Statement	Risk Rating 2019/2020	Developments in 2019/2020	Strategies for Risk Management/Mitigation
Financial Risk				
			<ul style="list-style-type: none"> Cost saving techniques utilized – advertising budget was based on a percentage of cumulative sales turnover, which invariably reduced advertising costs Tax reductions given by the government have incentivized consumers to spend more, which invariably resulted in increased demand and increased revenue during December 2019 season 	
Credit Risk	<p>The clientele of Abans consists of corporate clients, government and general public. While corporate and government institutions are provided with adequate credit, the general public usually utilizes hire purchase schemes. Therefore, the credit risk for Abans arises from multiple revenue channels across different divisions</p>	Medium	<ul style="list-style-type: none"> Adverse impact on Hire Purchase cash collections occurred initially at the start of the pandemic season were addressed through the incentive schemes of collection staff. Similarly, Dealer, Corporate etc. collections were smoothened even at the blink of this global pandemic as a result of the healthy & long-term relationships maintained by the company. 	<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 with clients and material payments are backed by guarantees Debtor age analysis is regularly reviewed and continuously monitored Credit supervision team is available to monitor risks on a regular basis
Investment Risk	<p>This includes the risk taken when investing in new products and projects including expansion. Due to the competitive market that Abans operates in, increased borrowing costs, market stagnation, mergers and acquisitions have increased potential risks to companies in trading. This risk has further been enhanced via factors such as digitization, IT and technological innovations</p>	Low	<ul style="list-style-type: none"> Slowed down the expansion plans in order to accommodate the general economic downturn post Easter Attack. More focus on investing on digitization initiatives and customer centric service. 	<ul style="list-style-type: none"> Management generally carries out extensive appraisals before going ahead with any investment projects Continuous evaluation of market and identifying product development / market expansion opportunities A due diligence study ensures that hurdle rate expectations are met by each capital investment Post investments analysis and performance tracking are in place

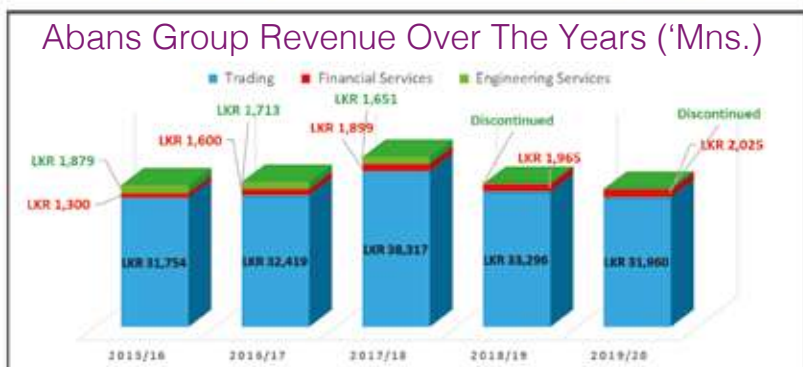
Risk	Risk Statement	Risk Rating 2019/2020	Developments in 2019/2020	Strategies for Risk Management/Mitigation
Caveat				
Caveat	Although the key sources of risk and the measures taken by the company to mitigate risks have been discussed in this document, no assurance can be given that the company is fully-protected against all possible risks. Further, the best the company can ensure is the reasonable management of risks through a sound operational framework which identifies, evaluates and mitigates the impact of mentioned risks in a timely manner across the company.	N/A	N/A	<ul style="list-style-type: none"> The Company is confident that all identified risk areas have been adequately assessed and managed to ensure the uninterrupted and efficient continuance of the business.

Financial Highlights

The following discussion and analysis should be read in concurrence with the Audited Consolidated Financial Statements of the Group and the Company for the year ended 31st March 2020. In this Report, 'Group' refers to Abans PLC and its subsidiary companies and 'Company' refers to Abans PLC.

Revenue

Along with the adverse macro-economic conditions initiated by Easter Attacks to political instability and to end with COVID-19 pandemic, Abans Group revenue saw a decline of 3.6% in 2019/20 compared to 2018/19. Group Revenue ended at Rs. 34 Bn compared to Rs. 35 Bn last year. This YoY decline stemmed from the Trading segment due to the lost sales during Easter attacks and COVID-19 curfew period and their aftermath. Representing this segment, Abans PLC (Company) reported a revenue of Rs.32Bn; a YoY decline of 4%. However, revenue from financial services segment depicted a growth of 3% compared to last year.



Channel Growth

Despite the market conditions prevailed during the year under review, Elite channel showrooms located mostly in urban areas improved their turnover by 15% compared to last year. Retail showroom revenue depicted a decline of 5% due to adverse macro-economic conditions. In addition, wholesale / dealer and direct channels also recorded an overall decline of 20% compared to last year due to low to nil operations during the COVID-19 pandemic prevailed around the peak season. However, as a result of Abans's strategic focus on online retailing and as a result of the curfew and social distancing imposed by the government, our online channel saw a YoY growth of 5%.

Channel	Year on year Increase in Revenue (%)
Elite Showrooms	15%
Retail Showrooms	-5%
Wholesale and Direct	-20%
Online Channel	5%

Operating Profit

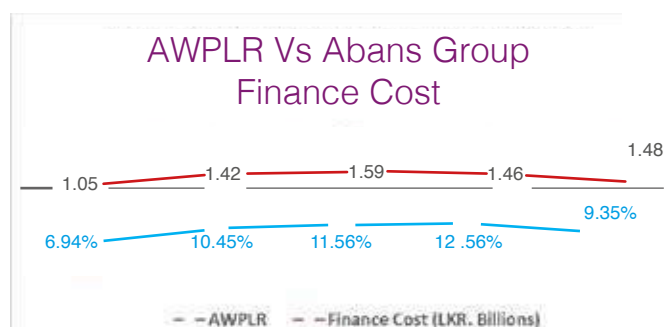
Along with the drop in revenue, group gross profit declined by Rs.155 Mn compared to last year. However, the group gross profit margin for 2019/20 improved to 30.6% from 30% last year due to higher GP margins maintained on product lines like TVs and IT products, etc. in Abans PLC. Group Administration expenses for the period increased by 0.6% compared to last year whereas group selling and distribution expenses declined by 15% compared to last year due to the decline in sales revenue and the cost saving strategies adopted during the financial year.

Group reported an operating profit of Rs.2.5 Bn, despite the adverse conditions this is the third highest recorded for the last five financial years driven by the reduction of selling and distribution expenses along with the improved overall GP margin during the period. Abans PLC (Company) recorded an operating profit of Rs.2.3 Bn contributing 90% to the group operating profit for 2019/20.



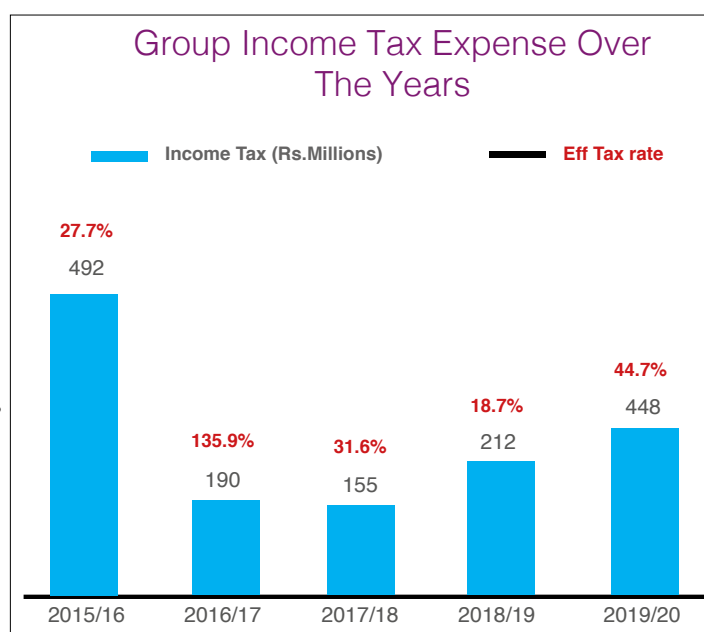
Net Finance Cost

Net Finance Cost of the Group and the Company (Abans PLC), comprise of a one-off interest expense on lease liabilities amounting to Rs.294Mn and Rs.281Mn respectively, which arises from IFRS16. (This entry is disclosed in Notes 5.3 and 27 of financials of this report). If this one-off entry is disregarded for comparison purposes, net finance cost of the Group and the Company depicts a decrease by 18.7% compared to Last year despite the adverse macro-economic conditions prevailed during the period. This saving mainly stemmed from the reduction in Group interest bearing borrowings compared to last year attributable to maturing of some debentures and the strategic control carried out on managing Working Capital throughout the Group.



Tax

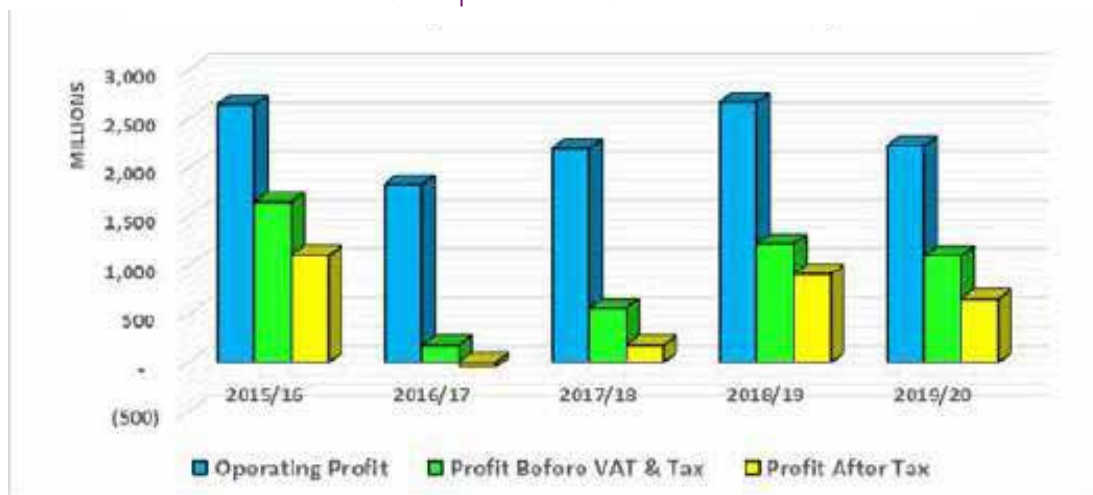
2019/20 Income tax expense for the group and company was Rs.448Mn and Rs.393Mn respectively. These include Deferred Tax charge of Rs.84Mn and Rs.89Mn for the Group and Company respectively. The effective tax rate of the group for 2019/2020 was 45% compared to 18.7% last year. Last year Abans PLC profits included a dividend income of Rs. 650Mn which was not liable for income tax.



Net Profit After Income Tax & VAT

Abans Group reported a Net profit before Income Tax & VAT of Rs.1.1Bn for 2019/20 compared to Rs.1.2Bn last year. Accordingly, Group reported a Profit after tax of Rs.554Mn for 2019/20 (Rs.923Mn in 2018/19). Similarly, Abans PLC (Company) reported a Profit before Tax of Rs.887Mn and a Profit after Tax of Rs.476Mn for 2019/20 (PBT 2018/19 - Rs.987Mn & PAT 2018/19 - Rs.887Mn). However, 2018/19 Other income includes a Dividend income of Rs. 650Mn which needs to be excluded for comparison purposes.

Abans Group - Profit Over The Years



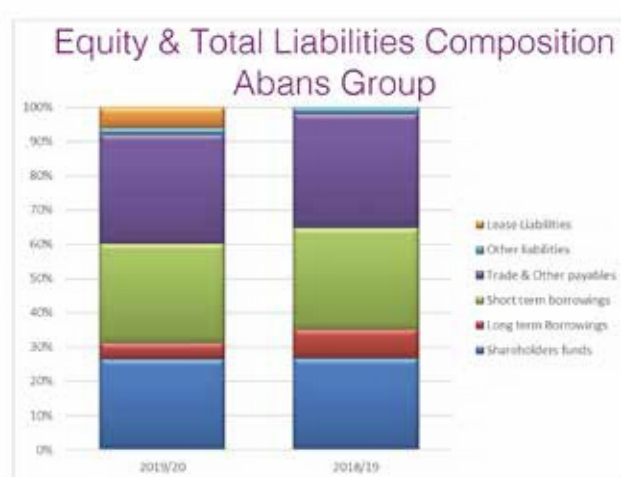
Financial Position

Assets

Assets of the group increased by 0.9% during 2019/2020 to end at Rs.33.6Bn from Rs.33.3Bn at the beginning of the year. This was mainly supported by the realization of Trade & other receivables during the year which increased the Cash & Short-term Deposits. In addition, the recognition of the right to use asset worth Rs.1.9Bn based on IFRS16 aided this increase.

Liabilities

For the financial year 2019/20, a Lease liability amounting to Rs.1.2Bn has been recognized on IFRS16. However, the increase was negated due to reduction in Interest Bearing Borrowings by Rs.1.2Bn attributable to maturity of a Debenture and strategic reduction of inventory levels of the company. Accordingly, Non current liabilities of the group decreased by 5.5% against last year.



Ratios

Liquidity: Abans Group liquidity ratio stood at 1.11x at the end of the year under review compared to 1.23x at the beginning of the year. This was mainly due to the decrease in inventory levels and trade receivables which outweighed the decrease of current payables.

Profitability: The group Profit Before Tax margin stood at 3.2% in 2019/20 whereas it was 3.4% previous year. Similarly, the company had a Profit Before Tax margin of 2.8% in 2019/20 against 3.0% in 2018/19. Although as mentioned above, 2018/19 dividend income of Rs.650Mn should be disregarded for comparison purposes.

Leverage: The gearing ratio of the group improved to 56% during the year under review against 59% as at the beginning of the year. This improvement occurred mainly due to reduction in group borrowings upon repayment of debts and the strategic reduction in inventory during year under review.



red dot design award
winner 2015

LG styler | Steam
Clothing Care

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 2020.

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 electromechanical contract work and clearing and forwarding activities.

The Company has five Subsidiaries, one Associate and one Joint Venture. Company and their activities are given on page 71 of this Annual Report.

Business Review

A review of the financial and operational performance and future business developments of the group, sectors, and its business units are described in the Chairperson's Message, Managing Director Message and Financial Review 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.31.9 Bn whilst Group Revenue amounted to Rs. 33.9 Bn. Contribution to Group Revenue from the different business segments carried out by the five subsidiaries is provided in Note 04 to the Financial Statements.

Financial Statements and the Report of the Auditors

The Financial Statements of the Group for the year ended 31st March 2020 as approved by the Board of Directors on 25th June 2020 are given on pages 64 to 127. The Auditors' Report on the Financial Statements of the Group is given on page 59 - 63.

Accounting Policies

The Accounting Policies adopted in the preparation and presentation of the Financial Statements are given on pages 71 to 88. There were no material changes in the Accounting Policies adopted by the Group during the year other than disclosed in the

Note no 2.1.2 to the Financial Statements.

Investments

Total investments of the Company in its Subsidiaries, Associates, Joint Venture and Equity investments amounted to Rs. 3,249,576,533/-. The details of the investments are given in Notes 12 and 15 to the Financial Statements.

Property, Plant and Equipment

The Net Book Value of Property, Plant and Equipment as at year end amounted to Rs.1,187,236,005 and Rs.1,314,896,935 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.136,428,658 and Rs.143,655,809 respectively. Details of Property, Plant and Equipment are given in Note 08 to the Financial Statements.

Stated Capital and Reserves

The Stated Capital of the Company as at 31st March 2020 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. 9,002,810,260 as at 31st March 2020.

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 2020 and their brief profiles are given on pages 16 to 19. The following persons were the Directors of the Company as at 31st March 2020.

- (a) Mrs. Aban Pestonjee – Chairperson
- (b) Mr. Behman Pestonjee – Managing Director
- (c) Dr. Saroshi Dubash – Executive Director
- (d) Mr. Rusi Pestonjee – Executive Director
- (e) Mr. R.Selvaskandan – Independent Non-Executive Director
- (f) Mr. Dinesh Weerakkody – Independent Non-Executive Director

Mr. Dinesh Weerakkody was appointed as Independent Non-Executive Director of the Company with effect from 16th December 2019.

Mr Hiran Embuldeniya (Independent Non-Executive Director) resigned from the Board of Directors with effect from 16th December 2019.

Mr. Dinesh Weerakkody will retire by rotation

in terms of section A.8 of the Code of Best practice on Corporate Governance 2017 at the Annual General Meeting and being eligible offers himself for re-election with the unanimous support of the other Directors.

Re-Election of Directors

A 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.

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 32.7 to the Financial Statements.

Directors' Shareholding

The shareholding of the Directors of the Company as at 31st March 2020 and as defined under the Listing Rules of the Colombo Stock Exchange is NIL.

The Directors have transferred their shares to Abans Retail Holdings (Private) Limited, and by virtue of such transfer the Company is now fully owned by Abans Retail Holdings (Private) Limited.

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 32.7 to the Financial Statements.

Share Information

Information relating to earnings, dividends and net assets is given on pages 128 - 129. The distribution and the composition of shareholding are given on pages Number 10. of this Annual Report.

Listed Debt

Information relating to the listed debentures is given on page 128.

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 20 to 36 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

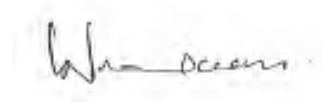
Messrs. Ernst & Young, Chartered Accountants are deemed re-appointed in terms of Section 158 of the Companies Act No. 07 of 2007 as the Auditors of the Company. A resolution to authorise the Directors to determine the remuneration of the Auditors will be proposed at the forthcoming Annual General Meeting.

Total audit fees paid to Messrs. Ernst & Young by the Company and its Subsidiaries are disclosed in Note 5.5 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 31st August 2020 at 10.00 a.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.

4th August 2020

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 Of:

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 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:

- Appropriate accounting policies have been selected and applied in a consistent manner and material departures if any, have been disclosed and explained.
- All applicable accounting standards (SLFRS/LKAS) issued by The Institute of Chartered Accountants of Sri Lanka, as relevant have been followed.
- Judgements and estimates have been made which are reasonable and prudent.

The Directors are also required to ensure that the Company and the Group have adequate resources to continue in operation to justify applying the going concern basis in preparing these financial statements.

Further, the Directors have a responsibility to ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy the financial position of the Company and 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 recognized in weighing the assurance provided by any system of internal controls and accounting.

The Audit Committee of the Company meets periodically with the internal auditors and the independent external auditors to review the manner in which these auditors are performing their responsibilities and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the independent auditors and the internal auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

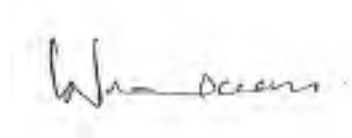
The Directors are required to prepare the financial statements and to provide the independent external auditors with every opportunity to take whatever steps and undertake whatever inspections that they may consider to be appropriate to enable them to give the independent auditors' opinion.

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

4th August 2020

Audit Committee Report

The Audit Committee assists the Board in discharging its responsibilities by exercising structured, systematic oversight over the Firm's financial reporting, internal audit, internal control and external audit practices. The Committee is chaired by Mr. Dinesh Weerakkody who is an Independent Non-Executive Director who was appointed with effect from 16th December 2019. The Committee consists of one other Independent Non-Executive Director, Mr. Rajaratnam Selvaskandan. Mr Hiran Embuldeniya resigned from the Audit committee on 16th December 2019.

The Committee is responsible for supporting the Board in ensuring that the Group financial results, internal controls and risk management activities are effectively managed in line with the best practices and in compliance with the accounting standards issued by 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 Group Chief Financial Officer and Chief Internal Auditor on the adequacy and effectiveness of internal control systems.

Meetings

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

Mr. Dinesh Weerakkody	1/1
Mr. Hiran Embuldeniya	3/3
Mr. Rajaratnam Selvaskandan	4/4

The Executive Director Dr. Saroshi Dubash, the Group Chief Financial Officer, 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 Group Chief Financial Officer 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 higher 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 monitored and assessed the independence, objectivity and effectiveness of the external auditor during the year. The evaluation included a 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. The Audit Committee has recommended to the Board of Directors that Messrs Ernst and Young be reappointed as Auditors for the financial year ending 31st March 2021.

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.

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.

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,



Dinesh Weerakkody
Chairman

Audit Committee

31st July 2020

Board Remuneration Committee Report

The Role of the Committee

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

Members

The Board Remuneration Committee comprises of the following members:

- Mr. Rajaratnam Selvaskandan - Independent Non-Executive Director.
- Mr. Dinesh Weerakkody - Independent Non-Executive Director, appointed w.e.f 16th December 2019.
- Mr. Hiran Embuldeniya Independent Non-Executive Director - up to 16th December 2019.

The committee met on four occasions during the year under review and all members attended the meetings. The Executive Director, General Managers and the Group CHRO attended such meetings by invitation, when necessary.

The attendance of the members at these meetings were as follows:

Mr. Rajaratnam Selvaskandan	4/4
Mr. Dinesh Weerakkody	1/1
Mr. Hiran Embuldeniya	3/3

Remuneration and Benefits provided:

Remuneration of staff is based on the profile of the job holder and encompasses the base salary, benefits and fixed allowances (which is considered as guaranteed remuneration), alongside a variable pay scheme. Such variable pay schemes are designed to drive business goals and have been aligned with the goals of corporate governance. Based on market surveys carried out, the Company, has adopted measures while ensuring internal and external parity, which will support the organization to attract the right talent from external talent pools and retain high performers within the organization. No remuneration is paid to the Non-Executive Directors other than the Directors fees paid for participation at Board meetings.

The Company launched a Performance Management System by the name of "PERF Lead" to facilitate and promote a 'Pay for Performance Culture'. The purpose of this policy is to formulate and implement strategies to recognize and reward personnel in direct alignment with their performance and thereby drive the organization towards a high performing culture. In accordance with this policy, the overall company performance, business unit performance and individual performance are assessed and taken into consideration, in determining the performance outcome of a certain individual. This will in turn be linked to the staff annual rewards.

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

Conclusion

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



Rajaratnam Selvaskandan
Chairman,

Remuneration Committee

31st July 2020



Ernst & Young
Chartered Accountants
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Sri Lanka

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Fax Gen : +94 11 2697369
Tax : +94 11 5578180
eysl@k.ey.com
ey.com

Independent Auditor's Report To The Shareholders Of Abans PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Abans PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2020 and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2020, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis For Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

(Contd...)

Partners: W R H Fernando FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W R H De Silva ACA ACMA W K B S P Fernando FCA FCMA
Ms. K R M Fernando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA Ms. P V K N Sajeewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA
Principals: G B Goudian ACMA A A J R Perera ACA ACMA T P M Ruberu FCMA FCCA
A member firm of Ernst & Young Global Limited

Independent Auditors' Report

Key audit matter	How our audit addressed the key audit matter
<p>Inventory</p> <p>As at 31 March 2020, the carrying value of inventories amounted to Rs.7,602 million representing 23% of the total assets, after considering a provision of Rs.406 million for slow moving inventory.</p> <p>Considering the nature and magnitude of inventories held coupled with possible effects of Covid-19 may have on purchasing power of consumers; management's assessment that the inventories are carried at lower of cost and net realizable value was considered a key audit matter.</p>	<p>Our Substantive procedures included amongst others, the following:</p> <ul style="list-style-type: none"> ■ Obtained an understanding of the management's process of assessing possible effects of Covid-19 on the sales/selling prices of inventories and ascertaining the provision for slow moving inventory. ■ Evaluated, on a sample basis, whether inventories were stated at the lower of cost and net realizable value at the reporting date by comparing the sales prices of inventories subsequent to the reporting date; focusing on products with thin margins. ■ Verified the subsequent selling prices and subsequent sales where available and checked whether there were any low margin products which would potentially have an impact on the net realizable value. <p>We also evaluated the adequacy of the disclosures in Note 2.3.17 and 18 to the financial statements.</p>
<p>Impairment of Loans, Leases and Trade Receivables</p> <p>Our Audit considered impairment for loans, leases and Trade and other Receivables as a key audit matter. Significant judgements and assumptions were used by the management to determine the impairment allowance and complex calculations were involved in its estimation. Probable impacts of COVID-19 outbreak on the economically impacted customers and related government relief measures on the key assumptions, the higher level of estimation uncertainty involved, and materiality of the amounts reported in the company's financial statements, underpinned our basis for considering it as a Key Audit Matter.</p>	<p>To assess the reasonableness of the allowance for impairment, our audit procedures (among others) were design to obtain sufficient and appropriate audit evidences, included the following:</p> <ul style="list-style-type: none"> ■ We evaluated the design and operating effectiveness of key internal controls over estimation of impairment for loans and leases, which included assessing the level of oversight, review and approval of impairment policies by the Board Audit Committee and management.

<p>As at 31 March 2020, loans & advances, Lease rental receivable and Trade and Other receivables (net of impairment) amounted to Rs. 1,871 Million (Note 10.2), Rs. 5,854 Million (Note 10.1) and Rs.8,407 (Note 16) respectively net of total allowance for impairment of Rs.304 Million, Rs.654 and Rs.1,668 Million (Note 10.2.2, 10.1.2, and 16.2). These collectively contributed 48% to the Group's total assets.</p> <p>The allowance for impairment (both specific and collective) of these financial assets is estimated by the management. Assumptions used by the management in performing this calculation are inherently judgmental. Note 2.3.15.11 to the financial statements describes the sensitivity of key assumptions.</p>	<p>We test - checked the underlying calculations and data used in such calculations on a sample basis;</p> <p>In addition to the above, focused procedures were performed as follows:</p> <p>For those individually assessed for impairment:</p> <ul style="list-style-type: none"> ■ we assessed the main criteria used by the management for determining whether an impairment event had occurred. ■ where impairment indicators existed, we assessed the reasonableness of management's estimated future recoveries including the expected future cash flows, discount rates and the valuation of collateral held. ■ we compared the actual recoveries against previously estimated amounts of future recoveries. ■ we also assessed the impact of overarching economic condition in Sri Lanka and government relief package on future cash flows. <p>For those collectively assessed for impairment:</p> <ul style="list-style-type: none"> ■ we tested the completeness of the underlying information used in the impairment calculations by agreeing details to the source documents and information in IT system. ■ We also considered the reasonableness of macro-economic factors used by comparing them with publicly available data and information sources. Our considerations included assessing the appropriateness of the weightages assigned to possible economic scenarios. ■ We assessed the adequacy of the related financial statement disclosures as set out in notes 10.1, 10.2 and 16.
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Independent Auditors' Report

Other Information included in the 2020 Annual Report

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

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

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

Responsibilities of the management and those charged with governance

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

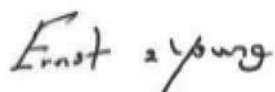
We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and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

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

Report on other legal and regulatory requirements

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

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



6th August 2020
Colombo

Statement of Profit or Loss

Year ended 31 March	Notes	Group		Company	
		2020	2019	2020	2019
		LKR	LKR	LKR	LKR
Continuing Operations					
Revenue	5.1	33,985,225,952	35,260,655,869	31,960,878,935	33,291,479,651
Cost of Sales		(23,576,703,502)	(24,663,692,004)	(22,689,728,637)	(23,782,151,253)
Gross Profit		10,408,522,450	10,596,963,865	9,271,150,298	9,509,328,398
Other Operating Income & Gain	5.2	264,484,420	944,560,358	254,904,045	777,555,102
Selling & Distribution Expenses		(4,163,232,347)	(4,909,179,144)	(4,109,820,496)	(4,749,884,515)
Administrative Expenses		(3,985,127,195)	(3,960,875,507)	(3,127,057,783)	(3,162,658,028)
Results from Operating Activities		2,524,647,328	2,671,469,572	2,289,176,064	2,374,340,957
Finance Cost	5.3	(1,480,313,700)	(1,458,371,720)	(1,467,442,057)	(1,458,371,720)
Finance Income	5.4	15,289,681	27,947,369	15,334,913	28,520,194
Change in Fair Value of Investment Properties	9.1	49,704,300	42,812,300	49,704,300	42,812,300
Share of Profit / (Loss) of Equity Accounted Investee (Net of Tax)	14.4	(5,925,918)	(70,385,763)	-	-
Profit before Income Tax and Value Added Tax on Financial Services from Continuing Operations	5.5	1,103,401,691	1,213,471,758	886,773,220	987,301,731
Value Added Tax on Financial Services		(100,388,793)	(77,948,458)	(18,269,380)	(7,501,184)
Income Tax Expense	6.1	(448,251,517)	(212,283,926)	(392,683,426)	(105,621,010)
Profit for the year from Continued Operation		554,761,381	923,239,374	475,820,414	874,179,537
Discontinued Operations					
Loss for the Year from Discontinued Operations	28.	-	(18,223,987)	-	-
Profit for the Year		554,761,381	905,015,387	475,820,414	874,179,537
Attributable to:					
Equity Holders of the Parent		502,770,936	893,929,641	475,820,414	874,179,537
Non-Controlling Interest		51,990,445	11,085,746	-	-
		554,761,381	905,015,387	475,820,414	874,179,537
Earnings Per Share -Basic / Diluted					
- From Continuing Activities	7.	230.10	409.12	217.77	400.08
- From Discontinued Activities		-	(7.92)	-	-
Dividend Per Share		-	160.20	-	160.20

Note - Figures in brackets indicate deductions.

The Accounting Policies and notes on pages 71 to 127 form an integral part of these Financial Statements.

Statement of Comprehensive Income

Year ended 31 March	Notes	Group		Company	
		2020	2019	2020	2019
		LKR	LKR	LKR	LKR
Profit for the Year		554,761,381	905,015,387	475,820,414	874,179,537
Other Comprehensive Income					
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods :					
Actuarial Gains on Employee Benefits Liabilities	24.2	5,215,633	3,336,570	5,450,849	26,400
Revaluation Gain from Equity Accounted Investee - Associate (Net of Tax)		-	44,168,749	-	-
Actuarial Gains from Equity Accounted Investee - Associate	14.4	4,545,030	1,471,386	-	-
Tax Effect on above	6.2	(1,460,377)	(936,047)	(1,526,238)	(7,392)
Net Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods		8,300,286	48,040,658	3,924,611	19,008
Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods :		-	-	-	-
Total Other Comprehensive Income for the Year, Net of Tax		8,300,286	48,040,658	3,924,611	19,008
Total Comprehensive Income for the Year, Net of Tax		563,061,667	953,056,045	479,745,025	874,198,545
Attributable to:					
Equity Holders of the Parent		511,156,452	940,768,533	479,745,025	874,198,545
Non-Controlling Interest		51,905,215	12,287,512	-	-
		563,061,667	953,056,045	479,745,025	874,198,545

Note - Figures in brackets indicate deductions.

The Accounting Policies and notes on pages 71 to 127 form an integral part of these Financial Statements.

Statement of Financial Position

As at 31 March		Group		Company	
		2020	2019	2020	2019
	Notes	LKR	LKR	LKR	LKR
Assets					
Non-Current Assets					
Property, Plant and Equipment	8	1,314,896,935	1,374,930,571	1,187,236,005	1,232,284,592
Leasehold Land Payments	27.1	-	249,494,948	-	249,494,948
Investment Properties	9	461,000,000	411,295,700	461,000,000	411,295,700
Intangible Assets	11	47,417,467	60,161,321	18,069,265	27,389,805
Investments in Subsidiaries	12	-	-	3,218,824,336	3,218,824,336
Investment In Equity Accounted Investee	14	3,568,823,184	3,224,789,029	30,752,197	30,752,197
Right of Use Assets	27.1	1,860,545,338	-	1,779,295,005	-
Deferred Tax Assets	6.5	296,110,025	205,795,592	267,530,039	186,522,004
Other Non Current Financial Assets	15	15,080,400	15,080,400	15,000,000	15,000,000
Lease Rentals Receivable	10.1	2,293,476,122	2,167,635,976	-	-
Loans and Advances	10.2	936,030,271	723,504,936	-	-
		10,793,379,742	8,432,688,473	6,977,706,847	5,371,563,582
Current Assets					
Inventories	17	7,601,581,458	8,483,307,868	7,561,868,842	8,430,497,092
Trade and Other Receivables	16	8,407,261,614	10,050,904,954	8,232,407,631	9,783,319,788
Lease Rentals Receivable	10.1	3,560,851,491	3,093,988,376	-	-
Loans and Advances	10.2	934,551,986	1,353,223,496	-	-
Income Tax Receivables		268,459,983	401,884,337	203,219,297	336,644,172
Other Current Financial Assets	15	434,257,742	490,103,100	4,482,445	4,529,744
Securities Purchased under Repurchase Agreement	18	279,143,141	281,537,224	-	-
Cash and Short Term Deposits	19	1,303,771,796	685,625,260	1,136,369,151	417,580,012
		22,789,879,211	24,840,574,615	17,138,347,366	18,972,570,808
Total Assets		33,583,258,953	33,273,263,088	24,116,054,213	24,344,134,390

As at 31 March		Group		Company	
		2020	2019	2020	2019
	Notes	LKR	LKR	LKR	LKR
EQUITY AND LIABILITIES					
Equity					
Stated Capital	20	218,500,000	218,500,000	218,500,000	218,500,000
Other Components of Equity	21	673,470,899	652,785,481	338,394,043	338,394,043
Retained Earnings		7,214,664,329	7,165,059,899	5,730,278,834	5,691,400,413
Equity Attributable to Equity Holders of the Parent		8,106,635,228	8,036,345,380	6,287,172,877	6,248,294,456
Non-Controlling Interests		896,175,032	844,269,817	-	-
Total Equity		9,002,810,260	8,880,615,197	6,287,172,877	6,248,294,456
Non-Current Liabilities					
Interest Bearing Borrowings	22	1,622,636,667	2,858,832,738	1,378,520,000	2,465,700,000
Lease Liabilities	27.1.2	1,195,970,867	-	1,153,156,365	-
Deferred Tax Liabilities	6.5	50,027,798	44,981,468	-	-
Employee Benefits Liabilities	24	275,826,149	268,076,957	256,391,000	229,563,633
Trade and Other Payables	25	893,671,851	1,099,094,047	-	-
		4,038,133,332	4,270,985,210	2,788,067,365	2,695,263,633
Current Liabilities					
Warranty Provision	23	255,039,076	301,323,250	254,243,094	300,527,268
Trade and Other Payables	25	9,569,415,185	9,985,769,432	5,369,675,578	5,813,802,406
Income Tax Liabilities		47,853,948	8,822,247	-	-
Lease Liabilities	27.1.2	915,158,234	-	877,439,759	-
Interest Bearing Borrowings	22	9,754,848,918	9,825,747,752	8,539,455,540	9,286,246,627
		20,542,315,361	20,121,662,681	15,040,813,971	15,400,576,301
Total Equity and Liabilities		33,583,258,953	33,273,263,088	24,116,054,213	24,344,134,390

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

D.A.A.C. Perera

Chandrika Perera
Group Chief Financial Officer

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

Aban Pestonjee

Aban Pestonjee
Chairperson

Behman Pestonjee

Behman Pestonjee
Managing Director

The Accounting Policies and notes on pages 71 to 127 form an integral part of these Financial Statements.

4th August 2020
Colombo

Statement of Changes In Equity

Group	Attributable to Equity Holders of the Parent					Non-Controlling Interest	Total Equity
	Stated Capital	Revaluation Reserve	Other Reserves	Retained Earnings	Total		
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Balance as at 31 March 2018	218,500,000	498,819,620	115,654,567	6,660,402,634	7,493,376,821	880,906,220	8,374,283,041
Effect of adopting new accounting standards	-	-	-	(43,990,786)	(43,990,786)	(30,032,953)	(74,023,739)
Restated Balance under SLFRS Adjustment 1 April 2018	218,500,000	498,819,620	115,654,567	6,616,411,848	7,449,386,035	850,873,267	8,300,259,302
Net Profit for the Year	-	-	-	893,929,641	893,929,641	11,085,746	905,015,387
Other Comprehensive Income	-	44,168,749	-	2,670,142	46,838,891	1,201,767	48,040,658
Total Comprehensive Income	-	44,168,749	-	896,599,783	940,768,532	12,287,513	953,056,045
Changes in Ownership Interest in Subsidiary	-	-	-	(585,467)	(585,467)	(18,890,963)	(19,476,430)
Disposal of Subsidiary	-	(3,186,720)	-	-	(3,186,720)	-	(3,186,720)
Transfers to/(from) during the year	-	-	(2,670,735)	2,670,735	-	-	-
Dividends	-	-	-	(350,037,000)	(350,037,000)	-	(350,037,000)
Balance as at 31 March 2019 (27.1.3)	218,500,000	539,801,649	112,983,832	7,165,059,899	8,036,345,380	844,269,817	8,880,615,197
Effect of adopting SLFRS 16 Net of Tax (27.3)	-	-	-	(440,866,604)	(440,866,604)	-	(440,866,604)
Adjusted Balance as at 1 April 2019	218,500,000	539,801,649	112,983,832	6,724,193,295	7,595,478,776	844,269,817	8,439,748,593
Net Profit for the Year	-	-	-	502,770,936	502,770,936	51,990,445	554,761,381
Other Comprehensive Income	-	-	-	8,385,516	8,385,516	(85,230)	8,300,286
Total Comprehensive Income	-	-	-	511,156,452	511,156,452	51,905,215	563,061,667
Transfers to/(from) during the year	-	-	20,685,418	(20,685,418)	-	-	-
Balance as at 31 March 2020	218,500,000	539,801,649	133,669,250	7,214,664,329	8,106,635,228	896,175,032	9,002,810,260

Company	Stated Capital	Revaluation Reserve	Other Reserves	Retained Earnings	Total
	LKR	LKR	LKR	LKR	LKR
Balance as at 31 March 2018	218,500,000	338,394,043	7,415,000	5,171,954,708	5,736,263,751
Effect of adopting new accounting standards	-	-	-	(12,130,840)	(12,130,840)
Restated Balance under SLFRS Adjustment 1 April 2018	218,500,000	338,394,043	7,415,000	5,159,823,868	5,724,132,911
Net Profit for the Year	-	-	-	874,179,537	874,179,537
Other Comprehensive Income	-	-	-	19,008	19,008
Total Comprehensive Income	-	-	-	874,198,545	874,198,545
Transfers to/(from) during the year	-	-	(7,415,000)	7,415,000	-
Dividends	-	-	-	(350,037,000)	(350,037,000)
Balance as at 31 March 2019 (27.1.3)	218,500,000	338,394,043	-	5,691,400,413	6,248,294,456
Effect of adopting SLFRS 16 Net of Tax (27.3)	-	-	-	(440,866,604)	(440,866,604)
Adjusted Balance as at 1 April 2019	218,500,000	338,394,043	-	5,250,533,809	5,807,427,852
Net Profit for the Year	-	-	-	475,820,414	475,820,414
Other Comprehensive Income	-	-	-	3,924,611	3,924,611
Total Comprehensive Income	-	-	-	479,745,025	479,745,025
Balance as at 31 March 2020	218,500,000	338,394,043	-	5,730,278,834	6,287,172,877

Note - Figures in brackets indicate deductions

The Accounting Policies and notes on pages 71 to 127 form an integral part of these Financial Statements.

Statement of Cash Flows

As at 31 March		Group		Company	
		2020	2019	2020	2019
	Notes	LKR	LKR	LKR	LKR
Cash Flows From/(Used in) Operating Activities					
Profit before Tax from Continuing Operation		1,103,401,691	1,213,471,758	886,773,220	987,301,731
Loss from Discontinued Operation	28.1	-	(35,792,574)	-	-
		1,103,401,691	1,177,679,184	886,773,220	987,301,731
Adjustments for:					
Depreciation - Property, Plant & Equipment	8	180,779,497	147,135,449	159,027,218	123,577,882
Change in Fair Value of Investment Properties	9.1	(49,704,300)	(42,812,300)	(49,704,300)	(42,812,300)
Amortization of Intangible Assets & Prepaid Rent	11.1	19,655,725	22,976,939	15,000,914	19,210,602
Change in Fair Value of Quoted Shares		47,299	382,924	47,299	382,924
Income from Investments		(23,583)	(650,019,130)	(5,686,645)	(653,794,505)
Profit on Disposal of Assets		(1,923,918)	(2,156,598)	(2,087,841)	(2,156,598)
Effect of adopting new accounting standards		-	(74,023,739)	-	(12,130,840)
Amortization of right-of-use assets	27.1	617,170,763	-	574,369,034	-
Loss on Disposal of Subsidiaries		-	35,792,574	-	149,686,446
Profit on Disposal of Other Investment		-	(1,780,000)	-	(1,780,000)
Finance Costs	5.3	1,480,313,700	1,458,371,720	1,467,442,057	1,458,371,720
Share of Profit from Associate	14.4	(37,183,186)	(31,930,870)	-	-
Share of Loss from Joint Venture	14.4	43,109,104	102,316,633	-	-
Provision for Warranty	23	196,266,703	211,122,823	196,266,703	219,851,167
Employee Benefit Obligation Transferred	24	(6,879,149)	(3,668,449)	14,162,991	(3,668,449)
Provision for Employee Benefits Liabilities	24	56,592,033	55,624,310	51,102,309	46,306,988
Operating Profit before Working Capital Changes		3,601,622,379	2,405,011,470	3,306,712,959	2,288,346,768
(Increase)/Decrease in Inventories		881,726,410	7,880,393	868,628,250	(9,235,345)
Decrease in Trade and Other Receivables		998,882,959	384,485,231	1,301,722,474	1,728,255,317
Decrease in Trade and Other Payables		(621,776,443)	(1,237,785,726)	(444,126,828)	(1,705,189,306)
Cash Generated Activities (used in) Operations		4,860,455,305	1,559,591,368	5,032,936,855	2,302,177,434
Finance Cost Paid		(1,143,089,837)	(1,409,390,728)	(1,143,089,837)	(1,409,390,728)
Lease Rentals Paid	27.1	(765,466,322)	-	(718,089,206)	-
Employee Benefits Liabilities Paid	24	(36,748,059)	(45,847,699)	(32,987,084)	(39,320,293)
Warranty Paid	23	(242,550,877)	(294,389,595)	(242,550,877)	(294,654,333)
Income Tax Paid		(284,879,655)	(300,052,775)	(188,614,081)	(190,535,415)
Net Cash Flows Generated / (Used in) Operating Activities		2,387,720,555	(490,089,430)	2,707,605,770	368,276,665

Statement Of Cash Flows

As at 31 March		Group		Company	
		2020	2019	2020	2019
	Notes	LKR	LKR	LKR	LKR
Cash Flows from/ (Used in) Investing Activities					
Acquisition of Property, Plant and Equipment	8	(143,655,809)	(353,970,438)	(136,428,658)	(335,115,185)
Acquisition of Intangible Assets	11	(6,911,871)	(19,988,374)	(5,680,374)	(4,582,077)
Proceeds from Sale of Property, Plant and Equipment		24,833,866	9,677,214	24,537,868	9,677,214
Proceeds from Other Investments		55,798,059	306,537,868	-	1,880,000
Dividend Received		23,583	650,019,130	5,686,645	653,794,505
Net Proceeds from Subsidiary Investments		-	516,669,508	-	343,620,000
Investments in Subsidiaries		-	(18,305,496)	-	(361,925,496)
Investments In Joint Ventures	14.4	(352,000,000)	(688,407,590)	-	-
Securities Purchased under Repurchase Agreement		2,394,083	80,710,851	-	-
Net Cash Flows Generated/ (Used in) Investing Activities		(419,518,089)	482,942,673	(111,884,519)	307,348,961
Cash Flows from (Used in) Financing Activities					
Proceeds from Import Financing Loans	22.1	17,147,235,026	19,283,979,450	17,147,235,026	19,283,979,450
Repayment of Import Financing Loans	22.1	(17,453,226,407)	(19,172,022,926)	(17,453,226,407)	(19,172,022,925)
Proceeds from Bank Loans	22.1	2,982,913,999	3,617,397,720	2,474,999,999	3,172,397,720
Repayment of Bank Loans	22.1	(3,680,559,705)	(3,343,776,121)	(3,324,622,800)	(3,072,392,789)
Proceeds from Commercial Papers	22.1	140,178,001	160,692,745	140,178,001	160,692,745
Repayment of Commercial Papers	22.1	(124,110,925)	(156,092,312)	(124,110,925)	(156,092,312)
Proceeds from Debentures - Listed - Unsecured	22.1	256,310,000	-	256,310,000	-
Repayment of Debentures - Listed - Unsecured	22.1	(783,177,790)	(828,414,959)	(783,177,790)	(828,414,959)
Proceeds from Securitization	22.1	229,243,511	420,593,845	-	-
Dividends Paid		-	(350,037,000)	-	(350,037,000)
Net Cash Flows used in Financing Activities		(1,285,194,290)	(367,679,558)	(1,666,414,896)	(961,890,070)
Net Increase/(Decrease) in Cash and Short Term Deposits		683,008,176	(374,826,315)	929,306,355	(286,264,444)
Cash and Short Term Deposits at the beginning of the Year	19	301,328,230	676,154,545	161,984,168	448,248,612
Cash and Short Term Deposits at the end of the Year	19	984,336,406	301,328,230	1,091,290,523	161,984,168
Analysis of cash and cash equivalents					
Cash in hand and at bank	19.1	1,303,771,796	685,625,260	1,136,369,151	417,580,012
Bank Overdraft	19.2	(319,435,390)	(384,297,030)	(45,078,628)	(255,595,844)
Cash and cash equivalents at the end for the purpose of Statement of Cash Flow		984,336,406	301,328,230	1,091,290,523	161,984,168

Note - Figures in brackets indicate deductions.

The Accounting Policies and notes on pages 71 to 127 form an integral part of these 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 the Colombo Stock Exchange. The registered office of the Company and the principal place of business are situated at No. 498, Galle Road, Colombo 03. The staff strength of the Company as at 31st March 2020 was 1,769 (2019 - 1,786).

1.2 Consolidated Financial Statements

The Consolidated Financial Statements of Abans PLC, as at and for the year ended 31 March 2020, encompasses the Company, its subsidiaries (together referred to as the "Group") and the Group's interests in Equity Accounted investees (Associates and Joint Ventures).

1.3 Parent Entity and Ultimate Parent Entity

The Company's parent entity as at 31 March 2020 is Abans Retail Holdings (Pvt) Ltd. and the ultimate parent of the Company is Abans International (Pvt) Ltd. On 29 March 2018, Abans Retail Holdings (Pvt) Ltd acquired entire shares of Abans PLC and became a wholly owned subsidiary of Abans Retail Holdings (Pvt) Ltd.

1.4 Approvals of Financial Statements

The Financial Statements of Abans PLC and its subsidiaries for the year ended 31 March 2020 were authorized for issue in accordance with a resolution of the Board of Directors on the 4th August 2020.

1.5 Directors' Responsibility Statement

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

1.6 Principal Activities and Nature of Operations

Parent Company - Abans PLC

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

Subsidiary - Abans Finance PLC

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

Other Subsidiaries

Apart from the Abans Finance PLC other subsidiaries are AB Technologies (Pvt) Ltd., Abans Lanka (Pvt) Ltd., Abans Retail (Pvt) Ltd., and A.B. Sun City (Pvt) Ltd., which are less operating companies in the group.

Associate - Abans Electricals PLC

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

Joint Venture - Colombo City Centre Partners (Pvt) Limited

The principle activity of the Company was to carry out a mixed-development project. The project consists of a mall, residence and a hotel.

2. General Accounting Policies

2.1 Basis of Preparation and Measurement

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

2.1.1 Statement of Compliance

The Financial Statements which comprise of 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 Changes in Accounting Policies

The accounting policies adopted by the Group are consistent with those used in the previous financial year except for below.

2.1.2.1 Leases

The Group applied SLFRS 16 for the first time. The nature and effect of the changes as a result of the adoption of these new accounting standards are described below.

SLFRS 16 Leases 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. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. The Group has adopted SLFRS 16 using the modified retrospective method from 01 April 2019, without restating comparatives for the 2018/19 reporting period, as permitted under the specific transitional provisions in the standard.

Lessor accounting under SLFRS 16 is substantially unchanged from under LKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in LKAS 17. Therefore, SLFRS 16 does not have an impact on leases where the Group is the lessor.

Nature of the effect of adoption of SLFRS 16

Upon adoption of SLFRS 16, the Group applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Group has lease contracts for various items such as lands, offices, warehouses, retail stores and vehicles. Property leases are the major asset included in the right of use assets category, typically for between 5 to 99 years of lease term and have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. On adoption of SLFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of LKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of the transition date.

Notes To The Financial Statements

Leases previously classified as finance leases

For leases previously classified as finance leases, the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The requirements of SLFRS 16 was applied to these leases from 01 April 2019.

Leases previously accounted for as operating leases

The Group recognised right of use assets and lease liabilities for those leases previously classified as operating leases, except for short-term

leases and leases of low-value assets. The right of use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The following table set out a reconciliation between the operating lease commitments as at 31 March 2019 and present value of lease liabilities identified as at 01 April 2019.

	Group	Company
Operating Lease Commitments as at 31 March 2019	3,920,818,507	3,801,518,040
Discounted Operating Lease Commitments as at 01 April 2019	2,374,072,399	2,266,321,281
Lease Commitments relating to Short-Term Leases	(2,516,013)	(2,516,013)
Commitments relating to leases of low value	(690,000)	-
Total Lease Liability as at 01 April 2019 recognized under SLFRS 16 (see Note 27.1.2)	2,370,866,386	2,263,805,268

Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to

reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). The weighted average incremental borrowing rate as at the 01st April 2019 for the Group was 13.8%.

Based on the above, the financial statement impact of adopting SLFRS 16 as at 01st April 2019 are summarized below:

	Company Rs. Mn	Group Rs. Mn
Right of use assets recognized and presented in the Statement of Financial Position as "Right of use of assets"	1,855	1,969
Additional lease liabilities recognized	2,264	2,371

Several other amendments and interpretations apply for the first time, but do not have an impact on the Financial Statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Detailed disclosures relating to Adoption of SLFRS 16 are presented in Note 27 to the Financial Statements.

2.1.2.2 IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions and Group determined that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have a significant impact on the consolidated financial statements of the Group.

2.1.3 Comparative Information

The presentation and classification of the financial statements of the previous years have been amended, where relevant for better presentation, and to be comparable with those of the current year. Comparative figures have not been restated due to adoption of SLFRS 16.

2.1.4 Going Concern

In determining the basis of preparing the financial statements for the year ended 31 March 2020, based on available information, the management has assessed the existing and anticipated effects of COVID-19 on the Group Companies and the appropriateness of the use of the going concern basis.

While the immediate impact of the COVID-19 was adverse, the swift strategic actions taken by the Abans Group has enabled the business to be more resilient during these difficult market conditions. Diversity of our portfolio, cost management, profitability, the ability to defer non-essential capital expenditure, debt repayment schedules and the relationship with our principals are likely to enable resilience. The post COVID era will open new market opportunities, which the Group is setting plans to cater through diverse product and service solutions.

Management is confident of getting our trade debt collected within the credit period without being overdue whilst inventory levels are closely monitored. Capital Expenditure on projects have been limited and only operational capital expenditure is incurred which are essential for the core business. Abans Group do not anticipate any significant change or impairment in fair-values of the assets in the Balance Sheet due to COVID-19 related impacts.

The Government of Sri Lanka has restricted imports and payments for imports of certain electronics and home appliances for three months period which may extend further based on the assessment of the country's situation. This is expected to have a positive impact on clearing the existing inventory while reducing further liabilities from new imports.

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

2.1.5 Presentation and Functional Currency

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

2.1.6 Materiality and Aggregation

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

2.2 Basis of Consolidation

The Consolidated Financial Statements comprise of the Financial Statements of the Group and its subsidiaries as at 31 March 2020. Control is achieved when the Group is exposed or has right, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

- The contractual agreement/s with the other vote holders of the investee
- Rights arising from other contractual agreements
- The Group's voting rights and potential voting rights

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

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in 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.

Notes To The Financial Statements

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.

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
- It does not have a right at the reporting date to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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 26.1 & 26.2)
- Quantitative disclosures of fair value measurement hierarchy (Note 26.3)
- Property, plant and equipment under revaluation model (Note 08)
- Financial instruments (including those carried at amortised cost) (Note 26.1 & 26.2)

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

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described in Note 26.3.

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.

2.3.6 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue and associated costs incurred or to be incurred can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes. The following specific recognition criteria are used for the purpose of recognition of revenue that are in the scope of SLFRS 15:

2.3.6.1 Sale of Goods and Services

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

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

(a) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable

consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(b) Warranty obligation

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

(c) Loyalty points programme

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

(d) Free services/maintenance

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

2.3.6.2 Interest Income and Interest Expense

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

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

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

When a financial asset becomes credit-impaired (as set out in Note 15.1) and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net

Notes To The Financial Statements

amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

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

2.3.6.3 Fee and Commission Income and Expenses

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

Fee and Commission income – including account credit related fees and commission, service charge, transfer fees and other fees income – is recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period. Fees earned for the provision of services over a period of time are accrued over that period.

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

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

2.3.6.4 Income from Government Securities and Securities purchased under Re-Sale Agreement

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

2.3.6.5 Dividend

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

2.3.6.6 Gains and losses

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

2.3.6.7 Other Income

Other income is recognized 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 of interest expense on borrowings and financial leases that are recognised in the Statement of Profit or Loss. The interest expense component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

2.3.9 Taxes

2.3.9.1 Current Income Tax

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

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

The Ministry of Finance has instructed on January 31, 2020 and March 05, 2020, that the revised income tax rates proposed to the Inland Revenue Act, No. 24 of 2017 (IRA) by Circular No. PN/IT/2020-03 (Revised), be implemented with effect from January 01, 2020, pending formal amendments being made to the IRA.

The Group's management having applied significant judgement to the said proposed revision of income tax rates, have determined that it is probable that formal amendments to the IRA will be made. The management concluded that Circular No. PN/IT/2020-03 (Revised) is more likely to be enacted in the near future and therefore, income tax rates and proposed basis of quantifying current income tax stipulated in the said Circular to be effective from 01/01/2020 have been used to calculate the last quarter income tax provision of the 2019/20 financial year of the Group. Accordingly, the Group has decided to apply the revised income tax rates with effect from 1 January 2020.

2.3.9.2 Deferred Taxation

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

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

- 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 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.

The Group has computed deferred tax at the rates based on Substantively enacted rate, which is the statutory rate specified in the IRA, as of the reporting date, because the Inland Revenue Department Circular No. PN/IT/2020-03 (Revised) has not been enacted as of the reporting date.

2.3.9.3 Sales Tax

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

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

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

2.3.9.4 VAT on Financial Services

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

2.3.10 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.

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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 Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

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

i) Right-of-use assets

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

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

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

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are disclosed in Lease Liabilities (see Note 27.1.2).

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

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

Group as a lessor

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

Policy Applicable up to 31 March 2019

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 fulfilment 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.

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 Investment Properties

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

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

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

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

2.3.14 Intangible Assets

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

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

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

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

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

2.3.15 Financial Instruments - Initial Recognition, Classification and Subsequent Measurement

2.3.15.1 Date of Recognition

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

2.3.15.2 Initial Measurement of Financial Instruments

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

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2.3.15.3 'Day 1' Profit or Loss

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

2.3.15.4 Measurement Categories of Financial Assets and Financial Liabilities

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

- amortised cost,
- fair value through other comprehensive income (FVOCI) or
- fair value through profit or loss (FVPL).

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

2.3.15.4 (i) Financial Assets at Amortised cost:

The Group only measures loans, receivables, and other financial investments, at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

Business model assessment

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

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

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed

- How managers of the business are compensated (for example, whether the compensation is based on the fair values of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment

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

The SPPI test

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

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

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

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

2.3.15.5 (ii) Equity instruments at FVOCI

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

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

Currently, the Group has recorded its non-quoted equity investments FVOCI at cost less ECL if any. The details of equity instruments at FVOCI are given in Note 26 to the Financial Statements.

2.3.15.6 (iii) Debt issued and other borrowed funds

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

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

2.3.15.7 Classification and Subsequent Measurement of Financial Liabilities

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

- (i). Financial liabilities at Fair Value through Profit or Loss (FVTPL)
 - a) Financial liabilities held for trading
 - b) Financial liabilities designated at Fair Value through Profit or Loss

(ii) Financial liabilities at amortised cost, when they are held for trading and derivative instruments or the fair value designation is applied.

The subsequent measurement of financial liabilities depends on their classification.

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

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

ii. Financial Liabilities at Amortised Cost

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

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

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

2.3.15.8 Reclassifications of Financial assets and Financial Liabilities

From 01 April 2019, the Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Group did not reclassify any of its financial assets or liabilities in 2018/2019.

2.3.15.9 Derecognition of Financial Assets and Financial Liabilities

2.3.15.9 (a) Derecognition of Financial Assets

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

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

- The Group has transferred its contractual rights to receive cash flows from the financial asset
- Or
- It retains the rights to cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

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

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

A transfer only qualifies for derecognition if either:

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

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

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

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

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

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

2.3.15.9 (b) Derecognition - Financial Liabilities

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

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

2.3.15.10 Determination of Fair Value

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

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

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

The disclosure of fair value of financial instruments is disclosed in Note 26 to the Financial Statements.

2.3.15.11 Impairment of Financial Assets

a. Overview of the Expected Credit Loss (ECL) Principles

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

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Group's policies for determining if there has been a significant increase in credit risk are set out in Note 26.5.1.

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

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

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

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

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

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

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

POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI

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

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

b. The Calculation of Expected Credit Loss (ECL)

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

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

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

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

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

The mechanism of the ECL method are summarised below.

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

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

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

Loan Commitments: When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL

is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. ECLs are calculated and presented with the loan.

Financial Guarantee contracts:

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

c. Debt Instruments Measured at Fair Value through OCI

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

d. Forward Looking Information

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

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

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

2.3.15.11 Reversals of impairment

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

2.3.15.12 Renegotiated Loans

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

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Stage 3 renegotiated asset until it collected or written off.

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

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

2.3.15.13 Write-off of Financial Assets at Amortised Cost

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

2.3.15.14 Collateral Valuation

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

To the extent possible, the Group uses active market data for valuing financial assets, held as collateral.

Other financial assets which do not have readily determinable market value are valued using models. Nonfinancial collateral, such as real estate, is valued based on data provided by third parties such as independent valuers, Audited Financial Statements and other independent sources.

2.3.15.15 Collateral repossessed

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

2.3.15.16 Offsetting Financial Assets and Liabilities

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

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

2.3.15.17 Other Financial Assets

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

2.3.15.18 Other Financial Liabilities

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

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

a) Renegotiated Loans

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

2.3.16 Repurchase Agreement

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

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

2.3.17 Inventories

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

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

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

2.3.18 Real Estate Stock

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

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

2.3.19 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is higher of asset's or cash generating units (CGU) fair value less costs to sell and its value in use.

It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit or Loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income.

In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously 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

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 24.3. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

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

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

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

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

This is not an externally funded defined benefit plan.

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

Notes To The Financial Statements

regulations. The Group contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.3.23 Statement of Cash Flows

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

a. Statutory Reserve Fund

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

b. Deposit Insurance and Liquidity Support Scheme

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

Deposits to be insured include demand, time and savings deposit liabilities and exclude the following;

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

Registered Finance Companies are required to pay a premium of 0.15% on total amount of eligible deposits as at end of the month with in a period of 15 days from the end of the respective month.

c. Crop Insurance Levy (CIL)

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

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

2.3.24 Non-Current Assets held for Sale and Discontinued Operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs

to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

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

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

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

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

- Represents a separate major line of business or geographical area of operations
 - Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations
 - Or
 - Is a subsidiary acquired exclusively with a view to resale?
- Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Additional disclosures are provided in Note 28. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

2.4 Effect of Accounting Standards issued but not yet effective:

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

SLFRS 17 - Insurance Contracts

SLFRS 17 - Insurance Contracts as recommended by the Accounting Standards Committee, the Institute of Chartered Accountants of Sri Lanka has decided to adopt SLFRS 17 Insurance Contracts with effective from annual reporting periods beginning on or after 1 January 2021.

However, SLFRS 17 will be neither affected or applied to the Group since Group has not been engaged in Insurance contracts. Therefore, the impact on the implementation of the above standard has not been quantified yet by the Group.

Amendments to LKAS 1 and LKAS 8: Definition of Material

Amendments to LKAS 1 Presentation of Financial Statements and LKAS 8 Accounting policies, Changes in accounting Estimates and Errors are made to align the definition of "material" across the standard and to clarify certain aspects of the definition. The new definition states that, "information is material if omitting or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments are applied prospectively for the annual periods beginning on or after 1 January 2020 with early application permitted. The Group has neither early applied nor assessed the impact of above amendment to the group yet.

Amendments to SLFRS 3: Definition of a Business

Amendments to the definition of a business in SLFRS 3 Business Combinations are made to help the entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definition of a business and of outputs, and introduce an optional fair value concentration test.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted. The Group has neither early applied nor assessed the impact of above amendment to the group yet.

Amendments to references to the conceptual framework in SLFRS standards

Revisions to the Conceptual Framework were made because some important issues were not covered, and some guidance was unclear or out of date. The revised Conceptual Framework includes: a new chapter on measurement; guidance on reporting financial performance; improved definitions of an asset and a liability, and guidance supporting these definitions; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The amendments are effective for annual periods beginning on or after 1 January 2020, with early application is permitted. The Group has neither early applied nor assessed the impact of above amendment to the group yet.

3. Significant Accounting Judgments, Estimates And Assumptions

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

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

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

The Group uses the revaluation model for measurement of land and buildings which are recognised as property plant and equipment and fair valuation model for measurement of land and buildings which are recognised as investment property. The Group engaged independent expert valuers, to determine the fair value of its land and buildings.

Fair value is determined by reference to market-based evidence of transaction prices for similar properties.

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

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

Further details about revaluation of property, plant and equipment are given in Note 8.15 and investment properties in Note 9.2.

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

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

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

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

c) Impairment of Non-Financial Assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its Value In Use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for 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

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performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

d) Defined Benefit Plans

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

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 24.

e) Deferred Tax

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

f) Transfer Pricing

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

g) Warranty Provision

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

h) Consolidation of a Subsidiary with less than 50% Ownership

As at 31 March 2020, the Company held 49.67% in its subsidiary, Abans Finance PLC, which is a Public company listed in the Colombo Stock Exchange since June 2011. Prior to the right issue of shares of Abans Finance PLC in April 2017 and share disposal in July 2017,

the Company held 71.6% in Abans Finance PLC and accounted it as a subsidiary. Subsequent to the right issue of shares and disposal of shares, the Company's equity ownership in Abans Finance PLC decreased to 49.67% as at 31 March 2020, which was less than 50% ownership.

The Company continued to consolidate Abans Finance PLC for the year ended 31 March 2020. Management exercised judgement and determined that Abans Finance PLC remains as a subsidiary on the basis of De Facto Control. De Facto Control is established after due consideration of the written consent with another shareholder.

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

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

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.

4. Segment Reporting (Contd...)

Segment Information

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

Trading

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

Financial Services

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

	Trading		Financial Services		Group	
	2020	2019	2020	2019	2020	2019
	LKR	LKR	LKR	LKR	LKR	LKR
Revenue	31,960,379,613	33,295,617,580	2,024,846,339	1,965,038,289	33,985,225,952	35,260,655,869
Segment Results (Operating Profit)	2,301,784,579	2,490,308,168	222,862,749	181,161,404	2,524,647,328	2,671,469,572
Finance Costs	(1,493,185,343)	(1,458,371,720)	12,871,643	-	(1,480,313,700)	(1,458,371,720)
Finance Income	15,289,681	27,947,369	-	-	15,289,681	27,947,369
Change in Fair Value of Investment Properties	49,704,300	42,812,300	-	-	49,704,300	42,812,300
Share of Profit of Equity Accounted Investee (Net of Tax)	(5,925,918)	(70,385,763)	-	-	(5,925,918)	(70,385,763)
		-		-		-
Profit before Income Tax	867,667,299	1,032,310,354	235,734,392	181,161,404	1,103,401,691	1,213,471,758
VAT on Financial Services	(18,603,252)	(7,666,608)	(81,785,541)	(70,281,850)	(100,388,793)	(77,948,458)
Income Tax Expense	(397,729,759)	(125,125,695)	(50,521,758)	(87,158,231)	(448,251,517)	(212,283,926)
Profit for the year	451,334,288	899,518,051	103,427,093	23,721,323	554,761,381	923,239,374

	Trading		Financial Services		Group	
	2020	2019	2020	2019	2020	2019
	LKR	LKR	LKR	LKR	LKR	LKR
Assets and Liabilities						
Non Current Assets	7,337,796,643	5,375,520,455	3,455,583,099	3,057,168,018	10,793,379,742	8,432,688,473
Current Assets	17,189,348,431	19,037,431,900	5,600,530,780	5,803,142,715	22,789,879,211	24,840,574,615
Total Assets	24,527,145,074	24,412,952,355	9,056,113,879	8,860,310,733	33,583,258,953	33,273,263,088
Non-Current Liabilities	2,800,376,690	2,761,287,244	1,237,756,642	1,509,697,966	4,038,133,332	4,270,985,210
Current Liabilities	14,361,276,125	14,305,110,175	6,181,039,236	5,816,552,506	20,542,315,361	20,121,662,681
Total Liabilities	17,161,652,815	17,066,397,419	7,418,795,878	7,326,250,472	24,580,448,693	24,392,647,891
Other Disclosures						
Amortization of Intangible Assets	15,004,813	16,604,863	4,650,912	3,745,813	19,655,725	20,350,676
Depreciation for the Year	119,140,120	126,552,294	64,265,640	23,209,418	183,405,760	149,761,712
Purchase of Property, Plant and Equipment	136,686,764	335,115,184	6,969,045	18,855,254	143,655,809	353,970,438
Purchase of Intangible Assets	5,680,374	4,582,077	1,231,497	15,406,297	6,911,871	19,988,374
Expenses on Employee Benefit Liability	51,102,309	50,381,515	5,489,724	5,242,795	56,592,033	55,624,310
Deferred Tax Assets	251,036,377	170,028,346	45,073,647	35,767,246	296,110,025	205,795,592
Deferred Tax Liabilities	50,027,798	44,981,468	-	-	50,027,798	44,981,468

5. Revenue/Other Income And Expenses

Revenue

Sale of Goods Revenue is recognised upon satisfaction of performance obligation.

Revenue from sale of goods is recognised when the control of goods have been transferred to the buyers, usually on delivery of the goods.

Interest income and expenses under SLFRS 9 is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost and financial instruments designated at FVPL and FVOCI.

5.1 Revenue from Contract with customers

Gross Revenue

Less: Nation Building Tax

Revenue

	Group		Company	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Gross Revenue	34,179,598,250	35,575,003,099	32,155,251,233	33,605,896,518
Less: Nation Building Tax	(194,372,298)	(314,347,230)	(194,372,298)	(314,416,867)
Revenue	33,985,225,952	35,260,655,869	31,960,878,935	33,291,479,651
5.1.1 Segmental Revenue				
Revenue from Contract with customers	31,960,379,613	33,295,617,580	31,960,878,935	33,291,479,651
Revenue from Financing Activities (Note 5.1.2)	2,024,846,339	1,965,038,289	-	-
	33,985,225,952	35,260,655,869	31,960,878,935	33,291,479,651
5.1.2 Revenue from Financing Activities				
Interest Income on Leasing	1,353,722,028	1,234,252,136	-	-
Interest Income on Loans	405,750,147	467,140,077	-	-
Service Income	265,374,164	263,646,076	-	-
	2,024,846,339	1,965,038,289	-	-

5.2 Other Operating Income & Gains

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

Rental income is recognised on an accrual basis.

Commission income is recognised as the related services are performed.

Sundry income is recognised on an accrual basis.

Dividend Income

Commission Income

Rent Income

Sundry Income

Gain/ (Loss) on Investment Disposal

Profit from Disposal of Assets

Fines and Surcharges

	Group		Company	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Dividend Income	23,583	650,019,130	5,686,645	653,794,505
Commission Income	77,868,871	104,667,762	77,868,871	104,667,762
Rent Income	10,789,179	8,317,307	10,789,179	8,137,613
Sundry Income	148,851,305	146,205,287	133,443,945	125,224,725
Gain/ (Loss) on Investment Disposal	-	1,780,000	-	(147,906,446)
Profit from Disposal of Assets	1,923,918	2,156,598	2,087,841	2,156,598
Fines and Surcharges	25,027,564	31,414,274	25,027,564	31,480,345
	264,484,420	944,560,358	254,904,045	777,555,102

* Gain/(Loss) from Investment disposal comprise the disposal of Abans Engineering (Pvt) Ltd, which is disclosed in the note no 28.

5.3 Finance Cost

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

No borrowing cost has been incurred by the Group and the Company on qualifying assets during the current financial year and year 2018/19.

Interest Expense on Overdrafts

Interest Expense on Borrowings

Interest Expenses on Lease Liabilities (Note 27)

Debenture Interest

	Group		Company	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Interest Expense on Overdrafts	9,001,195	15,546,327	9,001,195	15,546,327
Interest Expense on Borrowings	1,116,214,431	1,295,561,627	1,116,214,431	1,295,561,627
Interest Expenses on Lease Liabilities (Note 27)	294,262,838	-	281,391,195	-
Debenture Interest	60,835,236	147,263,766	60,835,236	147,263,766
	1,480,313,700	1,458,371,720	1,467,442,057	1,458,371,720

5.4 Finance Income

Interest Income on Debtors

Interest Income on Staff Loans

Interest Income on Bank Deposits

	Group		Company	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Interest Income on Debtors	4,701,197	12,724,040	4,701,197	13,304,632
Interest Income on Staff Loans	2,270,534	3,319,474	2,270,534	3,319,474
Interest Income on Bank Deposits	8,317,950	11,903,855	8,363,182	11,896,088
	15,289,681	27,947,369	15,334,913	28,520,194

5.5 Profit Before Tax

Group classifying expenses by "function"

All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the income statement.

Stated after Charging /(Crediting) all expenses and Income Including the Followings

Employees Benefits including the following

- Defined Benefit Plan Costs - Gratuity

- Defined Contribution Plan Costs - EPF & ETF

Amortization of Intangible Assets

Director's Emoluments

Legal Fees

Donation

Staff Cost

Amortization of Right of use Assets

Depreciation

Exchange (Gains)

Auditors' Fees

Transport Costs

Advertising Costs

	Group		Company	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Employees Benefits including the following	56,592,033	55,624,310	51,102,309	46,306,988
- Defined Benefit Plan Costs - Gratuity	373,179,850	405,669,173	346,729,017	367,307,362
- Defined Contribution Plan Costs - EPF & ETF	19,655,725	20,350,676	15,000,914	16,584,339
Amortization of Intangible Assets	45,512,692	48,744,038	25,138,130	25,188,130
Director's Emoluments	13,392,770	9,002,991	6,754,522	5,604,875
Legal Fees	6,023,209	10,440,323	6,002,709	10,430,323
Donation	1,345,584,747	1,169,117,141	1,114,789,983	829,952,531
Staff Cost	617,170,763	2,626,263	574,369,034	2,626,263
Amortization of Right of use Assets	180,779,497	147,135,449	159,027,218	123,577,882
Depreciation	(12,560,003)	(15,096,999)	(12,560,003)	(15,096,999)
Exchange (Gains)	4,273,834	3,624,899	1,816,739	1,611,701
Auditors' Fees	13,383,196	15,618,395	13,383,196	15,618,395
Transport Costs	455,023,660	442,020,767	447,636,722	435,052,276
Advertising Costs				

Notes To The Financial Statements

6. INCOME TAX

6.1 Statement of Profit or Loss

Current Income Tax:

Current Tax Expense for the Year (Note 6.3)
Under Provision of Current Taxes in respect of Prior Year

Deferred Tax:

Deferred Taxation Charge/(Reversal)

Income Tax Expense Reported in the Statement of Profit or Loss

6.2 Statement of Other Comprehensive Income

Deferred Tax Related to Items Charged or Credited to Other Comprehensive Income:

Actuarial Gain on Retirement Benefit Plans

Income Tax Charged Directly to Other Comprehensive Income

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

Accounting Profit (Profit before Tax) from Continuing Operations

Share of results of equity accounted investees (net of tax)

Other consolidation adjustments

Income not Subject to Tax

Adjusted accounting profit chargeable to income taxes

Aggregate Disallowed Items

Aggregate Allowable Expenses

Taxable income

Other Sources of Income Liable for Tax

Business Profit/(Loss)

Taxable Income

Tax Loss Utilized

Total Assessable Income

Tax Rates at -

24%

28%

Current Tax Expense for the Year from Continuing Operations

	Group		Company	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Current Income Tax:				
Current Tax Expense for the Year (Note 6.3)	363,382,496	159,924,762	303,620,198	111,862,326
Under Provision of Current Taxes in respect of Prior Year	149,378	9,317,961	149,378	9,379,686
Deferred Tax:				
Deferred Taxation Charge/(Reversal)	84,719,643	43,041,203	88,913,850	(15,621,002)
Income Tax Expense Reported in the Statement of Profit or Loss	448,251,517	212,283,926	392,683,426	105,621,010
6.2 Statement of Other Comprehensive Income				
Deferred Tax Related to Items Charged or Credited to Other Comprehensive Income:				
Actuarial Gain on Retirement Benefit Plans	1,460,377	936,047	1,526,238	7,392
Income Tax Charged Directly to Other Comprehensive Income	1,460,377	936,047	1,526,238	7,392
6.3 Reconciliation of Accounting Profit to Current Tax Expense/(Income)				
	Group		Company	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Accounting Profit (Profit before Tax) from Continuing Operations	1,103,401,691	1,213,471,758	886,773,220	987,301,731
Share of results of equity accounted investees (net of tax)	5,925,918	70,385,763	-	-
Other consolidation adjustments	13,180,004	(89,808,090)	-	-
Income not Subject to Tax	(64,295,081)	(708,751,110)	(64,295,081)	(708,758,877)
Adjusted accounting profit chargeable to income taxes	1,058,212,532	485,298,321	822,478,139	278,542,854
Aggregate Disallowed Items	2,658,467,932	2,423,853,122	1,430,709,106	588,143,906
Aggregate Allowable Expenses	(2,387,087,615)	(2,144,535,957)	(1,137,031,176)	(479,074,541)
Taxable income	1,329,592,849	764,615,486	1,116,156,069	387,612,219
Other Sources of Income Liable for Tax	8,363,182	11,896,088	8,363,182	11,896,088
Business Profit/(Loss)	1,337,956,031	776,511,574	1,124,519,251	399,508,307
Taxable Income	1,337,956,031	776,511,574	1,124,519,251	399,508,307
Tax Loss Utilized	-	(205,351,711)	-	-
Total Assessable Income	1,337,956,031	571,159,863	1,124,519,251	399,508,307
Tax Rates at -				
24%	67,471,155	-	67,471,155	-
28%	295,911,341	159,924,762	236,149,043	111,862,326
	363,382,496	159,924,762	303,620,198	111,862,326
Current Tax Expense for the Year from Continuing Operations	363,382,496	159,924,762	303,620,198	111,862,326
	363,382,496	159,924,762	303,620,198	111,862,326

Notes To The Financial Statements

6. INCOME TAX (Contd...)

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

	Group		Company	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Adjusted accounting profit chargeable to income taxes from Continuing Operations	1,058,212,532	485,298,321	822,478,139	278,542,854
Tax effect on chargeable profits	288,074,728	135,883,530	222,069,098	77,991,999
Tax effect on non deductible expenses	730,063,930	678,678,874	386,291,459	164,680,294
Tax effect on deductions claimed	(657,014,221)	(600,470,068)	(306,998,417)	(134,140,871)
Tax effect on Other sources of income	2,258,059	3,330,905	2,258,059	3,330,905
Utilisation of previously unrecognised tax losses	-	(57,498,479)	-	-
Under/(over) provision for previous years	149,378	9,317,961	149,378	9,379,686
Net tax effect of unrecognised deferred tax assets for the year	84,719,643	60,609,790	88,913,850	(15,621,002)
Tax expense	<u>448,251,517</u>	<u>229,852,513</u>	<u>392,683,426</u>	<u>105,621,010</u>
Income Tax Expense Reported in the Statement of Profit or Loss	448,251,517	212,283,926	392,683,426	105,621,010
Income tax attributable to Discontinued Operations	-	17,568,587	-	-
	<u>448,251,517</u>	<u>229,852,513</u>	<u>392,683,426</u>	<u>105,621,010</u>

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

6.5.1 Reconciliation of Deferred Tax Asset

	Group		Company	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Balance as at 01 April	(205,795,592)	(339,604,149)	(186,522,004)	(166,190,844)
Impact of Adoption of SLFRS 16/ SLFRS 09	(171,448,123)	(27,925,255)	(171,448,123)	(4,717,549)
Deferred Tax Asset Discontinued Operation	-	17,568,587	-	-
Consolidation adjustments	-	100,187,975	-	-
Charge/(Release) Made during the Year	81,133,690	43,977,250	90,440,088	(15,613,611)
Balance as at 31 March	<u>(296,110,025)</u>	<u>(205,795,592)</u>	<u>(267,530,039)</u>	<u>(186,522,004)</u>

6.5.2 Reconciliation of Deferred Tax Liability

Balance as at 01 April	44,981,468	40,922,077	-	-
Charge Made during the Year	5,046,330	4,059,391	-	-
Balance as at 31 March	<u>50,027,798</u>	<u>44,981,468</u>	<u>-</u>	<u>-</u>
Net Deferred Tax Asset	<u>(246,082,227)</u>	<u>(160,814,124)</u>	<u>(267,530,039)</u>	<u>(186,522,004)</u>

6. INCOME TAX (Contd...)

6.5.2.1 Deferred Tax Assets, Liabilities and Income Tax relate to the following:								
Group	Statements of Financial Position		Statement of Other Comprehensive Income		Statement of Profit or Loss		Recognized in Statement of Changes in Equity	
	2020	2019	2020	2019	2020	2019	2020	2019
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Deferred Tax Liability								
Capital Allowances for Tax Purposes								
- Property, Plant and Equipment & Investment Property	69,404,625	101,663,092	-	-	(32,258,467)	(66,395,522)	-	-
- Intangible Assets	5,059,394	7,669,145	-	-	(2,609,751)	(3,369,931)	-	-
Revaluation of Land								
-Property Plant & Equipment	120,749,388	120,749,388	-	-	-	-	-	-
-Investment Property	75,815,313	62,068,573	-	-	13,746,740	7,937,944	-	-
Revaluation of Building								
-Property Plant & Equipment	26,647,576	26,647,576	-	-	-	-	-	-
-Investment Property	18,361,400	18,190,936	-	-	170,464	4,049,500	-	-
Undistributed share of profit of Associate	50,027,798	44,981,468	-	-	5,046,330	4,059,391	-	-
	366,065,494	381,970,178	-	-	(15,904,684)	(53,718,618)	-	-
Deferred Tax Assets								
Employee Benefits Liabilities	(77,231,321)	(69,169,748)	1,460,377	936,047	(9,521,950)	4,179,707	-	-
Warranty Provision	(71,188,066)	(84,147,635)	-	-	12,959,569	23,537,572	-	-
Inventory Provision	(113,342,063)	(95,153,830)	-	-	(18,188,233)	(1,865,136)	-	-
Impact of Adoption of SLFRS 09	-	(27,925,255)	-	-	27,925,255	-	-	(27,925,255)
ROU Assets & Lease Liabilities	(141,118,499)	-	-	-	30,329,624	-	(171,448,123)	-
Provision for Impairment on Trade Receivables	(209,962,151)	(267,082,213)	-	-	57,120,062	13,409,199	-	-
	(612,842,100)	(543,478,681)	1,460,377	936,047	100,624,327	39,261,342	(171,448,123)	(27,925,255)
Carried forward Tax Loss	694,379	694,379	-	-	-	57,498,479	-	-
	694,379	694,379	-	-	-	57,498,479	-	-
Deferred Income Tax Charge/(Reversal)			1,460,377	936,047	84,719,643	43,041,203	(171,448,123)	(27,925,255)
Net Deferred Tax Liability/(Asset)	(246,082,227)	(160,814,124)						

6.5.2.2								
Company	Statements of Financial Position		Statement of Other Comprehensive Income		Statement of Profit or Loss		Recognized in Statement of Changes in Equity	
	2020	2019	2020	2019	2020	2019	2020	2019
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Deferred Tax Liability								
Capital Allowances for Tax Purposes								
- Property, Plant and Equipment & Investment Property	61,320,850	63,246,077	-	-	(1,925,227)	14,148,197	-	-
- Intangible Assets	5,059,394	7,669,145	-	-	(2,609,751)	(3,360,633)	-	-
Revaluation of Land								
-Property Plant & Equipment	104,950,107	104,950,107	-	-	-	-	-	-
-Investment Property	75,815,313	62,068,573	-	-	13,746,740	7,937,944	-	-
Revaluation of Building								
-Property Plant & Equipment	26,647,576	26,647,576	-	-	-	-	-	-
-Investment Property	18,361,400	18,190,936	-	-	170,464	4,049,500	-	-
	292,154,640	282,772,414	-	-	9,382,226	22,775,008	-	-
Deferred Tax Assets								
Employee Benefits Liabilities	(71,789,480)	(64,277,817)	1,526,238	7,392	(9,037,901)	(929,109)	-	-
Warranty Provision	(71,188,066)	(84,147,635)	-	-	12,959,569	20,944,887	-	-
Inventory Provision	(113,342,063)	(95,153,830)	-	-	(18,188,233)	(2,931,752)	-	-
Impact of Adoption of SLFRS 09	-	(4,717,549)	-	-	4,717,549	-	-	(4,717,549)
ROU Assets & Lease Liabilities	(139,487,544)	-	-	-	31,960,579	-	(171,448,123)	-
Provision for Impairment on Trade Receivables	(163,877,526)	(220,997,587)	-	-	57,120,061	(55,480,036)	-	-
	(559,684,679)	(469,294,418)	1,526,238	7,392	79,531,624	(38,396,010)	(171,448,123)	(4,717,549)
Deferred Income Tax Charge/(Reversal)			1,526,238	7,392	88,913,850	(15,621,002)	(171,448,123)	(4,717,549)
Net Deferred Tax Liability/(Asset)	(267,530,039)	(186,522,004)						

Notes To The Financial Statements

7. EARNINGS PER SHARE & DIVIDEND PAID

- 7.1** Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue or a share split.

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

	Group		Company	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Net Profit Attributable to Ordinary Equity Holders of the Parent	502,770,936	893,929,641	475,820,414	874,179,537
	Number	Number	Number	Number
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
	<u>2,185,000</u>	<u>2,185,000</u>	<u>2,185,000</u>	<u>2,185,000</u>
Earnings Per Share - Basic / Diluted				
- From Continuing Activities	230.10	409.12	217.77	400.08
- From Discontinued Activities	-	(7.92)	-	-

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

7.2 Dividend Per Share - Company

	2020	2020	2019	2019
	per Share	LKR	per Share	LKR
Interim Dividend	-	-	160.20	350,037,000
	<u>-</u>	<u>-</u>	<u>160.20</u>	<u>350,037,000</u>

The board of directors of the company neither paid any final dividend no recommended a final dividend for the previous year & Current Year.

8. PROPERTY, PLANT & EQUIPMENT

Group

8.1 Gross Carrying Amounts

At Cost or Valuation

	Balance As at 01 April 2019	Additions	Disposals	Transfers*	Balance As at 31 March 2020
	LKR	LKR	LKR	LKR	LKR
Land	588,252,000	-	-	-	588,252,000
Buildings	90,134,446	-	-	-	90,134,446
Buildings Improvements	99,518,032	11,783,287	-	-	111,301,319
Furniture and Fittings	544,348,458	45,033,799	(38,688,177)	125,403	550,819,483
Office Equipment	206,387,881	34,345,263	(6,842,070)	85,263	233,976,337
Motor Vehicles	241,120,533	24,161,417	(41,022,857)	-	224,259,093
Computer Equipment	310,185,773	21,553,542	(35,694,810)	-	296,044,505
Telephone	3,091,267	1,592,674	-	(210,666)	4,473,275
Service Equipment	21,118,156	2,077,900	-	-	23,196,056
Fixtures & Fittings	341,557	2,811,000	-	-	3,152,557
Generators	6,658,327	296,927	(1,333,330)	-	5,621,924
Plant and Machinery	2,046,115	-	-	-	2,046,115
Total Gross Carrying Amount	2,113,202,545	143,655,809	(123,581,244)	-	2,133,277,110

8.2 Depreciation & Impairment

At Cost or Valuation

	Balance As at 01 April 2019	Charge for the Year	Disposals	Transfers*	Balance As at 31 March 2020
	LKR	LKR	LKR	LKR	LKR
					-
Buildings	4,879,440	4,480,615	-	-	9,360,055
Buildings Improvements	904,718	11,268,056	-	-	12,172,774
Furniture and Fittings	289,356,010	56,580,580	(37,275,089)	(1,478)	308,660,023
Office Equipment	84,871,305	24,564,377	(6,441,861)	137,022	103,130,843
Motor Vehicles	110,060,703	37,230,147	(21,447,858)	-	125,842,992
Computer Equipment	220,353,510	44,559,051	(34,221,692)	-	230,690,869
Telephone	1,775,302	669,787	-	(135,544)	2,309,545
Service Equipment	17,489,045	958,557	-	-	18,447,602
Fixtures & Fittings	98,905	342,297	-	-	441,202
Generators	6,436,921	126,030	(1,284,796)	-	5,278,155
Plant and Machinery	2,046,115	-	-	-	2,046,115
Total Depreciation	738,271,974	180,779,497	(100,671,296)	-	818,380,175

8.3 Net Book Values

At Cost or Valuation

	2020	2019
	LKR	LKR
Land	588,252,000	588,252,000
Buildings	80,774,391	85,255,006
Buildings Improvements	99,128,545	98,613,314
Furniture and Fittings	242,159,460	254,992,448
Office Equipment	130,845,494	121,516,576
Motor Vehicles	98,416,101	131,059,830
Computer Equipment	65,353,636	89,832,263
Telephone	2,163,730	1,315,965
Service Equipment	4,748,454	3,629,111
Fixtures & Fittings	2,711,355	242,652
Generators	343,769	221,406
Total Carrying Amount of Property, Plant and Equipment	1,314,896,935	1,374,930,571

Notes To The Financial Statements

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

Company				
8.4 Gross Carrying Amounts	Balance As at 01 April 2019	Additions	Disposals	Balance As at 31 March 2020
At Cost or Valuation	LKR	LKR	LKR	LKR
Land	501,252,001	-	-	501,252,001
Buildings	89,730,201	-	-	89,730,201
Buildings Improvements	99,518,032	11,783,287	-	111,301,319
Furniture and Fittings	460,777,317	41,731,759	(37,947,044)	464,687,435
Office Equipment	173,507,271	33,783,367	(5,492,064)	201,883,837
Motor Vehicles	229,810,323	24,161,417	(41,022,857)	212,948,883
Computer Equipment	217,808,456	18,190,327	(35,597,909)	200,400,874
Telephone	3,088,409	1,592,674	-	4,470,417
Service Equipment	4,921,659	2,077,900	-	6,999,559
Fixtures & Fittings	341,557	2,811,000	-	3,152,557
Generators	6,658,327	296,927	(1,333,330)	5,621,924
Total Gross Carrying Amount	1,787,413,553	136,428,658	(121,393,204)	1,802,449,007

8.5 Depreciation & Impairment	Balance As at 01 April 2019	Charge for the Year	Disposals	Balance As at 31 March 2020
At Cost or Valuation	LKR	LKR	LKR	LKR
Buildings	4,480,615	4,480,615	-	8,961,230
Buildings Improvements	904,718	11,268,056	-	12,172,774
Furniture and Fittings	234,048,259	47,676,465	(36,756,984)	244,966,262
Office Equipment	64,523,353	21,968,356	(5,307,661)	81,321,070
Motor Vehicles	93,317,137	37,230,147	(21,447,858)	109,099,426
Computer Equipment	148,196,311	34,307,512	(34,145,878)	148,357,945
Telephone	1,773,326	669,183	-	2,306,965
Service Equipment	1,349,416	958,557	-	2,307,973
Fixtures & Fittings	98,905	342,297	-	441,202
Generators	6,436,921	126,030	(1,284,796)	5,278,155
Total Depreciation	555,128,961	159,027,218	(98,943,177)	615,213,002

8.6 Net Book Values	2020	2019
At Cost or Valuation	LKR	LKR
Land	501,252,001	501,252,001
Buildings	80,768,971	85,249,586
Buildings Improvements	99,128,545	98,613,314
Furniture and Fittings	219,721,173	226,729,058
Office Equipments	120,562,767	108,983,918
Motor Vehicles	103,849,457	136,493,186
Computer Equipments	52,042,929	69,612,145
Telephone	2,163,452	1,315,083
Service Equipments	4,691,586	3,572,243
Fixtures & Fittings	2,711,355	242,652
Generators	343,769	221,406
Total Carrying Amount of Property, Plant and Equipment	1,187,236,005	1,232,284,592

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

8.7 The Lands & Buildings of the Group were revalued during the financial year ended 31 March 2018 and such assets were valued on an open market value for existing use basis. The result of the revaluation have been incorporated in to the prior year financial statements. The surplus arising from the revaluation was transferred to a revaluation reserve. Land and Buildings have been revalued by 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	Accumulated Depreciation If assets were carried at cost	Net Carrying Amount 2020	Net Carrying Amount 2019
	LKR	LKR	LKR	LKR
Land	185,801,451	-	185,801,451	185,801,451
Building	62,808,397	(49,141,951)	13,666,446	16,806,866

8.8 During the year Fixed Assets Addition & Cash Payment

	Group		Company	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Addition	143,655,809	353,970,438	136,428,658	335,115,185
Cash Payment	143,655,809	353,970,438	136,428,658	335,115,185

8.9 The amount of borrowing costs capitalised with property, plant and equipment during the year ended 31 March 2020 was Nil. (2019 - Nil)

8.10 The Cost of Fully Depreciated Property, plant and equipment of the Group and the Company Which are Still in use Respectively amount of LKR 217,087,123/- and LKR 109,999,139/- respectively (2019 -LKR186.338.830/- and LKR 91,612,687/-).

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

	2020	2019
Buildings	20 Years	20 Years
Buildings Improvements	5-10 Years	5-10 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	4Years
Generators	4 Years	4Years
Plant, Machinery and Equipment	5-10 Years	5-10 Years
Fixtures & Fittings	8 Years	8 Years

8.12 Impairment (Group & Company)

Based on the assesment of potential Impairment Carried out Internally by the board of Directors as at 31 March 2020, No Provision was Required to be made in Financial Statement (2019/2020)

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

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

8.14 Group has carried out the valuations of its Land and Building as at 31 March 2020 and the value has not significantly changed. Also there is no changes to the assumptions used for fair value of the properties as at 31st March, 2020.

Notes To The Financial Statements

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

8.12 Details of Land & Buildings Revaluation

Name of the Company	Location	Extent	Number	Method of Valuation and Significant Unobservable Inputs	Range of Estimate for Unobservable Inputs	Valued in 31/03/2018 Valuation
						LKR
Abans PLC	Freehold Property at Ratmalana			Market Comparable method		
	Land	14.9 P	01	Price per perch of Land	LKR 1,000,000	14,900,000
	Building	5,162 sq.ft	01	Price per sq.ft for Building	LKR 1,500	7,743,000
Abans PLC	Freehold Property at Liberty Plaza		01	Market Comparable method		
	Shopping Block at Liberty	435 sq.ft	01	Gross monthly rental	LKR 2,400	15,700,000
	Plaza Colombo			<i>Estimated Outgoing Expenses Risk</i>	33.33% 4%	
Abans PLC	Freehold Property at Kandy			Market Comparable method		
	Land	11.094 P	01	Price per perch of Land	LKR 12,000,000	133,128,000
	Building	4,415 sq.ft	01	Price per sq.ft for Building	LKR 2,000	8,830,000
Abans PLC	Freehold Property at Kalutara			Market Comparable method		
	Land	24.46 P	01	Price per perch of Land	LKR 932,298	22,804,000
	Building	9,403 sq.ft	01	Price per sq.ft for Building	LKR 3,400	31,970,200
Abans PLC	Freehold Property at Gampaha			Market Comparable method		
	Land	17.52 P	01	Price per perch of Land	LKR 3,139,269	55,000,000
	Building	724 sq.ft	01	Price per sq.ft for Building	LKR 1,381	1,000,000
Abans PLC	Freehold Property at Kurunegala			Market Comparable method		
	Land	50 P	01	Price per perch of Land	LKR 1,966,400	98,320,000
	Building	4,300 sq.ft	01	Price per sq.ft for Building	LKR 581	2,500,000
Abans PLC	Freehold Property at Rajagiriya			Market Comparable method		
	Land	22 P	01	Price per perch of Land	LKR 2,500,000	55,000,000
	Building	3,687 sq.ft	01	Price per sq.ft for Building	LKR 1,000	3,687,000
Abans PLC	Freehold Property at Wellawatta			Market Comparable method		
	Land	25.65 P	01	Price per perch of Land	LKR 3,508,772	90,000,000
Abans PLC	Freehold Property at Ratmalana			Market Comparable method		
	Land	15.00 P	01	Price per perch of Land	LKR 1,000,000	15,000,000
	Building	3,157 sq.ft	01	Price per sq.ft for Building	LKR 2,692	8,500,000
Abans PLC	Freehold Property at Ratmalana			Market Comparable method		
	Land	17.1 P	01	Price per perch of Land	LKR 1,000,000	17,100,000
	Building	3,690 sq.ft	01	Price per sq.ft for Building	LKR 2,656	9,800,000
Abans Finance PLC	Freehold Property at Galwana-Mulleriyawa			Market Comparable method		
	Land	72.45 P	01	Price per purch of Land	LKR 1,200,828	87,000,000
						<u>677,982,200</u>

9. INVESTMENT PROPERTIES

Group/Company 9.1 Carrying Amounts

Balance As at 01 April 2019 LKR	Additions Transfers LKR	Change in Fair Value during the year LKR	Balance As at 31 March 2020 LKR
Land	312,525,000	-	47,500,250
Buildings	98,770,700	-	2,204,050
	411,295,700	-	49,704,300
			461,000,000

9.2 Details of Investment Properties Fair Valuation

2020	Location	Valuer Detail	Valuation Technique	Land (P)	Building (sq.ft)	Range of Estimate for Unobservable Inputs Land	Building	Value of Building	Value of Land	Total LKR
	Investment Property at Kirula Road, Nawala	S Upali Silva Chartered Valuer	Market Comparable	31	18,164	8,204,645	4,000.00	72,656,000	254,344,000	327,000,000
	Investment Property at Nawala Road, Nugegoda	S Upali Silva Chartered Valuer	Market Comparable	17.45	4,925	6,056,232	5,750.00	28,318,750	105,681,250	134,000,000
								100,974,750	360,025,250	461,000,000
2019	Location	Valuer Detail	Valuation Technique	Land (P)	Building (sq.ft)	Range of Estimate for Unobservable Inputs Land	Building	Value of Building	Value of Land	Total LKR
	Investment Property at Kirula Road, Nawala	KD Sirisena - Consultant Valuer	Market Comparable	31	18,164	7,137,097	3,946.44	71,683,200	221,250,000	292,933,200
	Investment Property at Nawala Road, Nugegoda	KD Sirisena - Consultant Valuer	Market Comparable	17.45	4,925	5,230,659	5,500.00	27,087,500	91,275,000	118,362,500
								98,770,700	312,525,000	411,295,700

Fair Value Hierarchy

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

9.3 The Valuation of group's investment properties were carried out by an independent professional valuer as at 31 March 2020. Considering the outbreak of Covid-19 in Sri Lanka towards the end of the financial period, in valuers' considered opinion, the values reflected represents the best estimate based on the market conditions that prevailed as at the reporting date.

9.4 No rental income earned or direct operating expenses incurred for the investment property at Kirula Road, Nawala. Rental income earned from investment property at Nawala Road, Nugegoda is disclosed in Note 27.2

Notes To The Financial Statements

10. LEASE RENTALS RECEIVABLE AND LOANS AND ADVANCES

10.1 Lease rentals Receivable Group

	Within One Year		1-5 Years		Over 5 years		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Gross Receivable								
- Lease Rentals	4,699,549,478	3,999,518,639	3,610,935,902	3,444,096,025	-	3,193,310	8,310,485,380	7,446,807,974
- Amounts receivable from Hirers	22,160,281	26,754,963	550,000	1,176,626	-	-	22,710,281	27,931,589
	4,721,709,759	4,026,273,602	3,611,485,902	3,445,272,651	-	3,193,310	8,333,195,661	7,474,739,563
Less: Unearned Income	(758,802,650)	(725,814,465)	(1,062,002,102)	(1,033,708,906)	-	(1,299,495)	(1,820,804,752)	(1,760,822,866)
Net Investment	3,962,907,109	3,300,459,137	2,549,483,800	2,411,563,745	-	1,893,815	6,512,390,909	5,713,916,697
Less:								
- Allowances For Impairment Losses (Note 10.1.2)	(397,937,280)	(336,166,712)	(256,007,678)	(245,628,690)	-	(192,894)	(653,944,958)	(581,988,296)
- Rentals received in advance	-	134,171,505	-	-	-	-	-	134,171,505
- Suspended VAT	(4,118,338)	(4,475,554)	-	-	-	-	(4,118,338)	(4,475,554)
	3,560,851,491	3,093,988,376	2,293,476,122	2,165,935,055	-	1,700,921	5,854,327,613	5,261,624,352

*Lease & hirers receivables include receivables amounting to Rs. 1,092,627,095 that have been Pledged for facilities obtained from Banks.

10.1.1 Analysis of Lease Rental Receivable & Stock Out on Hire on Maximum Exposure to credit Risk as at 31 March 2020

	Stage 01	Stage 02	Stage 03	Total
	LKR	LKR	LKR	LKR
Individually Impaired Lease Receivables	-	-	364,223,078	364,223,078
Lease Rental Receivable & Stock out of Hire subject to Collective Impairment	3,848,811,622	1,110,076,553	1,185,161,318	6,144,049,493
Allowances for Expected Credit Losses	(139,669,844)	(107,417,517)	(406,857,598)	(653,944,958)
	3,709,141,778	1,002,659,037	1,142,526,798	5,854,327,613

Analysis of Lease Rental Receivable & Stock Out on Hire on Maximum Exposure to credit Risk as at 31 March 2019

	Stage 01	Stage 02	Stage 03	Total
	LKR	LKR	LKR	LKR
Individually Impaired Lease Receivables	-	-	338,995,572	338,995,572
Lease Rental Receivable & Stock out of Hire subject to Collective Impairment	3,203,173,743	1,190,743,952	1,110,699,381	5,504,617,076
Allowances for Expected Credit Losses	(141,187,705)	(102,416,668)	(338,383,923)	(581,988,296)
	3,061,986,038	1,088,327,284	1,111,311,030	5,261,624,353

10.1.2 Allowance for Impairment

	2020	2019
	LKR	LKR
As at 01 April	581,988,296	281,905,939
Impact on Adoption of SLFRS 09 as at 01 April 2018	-	58,996,112
Charge for the year	71,956,662	241,104,718
Amount Written off	-	(18,473)
As at 31 March	653,944,958	581,988,296

10.1.3 Movement in Allowance for Expected Credit Loss (ECL) -2020

	Stage 01	Stage 02	Stage 03	Total
	LKR	LKR	LKR	LKR
Balance as at 01 April 2019	141,187,705	102,416,668	338,383,923	581,988,296
Charge/(Reversal) to Income Statement	(2,180,102)	(3,161,368)	77,298,132	71,956,662
Amounts written off	-	-	-	-
Balance as at 31 March 2020	139,007,604	99,255,300	415,682,055	653,944,958

Movement in Allowance for Expected Credit Loss (ECL) -2019

	Stage 01	Stage 02	Stage 03	Total
	LKR	LKR	LKR	LKR
Balance as at 01 April 2018	143,725,999	60,842,796	173,537,630	378,106,425
Charge/(Reversal) to Income Statement	(2,538,294)	41,573,872	164,864,766	203,900,344
Amounts written off	-	-	(18,473)	(18,473)
Balance as at 31 March 2019	141,187,705	102,416,668	338,383,923	581,988,296

10.2 Loans and Advances Group

	Within One Year		Over One Year		Total	
	2020	2019	2020	2019	2020	2019
	LKR	LKR	LKR	LKR	LKR	LKR
Loans and Advances	1,090,198,367	1,491,400,537	1,084,079,114	797,381,699	2,174,277,481	2,288,782,236
Less : Allowance for Impairment Losses (Note 10.2.1)	(155,646,381)	(138,177,041)	(148,048,843)	(73,876,763)	(303,695,224)	(212,053,804)
	934,551,986	1,353,223,496	936,030,271	723,504,936	1,870,582,257	2,076,728,432

10.2.1 Analysis of Loans and Advances on Maximum Exposure to credit Risk as at 31 March 2020

	Stage 01	Stage 02	Stage 03	Total
	LKR	LKR	LKR	LKR
Individually Impaired Loans and Advances	-	-	591,284,945	591,284,945
Loans and Advances subject to Collective Impairment	995,598,142	250,396,795	386,510,881	1,632,505,818
Allowances for Expected Credit Losses	(11,026,693)	(33,775,819)	(258,892,712)	(303,695,224)
Staff Loans - Classified under Trade & Other Receivable	-	-	-	(49,513,281)
	984,571,449	216,620,976	718,903,114	1,870,582,257

Analysis of Loans and Advances on Maximum Exposure to credit Risk as at 31 March 2019

	Stage 01	Stage 02	Stage 03	Total
	LKR	LKR	LKR	LKR
Individually Impaired Loans and Advances	-	-	795,702,286	795,702,286
Loans and Advances subject to Collective Impairment	966,872,613	216,253,636	361,005,856	1,544,132,105
Allowances for Expected Credit Losses	(12,874,716)	(17,942,647)	(181,236,440)	(212,053,803)
Staff Loans - Classified under Trade & Other Receivable	-	-	-	(51,052,156)
	953,997,897	198,310,989	975,471,702	2,076,728,432

10.2.2 Allowance for Impairment

	2020	2019
	LKR	LKR
As at 01 April	212,053,804	154,913,410
Impact on Adoption of SLFRS 09 as at 01 April 2018	-	23,564,277
Charge for the year	91,641,421	33,780,534
Amount Written off	-	(204,417)
As at 31 March	303,695,225	212,053,804
Individual Impairment	173,253,788	96,763,081
Collective Impairment	130,441,437	115,290,722
	303,695,225	212,053,803

Movement in Allowance for Expected Credit Loss (ECL) -2020

	Stage 01	Stage 02	Stage 03	Total
	LKR	LKR	LKR	LKR
Balance as at 01 April 2019	12,874,716	17,942,647	181,236,440	212,053,803
Charge/(Reversal) to Income Statement	(4,123,672)	15,249,836	80,515,257	91,641,421
Amounts written off	-	-	-	-
Balance as at 31 March 2020	8,751,044	33,192,482	261,751,697	303,695,223

10.2.3 Movement in Allowance for Expected Credit Loss (ECL) -2019

	Stage 01	Stage 02	Stage 03	Total
	LKR	LKR	LKR	LKR
Balance as at 01 April 2018	55,428,179	17,302,013	124,980,747	197,710,939
Charge/(Reversal) to Income Statement	(42,553,463)	640,634	56,460,110	14,547,281
Amounts written off	-	-	(204,417)	(204,417)
Balance as at 31 March 2019	12,874,716	17,942,647	181,236,440	212,053,803

11. INTANGIBLE ASSETS

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

	Group		Company	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
As at 01 April	60,161,321	62,321,966	27,389,805	39,392,067
Acquired during the year	6,911,871	19,988,374	5,680,374	4,582,077
Charge for the year	(19,655,725)	(20,350,676)	(15,000,914)	(16,584,339)
Discontinued Subsidiaries	-	(1,798,343)	-	-
As at 31 March	47,417,467	60,161,321	18,069,265	27,389,805

Notes To The Financial Statements

12. INVESTMENTS IN SUBSIDIARIES

12.1 Quoted	Effect Holding - %		Number Of Shares		Cost	
	2020	2019	2020	2019	2020	2019
					LKR	LKR
Cost						
Abans Finance PLC	49.67	49.67	33,063,877	33,063,877	361,144,336	361,144,336
			33,063,877	33,063,877	361,144,336	361,144,336
12.2 Non-Quoted						
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 A.B.	100	100	10,000,000	10,000,000	100,000,000	100,000,000
Sun City (Pvt) Ltd. Less:	100	100	275,168,000	275,168,000	2,751,680,000	2,751,680,000
Impairment*			-	-	(5,000,000)	(5,000,000)
			286,268,000	286,268,000	2,857,680,000	2,857,680,000
Total Carrying Value of Investments in Subsidiaries			319,331,877	319,331,877	3,218,824,336	3,218,824,336

* The company (AB Technologies (Pvt) Ltd) is a less operating as of the reporting date. Hence the net assets of the company as at 31 March 2020 is amounting to 9,370,294/-

12.3 Market Value

	Market Valuation 2020	Market Valuation 2019
	LKR	LKR
Abans Finance PLC	525,715,644	515,796,481
	525,715,644	515,796,481

13. MATERIAL PARTLY-OWNED SUBSIDIARIES

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

Name	2020 %	2019 %
Abans Finance PLC	50.33	50.33

13.2 The summarised financial information of

	Abans Finance PLC	
	2020	2019
	LKR	LKR
Summarised Statement of Profit or Loss		
Revenue	2,024,846,339	1,965,038,289
Expenses	(1,801,983,590)	(1,783,876,886)
Finance Cost	12,871,643	-
Profit before tax	235,734,392	181,161,403
Tax expense	(132,307,299)	(157,440,081)
Profit for the year	103,427,093	23,721,322
Attributable to Non-Controlling Interests	52,050,593	11,937,964
Dividend paid to NCI	-	-
Summarised Statement of Financial Position		
Non Current Assets	3,455,583,099	3,057,168,018
Current Assets	5,600,530,780	5,803,142,715
Non Current Liabilities	(1,237,756,642)	(1,509,697,966)
Current Liabilities	(6,181,039,236)	(5,816,552,506)
Total Equity	1,637,318,001	1,534,060,261
Attributable to Equity Holders of Parent	813,255,851	761,967,732
Attributable to Non-Controlling Interest	824,062,150	772,092,529
Summarised Cash Flow Information		
Operating	(659,790,553)	(1,207,142,372)
Investing	201,645,692	255,695,121
Financing	346,715,132	594,210,512
Net Increase/(Decrease) in Cash and Cash Equivalents	(111,429,729)	(357,236,739)

14. INVESTMENT IN EQUITY ACCOUNTED INVESTEE

14.1 Investment Details

Investor	Investee/Relationship	Holding - %		Cost		Market Valuation	
		2020	2019	2020 LKR	2019 LKR	2020 LKR	2019 LKR
Abans PLC	Abans Electricals PLC - Associate	42.95	42.95	30,752,197	30,752,197	132,369,294	114,149,308
A.B. Sun City (Pvt) Ltd.	Colombo City Centre Partners (Private) Limited - Joint Venture	50	50	2,953,988,068	2,645,097,172	Not a Listed Company	
				2,984,740,265	2,675,849,369	132,369,294	114,149,308

14.2 Investment in an Associate - Abans Electrical PLC

The Company has a 42.95% (2019 - 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.

14.3 Investments In A Joint Venture -Colombo City Centre Partners (Private) Limited

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

14.3.2 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:

14.3.3 There are considerations received from other investors as well as Group, which are classified under equity as Consideration Received for Shares.

14.3.4 Colombo City Centre Partners (Private) Limited showing below summarized financial information's

	2020 LKR	2019 LKR
Cash and cash equivalents	332,179,104	345,247,673
Current liabilities (excluding trade & other payable)	95,519,189	250,893,205
Non-current liabilities (excluding trade & other payable)	10,724,250,646	8,115,578,990
Finance Cost	291,339,515	153,762,024

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

Group

14.4.1 Summarised Statement of Profit or Loss

	Joint Venture		Associate	
	2020 LKR	2019 LKR	2020 LKR	2019 LKR
Revenue	765,444,952	431,327,669	2,986,136,172	2,870,557,754
Operating Expenses	(560,323,644)	(482,198,912)	(2,786,025,617)	(2,726,541,148)
Finance Cost	(291,339,515)	(153,762,024)	(74,849,249)	(67,470,181)
Profit/(Loss) before tax for the Year	(86,218,207)	(204,633,267)	125,261,306	76,546,425
Tax	-	-	(38,688,114)	(2,202,142)
Profit after Tax	(86,218,207)	(204,633,267)	86,573,192	74,344,283
Group's Share of Profit/(Loss) for the Year	(43,109,104)	(102,316,634)	37,183,186	31,930,870

14.4.2 Summarised Statement of Financial Position

	Joint Venture		Associate	
	2020	2019	2020	2019
Non Current Assets	12,400,178,601	10,637,205,495	1,719,805,426	1,510,753,350
Current Assets	12,336,891,018	10,216,032,350	1,476,781,710	1,304,457,306
Non Current Liabilities	(9,283,143,676)	(8,115,578,990)	(421,835,946)	(402,988,047)
Current Liabilities	(9,545,949,807)	(7,447,464,511)	(1,343,237,531)	(1,062,532,604)
Equity	5,907,976,136	5,290,194,344	1,431,513,658	1,349,690,005
Group's Carrying Amount of the Investment	2,953,988,068	2,645,097,172	614,835,116	579,691,857

14.4.3 Equity Reconciliation

	Joint Venture		Associate		Total Investment	
	2020 LKR	2019 LKR	2020 LKR	2019 LKR	2020 LKR	2019 LKR
Carrying Value as at 01 April	2,645,097,172	2,059,006,215	579,691,857	506,510,823	3,224,789,029	2,565,517,038
Investment Made during the Year	352,000,000	688,407,590	-	-	352,000,000	688,407,590
Share of Profits/(Loss) Net of Tax	(43,109,104)	(102,316,633)	37,183,186	31,930,870	(5,925,918)	(70,385,763)
Revaluation Gain Net of Tax	-	-	-	44,168,749	-	44,168,749
Actuarial Gain /(Loss)	-	-	4,545,030	1,471,386	4,545,030	1,471,386
Dividend Received	-	-	(6,584,957)	(4,389,971)	(6,584,957)	(4,389,971)
Carrying Value as at 31 March	2,953,988,068	2,645,097,172	614,835,116	579,691,857	3,568,823,184	3,224,789,029

Notes To The Financial Statements

15. OTHER FINANCIAL ASSETS

Non Current

Measured at Fair Value through Other Comprehensive Income (15.2 & 15.4)

Current

Measured at Fair Value through Profit or Loss (Note 15.1)

Measured at Amortized Cost (Note 15.3)

	Group		Company	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
	15,080,400	15,080,400	15,000,000	15,000,000
	<u>15,080,400</u>	<u>15,080,400</u>	<u>15,000,000</u>	<u>15,000,000</u>
	482,445	529,744	482,445	529,744
	<u>433,775,297</u>	<u>489,573,356</u>	<u>4,000,000</u>	<u>4,000,000</u>
	<u>434,257,742</u>	<u>490,103,100</u>	<u>4,482,445</u>	<u>4,529,744</u>

15.1 Fair Value Through Profit or Loss

Group & Company

Diversified Holdings

Hayleys PLC

Power & Energy

Lanka IOC PLC

Manufacturing

Royal Ceramic Lanka PLC

Regnis (Lanka) PLC

Value	Value
2020	2019
LKR	LKR
8,405	11,424
<u>8,405</u>	<u>11,424</u>
395,000	435,000
<u>395,000</u>	<u>435,000</u>
67,080	70,800
11,960	12,520
<u>79,040</u>	<u>83,320</u>
<u>482,445</u>	<u>529,744</u>

15.2 Measured at Fair Value through Other Comprehensive Income

Group

Investment in Ordinary Shares

Abans Restaurant Systems (Pvt) Ltd.

Investment in Preference Shares

Abans Investment (Pvt) Ltd.

AB Leisure (Pvt) Ltd.

Credit Information Bureau of Sri Lanka

Less : Impairment - AB Leisure (Pvt) Limited

No of Shares		Carrying Value	Carrying Value
2020	2019	2020	2019
		LKR	LKR
500,000	500,000	5,000,000	5,000,000
		<u>5,000,000</u>	<u>5,000,000</u>
1,000,000	1,000,000	10,000,000	10,000,000
500,000	500,000	5,000,000	5,000,000
1,000	1,000	80,400	80,400
		<u>(5,000,000)</u>	<u>(5,000,000)</u>
		<u>10,080,400</u>	<u>10,080,400</u>
		<u>15,080,400</u>	<u>15,080,400</u>

15. OTHER FINANCIAL ASSETS (Contd...)

15.3 Measured at Amortized Cost

Current

	Group		Company	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Treasury Bills*	203,891,322	215,455,125	-	-
Treasury Bonds*	21,529,821	20,459,214	-	-
Fixed Deposits	208,354,154	253,659,017	4,000,000	4,000,000
	433,775,297	489,573,356	4,000,000	4,000,000
Total Measured at Amortized Cost	433,775,297	489,573,356	4,000,000	4,000,000

* Government of Sri Lanka

15.4 Measured at Fair Value through Other Comprehensive Income

Company

Investment in Ordinary Shares

Abans Restaurant Systems (Pvt) Ltd.

Investment in Preference Shares

Abans Investment (Pvt) Ltd.

AB Leisure (Pvt) Ltd.

Less : Impairment - AB Leisure (Pvt) Limited

	No. of Shares		Carrying Value	Carrying Value
	2020	2019	2020	2019
			LKR	LKR
	500,000	500,000	5,000,000	5,000,000
			5,000,000	5,000,000
	1,000,000	1,000,000	10,000,000	10,000,000
	500,000	500,000	5,000,000	5,000,000
			(5,000,000)	(5,000,000)
			10,000,000	10,000,000
			15,000,000	15,000,000

16. TRADE AND OTHER RECEIVABLES

16.1 Group

	Group		Company	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Trade Receivables	141,748,472	99,687,330	186,654,141	148,819,135
- Related Parties				
- Other	6,762,541,488	7,736,786,459	6,758,076,007	7,726,469,498
Less: Provision for Impairment	(589,742,358)	(442,809,332)	(585,276,877)	(433,009,477)
	6,314,547,602	7,393,664,457	6,359,453,271	7,442,279,156
Other Debtors	1,794,875,410	1,796,630,587	1,767,919,178	1,770,815,603
- Related Parties				
- Other	1,130,760,718	1,447,781,946	993,584,211	1,219,458,169
Less: Provision for Impairment	(1,078,350,729)	(996,318,700)	(1,030,537,422)	(941,887,726)
	8,161,833,001	9,641,758,290	8,090,419,238	9,490,665,202
Staff Loans	91,418,761	107,137,515	18,086,033	31,108,437
	8,253,251,762	9,748,895,805	8,108,505,271	9,521,773,639
Advances and Prepayments	154,009,852	302,009,149	123,902,360	261,546,149
	8,407,261,614	10,050,904,954	8,232,407,631	9,783,319,788

Notes To The Financial Statements

16. TRADE AND OTHER RECEIVABLES (Contd..)

16.2 Provision for Impairment

	Group		Company	
	2020 LKR	2019 LKR	2020 LKR	2019 LKR
At the Beginning of the Year	1,439,128,032	1,386,910,227	1,374,897,203	1,205,222,203
Provision Made During the Period	228,965,055	52,217,805	240,917,096	169,675,000
At the End of the Year	1,668,093,087	1,439,128,032	1,615,814,299	1,374,897,203

The Aging Details of Trade & Other Receivables are given on Note Number 26.5.1.1

Management has taken the appropriate measures to reflect the correct ECL due to the Covid 19 Pandemic, as the consequent unexpected deterioration on in credit quality of trade receivables on the end of March 2020 will have a significant impact on the ECL measurement. Economic Factor Adjustment (EFA) updated to reflect the impact of COVID-19 was incorporated in measuring ECL while information used for Probability of Default (PD) and Loss Given Default (LGD) were used without modification due to insufficiency of updated information relating to borrowers repayment ability, resource constraints and various government relief measures as a result of the outbreak.

17. INVENTORIES

	Group		Company	
	2020 LKR	2019 LKR	2020 LKR	2019 LKR
Work in Progress	-	56,326,048	-	56,326,048
Trading Stock	7,967,958,053	8,716,747,206	7,966,661,924	8,714,006,152
Real Estate Stock	39,313,213	50,793,213	-	-
Less: Provision for Slow Moving Inventory (Note 17.1)	(405,689,808)	(340,558,599)	(404,793,082)	(339,835,108)
Total Inventories at the Lower of Cost and Net Realisable Value	7,601,581,458	8,483,307,868	7,561,868,842	8,430,497,092

17.1 Provision for Slow Moving Inventory

	Group		Company	
	2020 LKR	2019 LKR	2020 LKR	2019 LKR
At the Beginning of the Year	340,558,599	339,381,835	339,835,108	329,364,566
Charge / (Reversal) for the year	65,131,209	1,176,764	64,957,974	10,470,542
At the End of the Year	405,689,808	340,558,599	404,793,082	339,835,108

The Group evaluated the components with COVID-19 related revenue declines and/or the nature of the inventories carried and assessed whether it was required to adjust the carrying value of the inventory prior to reflecting them at the lower of cost or net realisable value.

18. SECURITIES PURCHASED UNDER REPURCHASE AGREEMENT

Group	2020 LKR	2019 LKR
Repurchase Agreements	279,143,141	281,537,224
	279,143,141	281,537,224

19. CASH AND SHORT TERM DEPOSITS

	Group		Company	
	2020 LKR	2019 LKR	2020 LKR	2019 LKR
19.1 Favourable Cash and Short Term Deposits				
Cash and Bank Balances	1,303,771,796	685,625,260	1,136,369,151	417,580,012
	1,303,771,796	685,625,260	1,136,369,151	417,580,012
19.2 Unfavourable Cash and Short Term Deposits				
Bank Overdraft (Note 22.1)	(319,435,390)	(384,297,030)	(45,078,628)	(255,595,844)
Total Cash and Short Term Deposits For the purpose of Cash flow Statement	984,336,406	301,328,230	1,091,290,523	161,984,168

20. STATED CAPITAL- Group / Company

	2020		2019	
	No of Share	LKR	No of Share	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

20.1 Rights Preference and restrictions of Classes of Capital

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

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

20.2 There were no new Shares Issued During the Financial Year

21. OTHER COMPONENTS OF EQUITY

	Group		Company	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Revaluation Reserve (Note 21.1)	539,801,649	539,801,649	338,394,043	338,394,043
Other Reserves (Note 21.2)	133,669,250	112,983,832	-	-
	<u>673,470,899</u>	<u>652,785,481</u>	<u>338,394,043</u>	<u>338,394,043</u>

21.1 Revaluation Reserve

On: Land and Buildings

Balance as at the Beginning of the Year	539,801,649	498,819,620	338,394,043	338,394,043
Increase/(Decrease) in Revaluation Reserve Net of Tax	-	40,982,029	-	-
Balance as at the End of the Year	<u>539,801,649</u>	<u>539,801,649</u>	<u>338,394,043</u>	<u>338,394,043</u>

	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Balance as at the Beginning of the Year	539,801,649	498,819,620	338,394,043	338,394,043
Increase/(Decrease) in Revaluation Reserve Net of Tax	-	40,982,029	-	-
Balance as at the End of the Year	<u>539,801,649</u>	<u>539,801,649</u>	<u>338,394,043</u>	<u>338,394,043</u>

21.2 Other Reserves

Statutory Reserve & Investment Fund Reserve (Note 21.2.1)

	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Statutory Reserve & Investment Fund Reserve (Note 21.2.1)	133,669,250	112,983,832	-	-
	<u>133,669,250</u>	<u>112,983,832</u>	<u>-</u>	<u>-</u>

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

21.2.1 Statutory Reserve & Investment Fund Reserve

Balance as at the beginning of the year
Transfers during the year

	Group		Company	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Balance as at the beginning of the year	112,983,832	108,239,567	-	-
Transfers during the year	20,685,418	4,744,265	-	-
	<u>133,669,250</u>	<u>112,983,832</u>	<u>-</u>	<u>-</u>

Notes To The Financial Statements

22. INTEREST BEARING BORROWINGS

22.1 Group

	Amount Repayable Within 1 Year	Amount Repayable After 1 Year	2020 Total	Amount Repayable Within 1 Year	Amount Repayable After 1 Year	2019 Total
	LKR	LKR	LKR	LKR	LKR	LKR
Import Financing Loans	6,071,330,345	-	6,071,330,345	6,348,664,594	-	6,348,664,594
Bank Loans	2,648,371,582	1,356,636,667	4,005,008,249	2,030,145,023	2,668,516,610	4,698,661,633
Bank Overdrafts (Note 19.2)	319,435,390	-	319,435,390	384,297,030	-	384,297,030
Commercial Papers	72,802,779	-	72,802,779	55,495,598	-	55,495,598
Debentures - Listed - Unsecured	9,071,466	250,000,000	259,071,466	776,867,790	-	776,867,790
Securitization	633,837,356	16,000,000	649,837,356	230,277,717	190,316,128	420,593,845
	<u>9,754,848,918</u>	<u>1,622,636,667</u>	<u>11,377,485,585</u>	<u>9,825,747,752</u>	<u>2,858,832,738</u>	<u>12,684,580,490</u>

22.1.1 Changes in Interest Bearing Borrowings - Current Year

	As at 01 April 2019	Obtained during the year	Repayments during the year	Discontinued Subsidiaries	Accrued Interest	As at 31 March 2020
	LKR	LKR	LKR	LKR	LKR	LKR
Import Financing Loans	6,348,664,594	17,147,235,026	(17,453,226,407)	-	28,657,132	6,071,330,345
Bank Loans	4,698,661,633	2,982,913,999	(3,680,559,705)	-	3,992,322	4,005,008,249
Commercial Papers	55,495,598	140,178,001	(124,110,925)	-	1,240,105	72,802,779
Debentures - Listed - Unsecured	776,867,790	256,310,000	(783,177,790)	-	9,071,466	259,071,466
Securitization	420,593,845	229,243,511	-	-	-	649,837,356
	<u>12,300,283,460</u>	<u>20,755,880,537</u>	<u>(22,041,074,827)</u>	<u>-</u>	<u>42,961,025</u>	<u>11,058,050,195</u>

Changes in Interest Bearing Borrowings - Previous Year

	As at 01 April 2018	Obtained during the year	Repayments during the year	Discontinued Subsidiaries	Accrued Interest	As at 31 March 2019
	LKR	LKR	LKR	LKR	LKR	LKR
Finance Leases	8,754,335	-	-	(8,754,335)	-	-
Import Financing Loans	6,214,263,885	19,283,979,450	(19,172,022,926)	-	22,444,185	6,348,664,594
Bank Loans	5,161,552,152	3,617,397,720	(3,343,776,121)	(742,529,938)	6,017,821	4,698,661,633
Commercial Papers	46,893,969	160,692,745	(156,092,312)	-	4,001,196	55,495,598
Debentures - Listed - Unsecured	1,588,764,959	-	(828,414,959)	-	16,517,790	776,867,790
Securitization	-	420,593,845	-	-	-	420,593,845
	<u>13,020,229,300</u>	<u>23,482,663,760</u>	<u>(23,500,306,318)</u>	<u>(751,284,273)</u>	<u>48,980,992</u>	<u>12,300,283,460</u>

22.2 Company

	Amount Repayable Within 1 Year	Amount Repayable After 1 Year	2020 Total	Amount Repayable Within 1 Year	Amount Repayable After 1 Year	2019 Total
	LKR	LKR	LKR	LKR	LKR	LKR
Import Financing Loans	6,071,330,345	-	6,071,330,345	6,348,664,594	-	6,348,664,594
Bank Loans	2,341,172,322	1,128,520,000	3,469,692,322	1,849,622,801	2,465,700,000	4,315,322,801
Bank Overdrafts (Note 19.2)	45,078,628	-	45,078,628	255,595,844	-	255,595,844
Commercial Papers	72,802,779	-	72,802,779	55,495,598	-	55,495,598
Debentures - Listed - Unsecured	9,071,466	250,000,000	259,071,466	776,867,790	-	776,867,790
	<u>8,539,455,540</u>	<u>1,378,520,000</u>	<u>9,917,975,540</u>	<u>9,286,246,627</u>	<u>2,465,700,000</u>	<u>11,751,946,627</u>

22. INTEREST BEARING BORROWINGS (Contd...)

22.2.1 Changes in Interest Bearing Borrowings - Current Year

	As at 01 April 2019 LKR	Obtained during the year LKR	Repayments during the year LKR	Accrued Interest LKR	As at 31 March 2020 LKR
Import Financing Loans	6,348,664,594	17,147,235,026	(17,453,226,407)	28,657,132	6,071,330,345
Bank Loans	4,315,322,801	2,474,999,999	(3,324,622,800)	3,992,322	3,469,692,322
Commercial Papers	55,495,598	140,178,001	(124,110,925)	1,240,105	72,802,779
Debentures - Listed - Unsecured	776,867,790	256,310,000	(783,177,790)	9,071,466	259,071,466
	<u>11,496,350,783</u>	<u>20,018,723,026</u>	<u>(21,685,137,922)</u>	<u>42,961,025</u>	<u>9,872,896,912</u>

Changes in Interest Bearing Borrowings - Previous Year

	As at 01 April 2018 LKR	Obtained during the year LKR	Repayments during the year LKR	Accrued Interest LKR	As at 31 March 2019 LKR
Import Financing Loans	6,214,263,885	19,283,979,450	(19,172,022,925)	22,444,184	6,348,664,594
Bank Loans	4,209,300,048	3,172,397,720	(3,072,392,789)	6,017,822	4,315,322,801
Commercial Papers	46,893,969	160,692,745	(156,092,312)	4,001,196	55,495,598
Debentures - Listed - Unsecured	1,588,764,959	-	(828,414,959)	16,517,790	776,867,790
	<u>12,059,222,861</u>	<u>22,617,069,915</u>	<u>(23,228,922,985)</u>	<u>48,980,992</u>	<u>11,496,350,783</u>

22.3 Security and repayment terms -Import Finance Loans & Bank Loans

	Loan Outstanding	Company	Tenor	Interest Rate	Collateral
Import Financing Loans	6,071,330,345		3-6 Months	AWPLR+0.5%-1%	Stocks and Book Debtors
Term Loan HNB PLC	187,500,000		4 Years	AWPLR+1.75%	Credit Card Receivables
Term Loan Sampath Bank PLC	1,799,200,000		4 Years	AWPLR+1.5%-2%	Hire Purchase Receivable
Term Loan Peoples' Bank	479,000,000		4 Years	AWPLR + 1.25%	Hire Purchase Receivable
Short Term Loans Sampath Bank PLC	400,027,350	Abans PLC	6 Months	AWPLR+0.25%-1.5%	Stocks and Book Debtors
Short Term Loans Seylan Bank PLC	200,631,749		4 Months	AWPLR+0.25%	No Collateral
Short Term Loans NDB	403,333,224		3 Months	9.30%	Stocks and Book Debtors
Commercial Papers	72,802,779		3 - 12 Months	AWPLR+2%	No Collateral
Term Loan 02 Union Bank of Colombo	-		3 Years	AWPLR+3%	Lease Portfolio
Term Loan 01 Seylan Bank PLC	51,666,667		5 Years	AWPLR + 3%	Lease Portfolio
Term Loan 02 Seylan Bank PLC	68,750,000		5 Years	AWPLR+2.75%	Lease Portfolio
Term Loan 01 Nations Trust Bank PLC	83,258,333	Abans Finance PLC	2 Years	AWPLR + 2.8%	Lease Portfolio
Term Loan 03 Seylan Bank PLC	236,100,000		3 Years	AWPLR+2.5%	Lease Portfolio
Loan Against FD 06- Seylan Bank PLC	15,540,926		-	10.83%	Fixed Deposits
Loan Against FD 07- Seylan Bank PLC	80,000,000		-	10.83%	Fixed Deposits

22.4 Debentures

Senior Listed Rated Unsecured Redeemable

Year of Issue	Face Value	Term	Issue Date	Maturity Date	Interest Rate	Carrying Value	
						2020 LKR	2019 LKR
2014	760,350,000	5 Years	26/12/2014	26/12/2019	9.00%	-	776,867,790
2019	250,000,000	5 Years	19/12/2019	19/12/2024	12.50%	259,071,466	-

23. WARRANTY PROVISION

	Group		Company	
	2020 LKR	2019 LKR	2020 LKR	2019 LKR
Balance as at the beginning of the Year	301,323,250	384,590,022	300,527,268	375,330,434
Provision for the Year	196,266,703	211,122,823	196,266,703	219,851,167
Utilised during the Year	(242,550,877)	(294,389,595)	(242,550,877)	(294,654,333)
Balance as at the end of the Year	<u>255,039,076</u>	<u>301,323,250</u>	<u>254,243,094</u>	<u>300,527,268</u>

Notes To The Financial Statements

24. EMPLOYEE BENEFITS LIABILITIES

24.1 Employee Benefits Liability

	Group		Company	
	2020 LKR	2019 LKR	2020 LKR	2019 LKR
Balance as at 01 April	268,076,957	299,810,447	229,563,633	226,271,787
Provision for the Year	56,592,033	55,624,310	51,102,309	46,306,988
Net Actuarial (Gain)/Loss	(5,215,633)	(3,336,570)	(5,450,849)	(26,400)
Benefit Paid	(36,748,059)	(45,847,699)	(32,987,084)	(39,320,293)
Transferred from/(to) Intercompany (Note 24.6)	(6,879,149)	(3,668,449)	14,162,991	(3,668,449)
Transferred/(Discontinued Subsidiaries)	-	(34,505,082)	-	-
Balance as at 31 March	275,826,149	268,076,957	256,391,000	229,563,633

24.2 Expense on Benefits Plan

Current Service Cost	28,039,646	28,168,068	24,471,752	22,741,680
Interest Cost on Benefit Obligation	28,552,387	27,456,242	26,630,557	23,565,308
The Total Amount Charged to Statement of Profit or Loss	56,592,033	55,624,310	51,102,309	46,306,988
Actuarial (Gain)/Loss	(5,215,633)	(3,336,570)	(5,450,849)	(26,400)
Other Comprehensive Income Reversal	(5,215,633)	(3,336,570)	(5,450,849)	(26,400)

24.3 Actuarial & Management Consultants (Private) Limited Carried out an Actuarial Valuation of the Employed Benefit Plan - Gratuity on 31 March 2020. Appropriate and Compatible Assumptions were used in determining the cost of Retirement Benefit. The Principle Assumptions used as at 31 March 2020 are as Follows,

	Group		Company	
	2020	2019	2020	2019
Method of Actuarial Valuation	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)
Financial Assumption				
Discount Rate	9% - 9.59%	11%	9%	11%
Salary Increment Rate	5% - 8%	5% - 10%	8%	10%
Staff Turnover Rate	17% - 27%	17% - 28%	27%	28%
Retirement Age - Female	60 Years	60 Years	60 Years	60 Years
- Male	60 Years	60 Years	60 Years	60 Years

24.4 Sensitivity of Assumptions Employed in Actuarial Valuation

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

	2020		2019	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Group				
Discount rate	267,559,247	284,674,326	261,566,008	275,039,344
Salary Increment Rate	284,703,547	269,430,390	277,410,219	259,186,422
Company				
Discount rate	249,014,617	264,257,816	223,260,196	236,277,105
Salary Increment Rate	263,032,010	250,050,260	237,331,147	222,147,007

24. EMPLOYEE BENEFITS LIABILITIES (Contd...)

24.5 Future Working Life Time

Within the next 12 month
Between 1-2 Years
Between 2-5 Years
Between 5-10 Years
Beyond 10 Years

Group		Company	
2020	2019	2020	2019
LKR	LKR	LKR	LKR
65,557,619	69,705,752	62,249,215	61,460,543
94,796,503	93,934,404	90,555,894	78,913,033
71,947,970	64,790,050	67,707,361	57,472,040
33,230,459	31,074,197	28,501,700	25,587,911
10,293,598	8,572,555	7,376,830	6,130,105
275,826,149	268,076,957	256,391,000	229,563,633

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

Abans Retail (Pvt) Ltd
Abans Auto (Pvt) Ltd
Abans Environmental Services (Pvt) Ltd
Abans Restaurant Systems (Pvt) Ltd
Abans Information Systems (Pvt) Ltd
Crown City Developers (Pvt) Ltd
Abstract Lanka (Pvt) Ltd

Group		Company	
2020	2019	2020	2019
LKR	LKR	LKR	LKR
-	-	21,042,140	-
(307,244)	(1,828,165)	(307,244)	(1,828,165)
(835,571)	-	(835,571)	-
(705,068)	-	(705,068)	-
1,630,654	-	1,630,654	-
(6,661,920)	-	(6,661,920)	-
-	(1,840,284)	-	(1,840,284)
(6,879,149)	(3,668,449)	14,162,991	(3,668,449)

25. TRADE AND OTHER PAYABLES

25.1 Group

Trade Payable - Related Parties
- Other
Other Payable - Related Parties
- Other
Advances and Deposits
Sundry Creditors Including Accrued Expenses

2020			2019		
Current	Non-Current	Total	Current	Non-Current	Total
LKR	LKR	LKR	LKR	LKR	LKR
434,549,234	-	434,549,234	409,066,047	-	409,066,047
5,726,943,681	893,671,851	6,620,615,532	5,692,287,700	1,099,094,047	6,791,381,747
744,260,455	-	744,260,455	553,407,740	-	553,407,740
416,384,463	-	416,384,463	342,946,968	-	342,946,968
7,322,137,833	893,671,851	8,215,809,684	6,997,708,455	1,099,094,047	8,096,802,502
755,913,274	-	755,913,274	970,563,580	-	970,563,580
8,078,051,107	893,671,851	8,971,722,958	7,968,272,035	1,099,094,047	9,067,366,082
1,491,364,078	-	1,491,364,078	2,017,497,397	-	2,017,497,397
9,569,415,185	893,671,851	10,463,087,036	9,985,769,432	1,099,094,047	11,084,863,479

25.2 Company

Trade Payable - Related Parties
- Other
Other Payable - Related Parties
- Other
Advances and Deposits
Sundry Creditors Including Accrued Expenses

2020	2019
Current	Current
LKR	LKR
433,973,257	409,439,080
1,248,930,876	819,889,444
1,430,668,432	1,561,659,064
190,284,272	331,726,649
3,303,856,837	3,122,714,237
754,550,428	966,602,685
4,058,407,265	4,089,316,922
1,311,268,313	1,724,485,484
5,369,675,578	5,813,802,406

Notes To The Financial Statements

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

26.1 Financial Assets and Liabilities by Categories

Group

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

Financial Assets by Categories

Financial Assets by Categories				At Amortized Cost		Measured at Fair Value Through Profit or Loss		Measured at Fair Value Through Other Comprehensive Income	
						2020	2019	2020	2019
				Notes	LKR	LKR	LKR	LKR	LKR
Financial instruments in non-current assets									
Other Financial Assets	15.	-	-	-	-	15,080,400	15,080,400		
Lease Rentals Receivable	10.1	2,293,476,122	2,167,635,976	-	-	-	-		
Loans and Advances	10.2	936,030,271	723,504,936	-	-	-	-		
Financial instruments in current assets									
Lease Rentals Receivable	10.1	3,560,851,491	3,093,988,376	-	-	-	-		
Loans and Advances	10.2	934,551,986	1,353,223,496	-	-	-	-		
Trade and Other Receivables Excluding Pre-payments	16.1	8,253,251,762	9,748,895,805	-	-	-	-		
Other Financial Assets	15.	433,775,297	489,573,356	482,445	529,744	-	-		
Cash and Short Term Deposits	19.1	1,303,771,796	685,625,260	-	-	-	-		
Securities Purchased under Repurchase Agreement	18.	279,143,141	281,537,224	-	-	-	-		
Total		17,994,851,866	18,543,984,429	482,445	529,744	15,080,400	15,080,400		

Financial Liabilities by Categories

Financial Liabilities by Categories		Financial Liabilities Measured at Fair Value		Financial Liabilities Measured at Amortized Cost	
		2020	2019	2020	2019
		LKR	LKR	LKR	LKR
Notes					
Financial instruments in non-current liabilities					
Interest Bearing Borrowings	22.1	-	-	1,622,636,667	2,858,832,738
Trade and Other Payables	25.1	-	-	893,671,851	1,099,094,047
Financial instruments in current liabilities					
Interest Bearing Borrowings	22.1	-	-	9,754,848,918	9,825,747,752
Trade and Other Payables	25.1	-	-	9,569,415,185	9,985,769,432
Total		-	-	21,840,572,621	23,769,443,969

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

Company

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

Financial Assets by Categories

Financial Assets by Categories		At Amortized Cost		Measured at Fair Value Through Profit or Loss		Measured at Fair Value Through Other Comprehensive Income	
		2020	2019	2020	2019	2020	2019
	Notes	LKR	LKR	LKR	LKR	LKR	LKR
Financial instruments in non-current assets							
Other Financial Assets	15.	-	-	-	-	15,000,000	15,000,000
Financial instruments in current assets							
Trade and Other Receivables Excluding Pre-payment	16.1	8,108,505,271	9,521,773,639	-	-	-	-
Other Financial Assets	15.	4,000,000	4,000,000	482,445	529,744	-	-
Cash and Short Term Deposits	19.1	1,136,369,151	417,580,012	-	-	-	-
Total		9,248,874,422	9,943,353,651	482,445	529,744	15,000,000	15,000,000

Financial Liabilities by Categories

Financial Liabilities by Categories		Financial Liabilities		Financial Liabilities Measured at	
		Measured at Fair Value		Amortized Cost	
		2020	2019	2020	2019
	Notes	LKR	LKR	LKR	LKR
Financial instruments in non-current liabilities					
Interest Bearing Borrowings	22.2	-	-	1,378,520,000	2,465,700,000
Financial instruments in current liabilities					
Trade and Other Payables	25.2	-	-	5,369,675,578	5,813,802,406
Interest Bearing Borrowings	22.2	-	-	8,539,455,540	9,286,246,627
Total		-	-	15,287,651,118	17,565,749,033

Notes To The Financial Statements

26. FINANCIAL INSTRUMENTS

26.3 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 2020.

Financial Assets - Group	Level 1 LKR	Level 2 LKR	Level 3 LKR	Total LKR
Recurring Fair Value Measurements				
Financial Assets:				
Measured at Fair Value Through Profit or Loss	482,445	-	-	482,445
Measured at Fair Value Through Other Comprehensive Income	-	-	15,080,400	15,080,400
Total Recurring Financial Assets	482,445	-	15,080,400	15,562,845
Non Financial Assets:				
Land and Buildings	-	-	669,026,391	669,026,391
Investment Properties	-	-	461,000,000	461,000,000
Total Recurring Non-Financial Assets	-	-	1,130,026,391	1,130,026,391

Financial Assets - Company	Level 1 LKR	Level 2 LKR	Level 3 LKR	Total LKR
Recurring Fair Value Measurements				
Financial Assets:				
Measured at Fair Value Through Profit or Loss	482,445	-	-	482,445
Measured at Fair Value Through Other Comprehensive Income	-	-	15,000,000	15,000,000
Total Recurring Financial Assets	482,445	-	15,000,000	15,482,445
Non Financial Assets:				
Land and Buildings	-	-	582,020,972	582,020,972
Investment Properties	-	-	461,000,000	461,000,000
Total Recurring Non-Financial Assets	-	-	1,043,020,972	1,043,020,972

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 2020 and 2019, 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

26. FINANCIAL INSTRUMENTS (Contd...)

26.4 Fair Value of Financial Instruments

Fair Value of Financial Instruments		2020		2019	
Group	Note	Carrying Amount	Fair Value	Carrying Amount	Fair Value
		LKR	LKR	LKR	LKR
Financial Assets					
Lease Rentals Receivable		5,854,327,613	5,686,854,987	5,261,624,352	4,093,652,845
Other Financial Assets		449,338,142	440,091,675	505,183,500	466,766,485
Loans and Advances		1,920,095,538	1,806,713,994	2,127,780,588	1,761,035,935
Trade and Other Receivables Excluding Pre-payments	A	8,253,251,762	8,253,251,762	9,748,895,805	9,748,895,805
Securities Purchased under Repurchase Agreement	A	279,143,141	279,143,141	281,537,224	281,537,224
Cash and Short Term Deposits	A	1,303,771,796	1,303,771,796	685,625,260	685,625,260
Financial Liabilities					
Interest Bearing Borrowings (Non Current)	B	1,622,636,667	1,622,636,667	2,858,832,738	2,858,832,738
Interest Bearing Borrowings (Current)	A	9,754,848,918	9,754,848,918	9,825,747,752	9,825,747,752
Trade and Other Payables (Non Current)	B	893,671,851	893,671,851	1,099,094,047	1,099,094,047
Trade and Other Payables (Current)	A	9,569,415,185	9,569,415,185	9,985,769,432	9,985,769,432
Company					
	Note	Carrying Amount	Fair Value	Carrying Amount	Fair Value
		LKR	LKR	LKR	LKR
Financial Assets					
Other Financial Assets		19,482,445	19,482,445	19,529,744	19,529,744
Trade and Other Receivables Excluding Pre-payments	A	8,108,505,271	8,108,505,271	9,521,773,639	9,521,773,639
Cash and Short Term Deposits	A	1,136,369,151	1,136,369,151	417,580,012	417,580,012
Financial Liabilities					
Interest Bearing Borrowings (Non Current)	B	1,378,520,000	1,378,520,000	2,465,700,000	2,465,700,000
Interest Bearing Borrowings (Current)	A	8,539,455,540	8,539,455,540	9,286,246,627	9,286,246,627
Trade and Other Payables	A	5,369,675,578	5,369,675,578	5,813,802,406	5,813,802,406

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

Other Financial Assets

Other Financial Assets include investments in Government of Sri Lanka Treasury Bonds and Treasury Bills with the carrying value of LKR 225,421,143 and fair value of LKR 225,421,143 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 2020, 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 2020 & 2019.

Notes To The Financial Statements

26. FINANCIAL RISK MANAGEMENT - OBJECTIVE AND POLICIES (Contd...)

26.5 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.

26.5.1 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 recognized, creditworthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures.

With respect to credit risk arising from the other financial assets of the Group, such as cash and cash equivalents, FVTOCI financial investments and other financial investments, the Group's exposure to credit risk arises from default of the counterparty. The Group manages its operations to avoid any excessive concentration of counterparty risk and the Group takes all reasonable steps to ensure the counterparties fulfil their obligations.

26.5.1.1 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 analyzed at each reporting date on an individual basis for major customers. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data.

Credit quality of trade receivables that are neither past due or impaired is explained below.

Group

	Past Due Not Impaired						
	Total	Neither Past Due nor Impaired	< 30 days	30-60 days	61-90 days	91-120 days	> 120 days
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
2020	6,314,547,602	5,243,193,421	580,354,268	85,441,195	39,794,598	28,041,463	337,722,657
2019	7,393,664,457	6,379,143,077	203,190,829	249,798,307	125,022,235	74,789,230	361,720,779

Company

	Past Due Not Impaired						
	Total	Neither Past Due nor Impaired	< 30 days	30-60 days	61-90 days	91-120 days	> 120 days
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
2020	6,359,453,271	5,288,099,090	580,354,268	85,441,195	39,794,598	28,041,463	337,722,657
2019	7,442,279,156	6,432,708,502	203,190,829	249,798,307	125,022,235	74,789,230	356,770,053

26.5.1.2 Lease Rental Receivable - Group

	Total LKR	Neither Past Due nor Individually Impaired	Past Due Not Individually Impaired	Individually Impaired
2020	6,508,272,571	1,361,877,949	4,782,171,544	364,223,078
2019	5,843,612,648	2,127,771,473	3,376,845,603	338,995,572

Past Due but Not Individually Impaired

	Total LKR	1 to 30 Days	31 to 60 Days	61 to 90 Days	More than 91 Days
2020	4,782,171,544	2,307,528,461	882,016,617	404,598,595	1,188,027,871
2019	3,376,815,603	1,074,622,355	816,191,944	374,522,008	1,111,479,296

26.5.1.3 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 1,304 Mn and LKR 1,136 Mn at 31 March 2020 (2019 - LKR 686 Mn and 418Mn).

26.5.1.4 Sensitivity Analysis : Impact of increase/(Decrease) of loss rate by 1% on collective allowance for expected credit losses

If the loss rates used by the Group in determining collective impairment has increased / decreased by 1%, ECL provision of the company as at 31 March 2020 would have increased / decreased by Rs. 90,814,490 Company Rs. 13,866,266.

26. FINANCIAL RISK MANAGEMENT - OBJECTIVE AND POLICIES (Contd...)

26.5.2 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	Maximum Exposure to Credit Risk	Cash / Near Cash	Fair Value of Collateral Held		Other **	Total Collateral Value	Net Exposure to Credit Risk
As at 31 st March 2020			Property Mortgages	Moveable Assets *			
Cash and Bank Balances (Excluding cash in hand)	1,204,223,680	-	-	-	-	-	1,204,223,680
Securities Purchased under Repurchase Agreement	279,143,141	-	-	-	-	-	279,143,141
Measured at Fair Value through Other Comprehensive	15,080,400	-	-	-	-	-	15,080,400
Measured at Fair Value Through Profit or Loss	482,445	-	-	-	-	-	482,445
Measured at Amortized Cost	433,775,297	-	-	-	-	-	433,775,297
Trade and Other Receivables excluding Prepayments	8,253,251,762	-	-	-	-	-	8,253,251,762
Loans and Advances	1,920,095,538	136,689,665	276,716,384	104,626,722	2,647,669	520,680,440	1,399,415,098
Lease rentals receivable	5,854,327,613	-	-	516,482,523	-	516,482,523	5,337,845,090
	17,960,379,875	136,689,665	276,716,384	621,109,244	2,647,669	1,037,162,963	16,923,216,912

Group Type of Collateral	Maximum Exposure to Credit Risk	Cash / Near Cash	Fair Value of Collateral Held		Other **	Total Collateral Value	Net Exposure to Credit Risk
As at 31 st March 2019			Property Mortgages	Moveable Assets *			
Cash and Bank Balances (Excluding cash in hand)	538,878,334	-	-	-	-	-	538,878,334
Securities Purchased under Repurchase Agreement	281,537,224	-	-	-	-	-	281,537,224
Measured at Fair Value through Other Comprehensive	15,080,400	-	-	-	-	-	15,080,400
Income							
Measured at Fair Value Through Profit or Loss	529,744	-	-	-	-	-	529,744
Measured at Amortized Cost	489,573,356	-	-	-	-	-	489,573,356
Trade and Other Receivables excluding Prepayments	9,748,895,805	-	-	-	-	-	9,748,895,805
Loans and Advances	2,127,780,588	138,273,009	375,200,576	8,806,097	2,647,669	524,927,350	1,602,853,238
Lease rentals receivable	5,261,624,352	-	-	528,711,876	-	528,711,876	4,732,912,476
	18,463,899,804	138,273,009	375,200,576	537,517,973	2,647,669	1,053,639,226	17,410,260,577

* 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).

Company Type of Collateral	Maximum Exposure to Credit Risk	Cash / Near Cash	Fair Value of Collateral Held		Other	Total Collateral Value	Net Exposure to Credit Risk
As at 31 st March 2020			Property Mortgages	Moveable Assets			
Cash and Bank Balances (Excluding cash in hand)	1,133,070,165	-	-	-	-	-	1,133,070,165
Measured at Fair Value through Other Comprehensive	15,000,000	-	-	-	-	-	15,000,000
Measured at Fair Value Through Profit or Loss	482,445	-	-	-	-	-	482,445
Measured at Amortized Cost	4,000,000	-	-	-	-	-	4,000,000
Trade and Other Receivables excluding Prepayments	8,108,505,271	-	-	-	-	-	8,108,505,271
	9,261,057,881	-	-	-	-	-	9,261,057,881

Company Type of Collateral	Maximum Exposure to Credit Risk	Cash / Near Cash	Fair Value of Collateral Held		Other	Total Collateral Value	Net Exposure to Credit Risk
As at 31 st March 2019			Property Mortgages	Moveable Assets			
Cash and Bank Balances (Excluding cash in hand)	411,243,044	-	-	-	-	-	411,243,044
Measured at Fair Value through Other Comprehensive							
Income	15,000,000	-	-	-	-	-	15,000,000
Measured at Fair Value Through Profit or Loss	529,744	-	-	-	-	-	529,744
Measured at Amortized Cost	4,000,000	-	-	-	-	-	4,000,000
Trade and Other Receivables excluding Prepayments							
	9,521,773,639	-	-	-	-	-	9,521,773,639
	9,952,546,427	-	-	-	-	-	9,952,546,427

26.5.2.1 Liquidity Risk

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

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

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

Notes To The Financial Statements

26. FINANCIAL RISK MANAGEMENT - OBJECTIVE AND POLICIES

26.5.2.2 Liquidity risk management

The business units attempt to match contracted cash outflows in each time bucket using a combination of operational cash inflows and other inflows that can be generated through the liquidation of short term investments, repurchase agreements or other secured borrowings.

Contractual maturity analysis

The below table summarizes the maturity periods of liabilities indue.

Group (As at 31 March 2020)

	Less than 1 year LKR	1 to 2 years LKR	2 to 5 years LKR	Total LKR
Interest Bearing Borrowings	9,754,848,918	1,292,836,667	329,800,000	11,377,485,585
Trade and Other Payables	9,569,462,537	808,052,576	85,619,275	10,463,134,388
	<u>19,324,311,455</u>	<u>2,100,889,243</u>	<u>415,419,275</u>	<u>21,840,619,973</u>

Group (As at 31 March 2019)

	Less than 1 year LKR	1 to 2 years LKR	2 to 5 years LKR	Total LKR
Interest Bearing Borrowings	9,825,747,753	2,609,432,737	249,400,000	12,684,580,490
Trade and Other Payables	8,886,675,385	1,099,094,047	1,099,094,047	11,084,863,479
	<u>18,712,423,138</u>	<u>3,708,526,784</u>	<u>1,348,494,047</u>	<u>23,769,443,969</u>

Company (As at 31 March 2020)

	Less than 1 year LKR	1 to 2 years LKR	2 to 5 years LKR	Total LKR
Interest Bearing Borrowings	8,539,455,540	1,128,520,000	250,000,000	9,917,975,540
Trade and Other Payables	5,369,675,578	-	-	5,369,675,578
	<u>13,909,131,118</u>	<u>1,128,520,000</u>	<u>250,000,000</u>	<u>15,287,651,118</u>

Company (As at 31 March 2019)

	Less than 1 year LKR	1 to 2 years LKR	2 to 5 years LKR	Total LKR
Interest Bearing Borrowings	9,286,246,627	2,216,300,000	249,400,000	11,751,946,627
Trade and Other Payables	5,813,802,406	-	-	5,813,802,406
	<u>15,100,049,033</u>	<u>2,216,300,000</u>	<u>249,400,000</u>	<u>17,565,749,033</u>

Due to the covid 19 pandemic, Group has given more focus on its liquidity position. Group has implemented procurement and vendor evaluation policies to prevent payment of excessive prices to suppliers and to obtain favourable credit periods in order to ensure a strong working capital position. Adequate short term working capital facilities provided by banks are available to the Group which are utilised in the event of a requirement. The Group maintains a constant dialogue with the banking sector institutions to ensure that there are sufficient working capital facilities available whenever required and closely monitors their utilisation.

26.5.2.1.3 Capital Management

Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure shareholder value is maximized.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2020.

26.5.3 Market Risk

The group is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has exposure to foreign currency risk where it has cash flows in overseas operations and foreign currency transactions which are affected by foreign exchange movements.

The group has been closely monitoring the exchange rate fluctuations due to the Covid -19 pandemic since significant inventories are purchased from the international markets. Close scrutiny is given to measures taken by the regulatory bodies to manage the exchange rates and selling prices of the products are aligned according to the currency fluctuations.

	2020 LKR	2019 LKR	2020 LKR	2019 LKR
Foreign Currency Denominator Payable	1,065,600,180	296,772,516	1,065,600,180	296,772,516
Foreign Currency Denominator Receivable	-	-	-	-

26.5.4 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to the group's long-term debt obligations with floating interest rates.

	2020 LKR	2019 LKR	2020 LKR	2019 LKR
Long Term Loans @ Variable Interest Rates	1,606,636,667	2,465,700,000	1,378,520,000	2,465,700,000
Long Term Loans @ Fixed Interest Rates	-	-	-	-
Short Term Loans @ Variable Interest Rate	8,789,137,317	8,965,923,257	8,207,581,295	8,453,883,239
Short Term Loans @ Fixed Interest Rate	981,711,601	1,252,957,233	331,874,245	832,363,388

COVID-19 has necessitated easing of monetary policies in order to facilitate the recovery across most economies. However, the volatility in interest rates remains high due to the scale of the economic impact caused by the pandemic. The Group has been closely monitoring these developments and devising strategies toward off any adverse effect caused in the form of interest rate risk.

Other Price Risk

The Group is exposed to equity price risk in respect of its listed equity securities and price risk for listed debentures. The Group manages those risks by monitoring the markets closely. According to Group policies amounts invested in volatile assets such as shares and debentures are restricted by limits set by Group management.

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

26.5.5 Analysis of Risk Concentration

The following table shows the risk concentration by sector for the Financial Assets components of the Statement of Financial Position.

As at 31 March 2020 - Group

Purpose wise Breakdown	Cash and Bank Balances	Securities Purchased under Repurchase Agreement	Loans and Advances	Lease rentals receivables	Equity instruments at fair value through OCI	Debt instruments at amortised cost	Equity instruments at fair value through P&L	Total Financial Assets
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Agriculture	-	-	106,540,450	46,653,089	-	-	-	153,193,539
Manufacturing	-	-	30,887,464	12,309,770	-	-	-	43,197,234
Construction	-	-	89,615,649	25,442,497	-	-	-	115,058,146
Financial Services	1,303,771,796	-	53,630,449	1,113,010	80,400	208,354,154	-	1,566,949,810
Trading	-	-	74,469,861	39,292,485	-	6,314,547,602	-	6,428,309,948
Government	-	279,143,141	-	-	-	225,421,143	-	504,564,284
Hotels	-	-	15,964,163	6,136,758	5,000,000	-	-	27,100,921
Services	-	-	1,363,022,574	4,392,439,054	10,000,000	-	-	5,765,461,628
Others	-	-	136,451,646	1,330,940,949	-	1,938,704,160	482,445	3,406,579,200
Total	1,303,771,796	279,143,141	1,870,582,257	5,854,327,613	15,080,400	8,687,027,059	482,445	18,010,414,711

As at 31 March 2019 - Group

Purpose wise Breakdown	Cash and Bank Balances	Securities Purchased under Repurchase Agreement	Loans and Advances	Lease rentals receivables	Equity instruments at fair value through OCI	Debt instruments at amortised cost	Equity instruments at fair value through P&L	Total Financial Assets
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Agriculture	-	-	83,690,471	52,310,207	-	-	-	136,000,678
Manufacturing	-	-	36,293,040	12,384,008	-	-	-	48,677,049
Construction	-	-	93,035,060	25,586,617	-	-	-	118,621,677
Financial Services	685,625,260	-	137,531,055	1,487,973	80,400	253,659,017	-	1,078,383,705
Trading	-	-	57,631,873	45,968,950	-	7,393,664,457	-	7,497,265,280
Government	-	281,537,224	-	-	-	235,914,339	-	517,451,563
Hotels	-	-	20,732,381	3,780,199	5,000,000	-	-	29,512,580
Services	-	-	588,996,556	4,829,080,442	10,000,000	-	-	5,428,076,997
Others	-	-	1,058,817,996	291,025,956	-	2,355,231,348	529,744	3,705,605,044
Total	685,625,260	281,537,224	2,076,728,432	5,261,624,352	15,080,400	10,238,469,161	529,744	18,559,594,573

As at 31 March 2020 - Company

Purpose wise Breakdown	Cash and Bank Balances	Securities Purchased under Repurchase Agreement	Loans and Advances	Lease rentals receivables	Equity instruments at fair value through OCI	Debt instruments at amortised cost	Equity instruments at fair value through P&L	Total Financial Assets
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Financial Services	1,136,369,151	-	-	-	-	4,000,000	-	1,140,369,151
Trading	-	-	-	-	-	6,359,453,271	-	6,359,453,271
Hotels	-	-	-	-	5,000,000	-	-	5,000,000
Services	-	-	-	-	10,000,000	-	-	10,000,000
Others	-	-	-	-	-	1,749,052,000	482,445	1,749,534,445
Total	1,136,369,151	-	-	-	15,000,000	8,112,505,271	482,445	9,264,356,867

As at 31 March 2019 - Company

Purpose wise Breakdown	Cash and Bank Balances	Securities Purchased under Repurchase Agreement	Loans and Advances	Lease rentals receivables	Equity instruments at fair value through OCI	Debt instruments at amortised cost	Equity instruments at fair value through P&L	Total Financial Assets
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Financial Services	417,580,012	-	-	-	-	4,000,000	-	421,580,012
Trading	-	-	-	-	-	7,442,279,156	-	7,442,279,156
Hotels	-	-	-	-	5,000,000	-	-	5,000,000
Services	-	-	-	-	10,000,000	-	-	10,000,000
Others	-	-	-	-	-	2,079,494,483	529,744	2,080,024,227
Total	417,580,012	-	-	-	15,000,000	9,525,773,639	529,744	9,958,883,395

Notes To The Financial Statements

27. LEASES

27.1 Group as a lessee

Amounts recognised in the statement of financial position and income statement

Set out below, are the carrying amounts of the Group's right of use assets and the lease liability and the movements for the period ended 31 March 2020.

27.1.1 Right of use assets

Lease hold Lands

As at 1 April
Transfers - (SLFRS 16 Initial Recognition)
Amortisation expense
As at 31 March

Group		Company	
2020	2019	2020	2019
LKR	LKR	LKR	LKR
-	-	-	-
249,494,948	-	249,494,948	-
(2,626,263)	-	(2,626,263)	-
246,868,685	-	246,868,685	-

Lease hold Building

As at 1 April
Additions
Amortisation expense
As at 31 March

Group		Company	
2020	2019	2020	2019
LKR	LKR	LKR	LKR
1,968,939,717	-	1,854,653,512	-
259,281,436	-	249,515,579	-
(614,544,500)	-	(571,742,771)	-
1,613,676,653	-	1,532,426,320	-
1,860,545,338	-	1,779,295,005	-

Total ROU Assets as at 31 March

Lease rentals paid in advance

At the beginning of the year
Transfers - (SLFRS 16 Initial Recognition)
Amortisation of the year
As at 31 March

Group		Company	
2020	2019	2020	2019
LKR	LKR	LKR	LKR
249,494,948	252,121,211	249,494,948	252,121,211
(249,494,948)	-	(249,494,948)	-
-	(2,626,263)	-	(2,626,263)
-	249,494,948	-	249,494,948

Estimated life time of ROU assets with respect to lease hold properties equals to its lease term. Lease terms with respect to above lease hold properties are disclosed in Note No 2.3.12

27.1.2 Lease liability

Set out below are the carrying amounts of lease liabilities and the movements for the period ended 31 March 2020.

As at 1 April
Additions
Accretion of interest
Payments
As at 31 March

Group		Company	
2020	2019	2020	2019
LKR	LKR	LKR	LKR
2,370,866,386	-	2,263,805,268	-
211,466,198	-	203,488,868	-
294,262,839	-	281,391,195	-
(765,466,322)	-	(718,089,206)	-
2,111,129,101	-	2,030,596,124	-

Current
1 to 5 Years
More than 5 Years
Total lease liability as at 31 March 2020

915,158,234	-	877,439,759	-
818,346,669	-	775,532,167	-
377,624,198	-	377,624,198	-
2,111,129,101	-	2,030,596,124	-

Following are the amounts recognised in profit or loss for the year ended 31 March 2020

Amortization of right-of-use assets
Interest expense on lease liabilities
Expense relating to short-term leases (included in Administrative Expenses)
Variable lease payments (included in Administrative Expenses)
Total amount recognised in profit or loss

617,170,763	-	574,369,034	-
294,262,838	-	281,391,195	-
4,889,389	-	2,863,223	-
17,070,706	-	17,070,706	-
933,393,696	-	875,694,158	-

Expenses relating to scope out lease rentals amounting to Rs 21,960,095 Company Rs 19,933,929 has recognised in Statement of profit or loss.

Total Rent Expenses for the Group Financial year 2019/20 would be amounting to Rs 861,931,877, Company Rs 810,057,178 given that it is paid as per the agreements.

27 LEASES (Contd...)

The following provides information on the variable lease payments, including the magnitude in relation to fixed payments:

Group	Fixed Payments	Variable Payments	Total
Rent Payments	765,466,322	17,070,706	782,537,028
	<u>765,466,322</u>	<u>17,070,706</u>	<u>782,537,028</u>

Company	Fixed Payments	Variable Payments	Total
Rent Payments	718,089,206	17,070,706	735,159,912
	<u>718,089,206</u>	<u>17,070,706</u>	<u>735,159,912</u>

Sensitivity of Right-of use Assets /Lease Liability to Discount Rate Key Assumptions	Group		Company	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
ROU Assets as at 31 March 2020	1,804,854,584	1,809,769,624	1,724,818,982	1,727,304,560
Lease Liability as at 31 March 2020	2,168,672,077	2,166,489,352	2,089,353,831	2,084,741,644
Impact to Profit or Loss for the year ended 31 March 2020	4,976,363	(5,139,365)	4,738,407	(4,901,409)

27.1.3 The impact of transition to SLFRS 16 on retained earnings, is as follows.

Group/Company	Group Retained Earnings	Company Retained Earnings
	LKR	LKR
Closing balance under LKAS 17 as at 31 March 2019	7,165,059,899	5,691,400,413
Remeasurement adjustments on adoption of SLFRS 16		
Impact Adopting SLFRS 16 on retained earnings	(612,314,727)	(612,314,727)
Deferred tax impact on above	171,448,123	171,448,123
Total change in equity due to adoption of SLFRS 16	(440,866,604)	(440,866,604)
Non-Controlling Interest	-	-
Opening balance under SLFRS 16 as at 01 April 2019	<u>6,724,193,295</u>	<u>5,250,533,809</u>

27.2 Group as a lessor

The Group has entered into operating leases on its investment property portfolio consisting of certain office buildings (see Note 9). These leases have lease terms of 4 years.

Rental income recognised by the Group/Company during the year is Rs. 5,148,000 (2019: Rs. 4,680,000).

Future minimum rentals receivable under non-cancellable operating leases as at 31 March are as follows

	2020	2019
	LKR	LKR
Within one year	5,148,000	5,148,000
After one year but not more than five years	-	5,148,000
	<u>5,148,000</u>	<u>10,296,000</u>

Notes To The Financial Statements

28. DISCONTINUED OPERATIONS

During the Financial year 2018/2019 (31st October 2018), Abans Engineering(Pvt) Ltd fully owned subsidiary of Abans PLC was classified as a disposal Group held for sale and as a discontinued Operation. On 1st November 2018 the company (Abans PLC) disposed the Abans Engineering (Pvt) Ltd to Abans Retail Holdings (Pvt) Ltd for a sale consideration of 343 Million. The business of Abans Engineering (Pvt) Ltd represented the entirety of the Group's engineering service operating segment until 31 October 2018. With Abans Engineering (Pvt) Ltd being classified as discontinued operations, results of engineering service segment is no longer presented in the segment note. The results of Abans Engineering (Pvt) Ltd for the seven months period are presented below;

28.1 Revenue and Expenses from Discontinued Operations

	Oct-18 LKR	Related Party Transaction Elimination Oct-18 LKR	After Related Party Transaction Elimination Oct-18 LKR
Revenue	613,444,298	(317,089)	613,127,209
Cost of Sales	(522,592,473)	317,089	(522,275,384)
Gross Profit	90,851,825	-	90,851,825
Other Operating Income	69,125,978	-	69,125,978
Selling and Distribution Expenses	(114,408,518)	4,265,992	(110,142,526)
Administrative Expenses	(110,270,362)	-	(110,270,362)
Operating Profit	(64,701,077)	4,265,992	(60,435,085)
Finance Cost	(89,401,560)	-	(89,401,560)
Finance Income	-	-	-
Profit / (Loss) Before Tax	(154,102,637)	4,265,992	(149,836,645)
Group Disposal Profit / Loss	114,044,071	-	114,044,071
	(40,058,566)	4,265,992	(35,792,574)
Income Tax Expense	17,568,587	-	17,568,587
Profit / (Loss) for the year from discontinued operations	(22,489,979)	4,265,992	(18,223,987)
Total Profit / (Loss) for the year from discontinued operations	(22,489,979)	4,265,992	(18,223,987)

28.2 The major class of assets and liabilities of Abans Engineering (Pvt) Ltd classified as held for sale as at 31st October are, as follows;

	Period ended Oct-18 LKR
Assets	
Property, Plant and Equipment	99,865,002
Intangible Assets	1,228,822
Deferred Tax Assets	139,384,541
Inventories	1,217,707,637
Trade and Other Receivables	606,888,502
Income Tax Receivable	18,678,410
Cash and Cash Equivalent	33,273,326
Total Assets held for Sale	2,117,026,240
Liabilities	
Employee Benefit Liabilities	32,717,853
Lease Creditor	5,848,877
Interest Bearing Loans and Borrowings	916,309,949
Trade and Other Payables	932,573,631
Liabilities directly associated with assets held for sale	1,887,450,310
Net assets directly associated with disposal group	229,575,930

28.3 The net cash flows analysis of Abans Engineering (Pvt) Ltd are, as follows;

	Oct-18 LKR
Operating Activates	36,118,993
Investing Activates	(670,711)
Financing Activates	(1,008,279)
Net cash generated / (used)	34,440,003

28.4 Net gain / loss from disposal of Abans Engineering (Pvt)Ltd

	Group LKR	Company LKR
Sales Proceeds	343,620,000	343,620,000
Abans PLC Investment	-	(493,306,446)
Abans Engineering net assets as at 31 October 2018	(229,575,930)	-
Profit / (Loss)	114,044,070	(149,686,446)

30. ASSETS PLEDGED

The following assets have been pledged as security for Liabilities.

30.1 Assets Pledged by Abans PLC

Nature of Assets	Nature of Liability	Purpose	Carrying Amount Pledged	
			2020 LKR	2019 LKR
Finished Goods	Primary Mortgage Bond over Stock For LKR 5,845.5 Mn	Import Loans	7,561,868,842	8,430,497,092
Trade Debtors - Other	Primary Mortgage Bond over Debtors For LKR 5,845.5 Mn	Import Loans	6,359,453,271	7,442,279,156
Trade Debtors - H.P Debtors	Hire Purchased Receivable Securitization Loan LKR 3,755 Mn	Term Loan	4,572,262,599	5,221,702,176
Finished Goods and Trade Debtors	Primary Mortgage Bond over Stock and Receivables of 520 Mn	Term Loan	13,921,322,113	15,872,776,248

30.2 Assets Pledged by Abans Finance PLC

Included Under Lease Rental Receivables

Lease & Hire Purchase Receivables	Bank Overdraft	356,000,000	356,000,000
Lease & Hire Purchase Receivables	Term Loan	1,460,494,004	687,901,778
Placement with Bank	Bank Overdraft	53,290,344	48,725,317

Notes To The Financial Statements

31. COMMITMENTS AND CONTINGENCIES

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

Abans PLC

Commitments

Letters of Credit opened with Banks Favoring Suppliers
Stand by Letter of Credits

2020	2019
LKR	LKR
1,775,301,867	1,092,246,977
539,437,000	1,029,725,000

Contingent Liabilities

Guarantees Issued by Banks

2020	2019
LKR	LKR
1,539,905,061	1,298,864,421

Abans Finance PLC

As per the notice of assessment issued by the Department of Inland Revenue, the Company has to make an additional tax payment for the years of assessment 2012/13, 2013/14, 2015/16 and 2017/18 amounting to Rs. 18,260,106, Rs. 55,865,256, Rs. 62,239,705, and Rs. 114,213,894 respectively. The company has already appealed in this regard.

The Department of Inland Revenue has issued the determination of appeal dated on 12 January 2018 & 25 June 2018 for the Y/A 2012/2013 and 2013/2014 respectively. The Company has made an appeal to the Tax Appeal Commission on the same.

32. RELATED PARTY DISCLOSURES

The Company Carried out Transactions in the Ordinary Course of its Business with Parties who are defined as Related Parties as Per Sri Lanka Accounting Standards LKAS-24 on "Related Party Disclosures". The Details of which are Reported Below,

32.1 Transaction with / between Immediate Parent - Abans Retail Holdings (Private) Limited

	Group		Company	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Balance as at 01 April	5,446,872	5,339,000	5,446,872	5,339,000
Investment Disposal in Abans Environmental Services (Pvt) Ltd	-	-	-	-
Dividend Declared	-	(350,037,000)	-	(350,037,000)
Fund Transfers	1,869,300	350,037,000	1,869,300	350,037,000
Rendering of Services	-	107,872	-	107,872
Balance as at 31 March	7,316,172	5,446,872	7,316,172	5,446,872

32.2 Transaction with / between Subsidiaries

	2020	2019
	LKR	LKR
Balance as at 01 April	(1,147,655,876)	(756,770,065)
<i>Nature of Transaction</i>		
Sale of goods	1,880,620	2,692,813
Purchase of Goods	(778,903)	(5,846,486)
Dividend	-	-
Share Transfer	-	-
Rendering of Services	7,847,549	17,034,955
Receipts of Services	(20,499,164)	(2,839,138)
Fund collected on behalf of Abans Finance PLC	(851,549,451)	-
Balance Transferred to Others	-	(365,017,523)
Rental Income	822,465	844,899
Rental Expenses	-	-
Fund Transfers	852,857,356	183,514,721
Fund Receipts	43,593,026	(207,406,818)
Others	9,418,568	(13,863,233)
Balance as at 31 March	(1,104,063,808)	(1,147,655,876)

*Subsidiaries including

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

32. RELATED PARTY DISCLOSURES (Contd...)

32.3 Transaction with / between Associate - Abans Electricals PLC

	Group		Company	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Balance as at 01 April	(336,007,131)	(394,685,336)	(430,783,449)	(504,790,299)
<i>Nature of Transaction</i>				
Sale of goods	13,116,919	46,637,268	13,116,919	46,637,268
Purchase of Goods	(1,285,260,875)	(1,634,774,659)	(1,285,260,875)	(1,619,446,014)
Receipt of Services	(1,252,439,285)	(824,429,974)	(1,252,439,285)	(824,429,974)
Rendering of Services	27,240,823	-	27,240,823	-
Funds Receipts	(20,856,085)	(3,342,018)	(26,519,148)	(7,731,989)
Dividend	-	-	5,663,063	4,389,971
Fund Transfers	2,914,176,440	2,834,223,368	2,914,176,440	2,834,223,368
VAT Portion of Purchase of Goods	(374,598,959)	(359,635,780)	(374,598,959)	(359,635,780)
Balance as at 31 March	(314,628,153)	(336,007,131)	(409,404,471)	(430,783,449)

32.4 Transaction with Joint Venture - Colombo City Centre Partners (Private) Limited

	Group		Company	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Balance as at 01 April	2,724,898	4,080,203	2,724,898	4,080,203
Sale of goods	1,576,918	156,212	1,576,918	156,212
Receipt of Services	(55,681,969)	(3,116,354)	(55,681,969)	(3,116,354)
Rendering of Services	1,189,687	586,640	1,189,687	586,640
Receipts	(287,784)	(846,064)	(287,784)	(846,064)
Fund Transfer	383,723,785	588,407,590	31,723,785	(100,000,000)
Funds Receipts	16,396,245	102,754,584	16,396,245	102,754,584
Investment	(352,000,000)	(688,407,590)	-	-
Other	(7,937,305)	(890,322)	(7,937,305)	(890,322)
Balance as at 31 March	(10,295,526)	2,724,898	(10,295,526)	2,724,898

32.5 Transaction with Others

	Group		Company	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Balance as at 01 April	1,261,679,491	899,331,715	1,518,804,149	1,050,208,627
<i>Nature of Transaction</i>				
Sale of goods	166,262,059	21,829,525	166,262,059	21,829,525
Purchase of Goods	(416,227,051)	(1,514,733,148)	(15,394,460)	(37,214,097)
Rendering of Services	33,967,679	33,971,053	46,465,276	51,046,340
Receipts of Services	(1,015,959,578)	(1,204,535,870)	(1,015,959,578)	(1,204,535,870)
Dividend	-	650,000,000	-	650,000,000
Rent Expenses	(88,237,626)	(165,706,468)	(88,237,626)	(165,706,468)
Fund Transfer & Payments	1,818,756,486	2,700,332,790	1,341,590,334	1,136,243,472
Balance Transferred from Subsidiaries	-	365,017,523	-	365,017,523
Funds Receipts	(709,806,092)	(316,748,686)	(371,136,102)	(36,614,686)
Other	24,986,333	(207,078,943)	23,985,212	(311,470,217)
Balance as at 31 March	1,075,421,700	1,261,679,491	1,606,379,263	1,518,804,149

*Other related parties including

Add Outdoor (Pvt) Ltd, Abans Office Automation (Pvt) Ltd, Abans Warehousing (Pvt) Ltd, ABS Gardner Dixon 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, Abans Courier (Pvt) Ltd., AB Logistics Ltd, Abans Auto (Pvt) Ltd, AB Transport (Pvt) Ltd, Abans Marketing (Pvt) Ltd, Absgro (Pvt) Ltd, Logirite (Pvt) Ltd, Abans Resorts (Pvt) Limited, Abstract Lanka (Pvt) Ltd, Abans International (Pvt) Ltd, Abans Logistic (Pvt) Ltd, AB Creations (Pvt) Ltd, Abans Partnership, Ironwood Investment Holding (Pvt) Ltd, Abans Engineering (Pvt) Ltd, Abans Information System (Pvt) Ltd and Abans Land (Pvt) Ltd.

Notes To The Financial Statements

32. RELATED PARTY DISCLOSURES (Contd...)

32.6 Disclosures in relation to related party transactions in accordance with the continuing listing requirements of the Colombo Stock Exchange

Recurrent related party transactions

Nature of the transaction	Aggregate value of related party transactions entered into during the year	Aggregate value of related party transactions as % of Net revenue	Terms and conditions of the related party transaction
Rendering of Services	70,245,738	0.21%	Settlement on demand
Receipts of Services	(3,196,129,447)	-9.40%	Settlement on demand
Sale of goods	182,836,516	0.54%	Settlement on demand
Purchase of Goods	(1,702,266,828)	-5.01%	Settlement on demand
Rental Income	822,465	0.00%	Settlement on demand
Rent Expenses	(88,237,626)	-0.26%	Settlement on demand
Fund Transfers	5,267,383,366	16.53%	Settlement on demand
Fund Receipts	(665,009,843)	-1.97%	Settlement on demand
Others	26,179,810	0.08%	Settlement on demand
VAT Portion of Purchase of Goods	(374,598,959)	-1.10%	Settlement on demand

Non-recurrent related party transactions

Nature of the transaction	Aggregate value of related party transactions entered into during the year	Aggregate value of related party transactions as % of Equity	Aggregate value of related party transactions as % of Assets	Terms and conditions of the related party transaction
Dividend Received	5,663,063	0.06%	0.02%	Board Resolution
Investment in Joint Ventures	(352,000,000)	3.91%	1.05%	Board Resolution

32.7 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.

Key Management Personnel Compensation

	Group		Company	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Short-term employee benefits	43,199,557	46,009,313	24,418,130	24,468,130
Post-employment benefits	2,313,135	2,734,725	720,000	720,000
	45,512,692	48,744,038	25,138,130	25,188,130
Other Transactions with Key Managements Personnel				
Fixed Deposits accepted during the year	11,350,000	18,115,000	-	-
Fixed Deposits held at the end of the year	520,302,897	434,983,158	-	-
Consultancy Fee paid during the year	3,155,500	2,742,720	-	-
	534,808,397	455,840,878	-	-

33 EVENTS OCCURRING AFTER THE REPORTING DATE

Commencement of the Group's business operations

After a stringent lockdown period of over a month due to Covid-19 pandemic, curfew has been gradually eased and company operates as per the latest curfew guidelines given by Sri Lanka Government.

The Government of Sri Lanka has restricted imports and payments for imports of certain electronics and home appliances for three months period which may extend further based on the assessment of the country's situation. With the outbreak of the pandemic, the Group have been operating with strict adherence to the safety guidelines issued by the Government.

Given the volatile and evolving landscape, the group will continue to monitor the impact of the pandemic on the group and its operations and will take measures proactively in order to ensure that the operations of the business take place as smoothly as possible.

34. RECLASSIFICATION OF COMPARATIVES

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

Group

Impact on the Statement of Financial Position as at 31st March 2019

	Previously Reported	Impact of Adjustment	Reclassified Amount
<u>Non-Current Assets</u>			
Lease Rentals Receivable	2,164,843,153	2,792,823	2,167,635,976
Loans and Advances	738,430,688	(14,925,752)	723,504,936
<u>Current Assets</u>			
Lease Rentals Receivable	3,090,169,126	3,819,250	3,093,988,376
Loans and Advances	1,348,206,614	5,016,882	1,353,223,496
Trade And Other Receivables	10,047,608,157	3,296,797	10,050,904,954
	<u>17,389,257,738</u>	<u>-</u>	<u>17,389,257,738</u>

Investor Information

1 STATED CAPITAL

Class of Shares

Ordinary Voting Shares
Class B Ordinary Management Non-Voting
Total Ordinary Shares (Voting & Non-Voting)

31st March 2020		31st March 2019	
No. of Shares	LKR	No. of Shares	LKR
2,160,000	216,000,000	2,160,000	216,000,000
25,000	2,500,000	25,000	2,500,000
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 250 Million) of the Company are listed with Colombo stock exchange with effect from 27th December 2019.

3 DISTRIBUTION OF SHAREHOLDING

Total Ordinary Shares (Voting & Non-Voting)

1-1,000
1,001-10,000
over 1,000,000
Total

31st March 2020			31st March 2019		
No of Share Holders	No of Shares	per Centum	No of Share Holders	No of Shares	per Centum
-	-	-	-	-	-
-	-	-	-	-	-
1	2,185,000	100	1	2,185,000	100
1	2,185,000	100	1	2,185,000	100

4 TWENTY LARGEST SHAREHOLDERS

Ordinary Voting Shares

Class -A

Abans Retail Holding (Private) Limited

Voting as at 31st March 2020		Voting as at 31st March 2019	
No of Share	%	No of Share	%
2,160,000	100	2,160,000	100
2,160,000	100	2,160,000	100

Class -B (Non-Voting)

Abans Retail Holding (Private) Limited

Voting as at 31st March 2020		Voting as at 31st March 2019	
No of Share	%	No of Share	%
25,000	100	25,000	100
25,000	100	25,000	100

5 PUBLIC HOLDING

Total number of shares Issued
No of Shares held by the Public
Percentage of Shares held by the Public

2020	2019
2,185,000	2,185,000
Nil	Nil
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

	2020	2019
Group	3,710	3,678
Company	2,877	2,860

8 DEBT SECURITIES RELATED DETAILS

	Group		Company	
	2020	2019	2020	2019
Gearing Ratio	1.26	1.30	1.58	1.88
Quick Assets Ratio	0.74	0.81	0.64	0.68
Interest Coverage Ratio	1.71	1.83	1.56	1.63
Debt to Equity Ratio	2.73	2.51	2.84	2.90

9 INTEREST RATE OF COMPARABLE GOVERNMENT SECURITY

<i>Debenture Issue 2019</i>	<i>Category 5 Years</i>
Abans PLC	12.50%
Government	9.87%

10 MARKET VALUE PER DEBENTURE

<i>Debenture Issue 2019</i>	<i>Category 5 Years</i>
	LKR
Highest Price	N/T
Lowest Price	N/T
Last Traded Price	N/T

N/T - Not Traded

Five Years Summary - Statement Of Financial Position

As at 31 March	Group				
	2020	2019	2018	2017	2016
	LKR	LKR	LKR	LKR	LKR
ASSETS				Restated	Restated
Non Current Assets					
Property, Plant and Equipment	1,314,896,935	1,374,930,571	1,289,794,534	1,272,803,764	1,216,234,279
Leasehold Land Payments	-	249,494,948	252,121,211	254,747,474	257,373,737
Investment Properties	461,000,000	411,295,700	368,483,400	249,278,000	208,000,000
Intangible Assets	47,417,467	60,161,321	62,321,966	64,141,499	56,671,257
Investments in Subsidiaries	-	-	-	-	-
Investment In Equity Accounted Investee	3,568,823,184	3,224,789,029	2,565,517,038	2,562,443,541	2,397,908,687
Right of Use Assets	1,860,545,338	-	-	-	-
Deferred Tax Assets	296,110,025	205,795,592	339,604,149	379,017,557	360,091,766
Other Non Current Financial Assets	15,080,400	15,080,400	15,180,400	91,492,900	25,133,140
Lease Rentals Receivable	2,293,476,122	2,164,843,153	1,902,247,599	1,682,242,799	1,738,670,278
Loans and Advances	936,030,271	738,430,688	699,362,751	814,450,214	677,210,253
	10,793,379,742	8,444,821,402	7,494,633,047	7,370,617,748	6,937,293,397
Current Assets					
Inventories	7,601,581,458	8,483,307,868	9,643,842,076	11,176,796,937	10,365,724,961
Trade and Other Receivables	8,407,261,614	10,047,608,157	11,641,390,353	9,813,823,786	10,785,111,730
Lease Rentals Receivable	3,560,851,491	3,090,169,126	2,590,048,596	1,997,722,847	1,857,581,501
Loans and Advances	934,551,986	1,348,206,614	1,694,617,561	1,321,875,827	508,467,507
Income Tax Receivables	268,459,983	401,884,337	378,301,672	205,911,260	4,584,793
Other Current Financial Assets	434,257,742	490,103,100	795,143,892	644,935,463	264,902,601
Securities Purchased under Repurchase Agreement	279,143,141	281,537,224	362,248,075	250,809,890	630,158,530
Cash and Short Term Deposits	1,303,771,796	685,625,260	998,411,077	1,086,871,510	806,268,158
	22,789,879,211	24,828,441,686	28,104,003,302	26,498,747,520	25,222,799,781
Total Assets	33,583,258,953	33,273,263,088	35,598,636,349	33,869,365,268	32,160,093,178
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	673,470,899	652,785,481	614,474,187	492,546,166	457,158,336
Retained Earnings	7,214,664,329	7,165,059,899	6,660,402,634	6,494,341,561	6,533,490,652
	8,106,635,228	8,036,345,380	7,493,376,821	7,205,387,727	7,209,148,988
Non-Controlling Interests	896,175,032	844,269,817	880,906,220	422,416,867	133,916,025
Total Equity	9,002,810,260	8,880,615,197	8,374,283,041	7,627,804,594	7,343,065,013
Non Current Liabilities					
Interest Bearing Borrowings	1,622,636,667	2,858,832,738	4,089,711,740	2,974,720,444	3,167,783,211
Lease liabilities	1,195,970,867	-	-	-	-
Deferred Tax Liabilities	50,027,798	44,981,468	40,922,077	-	-
Employee Benefits Liabilities	275,826,149	268,076,957	299,810,447	258,678,913	236,796,414
Trade and Other Payables	893,671,851	1,099,094,047	1,297,219,575	1,184,978,711	1,697,858,803
	4,038,133,332	4,270,985,210	5,727,663,839	4,418,378,068	5,102,438,428
Current Liabilities					
Warranty Provision	255,039,076	301,323,250	384,590,022	345,253,875	313,863,057
Trade and Other Payables	9,569,415,185	9,985,769,432	11,859,325,355	11,298,577,152	9,141,013,741
Income Tax Liabilities	47,853,948	8,822,247	-	630,730	403,429,392
Lease liabilities	915,158,234	-	-	-	-
Interest Bearing Borrowings	9,754,848,918	9,825,747,752	9,252,774,092	10,178,720,849	9,856,283,547
	20,542,315,361	20,121,662,681	21,496,689,469	21,823,182,606	19,714,589,737
Total Equity and Liabilities	33,583,258,953	33,273,263,088	35,598,636,349	33,869,365,268	32,160,093,178

	Company				
	2020	2019	2018	2017	2016
	LKR	LKR	LKR	LKR	LKR
				Restated	Restated
	1,187,236,005	1,232,284,592	1,028,267,905	1,085,395,851	1,041,696,453
	-	249,494,948	252,121,211	254,747,474	257,373,737
	461,000,000	411,295,700	368,483,400	249,278,000	208,000,000
	18,069,265	27,389,805	39,392,067	38,638,379	37,498,683
	3,218,824,336	3,218,824,336	3,350,205,286	1,108,486,711	466,173,511
	30,752,197	30,752,197	30,752,197	2,454,346,067	2,228,969,067
	1,779,295,005	-	-	-	-
	267,530,039	186,522,004	166,190,844	266,405,868	261,208,715
	15,000,000	15,000,000	15,100,000	15,600,000	15,600,000
	-	-	-	-	-
	-	-	-	-	-
-	6,977,706,847	5,371,563,582	5,250,512,910	5,472,898,350	4,516,520,166
	7,561,868,842	8,430,497,092	8,421,261,747	9,756,245,885	8,716,690,227
	8,232,407,631	9,783,319,788	11,511,575,105	8,096,571,399	9,527,126,444
	-	-	-	-	-
	-	-	-	-	-
	203,219,297	336,644,172	279,569,503	142,859,183	-
	4,482,445	4,529,744	4,912,668	14,637,321	12,219,382
	-	-	-	-	-
	1,136,369,151	417,580,012	581,890,941	620,115,220	663,688,713
-	17,138,347,366	18,972,570,808	20,799,209,964	18,630,429,008	18,919,724,766
-	24,116,054,213	24,344,134,390	26,049,722,874	24,103,327,358	23,436,244,932
	218,500,000	218,500,000	218,500,000	218,500,000	218,500,000
	338,394,043	338,394,043	345,809,043	399,048,767	399,048,767
	5,730,278,834	5,691,400,413	5,171,954,708	4,753,819,860	4,741,746,351
-	6,287,172,877	6,248,294,456	5,736,263,751	5,371,368,627	5,359,295,118
	-	-	-	-	-
-	6,287,172,877	6,248,294,456	5,736,263,751	5,371,368,627	5,359,295,118
	1,378,520,000	2,465,700,000	3,979,655,003	2,847,908,218	3,154,402,157
	1,153,156,365	-	-	-	-
	-	-	-	-	-
	256,391,000	229,563,633	226,271,787	159,343,346	149,772,204
	-	-	-	-	-
-	2,788,067,365	2,695,263,633	4,205,926,790	3,007,251,564	3,304,174,361
	254,243,094	300,527,268	375,330,434	279,267,881	269,748,307
	5,369,675,578	5,813,802,406	7,518,991,712	6,207,064,073	4,887,704,411
	-	-	-	-	265,419,966
	877,439,759	-	-	-	-
	8,539,455,540	9,286,246,627	8,213,210,187	9,238,375,213	9,349,902,769
	15,040,813,971	15,400,576,301	16,107,532,333	15,724,707,167	14,772,775,453
-	24,116,054,213	24,344,134,390	26,049,722,874	24,103,327,358	23,436,244,932

Five Years Summary - Statement of Financial Position

Year Ended 31 March	Group				
	2020	2019	2018	2017	2016
	LKR	LKR	LKR	LKR	LKR
				Restated	Restated
Revenue	33,985,225,952	35,260,655,869	40,215,826,231	35,731,859,725	34,933,245,274
Cost of Sales	(23,576,703,502)	(24,663,692,004)	(29,327,293,359)	(25,270,116,817)	(24,173,581,123)
Gross Profit	10,408,522,450	10,596,963,865	10,888,532,872	10,461,742,908	10,759,664,151
Other Operating Income & Gain	264,484,420	944,560,358	906,765,853	543,297,182	247,614,896
Selling & Distribution Expenses	(4,163,232,347)	(4,909,179,144)	(5,814,994,813)	(4,681,170,157)	(4,233,641,878)
Administrative Expenses	(3,985,127,195)	(3,960,875,507)	(3,786,449,734)	(4,540,668,717)	(4,129,045,695)
Operating Profit	2,524,647,328	2,671,469,572	2,193,854,178	1,783,201,216	2,644,591,474
Impairment of Related Party Non Trade Receivables	-	-	-	(240,688,084)	-
Finance Cost	(1,480,313,700)	(1,458,371,720)	(1,593,793,025)	(1,421,099,550)	(1,050,908,089)
Finance income	15,289,681	27,947,369	59,320,957	72,099,819	65,768,752
Change in Fair Value of Investment Properties	49,704,300	42,812,300	18,405,400	41,278,000	184,145,403
Share of Profit of Equity Accounted Investee (Net of Tax)	(5,925,918)	(70,385,763)	(123,881,345)	(58,910,073)	(34,051,914)
Profit/(Loss) Before Income Tax and Value Added Tax on Financial Services	1,103,401,691	1,213,471,758	553,906,165	175,881,328	1,809,545,626
Value Added Tax on Financial Services	(100,388,793)	(77,948,458)	(63,086,673)	(58,317,560)	(33,742,312)
Income Tax Expense	(448,251,517)	(212,283,926)	(154,927,224)	(160,164,992)	(506,182,524)
Profit / (Loss) for the year from continuing operations	554,761,381	923,239,374	335,892,268	(42,601,224)	1,269,620,790
Discontinued Operations :					
Profit for the year from discontinued operations	-	(18,223,987)	(160,532,128)	-	-
Profit for the year/ Comprehensive Income for the year, net tax	554,761,381	905,015,387	175,360,140	(42,601,224)	1,269,620,790
Profit/(Loss) attributable to;					
Equity holders of the parent	502,770,936	893,929,641	137,774,100	(60,856,295)	1,257,430,097
Non-Controlling Interest	51,990,445	11,085,746	37,586,040	18,255,071	12,190,693
	554,761,381	905,015,387	175,360,140	(42,601,224)	1,269,620,790
Earnings Per Share -Basic	230.10	409.12	63.05	(27.85)	575.48

Company					
	2020	2019	2018	2017	2016
	LKR	LKR	LKR	LKR	LKR
				Restated	Restated
	31,960,878,935	33,291,479,651	37,527,175,974	27,864,044,571	27,501,593,009
	(22,689,728,637)	(23,782,151,253)	(28,129,729,269)	(20,062,868,597)	(19,340,460,685)
	9,271,150,298	9,509,328,398	9,397,446,705	7,801,175,974	8,161,132,324
	254,904,045	777,555,102	910,932,697	529,451,757	235,537,658
	(4,109,820,496)	(4,749,884,515)	(5,507,950,119)	(3,643,271,938)	(3,522,305,279)
	(3,127,057,783)	(3,162,658,028)	(2,818,591,732)	(3,107,791,851)	(2,857,515,893)
	2,289,176,064	2,374,340,957	1,981,837,551	1,579,563,942	2,016,848,810
	-	-	-	(240,688,084)	
	(1,467,442,057)	(1,458,371,720)	(1,588,949,872)	(1,348,956,829)	(1,028,823,131)
	15,334,913	28,520,194	58,050,637	63,920,516	62,703,720
	49,704,300	42,812,300	18,405,400	41,278,000	184,145,403
	-	-	-		-
	886,773,220	987,301,731	469,343,716	95,117,545	1,234,874,802
	(18,269,380)	(7,501,184)	(2,843,347)	(2,262,622)	(2,884,772)
	(392,683,426)	(105,621,010)	(44,402,671)	(85,946,806)	(336,476,854)
	475,820,414	874,179,537	422,097,698	6,908,117	895,513,176
	-	-	-		-
	475,820,414	874,179,537	422,097,698	6,908,117	895,513,176
	475,820,414	874,179,537	422,097,698	6,908,117	895,513,176
	-	-	-		-
	475,820,414	874,179,537	422,097,698	6,908,117	895,513,176
	217.77	400.08	193.18	3.16	409.85

Real Estate Portfolio

FREEHOLD LAND AND BUILDING

Location	Extent	Number	Range of Estimate for Unobservable Inputs		Valued in 31/03/2018 Valuation LKR
Freehold Property at Rathmalana					
Land	14.9 P	01	LKR	1,000,000	14,900,000
Building	5,162 sq.ft	01	LKR	1,500	7,743,000
Freehold Property at Liberty Plaza		01			
Shopping Block at Liberty Plaza Colombo	435 sq.ft	01	LKR	2,400 33.33% 4%	15,700,000
Freehold Property at Kandy					
Land	11.094 P	01	LKR	12,000,000	133,128,000
Building	4,415 sq.ft	01	LKR	2,000	8,830,000
Freehold Property at Kalutara					
Land	24.46 P	01	LKR	932,298	22,804,000
Building	9,403 sq.ft	01	LKR	3,400	31,970,200
Freehold Property at Gampaha					
Land	17.52 P	01	LKR	3,139,269	55,000,000
Building	724 sq.ft	01	LKR	1,381	1,000,000
Freehold Property at Kurunegala					
Land	50 P	01	LKR	1,966,400	98,320,000
Building	4,300 sq.ft	01	LKR	581	2,500,000
Freehold Property at Rajagiriya					
Land	22 P	01	LKR	2,500,000	55,000,000
Building	3,687 sq.ft	01	LKR	1,000	3,687,000
Freehold Property at Wellawatta					
Land	25.65 P	01	LKR	3,508,772	90,000,000
Freehold Property at Rathmalana					
Land	15.00 P	01	LKR	1,000,000	15,000,000
Building	3,157 sq.ft	01	LKR	2,692	8,500,000
Freehold Property at Rathmalana					
Land	17.1 P	01	LKR	1,000,000	17,100,000
Building	3,690 sq.ft	01	LKR	2,656	9,800,000
Freehold Property at Galwana-Mulleriyawa					
Land	72.45 P	01	LKR	1,200,828	87,000,000
					<u>677,982,200</u>

Glossary

ACCOUNTING POLICIES

Specific principles, bases and procedures adopted by an organization in preparation and presentation of financial statements.

ACCOUNTS PAYABLE

A record of all short-term (less than 12 months) invoices, bills and other liabilities yet to be paid.

ACCOUNTS RECEIVABLE

A record of all short-term (less than 12 months) expected payments, from customers 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.

ACCIDENT

An unexpected and unplanned occurrence, including acts of violence, arising out of or in connection with work which results in one or more workers incurring a personal injury, disease or death. As occupational accidents are to be considered travel, transport or road traffic accidents in which workers are injured and which arise out of or in the course of work, i.e. while engaged in an economic activity, or at work, or carrying on the business of the employer.

AMORTISATION

The process of expensing for intangible assets such as goodwill and intellectual property over a period of time.

AVAILABLE-FOR-SALE

All assets not in any of the 3 categories namely held to maturity, fair value through profit/loss and receivables. It is a residual category and does not mean that the entity stands ready 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.

Glossary

EARNINGS PER SHARE

Profits distributable to Ordinary shareholders divided by the weighted average number of ordinary shares in issue.

ECO-FRIENDLY

Not harmful to the environment.

EFFECTIVE TAX RATE

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.

INCIDENT

The occurrence of an event that interrupts the completion of an activity. It may be a minor event or result in a crisis such as an accident.

INTANGIBLE ASSETS

Non-physical assets with no fixed value, such as goodwill and intellectual property rights.

NASDAQ

An American Stock Exchange.

NET 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.

OCCUPATIONAL DISEASE

Any disease or disorder that occurs as a result of work or working conditions.

P/E RATIO

Price of a share divided by earnings of a share.

PLANT AND EQUIPMENT

A group of fixed assets used in the operation of a business such as furniture, machinery, fit-out, vehicles, computers and tools.

QUICK ASSETS RATIO

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

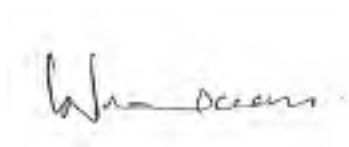
The cash available to a business for day-to-day expense.

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 31st August 2020 at 10 a.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 2020 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. Dinesh Stephan Weerakkody, a Director of the Company who retires by rotation in terms of Section A.8 of the Code of Best Practice on Corporate Governance 2017. The Directors recommend the re-election of Mr. Dinesh Stephan Weerakkody as a Director of the Company.
5. 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.

4th August 2020

Form of Proxy

I/We *
.....being a member/members of Abans PLC, hereby appoint;

Mrs. Aban Pestonjee.....	of Colombo or failing her
Dr. Saroshi Dubash.....	of Colombo or failing her
Mr. Behman Pestonjee.....	of Colombo or failing him
Mr. Rusi Pestonjee.....	of Colombo or failing him
Mr. Rajaratnam Selvaskandan.....	of Colombo or failing him
Mr. Dinesh Stephan Weerakkody.....	of Colombo or failing him

.....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 31st August 2020 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 2020 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. Dinesh Stephan Weerakkody, a Director of the Company who retires by rotation in terms of Section A.8 of the Code of Best Practice on Corporate Governance 2017.	<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 2020

Witness :
(*Please delete the inappropriate words.)

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.

WEBSITE

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 PLC, 498, Galle Road, 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
Dr. Saroshi Dubash - Executive Director
Mr. Rusi Pestonjee - Executive Director
Mr. Dinesh S. Weerakkody - Independent Non-Executive Director
Mr. R Selvaskandan - Independent Non-Executive Director

CONTACT NUMBER

+94 11577 5000

The Annual Report
is Conceptualised,
Designed
and Produced by



Notes

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www.abansgroup.com