AMBEON CAPITAL PLC

ANNUAL REPORT 2022 2023

Vision

Re-Engineering Success

Mission

To take the leap that transforms latent opportunities

Values

Moving First

Catalyzing opportunities through readiness

Channeling Teamwork

Harnessing the collective strength of our diverse minds

Actioning Results

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

Seeing Beyond

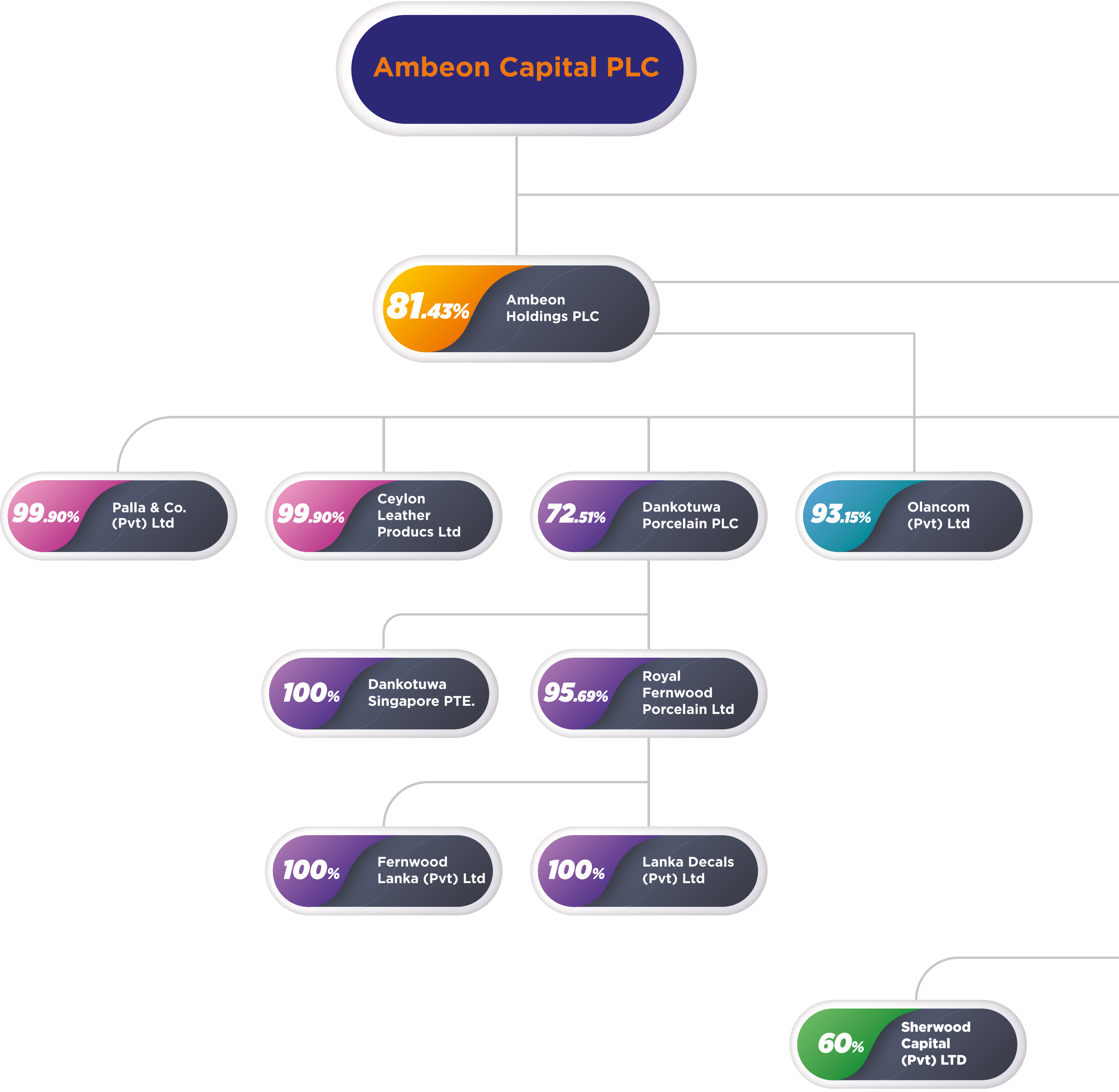
Constantly challenging ourselves to look beyond

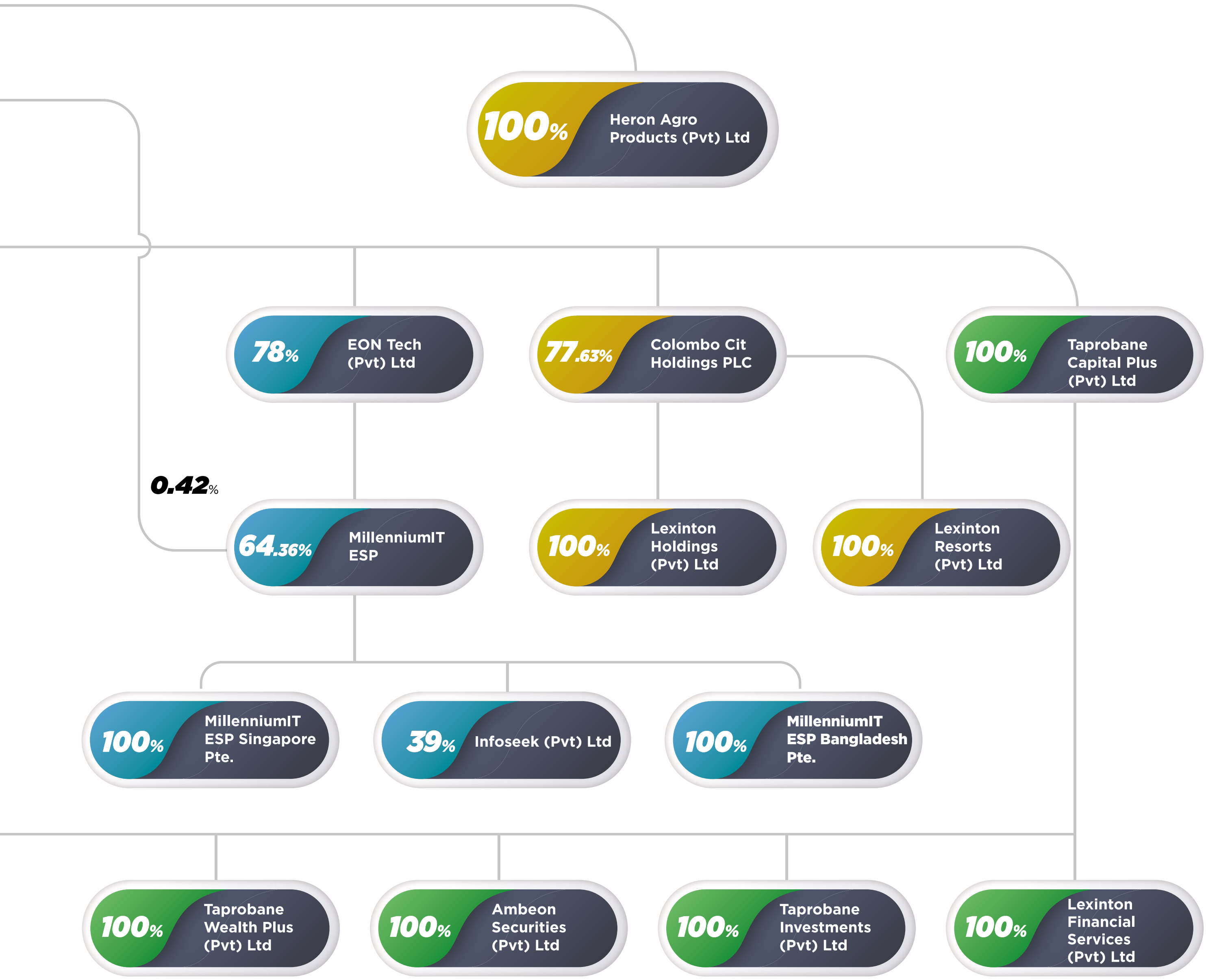
Inspiring Each Other

Encouraging each other's success

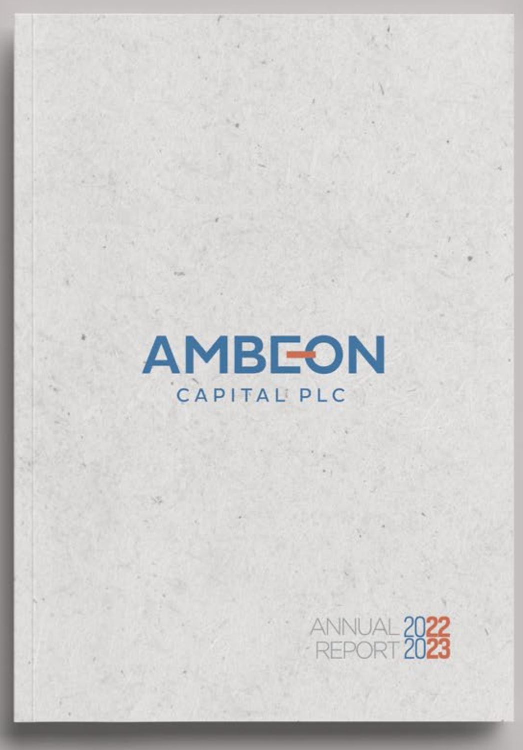
Contents

Ambeon Group of Companies




100% Heron Agro Products (Pvt) Ltd
78% EON Tech (Pvt) Ltd
77.63% Colombo Cit Holdings PLC
100% Taprobane Capital Plus (Pvt) Ltd
0.42%
64.36% MillenniumIT ESP
100% Lexinton Holdings (Pvt) Ltd
100% Lexinton Resorts (Pvt) Ltd
100% MillenniumIT ESP Singapore Pte.
39% Infoseek (Pvt) Ltd
100% MillenniumIT ESP Bangladesh Pte.
100% Taprobane Wealth Plus (Pvt) Ltd
100% Ambeon Securities (Pvt) Ltd
100% Taprobane Investments (Pvt) Ltd
100% Lexinton Financial Services (Pvt) Ltd

About this Report



Welcome to Our Annual Report

Ambeon Capital PLC welcomes you the Annual Report for the financial year 2022/23. This Annual Report provides our stakeholders with a comprehensive analysis of the performance of the Company during the period. We have continued our commitment to building efficiencies across the operational value chain, with a special focus on cost and efficiency centered operational restructuring whilst upholding our best practices and values.

Reporting Standards & Principles

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

Scope and Boundary

This Report covers the segmental performance of the Company's main subsidiary, Ambeon Holdings PLC (Refer pages 13 to 20) by setting out a comprehensive analysis of the financial position and future outlook.

All the information and data presented in this Annual Report is principally connected to business operations from 1st April 2022 to 31st March 2023.

Reporting Changes

There have been no reporting changes or re-statement of information pertaining to the financial year 2022/23 included in this Annual Report, apart from those clearly stated in the Financial Statements.

Combined Assurance

We follow a combined assurance approach to establish the credibility of this report, ensuring that there are no material misstatements. Accordingly, the overall reporting process and the reliability and quality of the content are assured internally, by the Senior Management and the Board of Directors. The financial reporting including the financial statements and related notes as well as sustainability reporting have been assured by external and independent auditors, Messrs. Ernst & Young, Chartered Accountants, as set out in page 38 and 40 respectively.

Forward Looking Statements

The Annual Report herein contains forward looking statements and information.

However, the operational landscape may require the Company to change its business expectations, outlook, plans and forecasts. Shareholders and other stakeholders are advised to be cautious in placing too much emphasis on such statements, as the reality may materially differ with the projected and anticipated information. The Company does not undertake to update publicly the forward looking statements to reflect the changes after the date of this report, except, in compliance with the applicable rules and regulations set by the relevant statutory and regulatory bodies.

Feedback and Queries

We value feedback from our stakeholders and use it to ensure that we responsibly address their challenges and report on material topics that encapsulate their key concerns.

Please contact the undermentioned for any queries on the information provided in this Annual Report or for providing any constructive feedback.

Haritha C. Perera
Chief Financial Officer
Ambeon Capital PLC
28th August 2023

Performance Highlights

Ambeon Capital PLC

Key Ratios - Ratio Analysis

	Group		Company	
	2022/23	2021/22	2022/23	2021/22
	LKR	LKR	LKR	LKR
Balance Sheet				
Cash	1,272,859,509	2,142,460,732	1,655,161	511,333
Other Financial Assets	4,114,503,381	1,847,699,375	679,229,611	283,331,005
Trade & Other Receivables	8,267,869,102	6,795,955,171	491,513,387	397,496,257
Total current assets	16,907,678,690	13,726,198,245	1,172,398,160	681,338,594
Total long-term assets	8,485,357,995	7,437,212,682	7,936,789,570	9,063,652,892
Total current liabilities	14,333,899,432	11,417,667,644	4,255,181,226	3,826,945,941
Total long-term liabilities	3,019,585,474	2,517,394,007	287,499,577	842,314,105
Total shareholders' equity	8,039,551,779	7,228,349,277	4,566,506,927	5,075,731,440
Income Statement				
Revenue	20,658,634,036	14,013,563,838	150,185,473	26,148,043
Gross profit	5,726,948,943	3,753,885,128	150,185,473	26,148,043
EBITDA	3,489,729,480	1,468,567,982	439,452,625	986,286,280
Income (Loss) before taxes	1,431,828,784	884,472,846	(513,506,682)	984,487,977
Net income (Loss)	841,049,839	542,391,302	(509,224,512)	979,672,392
KEY RATIOS				
Profitability Ratios				
Return on equity	10.46%	7.50%	-11%	19%
Return on assets	3.31%	2.56%	-6%	10%
Return on sales	4.07%	3.87%	-339%	3747%
Gross profit margin	28%	27%	100%	100%
Asset turnover ratio	81%	66%	2%	0%
EPS	0.17	1.62	(0.51)	0.98
Leverage and Liquidity Ratios				
Current ratio	1.18	1.20	0.28	0.18
Quick or acid test ratio	0.95	0.94	0.28	0.18
Long-term debt ratio	0.27	0.26	0.06	0.14
Debt to equity ratio	2.16	1.93	0.99	0.92
NAV Per share	3.62	3.80	4.55	5.06
Interest coverage ratio	1.80	2.92	0.46	4.08

Chairman's Reflections

Dear Shareholders,

I am pleased to present the Annual Report and Audited Financial Statements for the financial year 2022/23. I must state that your Company performed satisfactorily, weathering macro-economic dynamics during one of the most challenging years we have faced as an organization and as a Group.

The Year's Trajectory

To a greater extent, the success of Ambeon Capital PLC continues to depend on the performance of our main subsidiary – Ambeon Holdings PLC. With an 81.4% share ownership in Ambeon Holdings, the subsidiary's profitability had a positive impact on the Group during the year under review. At Ambeon Holdings PLC, our diverse businesses at subsidiary level are driven by progressive insights to pursue a sustainable value creation model which optimises our brands, products and services while sustaining stakeholders and communities.

During the said financial year, Ambeon Holdings PLC declared a dividend of LKR 1,070 Mn – demonstrating the fruition of a financially stable portfolio of business segments. However, the rising debt levels of Ambeon Capital became the main concern, as the increase in policy interest rates had a tremendous impact on the cost of borrowing. Despite this concern, I am pleased to state that the Group recorded an increase in revenue and profitability. Moreover, the Group's financial position remained stable while the Company maintained sufficient liquidity levels

Impact of the Macro Economic Environment

The national economy contracted during 2022 and the first quarter of 2023 – reflecting the subdued activities of all key economic sectors. Inflation worsened in the months leading up to end of the calendar year 2022. Inflation was a global concern as the cost of living surged. Moreover, global economic progress slowed alongside tightened financial policies and the lagging effects of the pandemic continuing to add to economic stresses. Locally, the upward revisions to interest rates by the Central Bank of Sri Lanka significantly affected the cost of borrowing. However, I must state that proper preplanning, prudent decision making and timely implementation held the fort amidst these adversities.

The Financial Overview

Operations resulted in a 47% increase in revenue, which amounted to LKR 20,659 Mn in 2022/23. Gross Profit was registered as LKR 5,727 Mn, a growth by 53% from the previous year. Profit before taxation increased by 62% for the year under review, marking a total of LKR 1,432 Mn, followed by a net profit of LKR 841 Mn, which was a 55% increase from the previous year's net profit. The Group achieved this bottom line despite a substantial increase in finance costs as a result of higher interest rates.

At Company level there was a loss of LKR 509 Mn showing a downturn from the previous year's profit of LKR 980 Mn. Moreover, Group assets amounted to LKR 25,393 Mn, which was an increase from the LKR 21,163 Mn reported in the previous year.

Corporate Governance

As a listed entity, Ambeon Capital PLC upheld its obligations to the various regulatory bodies in Sri Lanka. As a Group and as a Company, we ensured compliance with all applicable governance regulations and legal obligations in maintaining transparency and integrity of transactions and management conduct. By committing to our internal governance and risk management frameworks and the Code of Best Practice on Corporate Governance 2017, we have ensured full compliance and zero violations during the year. For a more detailed discussion of our compliance and governance mechanisms, please refer the Corporate Governance section on page 21 of this Report

Steering Ahead

We expect the operating environment to remain challenging in the short to mid-term amidst the ongoing impact of the economic crisis in Sri Lanka. Recent revisions to income tax rates and inflationary pressures are expected to continue to impact disposable income levels. We however continue to remain optimistic of the economy's medium-term prospects given the ongoing reforms initiated by the Government.

Be that as it may, maintaining the financial stability of the Group remains a top-most priority amidst the prevalent economic climate. Discretionary spending will be critical to maintain the required stability. Therefore, we will continue to adopt a cautionary approach to investments till the economic climate turns favourable. The stable financial performance of our primary subsidiary, Ambeon Holdings PLC, provides optimism for the subsequent financial year - 2023/24.

We anticipate a higher declaration of dividends from the subsidiaries, which could help control Group debt levels allowing us to rein in further financial stability and profitability.

Acknowledgement

The fact-based evaluations of the internal and external environment by Board Members and the Executive Leadership had a tremendous impact on the stability and sustainability of the Group. In the thick of the year's challenges, my colleagues on the Board of Ambeon Capital PLC performed their duties to the fullest; I convey my sincere appreciation to them.

For judiciously expediting actions and for the timely execution of decisions, I relay my appreciation to the Executive Leadership. I am sincerely appreciative of the work done by the operational teams and staff of all our Business Subsidiaries, for pursuing revenue growth and discretionary cost controls, amid macroeconomic headwinds. The foresight and dedication they demonstrated during what was undoubtedly the most challenging year in recent memory was exemplary.

I also convey my sincere gratitude to the employees across the Group for upholding group values and stakeholder interests during the troubled economic climate. My sincere appreciation is also relayed to our service providers for continuing to be stakeholders of Ambeon Capital PLC.

I take this opportunity to thank our valuable Shareholders who continue to support and encourage us to reach greater heights Their confidence in us also helped contribute to the year's financial stability and operational resilience.

Sgd.
Sanjeev Gardiner
Chairman
Ambeon Capital PLC
28th August 2023

Directors' Review

Reporting the financial performance and operational outcomes, we are pleased to present the Annual Report of Ambeon Capital PLC for the financial year 2022/23. The Group did secure a satisfactory level of top-line growth and profitability amidst macroeconomic headwinds. Our performance during the year is a testimony to the strength and robustness of our strategy and the effectiveness of its implementation at the level of each business entity as well as the Group as a whole

External factors with an impact

The challenges of the year compounded rapidly as the economic climate worsened due to plethora of macroeconomic complications. As economic sectors contracted, the country underwent a period of uncertainty. While import restrictions continued to curtail foreign currency outflows, export revenue, tourist earnings, and workers' remittances dropped to concerning levels across 2022. The increase in policy interest rates resulted in the dual circumstances of rising finance costs while benefitting from attractive returns on fixed-income instruments.

Group Financial Outcomes

As a Group, Ambeon Capital PLC enjoyed a 47% growth in revenue, while Ambeon Capital as a company recorded an increase in revenue to LKR 150 Mn.

As a Group, revenue accelerated to LKR 20,658 Mn in 2022/23 from LKR 14,013 Mn in 2021/22. Amidst the concerns of cost escalations, the Group, as in the past, continued to maintain diligent oversight of financial transactions and prudent cashflow management alongside stringent cost controls and a cautionary approach to capital investments. Such measures became critical as expenses increased due to inflationary pressures. However administrative expenses were minimised to the best possible extent without compromising employee pay scales and salaries.

Despite 2022 being one of the most challenging years faced by the country, Ambeon Capital successfully navigated these challenges to deliver a strong performance in terms of value generated, to its shareholders and others stakeholders Amidst these positives, Group debt remained a matter of concern as policy rate hikes drove our cost of borrowings to a higher level. However, due to the improved financial performance of our main subsidiary Ambeon Holdings PLC and the higher financial income, we remained optimistic about the group's ability to meet its short-term debt obligations as and when they fall due

At the end of the financial year, Group's profit before tax was reported as LKR 1,432 Mn, an increase from LKR 884 Mn reported in the previous financial year. Tax expenditure rose considerably due to the higher corporate income tax levied during the year under review. Net profit was reported as LKR 841 Mn, a decrease from the LKR 1,946 Mn reported in the previous financial year which include the profits from discontinued operation. Ambeon Capital as a Company generated a loss after tax of LKR 509 Mn, predominantly due to the change in fair value of subsidiaries and due to high cost of borrowing.

Prudent Decisions and Proactive Thinking

The year commenced with the necessity to safeguard the financial interests of the Group. Due to the macroeconomic headwinds, our subsidiary Ambeon Holdings PLC and sub-subsidiaries weathered the impacts of high rupee depreciation and higher loan repayments. However, stringent cost controls and far-sighted forecasting played a key role in balancing the unfavourable effects of the said macroeconomic volatilities.

Apart from our focus on setting-up operational defences against external effects, the Group continued to consolidate its existing portfolio of investments and ventures. Our effort was to improve Group's financial position while providing strategic leadership to Ambeon Holdings PLC, enabling them to make prudent decisions that proved effective amidst the year's uncertainties.

Our Subsidiary Group championed the efforts of its technology cluster, represented by MillenniumIT ESP Sri Lanka's leading enterprise service provider. The Company expanded its regional presence with the establishment of operations in Bangladesh. This followed its inaugural cross-border move into Singapore which was strategically executed during the previous financial year. Moreover, the Company's business segments showed higher revenue through positive domestic and international business.

Dankotuwa Porcelain PLC, the porcelain manufacturing subsidiary of Ambeon Holdings, also fared well despite towering production costs and the effects of high import prices. The porcelain manufacturing company and its subsidiary, Royal Fernwood Porcelain Limited, attracted business opportunities from new markets and weathered the global economic slowdown. Dankotuwa Porcelain as a Group, pursued business interests through product innovations and continued to secure new clientele whilst retaining existing clientele and exiting from non-profitable arrangements. by maintaining world-renowned quality and innovative designs.

The remaining subsidiaries of the Group also performed fairly well. This includes Colombo City Holdings PLC, with diversified business interests and Taprobane Capital Plus (Pvt) Limited, which represents the financial services cluster of Ambeon Holdings. Colombo City Holdings invested in a beachfront property with plans to pursue strategic interests in time to come, while Taprobane Capital Plus yielded profitable financial returns in the year under review.

Steering Ahead

It is prudent to await signs of steady economic recovery to pursue strategic business interests and undertake business expansions. In the near term, Ambeon Capital PLC will continue its commitment to financial sustainability, bearing in mind the need to control its existing debt levels. We understand that a strong financial position supported by robust strategies is required to navigate the Group and Company towards sustainable growth. As such, we are confident that our main subsidiary, Ambeon Holdings will facilitate this to secure higher gains through its business segments and various investments while adopting strong financial parameters to achieve better profitability

Commendations

The success we achieved amidst the numerous challenges faced during the year is a true reflection of the commitment and persistence of the Ambeon family. The dedicated efforts and inspiring spirit of resilience of every staff member within the Ambeon Group is deeply appreciated.

We take this opportunity to thank the Board of Directors and the Executive Leadership of Ambeon Holdings, for their farsighted strategic decisions which turned favourable in the year under review. We convey our appreciation to the respective Boards of its subsidiaries, for taking possible decisions to strike the best balance between business interests and shareholder expectations.

We also commend the hard work and commitment of each subsidiary organisation within the Ambeon Holdings portfolio as they maintained financial growth despite the unprecedented complexities of the financial year. Finally, we thank all our shareholders, business partners, suppliers, service providers and other stakeholders for their ongoing support, encouragement, and contributions towards securing mutual interests.

Sgd.
Board of Directors
Ambeon Capital PLC
28th August 2023

Board of Directors

Mr. Sanjeev Gardiner

Chairman/Non-Independent, Non-Executive Director

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

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

Mr. Ajith Devasurendra

Deputy Chairman/Non-Independent, Non-Executive Director

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

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

Mr. Ranil Pathirana

Non-Independent, Non-Executive Director

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

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

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

Mr. Priyantha Fernando

Independent Non-Executive Director

Mr. Priyantha Fernando holds a B.Sc degree from the University of Peradeniya and a M.Sc degree in Statistics from the University of Birmingham, England. He has over 35 years of experience in the banking and finance sectors, as a regulator and Independent Non-Executive Director.

He was attached to the Central Bank of Sri Lanka serving in senior and diverse capacities. He was the Deputy Governor of the Central Bank of Sri Lanka, from January 2010 to September 2011 in charge of the Financial System Stability and the Corporate Services clusters. Mr. Fernando has extensive experience and expertise in the fields of Banking and Financial Sector regulation, Information Technology, National Accounting and Statistics, Fund Management, Risk Management, Restructuring, and stabilization of financial distressed companies. At the Central Bank he was the Chairman of the Financial Stability Committee, Member of the Monetary Policy Committee, Member of the Risk Management Committee and the Chairman of the National Payment Council.

He was an Ex-Officio Board Member in several regulatory organizations namely Securities and Exchange Commission of Sri Lanka, the Insurance Board of Sri Lanka, the Chairman of the Credit Information Bureau of Sri Lanka, Chairman of Institute of Bankers – Sri Lanka and Board Member at Employer's Trust Fund, LankaClear (Pvt) Ltd and Lanka Financial Services Bureau. During his career he has initiated and spearheaded several key projects of national importance, especially in the area of the advancement of the national payments and settlement system, infrastructure.

Mr. Fernando has served in a number of committees at national level covering a range of subjects representing the Central Bank. Presently, Mr. Fernando is the Chairman of Golden Key Hospitals (Private) Limited and Golden Key Credit Card Company Limited and holds directorships in Thomas Cook Travels Sri Lanka (Private) Limited and Imperial Institute of Higher Education and a Council Member of Institute of Applied Statistics of Sri Lanka (IASSL).

Mr. Harsha Amarasekera P.C.

Non-Independent Non-Executive Director

Mr. Harsha Amarasekera President's Counsel is a leading luminary in the legal profession in Sri Lanka having a wide practice in the Original Courts as well as in the Appellate Courts. His fields of expertise include Commercial Law, Business Law, Securities Law, Banking Law and Intellectual Property Law.

He also serves as an Independent Director in several listed companies in the Colombo Stock Exchange including Sampath Bank PLC, Vallibel One PLC, CIC Holdings PLC, Royal Ceramics Lanka PLC, Vallibel Erathna PLC, Swisstek Ceylon PLC and Swisstek Aluminium Limited as Chairman

He also serves as an Independent Non-Executive Director of Expolanka Holdings PLC and Hayley's Leisure PLC. He is also the Chairman of CIC Agri Businesses (Private) Limited.

Mr. Yudhishtran (Yudy) Kanagasabai

Independent Non-Executive Director

Mr. Yudy Kanagasabai currently serves as the Chairman of the Board Audit Committee of Ceylon Tobacco Company PLC, Eswaran Brothers Exports (Private) Limited and Millennium IT ESP (Pvt) Limited, and as an Independent Non-Executive Director of Cargills Ceylon PLC and MainGate (Private) Limited. He is also a Non–Executive Director of Cargills Food Company Limited, Cargills Bank Limited, Colombo City Holdings PLC, Dankotuwa Porcelain PLC and Taprobane Capital Plus (Private) Limited.

He was the Chairman of the Audit Committee of Union Bank PLC from August 2016 to 31 December 2018, and a Commissioner of the Insurance Regulatory Commission of Sri Lanka from May 2018 to November 2018 and from December 2018 to November 2019.

Prior to taking up several board positions post retirement, he served as the Senior Partner of PricewaterhouseCoopers, Sri Lanka and Maldives. Having joined the Firm in 1981, he held progressively responsible positions before being admitted as a Partner in 1991, following a secondment to the Singapore Firm from June 1988 to May 1990 for training in Information Security.

Mr. Kanagasabai is a Fellow of the Institute of Chartered Accountants of Sri Lanka.

Mr. Revantha Devasurendra

Alternate Director to Mr. Ajith Devasurendra

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

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

Management Discussion and Analysis

As an Investment Holding Company, Ambeon Capital PLC maintained its strategic business interests through a portfolio of prudent investments. The Group continued to specialize in commercial sectors through its strategic business subsidiaries aligned under Ambeon Holdings PLC. An Investment Holding and Management Company, Ambeon Holdings PLC maintained operational oversight of its core subsidiaries - Dankotuwa Porcelain PLC (Group), Millennium ITESP, Taprobane Capital Plus and Colombo City Holdings. The subsidiaries operate within the porcelain manufacturing, Infomation Technology and Financial Servises clusters with Colombo City Holdings currently undergoing a gradual transition into diversified business interests.

During the financial year under review, Taprobane Capital Plus Ltd, the financial services arm of Ambeon Holdings PLC, welcomed Sherwood Capital Ltd into its portfolio which was earlier under Ambeon Capital PLC - in a strategic move to align all financial services subsidiaries under one business vertical.

Macroeconomic summation

During the year under review, the local economy faced multiple macro-economic challenges. As the previous year's economic crisis resulted in several adverse consequences, the country faced unprecedented challenges on multiple fronts, while significant inflation and the subsequent hike in policy rates weighed heavily on businesses, including Ambeon Capital PLC. Despite these harsh outcomes, several positive developments require emphasis.

While the country's GDP marked a contraction in the period under review, import expenditure declined due to restrictions on non-essential importations and liquidity. This reduction, alongside gradually increasing export revenue, narrowed the trade deficit in 2022 to a new low since 2010. Concurrently, export revenue continued to improve despite an apparent deceleration towards the year's end. Other positive results include an increase in tourist arrivals and improving workers' remittances, which bodes well for the country's external sector. Moreover, gross official reserves have registered an expansion by the end of March 2023.

The rupee, which faced significant depreciation in 2022, appreciated towards the end of March 2023, as market sentiments took a positive turn with an optimistic outlook over the finalization of the IMF Extended Fund Facility and due to liquidity improvements in the local foreign exchange market. Policy relaxation also became a respite due to the revocation of the daily exchange rate guidance.

Financial overview

Ambeon Capital PLC, as a Group, recorded higher revenue in comparison to the previous year, marking a 47% increase to LKR 20,658 Mn.; this is in comparison to LKR 14,013 Mn in the foregone financial year; this reflects a surge in earnings experienced by Ambeon Holdings PLC in the year under review, which shows commendable resilience amidst the challenges of the concluded financial year. For the fiscal year under review, Ambeon Holdings PLC declared a dividend of Rs. 1,070 Mn– denoting optimism over the subsidiary's financial performance.

From a Group perspective, Gross Profit of Ambeon Capital PLC reached LKR 5,726 Mn, recording a 53% increase over the preceded financial year. Despite the substantial surge in finance related expenditure and other costs, Ambeon Capital PLC reached a pre-tax profit of LKR 1,431 Mn – seeing a 62% increase over the previous year's results. The group recorded a post-tax profit of LKR 841 Mn, which rose by 55% from the previous year's profit.

As a company, Ambeon Capital secured 474% growth in revenue to LKR 150 Mn. The company's other income reached LKR 908 Mn compared to LKR 61 Mn gained in the previous year. This is predominantly due to the dividend income received from the subsidiaries. Conversely, finance costs increased to LKR 951 Mn by 198% in the year under review. The ultimate impact of this is a net loss of LKR 509 Mn.

Main Subsidiary Performance

Ambeon Holdings PLC – the main business subsidiary of Ambeon Capital PLC, capitalized on pragmatic decision-making and internal capabilities to remain stable and profitable in the year under review. As a company, Ambeon Holdings PLC continued to be vigilant of the macroeconomic environment while making disciplined decisions on budgeting, costs, and investments.

From a consolidated standpoint, Ambeon Holdings PLC recorded a net profit of LKR 1,645 Mn, preceded by a 76% increase in pre-tax profit, which amounted to LKR 2,216 Mn. It must be stated that the previous year's discontinued operations resulted in a net profit of LKR 2,519, marking a higher bottom line compared with the year under review.

The growth in pre-tax profitability is the outcome of a satisfactory increase in revenue in the year under review. Revenue increased by 46% to LKR 20,697 Mn against the previous year's revenue of LKR 14,155 Mn. The revenue hike was sufficient to offset the rise in the cost of sales, the considerable surge in selling and distribution expenses and admin expenditure, which escalated due to macroeconomic pitfalls. The 95% increase in oprating profit was able endure the 250% increse in finance cost and contributed to a stable bottom line.

Business segment review

The four main business clusters under Ambeon Holdings PLC took discretionary measures in implementing strategic plans and operational activities; the result of timely business decisions and a pragmatic attitude towards expansions resulted in all main segments reporting a stable financial year.

The technology cluster achieved better top-line and bottom-line growth amidst an operational year of cross-border expansions and strategic partnerships. Represented by Millennium ITESP, the technology cluster established its second international presence in Bangladesh while adding several strategic links to its partner network. The foray into Bangladesh comes after the company's first cross-border expansion to Singapore in 2021/22, which provides strategic business opportunities as a regional hub for innovation.

The porcelain manufacturing cluster fared well in the year under review, as Dankotuwa Porcelain Limited and its subsidiary Royal Fernwood, delivered a satisfactory net profit. The manufacturing group weathered rising operational costs and inflationary pressures amidst a year of socioeconomic hardships. The group accelerated its business prospects by pursuing opportunities in the Indian continent, the Middle East and the USA. B their commitment to world-class product quality while improving production capabilities and sustainable people management approaches.

In the year under review, Taprobane Capital Ltd acquired a 60% stake in Sherwood Capital Ltd for Rs. 190 Mn - extending the financial services cluster of Ambeon Holdings PLC. With this new acquisition, Ambeon Holdings PLC has a foothold in trading equities and fixed-income instruments issued or guaranteed by a Sri Lankan company or the Government of Sri Lanka. The financial services Group remained stable despite weathering a deceleration in financial performance. In the year under review, Taprobane Investments faced contracted financial growth as the company weathered several constraints within the money market, including a liquidity deficit. Meanwhile, Ambeon Securities maintained profitability, despite experiencing contracted revenue and net profit.

As a key subsidiary of Ambeon Holdings PLC, Colombo City Holdings PLC continued its transition towards diversified business interests – changing its trajectory as the Group's real-estate vertical. Apart from its primary focus on existing real estate and financial asset investments, the company invested in a beachfront property in Kosgama.

Outlook

Moving forward, the Group will focus on maintaining the balance and stability of investments. We are confident that Ambeon Holdings PLC, our main investee, will adopt a cautious approach to investments and cost controls while making necessary strategic expansions under the guidance of its Board Members and Executive Leadership. The subsidiary and its business verticals will consciously focus on revenue growth while balancing outflows to navigate further macroeconomic turbulence.

We anticipate that subsidiaries within each business cluster will explore business opportunities in new markets while improving their value propositions, especially in the technology and financial services clusters. Heeding the lessons of the past year, Ambeon Capital PLC will continue to apply prudent monitoring mechanisms and evaluations of the external environment, bearing in mind shifting policy decisions and external sector developments.

Technology Cluster – MillenniumIT ESP (Pvt) Ltd.

Overview

A direct subsidiary of Eon Tech (Pvt) Ltd., MillenniumIT ESP is the largest business subsidiary within the technology vertical of Ambeon Holdings PLC. Established in 1996, MillenniumIT ESP has carved a formidable position for itself in Sri Lanka's tech landscape, through a repertoire that spans over 25 years in the tech industry.

Path-breaking solutions and industry-defining service standards have become the hallmarks of MillenniumIT ESP, alongside a strong network of global tech partners, a team of influential experts and innovators, and an uncanny ability to reinvent value propositions. In 2017, the acquisition of MillenniumIT ESP by Ambeon Holdings PLC underscored expectations of an international growth strategy, with sights on extending its global portfolio of clientele and solutions. In 2020, the company realigned its portfolio of technology services into seven core segments - Core Infrastructure, Cloud Solutions, Cyber Security, Smart Buildings, Intelligent Automation and Data and Managed Services This was done in capturing prospects in new markets and to capitalise on the company's core strengths.

Operational Overview

Setting the course for better financial and operational performance, MillenniumIT ESP aimed at 30% year-on-year revenue growth in the period under review. In pursuing this objective, the company made several strategic moves while securing new and existing business opportunities - internationally, regionally and locally. Moreover, the company was driven to adopt precautionary measures in countering the macroeconomic conditions, including rising interest rates, forex issues and tax changes, which required prudent cost controls. Efforts were also taken to accelerate overseas customer acquisition and USD revenue to de-risk company performance against the local economic situation.

In 2021/22, the company's initial regional crossover to Singapore was devised to capture business prospects in the Asian region. Similarly, the company incorporated its presence in Bangladesh, which was a timely decision to capitalize on the country's attractiveness for multinational companies.

The company's channel-partner framework was a central tenet of business growth as it leveraged lead generation and co-delivery. Pursuing interests from prospective partners in new markets, the company partnered with several global brands, including Salesforce, Veeam, Shopify and Flowdock, apart from being credited as a 'Partner of the Year' by Fortinet Arista and Eguardian, F5, Veritas, Hitachi Vantara, and Infosys Finacle and Veritas. The company also conducted events with leading global partner brands – CyberArk and Microsoft, focused on thought-leadership content and case studies based on customer success.

Additionally, the company interacted with prospective partners and clients at international trade forums and promotional endeavours, including Bangladesh and several Middle Eastern destinations. Nationally, MillenniumIT ESP became the solutions provider of the QR code-based National Fuel Pass (NFP) in Sri Lanka, which earned MillenniumIT ESP the Chairman's Award at the National Best Quality ICT Awards in 2022.

Across the year, MillenniumIT ESP established several personnel development initiatives to build employee competencies and a strong talent pool. Such programs include the leadership development program for a future-centric workforce and the Technology Graduate Program, designed to offer scholarships to computer faculty undergrads at SLIIT.

Executing its talent development strategy, the company established 'MIAcademy' to create a future-ready workforce that can confidently engage in global expansions. Another initiative was the 'MiSquad' program, initiated for monthly and annual employee engagement measures for employee satisfaction and uplift morale.

Revenue

In the fiscal year under review, the company recorded revenue of over LKR 13.8 Bn compared to LKR 9.2 Bn from the previous financial year. Each business segment reported revenue growth, with Telco and Media making the highest contribution at LKR 6.4 Bn – a 15% increase compared to the previous year: this was followed by the Banking and Financial service sector with LKR 4.6 Bn and Rs. 1.4 Bn from the Commercial business segment, followed by Rs. 1.1 Bn from the manufacturing sector clientele.

Overall revenue growth was a creditable 50%, which contributed to a healthy bottom line; growth in recurrent revenue became a direct contributing factor in this regard. Moreover, earnings helped counter heavy expenditure on bank borrowings due to the upward revision of interest rates. Ultimately, the company recorded a pre-tax profit of LKR 592 Mn., followed by a post-tax profit of LKR 470 Mn for the financial year.

Outlook

Backed by the objectives of business growth and in countering the setbacks of rupee depreciation, the company has re-imagined its position with a new, three-year strategic direction. The company envisions foreign revenue growth as it strives to secure strategically competitive business prospects. The company will pursue this agenda through its operations in Singapore, Bangladesh, and Dubai – with plans to accelerate business growth in the ASEAN, SAARC and Middle Easter regions. Structural transformations to support such regional expansions and business optimizations are in the pipeline, including portfolio changes, workforce scaling and development and a governance structure that sustains global expansions.

Porcelain Manufacturing Cluster– Dankotuwa Porcelain PLC and Royal Fernwood Ltd.

Overview

The porcelain manufacturing cluster of Ambeon Holdings PLC is steered by Dankotuwa Porcelain PLC, which holds 95.69% ownership of Royal Fernwood Ltd as its subsidiary. Both companies possess over four decades of experience in producing and exporting porcelain tableware and non-tableware products. Both companies cater to clientele in over 35 countries with an unmatched domestic brand presence and acceptance. As an award-winning brand, Dankotuwa Porcelain PLC is renowned for pristine white porcelain products, high standards in quality and their ability to create products with exquisite shapes and designs. Royal Fernwood is well-known for their collections of vibrant colours and bold patterns, attracting young demographics with a demand for unorthodox products.

Predominantly, both companies cater to a largely business to business (B2B) clientele in the international markets, such as retailers, Hotels/Restaurants/Cafes (HoReCa) clientele and manufacturers; this is apart from serving a considerable client base of dealers, B2B and retail shoppers in Sri Lanka.

Operational overview

In the year under review, both companies cautiously navigated macroeconomic deterrents while capitalizing on their strengths to optimize revenue. Internationally both companies consolidated their market presence with their existing clientele while attracting new clients predominantly from the middle east and India.

Both companies increased their export sales-based rupee earnings due to the currency's considerable depreciation, which was an opportune condition amidst surging operational costs. Diligent cost control efforts were also adopted by the group, especially when sourcing materials without conciliation on quality.

Nationally, Dankotuwa Porcelain PLC fared better than the previous year, with a 56% increase in earnings. The overall increase in local revenue was due to the higher demand from its dealer network and better performance from other categories. Royal Fernwood witnessed 80% growth in its overall sales, revenue-wise, while dealer-based sales brought forth the highest earnings from national sales.

Both companies experimented on new techniques such as reactive glazing for a stunning appearance while introducing new hues and decals to meet client specifications. Dankotuwa Porcelain focused on non-tableware product innovations -expanding and diversifying its porcelain portfolio.

The group invested in human capital development, ensuring employee well-being and growth in knowledge and skills. Training programs focused on leadership development, production efficiencies and best practices, in addition to workplace safety, amongst others. A majority of its workforce, which engages in production-related job roles, comes from diverse socioeconomic backgrounds. Due to the limited financial capacities of most employees, Dankotuwa

Porcelain PLC invested in employee welfare with predominant efforts taken to ensure employee health. Due to their impactful approaches to human capital management, both companies were recognised with the coveted 'Great Place to Work' title, with Dankotuwa Porcelain acknowledged for the second consecutive year.

Financial performance

Financially, the group emerged profitable for the year under review - having overcome the year's various hindrances. Group-wide, revenue amounted to a total of LKR 5.9 Bn compared to LKR 3.7 Bn reported for the previous year. The consolidated value is a 57% increase, and includes LKR 3.4 Bn revenue from Dankotuwa Porcelain PLC and LKR 2.6 Bn from Royal Fernwood Ltd.

Dankotuwa Porcelain PLC recorded a 31% increase in export market sales of LKR 1.6 Bn for the year under review, apart from a 56% increase in its national sales to LKR 1.7 Bn. Export market sales of Royal Fernwood Ltd gathered a revenue of LKR 1,562 Mn, marking a 75% increase over 2021/22, while national sales of the Royal Fernwood Ltd amounted to LKR 996 Mn, marking an 89% increase for the year 2022/23.

Dankotuwa Porcelain PLC as a stand-alone company recorded a PBT of LKR 896 Mn, while Royal Fernwood Ltd reported LKR 201 Mn in PBT for 2022/23. Consolidated net profit of the Group was reported as LKR 679 Mn which is an increase of 259% compared to the previous financial year.

Outlook

Assessing the developments of the financial year under review, we anticipate better revenue from the Indian market; however, prospects in other regional territories, such as the Middle East and Scandinavia, will likely be pursued by the group exploring changing lifestyle and gastronomic trends across the world. The companies will continue to strategically bolster their strengths within the local market, including an increasing dealer network and B2B clientele. Moreover, both companies will continue to enhance production capabilities while improving efficiency to curb costs and improve quality and output.

Financial services Cluster– Taprobane Capital Plus (Pvt) Ltd.

Overview

Taprobane Capital Plus (Pvt) Ltd has been the focal point which amalgamates Ambeon's financial services cluster since being acquired in 2018. Fully owned by Ambeon Holdings PLC, the Taprobane group of companies operates a diverse portfolio of financial services through its subsidiaries: Taprobane Investments (Pvt) Ltd, Ambeon Securities (Pvt) Ltd and Sherwood Capital (Pvt) Ltd. As a group, the value proposition of Taprobane Capital Plus includes expert services in stock brokerage, money broking and trading activities of government securities.

As a subsidiary, Ambeon Securities (Pvt) Limited offers services in domestic stock broking for retail and corporate clientele. The Group's services in money broking are overseen by Taprobane Investments, which caters to licensed commercial banks and primary dealers and operates with a market share of 26 per cent.

On the 28th of March 2023, Ambeon Holdings PLC acquired a 60% stake in Sherwood Capital (Pvt) Ltd – further diversifying its financial service portfolio under Taprobane Capital Plus. The new subsidiary brings on board prospects of trading in fixed-income instruments - issued or guaranteed by a Sri Lankan business entity or the Government of Sri Lanka.

Operational overview

The financial services cluster adopted a cautious approach to business undertakings across the year; each subsidiary remained attentive of market conditions and monetary policy changes due to the country's economic instability. The equity market under performed since early 2022, with indices contracting amidst high inflation, policy rate increases and expected corporate profit declines, in addition to unfavorable global economic changes. Additionally, high returns on fixed-income securities also impacted on the business of Ambeon Securities (Pvt) Ltd.

Moreover, risk aversion increased amongst money market activities, impacting the full potential of Taprobane Investments. However, by early 2023, the business witnessed improvements in the foreign exchange and money markets due to the easing of liquidity constraints. Sherwood Capital, which trades a proprietary portfolio of government securities, benefitted from the significant decrease of market interest rates since the beginning of 2023.

Financial performance

The cluster's financial performance contracted as revenue from financial services declined to LKR 303 Mn in the year under review from LKR 475 Mn reported in the previous year. The overall contraction of 40% was unfavorable on profitability as the cluster recorded a profit before tax of LKR 151 Mn compared to LKR 286 Mn reported in the previous year: profit after tax contracted to LKR 85 Mn compared to LKR 211 Mn in the previous financial year.

The total assets of Taprobane Capital Plus increased to LKR 3 Bn from the previous value of LKR 1 Bn. in 2021/22. The acquisition of Sherwood Capital (Pvt) Ltd led to the substantial expansion of short-term assets from LKR 0.8 Bn in 2021/22 to LKR 2.4 Bn in the year under review.

From a subsidiary perspective, Ambeon Securities posted an after-tax profit of LKR 103 Mn, which had declined for the year 2022/23 by 52%: revenue amounted to LKR 263 Mn, which is a declaration of 41% deceleration. Taprobane Investments posted a loss of LKR 4 Mn, after a contraction in earnings to LKR 22 Mn in the year under review. On a positive note, Sherwood Capital achieved revenue of LKR 242 Mn, followed by a post-tax profit of LKR 60.9 Mn for the year under review.

Future context

With macroeconomic conditions experiencing sporadic improvements alongside a slight uptick in sentiments, the financial cluster is geared for a better year ahead. With improvements in the equity market, money market activities and government securities, the financial services cluster views prospects for better financial outcomes. All subsidiaries will exercise diligent strategic measures and cost control measures while assessing the economy and markets for opportune trends.

Taprobane Capital Plus and its subsidiaries have a collective team of highly competent portfolio managers, analysts and investment advisors with the intellectual capabilities to oversee rapid changes in the macro-environment. Therefore, Ambeon Capital PLC is confident about its ability to make a financial turnaround in the consequent financial year.

Colombo City Holdings Review

Incorporated in 1913, Colombo City Holdings PLC has a rich heritage of over 110 years in the county's commercial landscape. At the onset, the group commenced operations as Colombo Pharmacy and has evolved across several ventures before earning a reputation as a real estate management company. CCH entered the real estate sector in 2013 and has held a portfolio of lucrative commercial property investments in Colombo. With recent changes in its strategic direction, the group has set its outlook towards diversified investments in non-real estate and real estate assets.

Operational overview

Across the year under review, the group focused primarily on diversifying its investments as an investment holding company. The group continued to manage its investments in financial assets, which became beneficial in securing a sustainable revenue stream throughout the year. The group maintained a prudent combination of low-risk government securities, equities, and other financial assets, including treasury bills and fixed deposits. Income from fixed deposits became particularly lucrative during the year as the group benefitted from high-interest rates. The group also pursued interests within the real estate segment by investing a sum of LKR 575 Mn in a scenic beachfront property in Kosgoda.

Macroeconomic variants had an invariable impact on the year's operations as rising interest rates and inflation created barriers to potential investments. With the reduction in rental income due to previous years' divestments of properties, the group maintained prudent market monitoring and forecasting to secure the best possible returns from its financial investments.

Financial performance

From a group perspective, CCH secured a bottom-line growth of 164%, recording an after-tax profit of LKR 86 Mn. With a drop in direct costs across the group, Gross Profit amounted to LKR 85 Mn increasing by 137% from LKR 36 Mn recorded in the previous fiscal year. Importantly, the group benefitted from a finance income of LKR 209 Mn, which includes an LKR 209 Mn finance-related gain reported by CCH as an individual entity. This immensely favorable earning had a positive impact on profit before taxation, which improved by 287% to LKR 222 Mn from the previous year.

Additionally, the group secured revenue of LKR 88 Mn, which has decelerated significantly compared to LKR 38 Mn recorded in 2021/22. CCH, as a company and a group, recorded decreased administrative spending while finance costs increased due to higher interest rates. In relation to group assets, there was a 15% increase in the asset base to LKR 2.3 Bn due to the investment in the Kosgoda property. In tandem with the expansion in investment property to LKR 965 Mn, the group's non-current assets expanded in the year under review.

Outlook

Ambeon Holdings PLC remains confident in the capabilities of CCH to manage a diversified portfolio of investments while using its experience in real estate to identify lucrative real estate prospects. Amidst the uncertainties persisting in the external environment, CCH deems it necessary to maintain a prudent mix of liquid assets in government securities, equities and other low-risk financial assets. Such investments will ensure operational resilience to a greater extent amidst the external volatilities of the macroeconomic environment. The group is also optimistic in its outlook for the real estate industry, as recent import relaxations and a decline in lending rates will likely stimulate activities and credit demand within the sector.

CORPORATE GOVERNANCE

Good corporate governance facilitates operational efficiency, improves access to capital, mitigates risk and enhances transparency in both processes and reporting. These serve to reassure regulators about the Company's compliance, which in turn increases stakeholder confidence.

Apart from the regulatory requirements, the Company's, and the Group's, policies also take into consideration industry best practices and sustainable business methods – all of which are inculcated across all levels of the Group. Good corporate governance is thereby embedded in every company under the Ambeon umbrella. An internal control system monitors conformance with Company policies and framework. Further, systems and procedures of all business activities are regularly reviewed. This enables proactive amending, when and where necessary, and thus helps to further strengthen internal control and the governance structure.

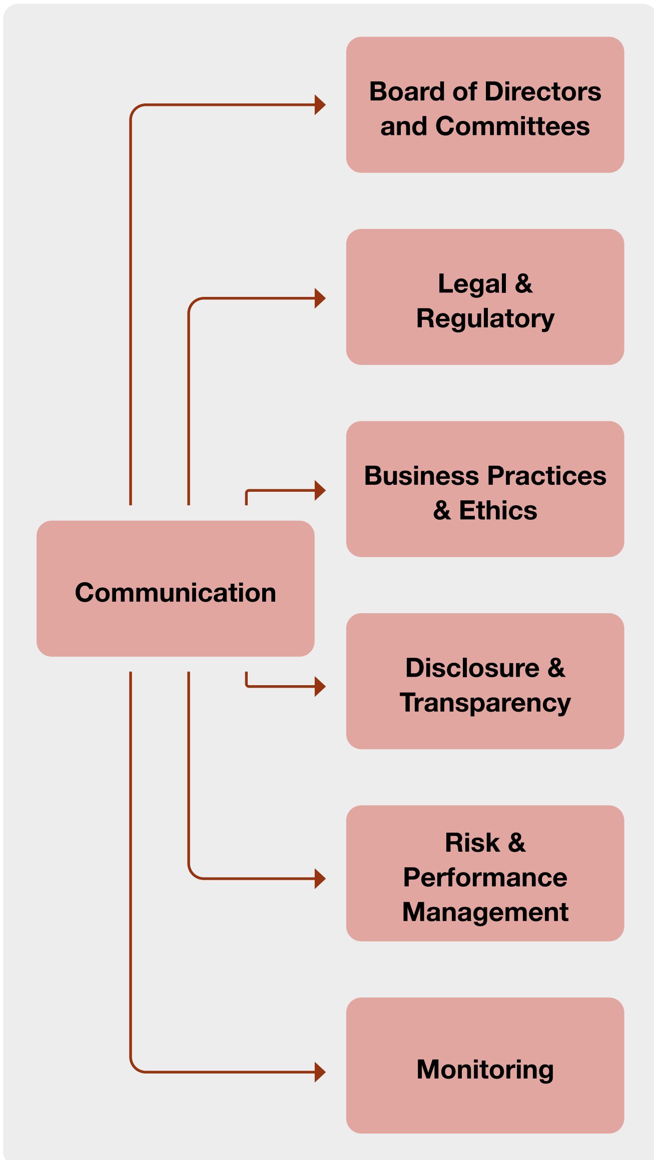
In order to ensure a high level of good governance, the group complies fully with all the mandatory provisions of the Companies Act No. 7 of 2007, the Listing Rules of the Colombo Stock Exchange (CSE) and the Securities and Exchange Commission (SEC) of Sri Lanka Act, except for the rules on minimum public float. The Group also complies with all other legislation and rules applicable to the businesses of the respective companies within the Group and practices voluntary compliance with the Code of Best Practices on Corporate Governance jointly advocated by the SEC and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

Governance Framework

The Board

The Board is in control of the affairs of the Company and remains committed to improving governance practices to protect the best interests of shareholders and other stakeholders. The role of the Board includes:

- Providing entrepreneurial leadership to the Group;
- Giving strategic guidance and evaluating, reviewing and approving corporate strategy and the performance objectives of the Group;
- Approving and monitoring financial and other reporting practices adopted by the Group;
- Reviewing management performance in meeting the agreed goals, monitoring the reporting of performance and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives.
- Assessing HR processes with emphasis on succession planning for the top management of the Group of Companies.
- • Appointing and reviewing the performance of the CEOs of the Group Companies
- Monitoring the systems of governance and compliance of the Group.
- Overseeing systems of internal control and risk management of the Group.
- Determining discretions/authorities delegated from the Board to the executive levels.
- Evaluating and approving major acquisitions, disposals, and capital expenditure..



The Board Composition and Board Balance

The Board comprises of six (06) Directors of whom all are Non-Executive Directors. The Non-Executive Directors provide a significant depth of knowledge and expertise, collectively gained from having worked across a variety of public and private enterprises in various industries. The Board includes a qualified Chartered Accountant and a Management Accountant who provides the Board with the required financial acumen and knowledge on financial matters.

Board Skills

The Board collectively embodies a wealth of knowledge gained from diverse experience in the fields of business, finance, economics and marketing, providing the Company with extensive expertise to develop strategies and interpret market trends. Further details of their qualifications and experience are provided under the Board Profiles section of this Annual Report in pages 10 to 12. The Board considers that the composition and expertise of the Board is sufficient to meet the present requirements of the Group. In any event, the Board composition is reviewed regularly to ensure that it aligns with the necessary business needs and intricacy of the Group's operations.

The composition of Board of Directors during the financial year and as at date are as follows:

Mr. Sanjeev Gardiner	Chairman/Non-Independent/ Non- Executive Director
Mr. Ajith Devasurendra	Deputy Chairman/Non-Independent/Non-Executive Director
Mr. Priyantha Fernando	Independent/Non-Executive director
Mr. Harsha Amarasekara	Non-Independent/Non-Executive Director
Mr. Ranil Pathirana	Non-Independent/Non-Executive Director
Mr. Yudhishtran Kanagasabai	Independent/Non-Executive Director
Mr Revantha Devasurendra	Alternate Director to Mr. Ajith Devasurendra

Board Independence

The Board complies with the regulatory requirement for Independent Directors based on the annual declarations made by each of the non-executive directors in accordance with the requirements of the Listing Rules of the CSE, Mr. Yudhishtran Kanagasabai is considered independent. Furthermore, the Board considers Mr. Priyantha Fernando who has served the Board continuously for more than nine years as 'independent', given his period of service do not compromise his independence and objectivity in discharging his duties.

The Board considers the other four non- executive directors, namely Mr. Sanjeev Gardiner, Mr Ajith Devasurendra, Mr. Harsha Amarasekera and Mr. Ranil Pathirana as non-independent, as they are nominees of CHC Investments (Pvt) Ltd and ARRC Capital (Pvt) Ltd, the major shareholders of the Company.

Board Meetings and Attendance

An annual calendar of Board meetings is prepared and agreed upon in the final quarter of the preceding financial year. Adequate time is given to the discussion of each agenda item to ensure that well informed decisions are taken. Members of the management and external advisors are invited when required to provide further clarity to the Board. Board meetings are held quarterly and additional Board meetings held whenever felt necessary, to deal with specific matters. A total of 5 meetings were held during the financial year

The attendance of directors at these meetings is set out in the table below:

Name of Director	Attendance
Mr. Sanjeev Gardiner – Chairman	4/5
Mr. Ajith Devasurendra – Deputy Chairman	5/5
Mr. Priyantha Fernando – Director	3/5
Mr. Harsha Amarasekera – Director	5/5
Mr. Ranil Pathirana – Director	5/5
Mr. Yudhishtran Kanagasabai – Director	5/5

Access to Information

The Board is supplied with complete and adequate information in advance for each meeting to enable the Board to make informed decisions. These include the agenda, minutes, financial and operational performance reports and comprehensive board papers supported by all necessary information.

The Board is also regularly presented with details of business development, risk management and new regulatory requirements. Directors can also call for any additional information they feel is required. While the Board has separate and independent access to the Group's Senior Management, all Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures and applicable rules and regulations are complied with.

The directors, especially non-executive directors, may seek independent professional advice in the course of fulfilling their responsibilities, at the Company's expense.

Professional Development and Performance Evaluation

Regular trainings, conducted by both external and in-house facilitators, enable the Directors to update and enhance their existing skills and knowledge. Periodic briefings also keep the Directors aware of amendments or additions to any laws, regulations and accounting standards which impact the Group's business and the directors. The Board's performance is evaluated by the Remuneration Committee, using objective criteria which the Committee has agreed upon.

Delegation of Authority and Board Committees

For operational efficiency, the Board has delegated certain authority to Board Sub Committees and to Management. Authority is delegated to management through clearly defined limits and is supplemented by Board approved polices which specify the principles by which business is to be conducted. Controls to facilitate accountability are also built in.

Authority is delegated with the view to facilitating timely, effective, and quality decision making at the appropriate level. To enable this, the Board has also appointed the following Board Sub Committees for more effective oversight and control.

- Audit Committee
- Remuneration Committee
- Related Party Transactions Review Committee
- Group Investment Committee
- Group Nominations Committee
- Group Oversight Committee

All Board Sub Committees have written terms of reference approved by the Board and the Board is kept apprised of their discussions and decisions. Where any Committee feels an issue is outside its scope of authority, the issue will be forwarded to the Board for discussion and resolution.

The Chairpersons of each of the Board Sub Committees report to the Board on the matters discussed at the Sub Committee meeting, and the relevant decisions are incorporated in the minutes of the Board meetings.

Audit Committee

The Audit Committee ensures that the Company and the Group complies with applicable accounting standards, laws and regulations. The Committee aims to ensure that the financial statements, together with relevant corporate disclosures not only provide all stakeholders with an accurate picture of the Company and Group, but also convey the high standards of corporate responsibility; transparency and accountability that the Board wishes to maintain appropriate standards of corporate responsibility, integrity and accountability to the shareholders. The appointed members of the Audit Committee are required to exercise independent judgment in carrying out their functions.

The activities conducted by the Audit Committee are set out in the Audit Committee Report is on pages 29 and 30.

Remuneration Committee

The Remuneration Committee is responsible for reviewing the remuneration of the Executive and Non-Executive Directors and the key management personnel within the senior management and for making recommendations to the Board. The Remuneration Committee also calls for quarterly reports from the HR Division on staff related matters.

Related Party Transactions Review Committee

The Related Party Transactions Review Committee has been appointed in compliance with Listing Rules of the CSE and reviews and approves any such transactions.

Group Investment Committee

The Group Investment Committee operates across the group and serves as the Investment Committee (IC) of all the boards of the subsidiary companies. The Committee operates as a Sub Committee of the Board of Ambeon Capital PLC. The purpose of this Committee is to oversee the Group's investment transactions, management, policies and guidelines of all capital projects of the Group.

The IC assists the Ultimate Holding Company Board in fulfilling its responsibilities towards the evaluation of CAPEX.

Group Nominations Committee

The Group Nominations Committee operates across the group and serve as the Group Nomination Committees for all boards in the subsidiary companies. The Committee assists the Boards in exercising their responsibilities, particularly in fulfilling its fiduciary duties to appoint the best-qualified candidates for the Board, CEO positions and Key Management Personnel (KMP).

Group Oversight Committee

The Group Oversight Committee (GOC) operates across the group and serve as the GOC for all boards.

Board Committee	Responsibilities
Audit Committee	■ Ensure compliance with applicable accounting standards and laws. ■ Ensures high standards of transparency and corporate disclosure. ■ Maintain appropriate standards of corporate responsibility, integrity and accountability to the shareholders. ■ Exercise independent judgment in carrying out their functions.
Remuneration Committee	■ Formulate, review, approve and make recommendations to the Board regarding remuneration. ■ Obtain quarterly updates from the HR Division on staff related matters
Related Party Transactions Review Committee	■ Review related party transactions as prescribed by Section 09 of the Listing Rules of the CSE
Group Investment Committee	■ Develop the Group's investment objectives and corporate policies on investing.
Group Nominations Committee	■ Assess the skills required on the Board given the needs of the businesses. ■ Prepare a clear description of the role and capabilities required for a particular appointment. ■ Identify and recommend suitable candidates for appointments to the Board.
Group Oversight Committee	■ The Group Oversight Committee operates across the group and serve as the GOC for all boards.

Retirement of Directors by rotation

In line with the Company's Articles of Association, Directors who were appointed during the year submit themselves to the shareholders for re-election at the first AGM following their appointment.

In addition, at each Annual General Meeting, one of the Directors for the time being shall retire from office. The director to retire at each Annual General Meeting be that director who, being subject to retirement by rotation has been longest in office since his last election or appointment. Accordingly, Mr. R.P. Pathirana retires by rotation in terms of Article 87 of the Articles of Association of the Company and being eligible, offers himself for re-election as a director.

Mr. Priyantha Fernando who is over 70 years of age does not offer him self for re-appointment and has notified his intention of stepping down from the board in terms of Section 210 of the Companies Act No. 7 of 2007.

Remuneration

The remuneration policy of the Company is designed to recognize the skills and expertise of the Directors. It also acknowledges the responsibility the directors undertake in leading a Company of this stature and operational complexity. The remuneration policy for directors is proposed and periodically, reviewed by the Remuneration Committee, in keeping with criteria of reasonability

Accountability and Audit Financial Reporting

The Board aims to provide stakeholders with a balanced and understandable assessment of the Group's position potential. Believing that independent verification ensures the integrity of the Group's accounting process and financial reporting, the Board has established a formal and transparent process to facilitate this verification. This process, together with internal control systems are periodically reviewed and monitored to ensure effectiveness.

Confirmation that the financial statements are prepared in accordance with Sri Lanka Accounting Standards and other applicable laws is found on page 48. The auditors' independent Opinion is found on page 38.

Recognize and Manage Risk Internal Control

Recognizing its responsibility to ensure the safeguarding of shareholders' investment and Group's assets. The Board has approved a system of internal controls which takes into account all regulatory requirements and also industry best practices. The effectiveness of the Group's system of internal controls is reviewed by the Audit Committee which reports its findings to the Board. The review includes all material control lapses, including financial, operational and compliance controls and risk management systems.

The Audit Committee also quarterly calls for certificate confirming compliance with all applicable statutory and regulatory requirements.

This is provided by the Head of Finance and covers all subsidiary companies too.

Enterprise Risk Management System

An Enterprise Risk Management system has been implemented for identifying, assessing, monitoring, and managing material risk throughout the Organization, which includes:

- Oversight of the risk management system;
- Examination of the Company's risk profile and identification of the material risks faced by the Company, both financial and non-financial.
- Assessment of compliance and control measures;
- Assessment of the effectiveness of the Company's risk management system is itself reviewed at least once a year.

Enterprise Risk Management Framework

Internal Audit

To facilitate the internal audit function, and ensure independence and objectivity, internal audits are conducted by a reputed audit firm independent of management. This independence is further strengthened by the internal auditors reporting directly to the Audit Committee. The Internal Auditor has access to management and the authority to seek information and review any relevant, records, on completion of the audit review, a report is submitted to the Audit Committee.

The Audit Committee oversees the scope of the internal audit and meet with the internal auditors without any of the management being present.

Further details are in the Audit Committee Report on pages 29 and 30.

Responsible Decision-Making

The Board is keenly aware of their responsibilities as directors and act with prudent responsibility when making decisions relating to the activities of the Company or Group. Ethical and responsible decision making is encouraged at all levels of decision making within the Group and are supported by the Group's Code of Business Ethics and Employee Code of Conduct. The Board believes strongly that these will promote stakeholder confidence in the Group's integrity and to demonstrate the commitment of the Group to ethical business practices.

Respect for the Rights of Shareholders

The Company demonstrates its respect of the rights of shareholders and other investors by ensuring they have access to regular information about the Company's position and progress.

Communication with Shareholders

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

Annual General Meeting (AGM)	The AGM is one of the most significant ways by which shareholders can meet with the Board. This also provides them with opportunity to communicate their views on various matters affecting the Company. The AGM is also attended by the Management & External Auditors who can clarify or add to the information provided.
Announcements to the Colombo Stock Exchange (CSE)	In compliance with the Listing Rules of the CSE, announcements of quarterly financial results and announcements on corporate actions are disclosed to the CSE in a prompt and timely manner.
Media Releases	Media releases are made to the media on all significant Group developments and business initiatives through the Group Companies.

Investor Relations

The Group Investor Relations (IR) Team is responsible for disseminating information to the investor community, which includes the institutional fund managers and analysts. The IR team maintains close contact with the investor community through personal meetings, teleconferences and emails. To ensure that the Group's strategies, operational activities and financial performance are well understood and that such information is made available in a timely manner.

Major Transactions

During the financial year, there were no transactions which could be deemed "major transactions" as defined in the Companies Act No. 7 of 2007.

Risk Management

Throughout the year, the ever-evolving landscape of risks displayed new intricacies, showcasing the extended economic, political, social, and human consequences. Ambeon Capital (referred to as "The Group") took a proactive stance in monitoring emerging risks that had the potential to impact its financial performance, stability, business continuity, and supply chain in the long run.

Risk management is deeply ingrained in all the Group's processes and is perceived as the responsibility of every individual within the Group, recognizing its crucial role in long-term growth and sustainability. Recognizing that venturing into risks is an integral aspect of any business endeavor, the Group endeavors to conduct its operations in a socially responsible manner, striking a balance between its objectives and the risks it is willing to undertake. With this in mind, the Group heightened its focus on identifying and mitigating risks, necessitating a proactive approach and the establishment of an effective risk management framework that encompasses the entire organization.

Risk Responsibility

The Board of Directors holds ultimate responsibility for ensuring that the Group's risks are identified and mitigated effectively. The Board is supported by the Audit Committee which reviews the effectiveness of the Group and its subsidiaries' risk profiles and internal control systems on a quarterly basis. The Audit Committee also carries out its responsibilities in managing the risk management framework by ensuring the implementation of a sound internal control systems as well as policies which will mitigate risks endured by the Group. In addition, the Audit Committee is the leading authority in ensuring that the risk and internal control strategies are shared across the Group, whilst simultaneously creating awareness amongst employees.

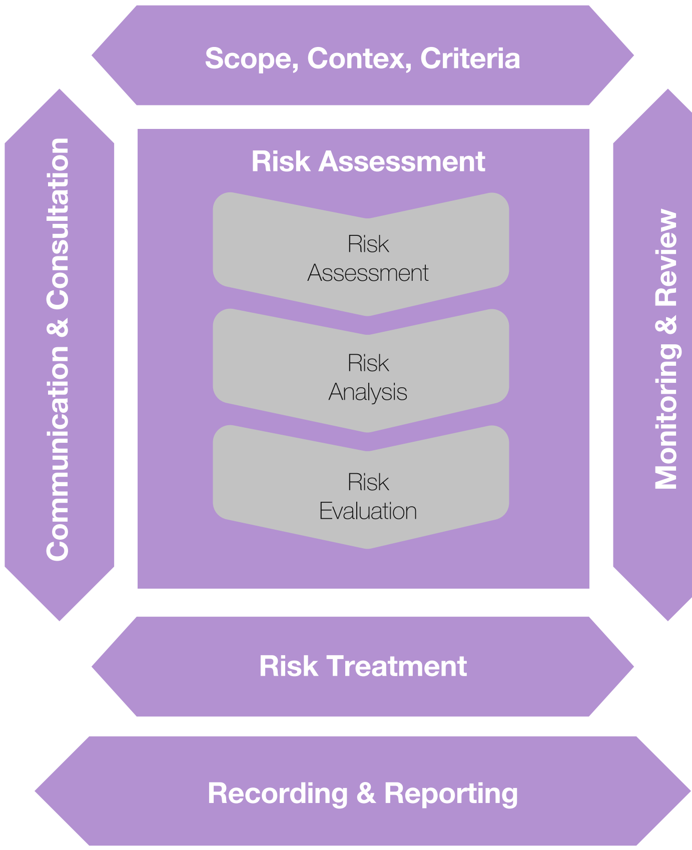
Risk Management Philosophy

The Group acknowledges that risk management is a collective responsibility shared by all members of the Group. As a result, risk management is seamlessly woven into every facet of the Group, encompassing crucial areas such as strategy formulation, business development, business planning, capital allocation, investment decisions, internal control, and day-to-day operations.

Risk Management tools

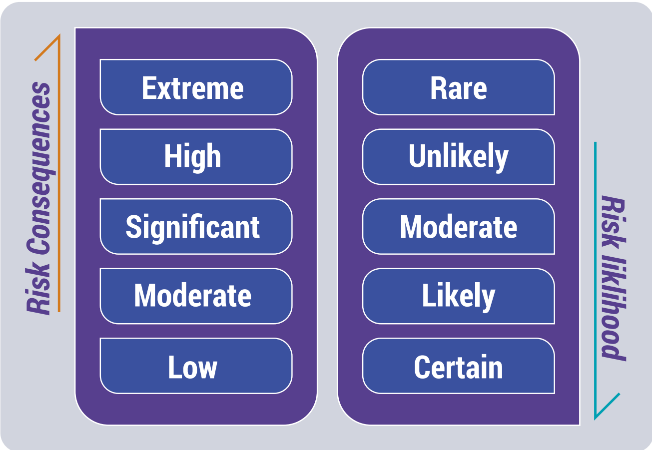
A fundamental component integrated into the entire structure is the Enterprise Risk Management (ERM) system of the Group, known as 'CAMMS ERM.' This international, online automated risk management solution has become a vital tool for implementing practices and processes that are essential to the effective functioning of our Integrated Risk Management (IRM) approach. The CAMMS ERM solution adheres to the COSO Enterprise Risk Management Framework and aligns with the ISO 31000 (2008) International Risk Management Standards, ensuring compliance. Since its implementation in 2017, the CAMMS solution has greatly assisted the Group in adopting an efficient and methodical approach to risk management.

At the Group level, CAMMS ERM categorizes risks as operational, strategic, and project-related, enabling the Board of Directors to develop precautionary mitigation plans for strategic risks, which are then implemented across all subsidiaries. Additionally, the Group follows a comprehensive risk management framework to ensure the establishment of a robust risk management mechanism.



Risk Assessment

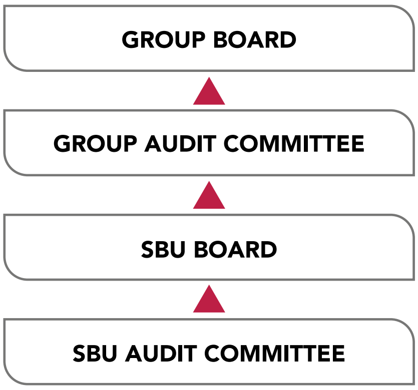
The Group divides the process of assessing risks into three components: initial risk assessment, current risk assessment, and future risk assessment. Utilizing a risk assessment platform, the Group is able to prioritize potential risk exposure and evaluate the impact of risks. By conducting risk assessments, the Group gains insights into significant aspects and identifies indicators that signal potential risks.



Risk Governance and Structure

The ultimate responsibility for authorizing the risk management strategy and approving the necessary policies and processes lies with the Board. Both the Group Management Committee and the Audit Committee have vital roles in overseeing and implementing risk management practices. At the Group level, a dedicated team focused on risk and compliance ensures effective supervision.

While the Board adopts a bottom-up approach, ensuring comprehensive oversight of the entire risk management process, the ultimate responsibility remains with the Board itself. The Audit Committees of each Strategic Business Unit (SBU) are responsible for escalating relevant matters to the respective Board. Subsequently, key risk factors are addressed at the Group level.

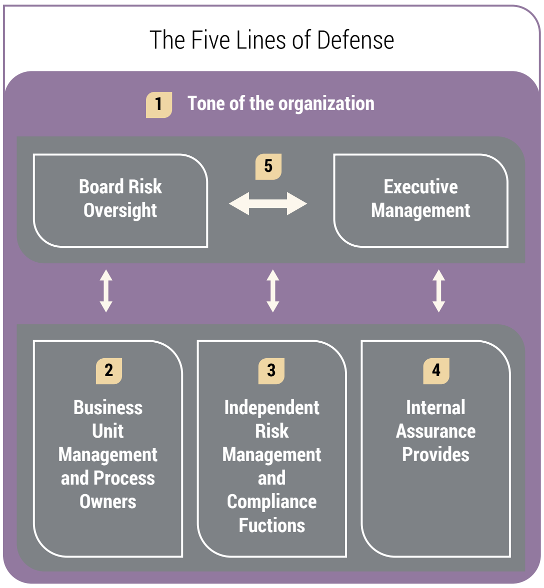


Internal and Statutory Audits

The Group engages well-established audit firms to perform routine internal and statutory audits. The internal audit is conducted in alignment with the guidelines set by the Board, and the Audit Committee thoroughly evaluates the results of both internal and statutory audits. To manage strategic and operational risks, the Group has established a system of internal controls that relies on existing policies and procedures.

Risk Management Approach

The Group implements the five-lines of defense model, which serves as a framework for allocating responsibilities and segregating risk functions. This model is adopted to ensure thorough risk mitigation across the Group and its subsidiaries, encompassing all aspects of risk management.



The Group employs a comprehensive five-pronged approach to mitigate risks, which includes risk mitigation, acceptance, or transfer. Regular assessments and internal audits are conducted by the Group to validate the effectiveness and suitability of risk mitigation plans. Each business unit within the Group is accountable for identifying and mitigating risks specific to their respective operations.

Within the Group's risk management framework, strategies have been identified and implemented to address the following risk exposures.

Description of Risk	Mitigation Strategies
Economic and business risk	■ Review impact to group's performance and strategic business plans due to volatility in macroeconomic variables ■ Conduct sensitivity analysis to ascertain the impact to Group and SBU's budget ■ Maintains strong relationships with suppliers and banking partners to negotiate on payment terms, credit, and funding to minimize disruptions to operations ■ Evaluate long term vision of the government and develop long-term value creation to rationalize investment portfolio of the Group
Investment Risk	■ Group generally carries out extensive appraisals before going ahead with any investment projects ■ Continuous evaluation of market and identifying product development/ market expansion opportunities. ■ Conduct due diligence study to ensure that hurdle rate expectations are met by each capital investment
Liquidity Risk	■ Centralized treasury management function to monitor Group liquidity as well as the maturity mismatch between asset and liability on an ongoing basis ■ Continuous reviewing of business models and working capital management ■ Strong relationships with banks to negotiate backup funding lines ■ Benchmark current and quick asset ratio.
Human Resources	■ Remuneration levels are benchmarked to remain competitive along with industry standards along with incentives ■ Continuously train and upskill employees on new technologies, tools and global practices ■ Promoting a high-performance driven culture to retain employees through better career prospect
Health and Safety Risk	■ Adherence to WHO guidelines to curtail spread of pandemic ■ Operations and plants are designed considering employee health and safety ■ Health and Safety related policies and procedures have been implemented across the Group
Cyber security risk	■ Safeguard critical IT and operational assets through the implementation of strict IT protocols, firewalls, and business continuity plan ■ Foster a positive culture of cyber-security by raising awareness among employees regarding the importance of detection, response and recovery from cyber incidents and attacks

Report of the Audit Committee

I take this opportunity to present to you the Report of the Audit Committee (the "Committee") for the year ended 31st March 2023 outlining the Committee's roles and responsibilities. The Committee continued to review and report to the Board on the Company's financial reporting, internal control and risk management processes, and the performance, independence and effectiveness of the External Auditors

COMPOSITION

There were no changes to the composition of the Committee during the year. The Committee consisted of 2 Independent Non-Executive Directors and a Non independent Non-Executive director. The members of the Board Audit Committee are

Mr. Yudhishtran Kanagasabai – Chairman;

Mr. P.D.J. Fernando

Mr. Ranil Pathirana

The Chairman of the Committee is a Fellow of the Institute of Chartered Accountants of Sri Lanka and a former Territory Senior Partner of PricewaterhouseCoopers, Sri Lanka and the Maldives. The Board is satisfied that the Committee has an adequate blend of accounting, auditing, legal and commercial experience to carry out their duties. Brief profiles of the Committee members are given in pages 10 to 12 of this Report

The Company Secretary serves as the Secretary to the Committee

MEETINGS

The Board Audit Committee held five meetings during the period under review.

Name of Director	Attendance
Mr. Yudy Kanagasabai	5/5
Mr. Ranil Pathirana	5/5
Mr. P.D.J. Fernando	1/5

The other members of the Executive Committee and External Auditors attended the meetings by invitation.

TERMS OF REFERENCE

The Charter of the Committee, which is approved and adopted by the Board of Directors, clearly defines the terms of reference governing the Audit Committee. The 'Rules on Corporate Governance under Listing Rules of the Colombo Stock Exchange' and 'Code of Best Practice on Corporate Governance', issued jointly by The Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission, further regulate the composition, roles and functions of the Committee. It also assists the Board of Directors in its general oversight of financial reporting, internal controls and functions relating to internal and external audits.

THE ROLE OF THE AUDIT COMMITTEE

The role of the Audit Committee, which has specific terms of reference, is described in the corporate governance report on page 21. The Committee's role is to review on behalf of the Board, the Company's internal financial controls. It is also responsible for oversight and advice to the Board on financial reporting related matters and internal controls over financial reporting and has overseen the work undertaken by the Group's Internal Audit and External Auditors.

KEY RESPONSIBILITIES OF THE BOARD AUDIT COMMITTEE

Financial Reporting:

Financial Reporting: The primary role of the Committee in relation to financial reporting is to monitor the integrity of the Company's financial statements and formal announcements, if any, relating to the Company financial performance. The Committee reviewed and discussed the Company's quarterly and annual financial statements prior to publication. The Committee also reviewed matters communicated to the Committee by the External Auditors in their reports to the Audit Committee on the audit for the year. The scope of the review included ascertaining compliance with relevant disclosures with the Sri Lanka Accounting Standards, including new Accounting Standards which came into effect during the year, the appropriateness of accounting policies, material judgement matters, alternative accounting treatments, material audit adjustments, going concern assumption, financial reporting controls and compliance with applicable laws and regulations that could impact the integrity of the Company's financial statements, its annual report and its quarterly financial statements prepared for publication.

Internal Control:

The Directors are responsible for maintaining and reviewing the effectiveness of risk management and internal control systems, and for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The Committee has noted the findings from the compliance reviews, their root causes and management responses, and status of implementing remediation. This process assesses the adequacy and effectiveness of the internal controls and the processes for controlling business risks to ensure compliance with laws and regulations.

Internal Audit:

The establishment and maintenance of appropriate systems of risk management and internal control is primarily the responsibility of the Management. The Group Internal Audit function provides independent and objective assurance in respect of the adequacy of the design and operating effectiveness of the framework of risk management, control and governance processes across the Group, focusing on the areas of greatest risk.

Executive Management is responsible for ensuring that recommendations made by the Groups' Internal Audit function are implemented within an appropriate and agreed timetable.

External Audit:

The External Auditor's Letter of Engagement, including the scope of the audit, was reviewed and discussed by the Committee with the External Auditors and Management prior to commencement of the audit. The Auditors were also provided with the opportunities to discuss and express their opinions on any matter, and for the Committee to have the assurance that the Management has fully - provided all information and explanations requested by the Auditors. The Committee reviewed opportunities for improvement, which were observed during the audit and the Letter of Representation issued to the External Auditor to ensure that the representations made were consistent with the understanding of the Committee, as to the Company's operations and plans. The Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest. The Committee has recommended to the Board of Directors that Messrs. Ernst & Young, Chartered Accountants, be reappointed for the financial year ending 31 March 2024, subject to the approval of shareholders at the next Annual General Meeting.

CONCLUSION

The Committee is satisfied that the Company's internal controls, risk management processes and accounting policies provide reasonable assurance, that the affairs of the Company are managed in accordance with Company policies, and that Company assets are properly accounted for and adequately safeguarded. The Committee believes that the Company's accounting policies are appropriate and have been applied consistently.

YUDHISHTRAN KANAGASABAI
Chairman
Audit Committee
28th August 2023

Remuneration Committee Report

Role of the Remuneration Committee

The Committee reviews the performance of the executive staff against the set objectives and goals, and determines the remuneration policy of the company for all levels of employees. The Committee supports and advises the Board on remuneration related matters and makes decisions under delegated authority with a view to aligning the interests of employees and shareholders.

Composition of the Remuneration Committee

The Remuneration Committee is a sub - committee of the main Board, to which it is accountable. The present Remuneration Committee comprises of the following Directors.

Mr. R.P. Pathirana - Chairman
Mr. P.D.J. Fernando
Mr. Y. Kanagasabai

The company secretary serves as the Secretary of the Committee.

The Committee members possess wide experience in the fields of business management, human resources management & labour relations. Hence the Committee has adequate expertise in remuneration policy and management to deliberate and propose necessary changes, improvements to meet the roles and responsibility of the Committee.

Responsibility

During the period under review, the committee continued its responsibility of formulating & recommending to the Board, Remuneration policy which would help the organization to attract, retain and to motivate its staff taking into consideration industrial norms.

Details of executive remuneration are included under key management personnel compensation as disclosed in Page 113 of Annual report.

The committee has reviewed the remuneration policy of the company and made its recommendations and has also advised on structuring remuneration packages in order to attract, motivate and retain quality staff personnel.

Ranil Pathirana
Chairman - Remuneration Committee
28th August 2023

Related Party Transaction Review Committee Report

Purpose of the Committee

The Board established the Related Party Transactions Review Committee on 04 December 2015 as per Listing Rules of the Colombo Stock Exchange (CSE). The purpose of the Related Party Transactions Review Committee (the Committee) is to conduct an appropriate review of the Company's Related Party Transactions (RPTs) and to ensure that the Company complies with the Listing Rules of the CSE. The primary objectives of the said rules are to ensure that the interests of the shareholders as a whole are taken into account when entering into related party transactions and to prevent Directors, Key Management Personnel or substantial shareholders taking advantage of their positions.

Composition

The Committee consists of three members with a combination of two Independent Non-Executive Directors and a Non-Independent Non-Executive Director.

The members of the Committee are;

Mr. P. D. J. Fernando - Chairman/Independent Non-Executive Director

Mr. Y. Kanagasabai - Independent Non-Executive Director.

Mr. Ranil Pathirana - Non-Independent Non-Executive Director

The above composition is in compliance with the provisions of the Listing Rules. Brief profiles of the members are given on

pages 10 and 12 of the Annual Report.

M/s. Managers & Secretaries (Private) Limited functions as the Secretary to the Committee.

Role and Responsibilities

The mandate of the committee, derived from the Rules includes the following;

- To develop and recommend a related party transaction policy
- To ensure that the Company complies with the Rules
- To review in advance all proposed RPTs to ensure compliance with the Rules
- To update the Board of Directors on the related party transactions of the Company on a quarterly basis
- Define and establish the threshold values in setting a benchmark for related party transactions, RPTs which have to be pre-approved by the Board, RPTs which require to be reviewed in advance and annually and similar issues relating to listed Companies.
- To make immediate market disclosures on applicable RPTs as required by the Rules
- To include appropriate disclosures on RPTs in the annual report as required by the Rules

Policies and procedures in related party transactions are being reviewed and strengthened on an ongoing basis.

Necessary steps have been taken by the Committee to avoid any conflicts of interests that may arise in transacting with related parties.

The Policies and Procedures Adopted by the Committee for Reviewing Related Party Transactions.

The Committee formulated and recommended a process for adoption on RPTs for the Company, which is consistent with the operating model and the delegated decision rights.

The Committee in discharging its functions introduced processes and periodic reporting by the relevant entities with a view to ensure that;

- There is compliance with the Rules
- Shareholder interests are protected and
- Fairness and transparency are maintained

Any member of the Committee, who has an interest in RPT under discussion, shall abstain from voting on the approval of such transaction.

All forecasted recurrent RPTs are submitted by Management on a quarterly basis to the Committee for consideration and review. Non-recurrent RPTs are also reviewed and approved by the Committee prior to the transaction being entered into or if the transaction is expressed to be conditional on such review, prior to the completion of the transaction and the recommendation communicated to the Board for consideration. The Committee is satisfied that all RPTs have been reviewed by the Committee during the financial year and have communicated their observations to the Board. The details of related party transactions entered into during the financial year are given on Note 32 to the Financial Statements, on pages 111 to 114 of this Annual Report.

Meetings

The Committee met four times during the financial year which consisted of a combination of physical/Online meetings and Circular Resolutions.

Name of Director	Attendance
Mr. P.D.J. Fernando	2/4
Mr. Ranil Pathirana	4/4
Mr. Y. Kanagasabai	4/4

The meetings were held on a quarterly basis.

Proceedings of the Committee meetings are reported to the Board of Directors.

P D J Fernando

Chairman

28th August 2023

Annual Report of the Board of Directors on the Affairs of the Company - 2022/23

The Directors of Ambeon Capital PLC have pleasure in presenting to the Shareholders their Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2023.

GENERAL

Ambeon Capital PLC is a public limited liability Company incorporated and domiciled in Sri Lanka. The registered office and the principal place of business of the company is located at No 10, Gothami Road, Colombo 08.

PRINCIPAL ACTIVITIES

During the year the principal activities of the group were financial services, porcelain and managing property, IT solutions and investments.

REVIEW OF OPERATIONS

The Chairman's Review on Pages 6 and 7 which forms an integral part of these reports provides an overall assessment of the financial performance and the financial position of the company.

FINANCIAL STATEMENTS

The financial statements of the Group and Company are given on Page Nos. 41 to 122.

Summarized Financial Results

GROUP & COMPANY

	Group (Rs'000)		Company (Rs'000	
Y/E 31 March	**2023**	**2022**	**2023**	**2022**
Revenue	**20,658,634**	14,013,564	**150,185**	26,148
Profit/ (Loss) before tax for the year	**1,431,829**	884,473	**(513,507)**	984,488

AUDITORS' REPORT

The Independent Auditors' Report on the financial statements is given on Page 38

ACCOUNTING POLICIES

The accounting policies adopted by the Company in the preparation of financial statements are given on Pages from 48 to 65 which are consistent with those of the previous period.

DIRECTORS

The names of the Directors who held office as at the end of the accounting period are given below and their brief profiles appear on Pages from. 10 to 12.

Non-Executive Directors

Mr. S.E. Gardiner – Chairman

*Mr. A. L. Devasurendra - Deputy Chairman

Mr. P. D. J. Fernando

Mr. S.H. Amarasekera

Mr. R.P. Pathirana

Mr. Y. Kanagasabai

*Mr. Revantha Thashan Devasurendra (Alternate Director to Mr. A. L. Devasurendra)

INTERESTS REGISTER

In terms of the Companies Act No. 7 of 2007 an Interests register was maintained during the accounting period under review. This Annual Report also contains particulars of entries made in the Interests register.

DIRECTORS' REMUNERATION

The Director's remuneration is disclosed in Note 9 to the financial statements on Page No 71.

THE AUDITORS

The financial statements for the year ended 31st March 2023 have been audited by Messrs Ernst & Young (Chartered Accountants). As far as Directors are aware the auditors do not have any relationship (other than that of an Auditor) with the Company except for those disclosed below. The auditors also do not have any interest in the Company.

The audit fee payable to the auditors for the year under review is Rs. 540,000. (Group – Rs. 9,793,450)

STATED CAPITAL

The Stated Capital of the Company as at 31st March 2023 was Rs.1,053,643,405/- (1,002,724,815 Shares).

DIRECTORS' SHAREHOLDING

The shareholdings of the Directors of the Company are as follows.

As at	31.03.2023	31.03.2022
Mr. S.E. Gardiner	Nil	Nil
Mr. A.L. Devasurendra	138	138
Mr. P. D. J. Fernando	Nil	Nil
Mr. S.H. Amarasekera	Nil	Nil
Mr. R. P. Pathirana	Nil	Nil
Mr. Y. Kanagasabai	Nil	Nil
Mr. R. T. Devasurendra	Nil	Nil

MAJOR SHAREHOLDERS, DISTRIBUTION SCHEDULE AND OTHER INFORMATION

Information on the twenty largest shareholders of the company, distribution schedule of the number of shareholders, percentage of shares held by the public as per the Listing Rules of the Colombo Stock Exchange are given on Page No 123 under Investor Information.

PUBLIC HOLDING

The percentage of public shareholding as at the 31st March 2023 was 5.25%.

CAPITAL COMMITMENTS

There were no material capital expenditure commitments as at 31st March 2023 other than those disclosed in Note 31.

STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief, are satisfied that all statutory dues have been paid up to date, or have been provided for in the financial statements.

DONATIONS

There were no donations made by the Company during the year.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

No circumstances have arisen after the reporting period which would require adjustment to or disclosure in the financial statements other than those disclosed in Note 33 on Page No 114 of the financial statements.

GOING CONCERN

The Board of Directors is satisfied that the company has adequate resources to continue its operations in the foreseeable future. Accordingly, the financial statements are prepared based on the going concern concept.

CORPORATE GOVERNANCE

Corporate Governance practices and principles with respect to the management and operations of the Company are set out on Pages from 21 to 25.

An Audit Committee, Related Party Transactions Review Committee, Remuneration Committee, Nomination Committee, Investment Committee as well as Group Oversight Committee function as sub-committees of the Board and they are composed of Directors with the requisite qualifications and experience. The composition of the said Committees is as follows:

AUDIT COMMITTEE

Mr. Y Kanagasabai - Chairman

Mr. P D J Fernando

Mr. R P Pathirana

REMUNERATION COMMITTEE

Mr. R P Pathirana - Chairman

Mr. P D J Fernando

Mr. Y. Kanagasabaii

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Mr. P D J Fernando - Chairman

Mr. R P Pathirana

Mr. Y. Kanagasabai

GROUP INVESTMENT COMMITTEE

Mr. S H Amarasekara - Chairman

Mr. P D J Fernando

GROUP NOMINATIONS COMMITTEE

Mr. S E Gardiner - Chairman

Mr. A L Devasurendra

Mr. R P Pathirana

GROUP OVERSIGHT COMMITTEE

Mr. S E Gardiner - Chairman

Mr. A L Devasurendra

Mr. R P Pathirana

Mr. Y Kanagasabai

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Board of Directors has given the following statement in respect of the related party transactions review committee

The related party transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee and are in compliance with the Section 09 of the CSE Listing Rules.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 20th September 2023 The Notice of the Annual General meeting appears on page 128

By Order of the Board

Ambeon Capital PLC

Sgd.
Chairman

Sgd
Deputy Chairman

Sgd.
Managers & Secretaries (Pvt) Ltd
Secretaries
28t August 2023
Colombo

Statement of Directors' Responsibilities

The Directors are required by the Companies Act No. 7 of 2007 to prepare Financial Statements for each financial year, which give a true and fair view of the statement of affairs of the company as at the end of the financial year and the income and expenditure of the Company for the financial year.

The Directors are also required to ensure that the financial statements comply with any regulations made under the Companies Act which specifies the form and content of financial statements and any other requirements which apply to the company's financial statements under any other law.

The Directors consider that the financial statements presented in this annual report have been prepared using appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates and in compliance with the Sri Lanka Financial Reporting Standards (SLFRS) and Sri Lanka Accounting Standards (LKAS), Companies Act No. 7 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

The Directors are responsible to ensure that the company keeps sufficient accounting records, which disclose the financial position of the company with reasonable accuracy and enable them to ensure that the financial statements have been prepared and presented as aforesaid. They are also responsible for taking measures to safeguard the assets of the company and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to prevention and detection of fraud and other irregularities.

The Directors continue to adopt the going concern basis in preparing the financial statements. The Directors, after making inquiries and review of the company's business plan for the financial year 2023/2024, including cash flows and borrowing facilities, consider that the Company has adequate resources to continue in operation.

By Order of the Board
Ambeon Capital PLC
Sgd.
Managers & Secretaries (Pvt) Ltd
Secretaries
28th August 2023
Colombo

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

Building a better working world

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

Tel: +94 11 246 3500
Fax (Gen): +94 11 269 7369
Fax (Tax): +94 11 557 8180
Email: eysl@lk.ey.com
ey.com

TO THE SHAREHOLDERS OF AMBEON CAPITAL PLC

Report on the audit of the consolidated financial statements

Opinion

We have audited the Financial Statements of Ambeon Capital PLC (the "Company"), and the consolidated Financial Statements of the Company and its subsidiaries (the "Group"), which comprise the statement of financial position as at 31 March 2023, and the 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 Group give a true and fair view of the financial position of the Company and Group as at 31 March 2023, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key audit matters

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

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

Key audit matter	How our audit addressed the key audit matter
Assessment of fair value of land & buildings	
Property, Plant and Equipment and Investment Property include land and buildings carried at fair value as detailed in notes 2.11.4 and 2.11.7. This was a key audit matter due to: ■ Materiality of the reported land and buildings balances which amounted to LKR 5.2Bn and represent 21% of the total assets. ■ The degree of assumptions, judgements and estimation uncertainties associated with fair valuation of land and buildings. Key areas of significant judgments, estimates and assumptions used in the valuation of the land and buildings included the following: ■ Estimate of per perch value of the Land ■ Estimate of the per square foot value of the buildings	Our audit procedures focused on the valuations performed by the external valuer engaged by the Group, and included the following ■ Assessed the competency, capability and objectivity of the external valuer engaged by the Group. ■ Read the external valuer's report and understood the key estimates made and the approach taken by the valuer in determining the valuation of each land and building. ■ Assessed the reasonableness of the significant judgements made by the valuer and valuation techniques, per perch price and value per square foot used by the valuer in the valuation of each land and building. We have also assessed the adequacy of the disclosures made in notes 12 and 15 to the financial statements relating to the significant judgements, valuation techniques and estimates used by the external valuer.

Key audit matter	How our audit addressed the key audit matter
Annual Impairment assessment of intangible assets with infinite useful life	
As at reporting date, goodwill and brand name amounting to Rs. 1.2Bn was reported as further detailed in Notes 2.11.9 and 13 to the financial statements. Assessment of impairment of goodwill and brand name was a key audit matter due to; ■ The degree of management assumptions, judgements and estimates associated with deriving the estimated future cashflows used for the value-in-use calculations Key areas of significant management judgments, estimates and assumptions related to the value- in- use calculations and related estimation of future cash flows included long term growth rates, discount rate and assessment of the impact of the current economic conditions	Our audit procedures included the following; ■ Gained an understanding of how management forecast its discounted future cash flows which included consideration of the impacts of the current economic conditions on its operations ■ Tested the completeness and accuracy of relevant data used by Management to the underlying accounting records and checked the calculations of the discounted future cash flows ■ We assessed the reasonableness of significant judgements, estimates and assumptions used by Management, including the discount rate and growth rates of the estimated future cashflows. We tested the completeness and accuracy of the underlying data used and performed sensitivity analysis of significant assumptions to evaluate the effect on the value in-use calculations We also assessed the adequacy of the disclosures made in Notes 2.11.9 and 13 in the financial statements.

Other information included in the Group's 2023 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditors' report thereon. 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 management and those charged with governance

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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Building a better working world

override of internal controll.

- 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

28th August 2023
Colombo

INCOME STATEMENT

Year ended 31 March

		Group		Company	
		2023	2022	2023	2022
Continuing Operations	**Notes**	**LKR**	**LKR**	**LKR**	**LKR**
Revenue	5	20,658,634,036	14,013,563,838	150,185,473	26,148,043
Cost of Sales	6	(14,931,685,093)	(10,259,678,710)	-	-
Gross Profit		**5,726,948,943**	**3,753,885,128**	**150,185,473**	**26,148,043**
Investment and Other Income	7	500,288,871	443,816,334	908,493,563	61,321,214
Selling and Distribution Expenses		(1,165,074,579)	(673,161,467)	-	-
Administrative Expenses		(1,941,080,358)	(1,836,616,851)	(40,310,747)	(68,752,220)
Change in Fair Value of Financial Assets Measured at Fair Value Through Profit or Loss		(59,550,013)	(412,352,981)	(38,893,567)	(136,665,628)
Change in Fair Value of Investment Property	15	153,052,388	66,236,915	2,500,000	-
Change in Fair Value of Investment in Subsidiary	16	-	-	(529,441,482)	1,421,824,000
Finance Cost	8	(1,788,701,844)	(459,924,119)	(950,898,405)	(319,387,433)
Share of Results of Equity Accounted Investee	29	5,945,375	2,589,886	-	-
Loss on Disposal of Subsidiary	16.5	-	-	(15,141,518)	-
Profit/(Loss) Before Income Tax from Continuing Operations	**9**	**1,431,828,783**	**884,472,846**	**(513,506,683)**	**984,487,976**
Income Tax Reversal / (Expense)	10	(590,778,944)	(342,081,544)	4,282,170	(4,815,584)
Profit/(Loss) for the Year from Continuing Operations		**841,049,839**	**542,391,302**	**(509,224,513)**	**979,672,392**
Discontinued Operations					
Profit after tax from discontinued operations for the year	4	-	1,404,087,317	-	-
Profit/(Loss) for the year		**841,049,839**	**1,946,478,619**	**(509,224,513)**	**979,672,392**
Profit Attributable to:					
Equity Holders of the Company		170,739,818	1,623,108,763		
Non-Controlling Interests		670,310,021	323,369,856		
		841,049,839	**1,946,478,619**		
Basic Earnings / (Loss) Per Share	11	0.17	1.62	(0.51)	0.98
Basic Earnings / (Loss) Per Share from Continuing Operations	11	0.17	0.22	(0.51)	0.98

The Notes from pages 48 to 122 form an integral part of these Financial Statements.

Figures in bracket indicate deductions.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March

		Group		Company	
		2023	2022	2023	2022
	Notes	LKR	LKR	LKR	LKR
Profit/(Loss) for the Year		841,049,839	1,946,478,619	(509,224,513)	979,672,392
Other Comprehensive Income					
Items that will never be reclassified to profit or loss					
Actuarial Gain /(Loss) on Defined Benefit Plans	23	(50,382,844)	66,061,244	-	-
Tax on Actuarial Gain /(loss) on Defined Benefit Plans	25	11,033,755	(13,888,604)	-	-
Change in Fair Value of FVOCI Financial Assets		42,020,590	(55,470,180)	-	-
Revaluation Gain on Land and Building		279,569,299	202,138,004	-	-
Tax on Revaluation Gain - Impact due to the change in Temporary Differences	25	(38,281,769)	(28,775,245)	-	-
Tax on Revaluation Gain - Impact due to the Tax rate change		(347,921,472)	-	-	-
		(103,962,441)	**170,065,219**	**-**	**-**
Items that are or may be reclassified to profit or loss					
Functional/Foreign Currency Translation Reseve		(24,883,714)	21,180,331	-	-
Effect of Cashflow Hedge Accounting	21.2	-	54,670,437	-	-
Tax on Cashflow Hedge Accounting		-	(8,969,368)	-	-
Reclassification adjustment made to foreign currency revaluation reserve due to the disposal of subsidiary		-	93,037,811	-	-
		(24,883,714)	**159,919,210**	**-**	**-**
Total Other Comprehensive Income		**(128,846,155)**	**329,984,429**	**-**	**-**
Total Comprehensive Income for the Year		**712,203,684**	**2,276,463,048**	**(509,224,513)**	**979,672,392**

	2023	2022
Total Comprehensive Income Attributable to:		
Equity Holders of the Company	115,161,445	1,827,362,776
Non - Controlling Interest	597,042,239	449,100,272
	712,203,684	**2,276,463,048**

The Notes from pages 48 to 122 form an integral part of these Financial Statements.

Figures in bracket indicate deductions.

STATEMENT OF FINANCIAL POSITION

As at 31 March

		Group		Company	
	Notes	2023 LKR	2022 LKR	2023 LKR	2022 LKR
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	12	2,948,293,610	2,534,548,511	79,254	134,133
Intangible Assets	13	1,214,142,426	1,225,901,609	-	-
Biological Assets	14	79,127,950	55,382,920	-	-
Investment Property	15	2,815,795,600	2,662,743,212	35,500,000	33,000,000
Investment in Subsidiaries	16	-	-	7,897,701,000	9,027,284,000
Investment in Equity Accounted Investee	29	41,874,323	35,928,948	-	-
Other Financial Assets	17	646,486,080	261,041,013	-	-
Right-of-Use Assets	28	467,420,457	529,441,648	3,509,316	3,234,759
Deferred Tax Asset	25	272,217,548	132,224,821	-	-
		8,485,357,994	**7,437,212,682**	**7,936,789,570**	**9,063,652,892**
Current Assets					
Inventories	18	3,222,232,732	2,904,384,507	-	-
Trade & Other Receivables	19	8,267,869,102	6,795,955,171	491,513,388	397,496,257
Other Financial Assets	17	4,114,503,381	1,847,699,375	679,229,611	283,331,005
Income Tax Recoverable		30,213,967	35,698,460	-	-
Cash & Cash Equivalents	20	1,272,859,509	2,142,460,732	1,655,161	511,333
		16,907,678,691	**13,726,198,245**	**1,172,398,160**	**681,338,594**
Total Assets		**25,393,036,685**	**21,163,410,927**	**9,109,187,730**	**9,744,991,486**
EQUITY AND LIABILITIES					
Equity					
Stated Capital	21	1,053,643,405	1,053,643,405	1,053,643,405	1,053,643,405
Other Components of Equity	21.1	998,506,477	982,119,212	258,920,263	258,920,263
Retained Earnings		1,582,595,942	1,779,038,138	3,253,943,259	3,763,167,772
Equity Attributable to Equity Holders of the Company		**3,634,745,824**	**3,814,800,755**	**4,566,506,927**	**5,075,731,439**
Non Controlling Interests		4,404,805,955	3,413,548,521	-	-
Total Equity		**8,039,551,779**	**7,228,349,276**	**4,566,506,927**	**5,075,731,439**
Non-Current Liabilities					
Other Financial Liabilities	27	968,906	968,906	-	-
Interest Bearing Loans & Borrowings	22	1,284,090,252	1,483,018,831	284,921,095	835,453,453
Retirement Benefit Obligation	23	493,234,810	383,230,112	-	-
Deferred Tax Liability	25	1,241,291,507	650,176,158	2,578,482	6,860,653
		3,019,585,475	**2,517,394,007**	**287,499,577**	**842,314,105**
Current Liabilities					
Trade and Other Payables	26	4,556,294,319	4,792,276,464	975,880	7,725,201
Income Tax Payable		476,349,722	265,545,560	-	-
Contract Liability	24	2,703,967,229	2,079,003,258	-	-
Interest Bearing Loans & Borrowings	22	6,597,288,161	4,280,842,362	4,254,205,346	3,819,220,741
		14,333,899,432	**11,417,667,645**	**4,255,181,226**	**3,826,945,942**
Total Equity and Liabilities		**25,393,036,685**	**21,163,410,927**	**9,109,187,730**	**9,744,991,486**
Net Assets Per Share (Rs.)	11	3.62	3.80	4.55	5.06

I certify that the Financial Statements have been prepared in compliance with the requirements of Companies Act No. 07 of 2007.

Haritha C. Perera - Chief Financial Officer

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

Sanjeev Gardiner - Chairman

Ajith Devasurendra - Deputy Chairman

The Notes from pages 48 to 122 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

28th August 2023

Colombo

STATEMENT OF CHANGES IN EQUITY - GROUP

Year ended 31 March

	Notes	Attributable to Equity Holders of the Group							Non Controlling Interests	Total Equity
		Stated Capital	Fair Value through OCI Reserve	Currency/ Exchange Hedge Reserve	Revaluation Reserve	Foreign/ Functional currency translation Reserve	Retained Earnings	Total		
		LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Balance as at 01 April 2021		**1,053,643,405**	**(170,078,769)**	**(26,506,450)**	**1,220,740,511**	**(93,470,806)**	**3,110,088**	**1,987,437,980**	**2,823,078,288**	**4,810,516,268**
Profit for the year		-	-	-	-	-	1,623,108,763	1,623,108,763	323,369,856	1,946,478,619
Other Comprehensive Income		-	(45,169,367)	26,506,450	116,068,545	10,585,915	3,224,659	111,216,202	125,730,416	236,946,618
Reclassification adjustment made to Foreign Currency Revaluation Reserve due to the Disposal of Subsidiary						93,037,811		93,037,811		93,037,811
Total Comprehensive Income for the year		**-**	**(45,169,367)**	**26,506,450**	**116,068,545**	**103,623,726**	**1,626,333,422**	**1,827,362,776**	**449,100,272**	**2,276,463,048**
Realization of Revaluation Reserve due to the Disposal of Subsidiary		-	-	-	(190,618,591)	-	190,618,591	-	-	-
Disposal of subsidiaries		-	-	-	-	-	-	-	248,596,015	248,596,015
Transfer from FVTOCI to Retained Earnings		-	41,023,963	-	-	-	(41,023,963)	-	-	-
Subsidiary Dividend to Minority Shareholders	36.1	-	-	-	-	-	-	-	(107,226,054)	(107,226,054)
Balance as at 31 March 2022		**1,053,643,405**	**(174,224,173)**	**-**	**1,146,190,465**	**10,152,921**	**1,779,038,138**	**3,814,800,756**	**3,413,548,521**	**7,228,349,277**
Profit for the year		-	-	-	-	-	170,739,818	170,739,818	670,310,021	841,049,839
Other Comprehensive Income		-	34,217,366	-	(13,780,625)	(12,377,338)	(63,637,777)	(55,578,372)	(73,267,783)	(128,846,155)
Transactions with Non controlling Interest		-	-	-	-	-	(1,171,758)	(1,171,758)	322,610,862	321,439,104
Total Comprehensive Income for the year		**-**	**34,217,366**	**-**	**(13,780,625)**	**(12,377,338)**	**105,930,283**	**113,989,687**	**919,653,101**	**1,033,642,788**
Transfer from FVTOCI to Retained Earnings		-	8,327,861	-	-	-	(8,327,861)	-	-	-
NCI Allocation from Lexinton Resorts		-	-	-	-	-	(211,279,194)	(211,279,194)	211,279,194	-
Equity share issue at the subsidiary level		-					(82,765,425)	(82,765,425)	87,684,535	4,919,110
Subsidiary Dividend to Minority Shareholders	36.1	-	-	-	-	-	-	-	(227,359,396)	(227,359,396)
Balance as at 31 March 2023		**1,053,643,405**	**(131,678,946)**	**-**	**1,132,409,840**	**(2,224,417)**	**1,582,595,942**	**3,634,745,824**	**4,404,805,955**	**8,039,551,779**

The Notes from pages 48 to 122 form an integral part of these Financial Statements.

Figures in bracket indicate deductions.

STATEMENT OF CHANGES IN EQUITY - COMPANY

Year ended 31 March

	Stated Capital	Amalgamation Reserve	Retained Earnings	Total Equity
	LKR	LKR	LKR	LKR
Balance as at 01 April 2021	**1,053,643,405**	**258,920,263**	**2,783,495,379**	**4,096,059,047**
Loss for the year	-	-	979,672,392	979,672,392
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income for the year	**-**	**-**	**979,672,392**	**979,672,392**
Balance as at 31 March 2022	**1,053,643,405**	**258,920,263**	**3,763,167,772**	**5,075,731,439**
Profit for the year	-	-	(509,224,513)	(509,224,513)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income for the year	**-**	**-**	**(509,224,513)**	**(509,224,513)**
Balance as at 31 March 2023	**1,053,643,405**	**258,920,263**	**3,253,943,259**	**4,566,506,927**

The Notes from pages 48 to 122 form an integral part of these Financial Statements.

Figures in bracket indicate deductions

STATEMENT OF CASH FLOWS

Year ended 31 March

		Group		Company	
		2023	2022	2023	2022
	Notes	LKR	LKR	LKR	LKR
Cash Flows From Operating Activities					
Profit/(Loss) before Tax from Continuing Operations		1,431,828,784	884,472,846	(513,506,682)	984,487,977
Profit/(Loss) before tax from Discontinuing Operations	4	-	1,404,087,317	-	-
Adjustment for					
Depreciation/ Impairment of Property, Plant & Equipment	12	175,957,946	158,516,216	55,579	59,023
Amortization of Right of Use Assets	28	82,440,053	64,001,856	2,005,323	2,462,317
Amortization of Intangible Assets	13	11,759,183	167,542,725	-	-
Change in Fair Value of Financial Assets		59,550,013	412,352,981	38,893,567	136,665,628
Gain/(Loss) on Disposal of Subsidiary	4.4	-	(1,404,308,868)	15,141,518	-
Provision for Retirement Benefit Obligation	23	111,077,323	62,153,129	-	-
Change in Fair Value of Investment Property	15	(153,052,388)	(66,236,915)	(2,500,000)	-
Profit from Disposal of Current Investment		(55,314,360)	(458,503,791)		
Change in Fair Value of Investment in Subsidiary	16	-	-	529,441,482	(1,421,824,000)
Impairment of Trade and Other Receivables	19.2	199,676,403	61,770,765	-	-
Changes in fair value of Biological Assets	14	(23,745,030)	199,030	-	-
Provision / (Reversal) for Corporate Guarantee		-	(153,000,000)	-	-
Provision / (Reversal) of provision for Inventories	18	(170,429,165)	(19,009,687)	-	-
Loss from disposal of Property, Plant & Equipment		669,498	(5,500,000)	-	-
Interest Expense	8	1,788,701,844	459,924,119	607,126	729,124
Share of Results of Equity Accounted Investee	29	(5,945,375)	(2,589,886)	-	-
Operating Profit before Working Capital Changes		**3,453,174,730**	**1,565,871,836**	**70,137,914**	**(297,419,931)**
Increase in Inventories		(147,419,060)	(463,620,972)	-	-
(Increase)/Decrease in Trade & Other Receivables		(1,653,309,443)	(3,134,046,639)	(94,017,130)	(332,964,230)
Increase in Contract Liability		624,963,971	946,714,451	-	-
Increase/(Decrease) in Trade & Other Payable		(235,982,145)	1,305,647,010	(6,749,321)	6,811,189
Cash Generated from Operations		**2,041,428,053**	**220,565,686**	**(30,628,537)**	**(623,572,972)**
Retirement Gratuity Paid/Transfers	23	(51,455,470)	(44,001,287)	-	-
Interest Paid		(1,645,712,210)	(389,430,866)	-	-
Income Tax Paid		(298,549,145)	(229,847,101)	-	-
Net Cash Flow from/ (used in) Operating Activities		**45,711,228**	**(442,713,568)**	**(30,628,537)**	**(623,572,972)**

STATEMENT OF CASH FLOWS

Year ended 31 March

		Group		Company	
		2023	2022	2023	2022
	Notes	LKR	LKR	LKR	LKR
Cash Flow from Investing Activities					-
Acquisition of Property, Plant & Equipment		(310,591,992)	(113,287,330)	(700)	-
Proceeds on disposal of Property, Plant & Equipment		-	6,893,847	-	-
Net cash inflow from Non Controlling Interest		164,031,862	3,678,476,673	765,000,000	-
Investment in Subsidiaries		-	-	(180,000,000)	-
Proceeds from Asset Held for Sale		-	571,744,200		
Acquisition of Intangible Assets	13	-	(7,084,896)	-	-
Acquisition of Investment Properties	15	-	(6,963,085)	-	-
Investment in Equity Account Investee		-	(20,000,000)	-	-
Net payments of Loans to Parent and Subsidiaries		8,378,385	35,780,756	-	-
Proceeds from Disposal of Other Financial Assets		-	6,399,944	-	-
Acquisition of Other Financial Assets		(3,563,199,676)	(4,701,425,331)	-	-
Proceeds / (Investment) in Other Financial Assets		900,514,555	4,494,282,725	(434,792,174)	230,107,690
Net Cash Flow From / (Used) in Investing Activities		**(2,800,866,866)**	**3,944,817,503**	**150,207,126**	**230,107,690**
Cash Flow from Financing Activities					
Loan Received		26,487,657,625	41,690,614,540	-	399,612,939
Dividend Paid to Non-Controlling Interest	36.1	(227,359,396)	(107,226,054)	-	-
Lease Payments	22.1	(97,266,198)	(61,086,831)	(2,895,835)	(3,160,714)
Repayment of Loans		(24,122,359,992)	(43,106,084,098)	(50,856,605)	-
Net Cash Flow Used in Financing Activities		**2,040,672,039**	**(1,583,782,443)**	**(53,752,440)**	**396,452,225**
Net foreign Exchange Difference		(24,883,714)	21,180,331	-	-
Cash & Cash Equivalents					
Net movement during the year		(739,367,313)	1,939,501,823	65,826,147	2,986,942
At the beginning of the year		1,408,032,647	(531,469,176)	(242,400,022)	(245,386,963)
At the end of the year (Note A)	**20**	**668,665,334**	**1,408,032,647**	**(176,573,875)**	**(242,400,022)**
Note A-Cash and Equivalents are as follows					
Cash in Hand & Bank		1,272,859,509	2,142,460,732	1,655,161	511,333
Bank Overdraft		(604,194,175)	(734,428,085)	(178,229,037)	(242,911,355)
		668,665,334	**1,408,032,647**	**(176,573,875)**	**(242,400,022)**

The Notes from pages 48 to 122 form an integral part of these Financial Statements.

Figures in bracket indicate deductions

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2023

1. CORPORATE INFORMATION

1.1 Reporting Entity

Ambeon Capital PLC is a public limited liability Company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office and the principal place of Business are located at No 10, Gothami Road, Colombo 08.

1.2 Consolidated Financial Statements

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

1.3 Parent Entity

The Company's ultimate parent is CHC Investment (Private) Limited, Private Limited Liability Company incorporated and domiciled in Sri Lanka.

1.4 Approvals of Financial Statements

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

1.5 Principal Activities & Nature of Operations

Holding Company

Ambeon Capital PLC, the Group's holding Company, operated as the Investments holding company of the Group and is presently engaged in carrying out investment related activities.

Subsidiary – Ambeon Holdings PLC

Ambeon Holdings PLC, manages a portfolio of holdings consisting of a range of diverse business operations, which together constitute the Ambeon Group, and provides function-based services to its subsidiaries and associate. Subsidiaries of the group were engaged in manufacturing of porcelain, textiles and managing property, IT services, financial services, and investments.

Subsidiary -Heron Agro Products (Pvt) Ltd

During the period, the principal activity of the company was involved in Estate Management.

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

During the year, the principal activity of the Company was managing the real estat.

Sub - subsidiary – through Ambeon Holdings PLC - Ceylon Leather Products Limited

During the year, the principal activity of the Company was selling of leather footwear and leather goods.

Sub- Subsidiary – through Ambeon Holdings PLC - Palla & Company (Pvt) Ltd

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

Sub-subsidiary – through Ambeon Holdings PLC- Dankotuwa Porcelain PLC

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

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

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

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

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

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

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

Sub-subsidiary through Dankotuwa Porcelain PLC - DPL Trading (Private) Limited

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

Sub-subsidiary through Ambeon Holdings PLC - Colombo City Holdings PLC

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

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

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

Sub -subsidiary – through Ambeon Holdings PLC - Olancom (Pvt) Ltd

The Company is the Investment Holding Company of Roomsnet International Limited. However, there were no operations during the year.

Sub -subsidiary – through Ambeon Holdings PLC - Millennium I.T.E.S.P. (Pvt) Limited

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

Sub-subsidiary - through Ambeon Holdings PLC - Millennium I.T.E.S.P. Singapore Pte.

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

Sub-subsidiary - through Ambeon Holdings PLC - Millennium I.T.E.S.P. Baggladesh Pte.

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

Sub - subsidiary – through Ambeon Holdings PLC - Eon Tec (Private) Limited.

The Company is the Investment Holding Company of Millennium I.T.E.S.P. (Pvt) Limited.

Sub - subsidiary - through Ambeon Holdings PLC - Taprobane Capital Plus (Pvt) Ltd

Taprobane Capital Plus (Private) Limited was incorporated to hold the investments of Ambeon Securities (Private) Limited, Taprobane Investments (Private) Limited, Taprobane Wealth Plus (Private) Limited & Lexinton Financial Services (Pvt) Ltd.

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

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

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

The principal activity of the company is conducting Money Broking transactions in the open market.

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

The principal activity of the company is conducting Corporate Finance activities. However, there were no operations during the year.

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

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

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

The Company is a proprietary bond trading and treasury management company which invests in fixed income securities issued by the Government of Sri Lanka.

1.6 Responsibility for Financial Statements

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

2. BASIS OF PREPARATION

2.1 Basis of Measurement

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

2.2 Statement of Compliance

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

2.3 Comparative Information

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

2.4 Going Concern

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

2.5 Presentation and Functional Currency

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

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

Name of the Subsidiary	Functional Currency
Millennium I.T.E.S.P. Singapore Pte.	United States Dollar (USD)
Millennium I.T.E.S.P Bangaladesh Pte.	United States Dollar (USD)

2.6 Basis of Consolidation

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

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

2.7 Subsidiary

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

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

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

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

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

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

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

a. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

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

c. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interest
- Derecognizes the cumulative translation differences, recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

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

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

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

In the separate financial statement investment in subsidiaries are accounted at Fair Value.

2.8 Transactions with Non-Controlling Interests

The profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the parent, directly or indirectly through subsidiaries, is disclosed separately under the heading 'Non- Controlling Interest'.

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2.9 Summary of Changes in Significant Accounting policies

Summary of Significant Accounting Policies

The accounting policies have been applied consistently for all periods presented in the financial statements by the Group and the Company.

2.10 Significant Judgments, estimates and assumptions

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

- **Cash flow Hedge**

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

- **Revenue from IT related Services**

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

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

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

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

  The methods used to determine the fair value of the investment property and property plant and equipment's carried at fair value are further explained in Note 12 and Note 15.

- **Impairment of non-financial assets**

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

  The key assumptions used to determine the value in use (VIU) are further explained in Note 13.2 & 16.

- **Fair value of financial instruments**

  Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible. Where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer Note No.30 for financial instrument classification and fair value hierarchy.

- **Deferred Tax Assets/ Liabilities**

  Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further details on taxes are disclosed in Note 25.

- **Employee benefit liability**

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

- **Accounting for investments in Subsidiaries**

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

  Details of the key assumptions used in the estimates are contained in Note 16.

2.11 Summary of Significant Accounting Policies

The presentation and classification of the Financial Statements of the previous period have been amended, where relevant, for better presentation and to be comparable with those of the current period. These accounting policies have been applied consistently by Group's entities.

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

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

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

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

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

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

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

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

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

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to LKAS 16 In March 2021, the ICASL adopted amendments to LKAS16-Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

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

LKAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri

Lanka) issued an amendment to LKAS 41 Agriculture (LKAS 41). The amendment removes the requirement in paragraph 22 of LKAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of LKAS 41.

The amendment applies prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

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

2.11.1 Revenue from contract with customers

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

a. Goods transferred at a point in time

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

b. Revenue recognition multiple element arrangements

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

c. Rendering of services

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

d. Dividend

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

e. Finance income

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

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

f. Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

g. Rental Income

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

h. Gains and losses

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

i. Other income

Other income is recognized on an accrual basis.

2.11.2 Expenditure recognition

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

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

2.11.3 Finance costs

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

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

2.11.4 Property, plant and equipment

Basis of recognition

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

Basis of measurement

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

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

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

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

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

The fair valuation is performed with every 5 years to ensure that the carrying amount of the revalued assets do not differ materiality from their fair value.

Derecognition

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

Depreciation

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

Depreciation methods, useful life values are assessed at the reporting date. The estimated useful lives for the current year are as follows.

Assets Category	2022/23	2021/22
Land Development Cost	10 Years	10 Years
Buildings	10-50 Years	10-50 Years
Plant & Machinery	10-15 Years	10-15 Years
Tools & Equipment	5-18 Years	5-18 Years
Furniture Fittings & Office Equipment	5-7 Years	5-7 Years
Motor Vehicles	4-6 Years	4-6 Years
Waste-water Purification Project	15 Years	15 Years
Kilns & Kiln Furniture	3-15 Years	3-15 Years
Computer Equipment	1-5 Years	1-5 Years

2.11.5 Leases

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

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.

Operating lease payments are recognized as an operating expense in the income statement on a straight-line basis over the lease term.

Lease rentals paid in advance (Leasehold Properties)

Prepaid lease rentals paid to acquire land use rights are amortized over the lease term in accordance with the pattern of benefits provided.

Leases

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

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 Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

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

The right-of-use assets are presented within Note 28 and are subject to impairment in line with the Group's policy for Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

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

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

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

Estimating the incremental borrowing rate

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

2.11.6 Biological Assets

The entity recognizes the biological assets when, and only when, the entity controls the assets as a result of a past event, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value for cost of the assets can be measured reliably, Biological assets are classified into mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specifications.

The cost of the land preparation, rehabilitation, new planting, replanting, crop diversifications, inter-planting and fertilizing, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads, including interest attributable to long-term loans used for financing immature plantations. The expenditure incurred on bearer biological assets (Tea, Rubber fields) which comes into bearing during the year, is transferred to mature plantations. Expenditure incurred on consumable biological assets is recorded at cost at initial recognition and thereafter at fair value at the end of each reporting period.

Biological assets are further classified as bearer biological assets and consumable biological assets.

a. Bearer Biological Assets

Bearer biological assets include tea, rubber & coconut trees that are not intended to be sold or harvested, but are grown for harvesting agricultural produce from such biological assets. The bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 – Property Plant & Equipment.

b. Consumable Biological Assets

Consumable biological assets include managed timber trees that are to be sold as biological assets. The managed timber trees are measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial.

The gain or loss arising on initial recognition of biological assets at fair value less cost to sell and from a change in fair value less cost to sell of biological assets are included in Comprehensive Income Statement for the period in which it arises.

c. Infilling Cost on Bearer Biological Assets

Where infilling results in an increase in the economic life of the relevant field beyond its previously assessed standard of performance, the costs are capitalized and depreciated over the useful life at rates applicable to mature plantations. Infilling costs that are not capitalized have been charged to the Statement of comprehensive income in the year in which they are incurred.

2.11.7 Investment Property

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

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

The unobservable data of the Investment Property are showing in the note no 15.4.

Investment properties are derecognized when disposed, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognized in the income statement in the year of retirement or disposal.

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

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

2.11.8 Intangible assets

IIntangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is recognized in the income statement when it is incurred.

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

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. (Note No. 13)

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

2.11.9 Business combinations and goodwill

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

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

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration which is deemed to be an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value either in profit or loss or as a change to other comprehensive income (OCI).

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

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

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates as further explained in Note 13.1.1.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion the cash-generating unit retained.

2.11.10 Investments in Subsidiaries (Company)

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

2.11.11 Investment in Associate

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

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

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

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

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in 'share of losses of an associate' in the income statement.

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

2.11.12 Common Control Business Combinations

Business combinations between entities under common control are accounted for using pooling of interest method. Accordingly,

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No new goodwill is recognised as a result of the combination. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity.

2.11.13 Foreign currencies

Foreign currency transactions and balances

The Group's consolidated Financial Statements are presented in Sri Lankan Rupees, which is also the parent Company's functional currency. For each entity the Group determines the functional currency and items included in the Financial Statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle the gain or loss arises from this method.

Transactions and balances

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

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

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

Foreign operations

The statement of financial position and income statement of overseas subsidiaries and the subsidiaries which are have functional currencies other than LKR, which are deemed to be foreign operations are translated to Sri Lanka rupees at the rate of exchange prevailing as at the reporting date and at the average annual rate of exchange for the period respectively.

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

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

2.11.14 Impairment of non-financial assets

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

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

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

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

2.11.15 Government grants

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

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

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

2.11.16 Taxes

a. Current income tax

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

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

b. Deferred tax

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

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

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

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

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

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

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

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

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

Deferred tax assets and deferred tax liabilities are stated in the Note No. 25.

c. Sales Tax

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

- where the sales tax incurred on a purchase of asset or service is not recoverable from the taxation authorities in which case the sales tax is recognized as a part of the cost of the asset or part of the expense item as applicable

and

- receivable and payable that are stated with the amount of sales tax included. .

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

2.11.17 Investment Property held for sale and discontinued operations

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

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 income statement.

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

Additional disclosures are provided in Note 4. All other notes to the Financial Statements mainly include amounts for continuing operations, unless otherwise mentioned.

2.11.18 Inventories

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

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

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

2.11.19 Financial instruments-initial recognition and subsequent measurement

Initial recognition and measurement

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost

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

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

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

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

Financial assets at fair value through OCI

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

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.

and

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

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the income statement.

Financial assets designated at fair value through OCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss.

Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

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

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

Derecognition

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

a. Impairment of financial assets -

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial assets are written off either partially or in their entirety only when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

The Group considers financial assets be defaulted when the borrower/ debtors is unlikely to pay its obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held) or the borrower/debtors Exceeds their credit periods.

b. Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

Loans and borrowings

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

Derecognition

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

c. Offsetting of financial instruments

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

d. Fair value of financial instruments

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

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

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

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 30.

2.11.20 Hedge accounting

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

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

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

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

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

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

2.11.21 Cash and short-term deposits

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

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

2.11.22 Employee benefits liabilities

Defined Benefit Plan - Gratuity:

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

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

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

The payments are made based on gratuity Act No12 of 1983.

Recognition of Actuarial Gains and Losses

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

Defined Contribution Plans:

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

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

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

The used assumptions and the sensitivity analysis will be state in the Note No. 23.6

2.11.23 Provisions, contingent assets and contingent liabilities

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

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

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

Subsequently, it is measured at the higher of:

- The amount that would be recognized in accordance with the general guidance for provisions above (LKAS 37)
  Or
- The amount initially recognized less, when appropriate, cumulative amortization Contingent assets are disclosed, where inflow of economic benefit is probable.

Contract liabilities

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

Contract liabilities of the Group have been disclosed in current liabilities in note 24.

2.11.24 Segmental Information

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

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

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

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

The principal activities of the cash generating units (Companies) related to each segment have been discussed under "Principal activities and nature of operations" section to the Financial Statements.

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

The segment wise performance is state in the Note No. 5.

2.11.25 Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The Group initially measures the cost of cash-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in profit or loss. This requires a reassessment of the estimates used at the end of each reporting period. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a binomial model.

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3. CHANGES IN ACCOUNTING STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

Definition of Accounting Estimates - Amendments to LKAS 8

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

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

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

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

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

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

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

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

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

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

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

Amendments to LKAS 1 Presentation of Financial Statements specify the requirements for classifying liabilities as current or non-current. The amendments clarify –

'- What is meant by a right to defer settlement

'- That a right to defer must exist at the end of the reporting period

'- That classification is unaffected by the likelihood that an entity will exercise its deferral right

'- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

'- Disclosures

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

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2023

4. DISCONTINUED OPERATIONS

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

4.2 During the last financial year 2021/2022 (22nd April 2021) , South Asia Textile Ltd 97.67% owned subsidiary of Ambeon Holdings PLC was classified as a disposal Group held for sale and as a discontinued operation. On 23rd April 2021 the company Ambeon Holdings PLC disposed the South Asia Textile Ltd to Hayleys Fabric PLC for a sale consideration of 3,564 Million.

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

	FOOTWEAR Palla 2023 LKR	TEXTILE SAT 2023 LKR	TOTAL 2023 LKR	FOOTWEAR Palla 2022 LKR	TEXTILE SAT 2022 LKR	TOTAL 2022 LKR
Revenue	-	-	-	-	-	-
Cost of Sales	-	-	-	-	-	-
Other Income	-	-	-	8,110	-	8,110
Administrative Expenses	-	-	-	(229,661)	-	(229,661)
Selling and Distribution Expenses	-	-	-	-	-	-
Finance Cost	-	-	-	-	-	-
Finance Income	-	-	-	-	-	-
Loss before tax from discontinued operations	**-**	**-**	**-**	**(221,551)**	**-**	**(221,551)**
Income tax Reversal			-			-
Loss for the year from discontinued operations	**-**	**-**	**-**	**(221,551)**	**-**	**(221,551)**
Gain associated with the Loss of control attributed to Subsidiary	-	-	-	-	1,404,308,869	1,404,308,869
	-	**-**	**-**	**(221,551)**	**1,404,308,869**	**1,404,087,317**
Loss Attributable to:						
Equity Holders of the Company	-	-	-	(221,551)	1,404,308,869	1,404,087,317
Non - Controlling Interests	-	-	-	-	-	-
	-	**-**	**-**	**(221,551)**	**1,404,308,869**	**1,404,087,317**
Basic Earnings / (Loss) per share from Discontinued Operations	-	-	-	(0.00)	1.40	1.40
Diluted Earnings / (Loss) per share from Discontinued Operations	-	-	-	(0.00)	1.40	1.40

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2023

GROUP

4.4 DISPOSAL OF EQUITY STAKE IN SOUTH ASIA TEXTILES LTD BY AMBEON CAPITAL PLC THROUGH AMBEON HOLDINGS PLC

Fair values of the identifiable assets and liabilities of the disposed subsidiary

Non-Current Assets		**LKR**
Property, Plant & Equipments		2,288,728,340
Intangible Assets		72,420,179
Right to use Asset		19,887,189
Loans & Receivables		441,774,888
Total Non-Current Assets		**2,822,810,596**
Current Assets		
Inventories		1,575,728,035
Trade & Other Receivables		1,055,321,736
Income Tax Receivable		69,448,662
Cash & Bank		13,436,709
Total Current Assets		**2,713,935,142**
Total Assets		**5,536,745,737**
Non-Current Liabilities		
Interest Bearing Loans & Borrowings		168,937,738
Deferred Tax Liabilities		154,971,634
Retirement benefit obligations		140,609,271
Total Non-Current Liabilities		**464,518,642**
Current Liabilities		
Trade & Other Payables		2,352,188,045
Interest Bearing Loans & Borrowings		774,068,361
Overdrafts		128,290,552
Total Current Liabilities		**3,254,546,959**
Total Liabilities		**3,719,065,601**
Fair value of Net Assets Disposed		**1,817,680,136**
Total consideration received		2,901,858,070
Net Assets Attributable to Parent		
Fair value of net assets disposed	1,817,680,136	
De-recognition of non-controlling interests	(413,168,745)	1,404,511,391
Gain on disposal of subsidiary		**1,497,346,679**
Reclassification adjustment made to foreign currency revaluation reserve due to the disposal of subsidiary		(93,037,811)
Net Gain from Disposal of subsidiary		**1,404,308,868**

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2023

5. SEGMENTAL INFORMATION

Group	Manufacturing Footwear		Manufacturing Porcelain		Manufacturing Textile	
	2023	2022	2023	2022	2023	2022
	LKR	LKR	LKR	LKR	LKR	LKR
Total Revenue	-	2,223,888	5,912,058,227	3,762,106,289	-	-
Segment Results Gross Profit	-	(20,170,318)	2,052,997,381	1,204,716,172	-	-
Finance Cost	(30,420)	(7,821,653)	(342,841,372)	(108,110,622)	-	-
Change in Fair value of Investment Property	72,000,000	4,400,000	67,202,388	-	-	-
Profit /(Loss) before Income Tax	57,231,490	(12,361,536)	937,120,093	257,285,294	-	-
Income Tax (Expense)/Reversal	(30,002,295)	-	(190,386,304)	(37,747,759)	-	-
Profit/(Loss) after tax for the year from continuing operations	**27,229,196**	**(12,361,536)**	**746,733,789**	**219,537,535**	**-**	**-**
Loss after tax for the year from discontinued operations	-	(221,551)	-	-	-	1,404,308,869
Profit/(Loss) for the year	**27,229,196**	**(12,583,088)**	**746,733,789**	**219,537,535**	**-**	**1,404,308,869**
Purchase and construction of Property Plant and Equipment	-	-	191,461,436	115,502,705	-	-
Additions to intangible assets	-	-	-	7,084,896	-	-
Depreciation of Property Plant and Equipment	`	-	109,896,439	101,858,567	-	-
Amortization of intangible assets	-	-	8,407,904	7,334,945	-	-
Gratuity provision and related costs	(315,670)	74,316	42,758,543	23,612,026	-	-
Impairment of Property Plant and Equipment	-	-	-	-	-	-
Assets and Liabilities						
Non-Current Assets	1,297,000,000	1,225,000,000	3,178,019,867	2,773,713,164	-	-
Current Assets	12,583,523	12,316,592	2,924,185,682	2,137,246,732	-	-
Total assets*	**1,309,583,523**	**1,237,316,592**	**6,102,205,550**	**4,910,959,897**	**-**	**-**
Non-Current Liabilities	389,100,000	294,239,909	1,223,458,030	634,385,388	-	-
Current Liabilities	80,169,139	66,412,930	1,631,863,180	1,592,346,098	-	-
Total Liabilities **	**469,269,138**	**360,652,839**	**2,855,321,211**	**2,226,731,486**	**-**	**-**

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

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

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2023

Investment		Property		IT and related Services		Financial Services		Total	
2023 LKR	2022 LKR	2023 LKR	2022 LKR	2023 LKR	2022 LKR	2023 LKR	2022 LKR	2023 LKR	2022 LKR
346,996,312	511,677,579	33,152,481	7,885,066	13,838,029,597	9,254,607,642	528,397,419	475,063,373	20,658,634,036	14,013,563,838
346,996,312	511,677,579	29,653,411	5,030,515	2,769,642,744	1,578,623,570	527,659,093	474,007,610	5,726,948,942	3,753,885,128
(590,406,930)	(192,303,310)	(21,982,660)	(10,763,768)	(614,475,977)	(138,188,269)	(218,964,486)	(2,736,497)	(1,788,701,844)	(459,924,119)
2,500,000	-	7,000,000	61,836,915	-	-	4,350,000	-	153,052,388	66,236,915
(445,603,704)	(8,364,900)	86,802,041	37,690,260	556,478,109	327,936,320	239,800,756	282,287,409	1,431,828,784	884,472,847
(11,913,908)	42,255,088	(170,579,491)	(34,336,149)	(122,517,607)	(236,083,715)	(65,379,340)	(76,169,009)	(590,778,944)	(342,081,544)
(457,517,612)	**33,890,188**	**(83,777,450)**	**3,354,111**	**433,960,502**	**91,852,605**	**174,421,416**	**206,118,400**	**841,049,840**	**542,391,303**
-	-	-	-	-	-	-	-	-	1,404,087,317
(457,517,612)	**33,890,188**	**(83,777,450)**	**3,354,111**	**433,960,502**	**91,852,605**	**174,421,416**	**206,118,400**	**841,049,840**	**1,946,478,620**
834,700	-	124,200	57,600	172,625,743	41,638,911	35,000	1,833,596	365,081,079	159,032,812
-	-	-	-	-	-	-	-	-	7,084,896
4,800,144	5,709,479	8,083,939	1,189,217	50,949,752	42,243,582	1,269,342	7,515,371	174,999,616	158,516,216
1,025,007	1,025,007	-	-	2,326,272	159,182,774	-	-	11,759,183	167,542,725
2,434,930	1,485,995	376,930	295,340	62,021,769	34,657,305	3,800,821	2,028,147	111,077,323	62,153,129
-	-	-	-	-	-	-	-	-	-
1,328,485,742	838,040,573	1,098,372,684	1,042,997,132	942,797,523	952,278,874	640,682,179	605,182,940	8,485,357,995	7,437,212,683
1,848,254,735	1,414,367,783	726,642,653	880,448,977	9,056,133,250	8,536,190,036	2,339,878,848	745,628,126	16,907,678,690	13,726,198,245
3,176,740,476	**2,252,408,356**	**1,825,015,337**	**1,923,446,109**	**9,998,930,773**	**9,488,468,910**	**2,980,561,027**	**1,350,811,066**	**25,393,036,685**	**21,163,410,928**
340,730,190	737,987,610	137,106,003	53,508,573	894,866,198	784,549,590	34,325,053	12,722,936	3,019,585,474	2,517,394,006
2,392,366,945	1,708,317,884	134,562,678	34,012,665	8,034,456,148	7,721,396,542	2,060,481,342	295,181,525	14,333,899,432	11,417,667,644
2,733,097,135	**2,446,305,494**	**271,668,681**	**87,521,238**	**8,929,322,346**	**8,505,946,132**	**2,094,806,395**	**307,904,462**	**17,353,484,906**	**13,935,061,650**

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2023

5.1 Revenue

	GROUP		COMPANY	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Revenue from Contracts with Customers				
Footwear	-	2,223,888	-	-
Porcelain	5,912,058,227	3,762,106,289	-	-
IT Services	13,838,029,597	9,254,607,641	-	-
Brokerage Income	303,318,901	504,807,123	-	-
Finance & Investment Income				
Interest Income	371,711,398	26,424,443	150,769,660	27,864,965
Investment Trading	207,752,481	437,297,451	(584,187)	(1,716,922)
Other Income				
Rent Income	1,365,581	25,657,081	-	-
Gain on Fair Value of Biological Assets (Note 14)	23,745,030	(199,030)	-	-
Sale of Agriculture Produce	652,823	638,952	-	-
	20,658,634,036	**14,013,563,838**	**150,185,473**	**26,148,043**

The presentation of previous year has been amended for better presentation and to be comparable with those of the current year.

6. COST OF SALES

	GROUP		COMPANY	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Cost of Goods Sold	14,931,685,093	10,259,678,710	-	-
	14,931,685,093	**10,259,678,710**	**-**	**-**

7. INVESTMENT AND OTHER INCOME

	GROUP		COMPANY	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Interest Income	416,224,187	163,453,063	98,254	52,902
Dividend Income	12,655,814	10,736,787	878,660,208	5,281,388
Gain on Disposal of Property, Plant & Equipment	-	5,500,000	-	-
Other miscellaneous Income	41,976,768	22,675,952	303,000	300,088
Gain on Disposal of investment	29,432,102	88,450,532	29,432,102	55,686,836
Creditors Write off	-	153,000,000	-	-
	500,288,871	**443,816,334**	**908,493,563**	**61,321,214**

NOTES TO THE FINANCIAL STATEMENTS
As at 31 March 2023

8. FINANCE COST

	GROUP		COMPANY	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Loan Interest	1,518,273,708	395,838,690	889,468,980	309,422,648
Lease Interest	77,100,153	21,073,228	526,156	429,123
Bank Overdraft Interest	193,327,983	43,012,201	60,903,269	9,535,662
	1,788,701,844	**459,924,119**	**950,898,405**	**319,387,433**

9. PROFIT/ (LOSS) BEFORE TAXATION
Profit before taxation is stated after charging all expenses including the following:

	GROUP		COMPANY	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Auditors' Remuneration - Statutory Audit	9,793,450	8,418,524	540,000	450,000
Directors' Fee	39,402,925	36,165,000	5,400,000	5,400,000
Depreciation & Amortization	269,198,853	390,060,797	2,060,903	2,821,341
Staff Cost (Note 9.1)	3,260,939,672	1,356,762,296	-	-
Allowance for Obsolete & Slow Moving Inventories	(170,429,165)	193,244,305	-	-

9.1 Staff Cost

	GROUP		COMPANY	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Salaries & Other Related Costs	2,766,309,574	1,079,476,781	-	-
Defined Benefit Plan Cost - Retiring Gratuity	111,077,323	62,153,129	-	-
Defined Contribution Plan Cost - EPF & ETF	383,552,774	215,132,386	-	-
	3,260,939,672	**1,356,762,296**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2023

10. INCOME TAX

	GROUP		COMPANY	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Current Tax Expense	499,906,515	235,621,470	-	-
Deemed Dividend Tax Charge for the year	-	3,059,091	-	-
Other taxes	10,490,100	-	-	-
Under/ (Over) Provision in Respect of Previous Year	4,441,186	(45,089,675)	-	-
	514,837,801	**193,590,887**	**-**	**-**
Deferred Income Tax				
Deferred Taxation Charge / (Reversal) (Note -25)	82,081,559	148,490,656	(4,282,170)	4,815,584
Relating to the Tax rate change (Note -25)	(6,140,415)	-	-	-
	590,778,944	**342,081,544**	**(4,282,170)**	**4,815,584**
Reconciliation of Accounting Profit to Income Tax Expense				
Profit Before Income Tax from Continuing Operations	1,431,828,784	884,472,846	(513,506,682)	984,487,977
Profit/(Loss) before tax from discontinued operations	-	1,404,087,317	-	-
	1,431,828,784	**2,288,560,163**	**(513,506,682)**	**984,487,977**
Income Not Liable for Income Tax	(2,301,554,894)	(1,859,451,626)	(1,061,460,224)	(1,482,845,126)
Disallowable Expenses	1,742,796,064	(159,876,015)	590,193,321	149,007,632
Capital Allowances Claimed & Allowable Expenses	(739,433,426)	398,704,393	(2,932,978)	(295,602)
Other income included in profit from operation	(626,375,916)	(122,956,251)	-	-
Consolidated Adjustment	1,506,643,264	242,214,070	-	-
Business Profit/(Loss)	**1,013,903,877**	**787,194,734**	**(987,706,564)**	**(349,645,120)**
Investment Income	1,633,786,055	120,331,343	1,029,528,122	5,334,290
Less: Net of Tax utilized	(1,780,185,946)	(140,076,896)	(1,029,528,122)	(5,334,290)
Assessable / Taxable Income	**867,503,985**	**767,449,181**	**-**	**-**
Income Tax @ 14%	14,705,977	20,336,850	-	-
Income Tax @ 17%	15,854,919	-	-	-
Income Tax @ 18%	75,348,453	-	-	-
Income Tax @ 24%	259,603,253	188,865,893	-	-
Income Tax @ 30%	115,608,731	-	-	-
Income tax on dividend Income	18,785,183	26,418,728	-	-
Taxation on Profit for the Year	**499,906,515**	**235,621,470**		**-**
			-	
Income Tax Attributable to Discontinued Operations	-	-		-
Income Tax Attributable to Continuing Operations	**499,906,515**	**235,621,470**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2023

10.1 Tax Losses

	GROUP		COMPANY	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Tax loss brought forward	4,653,517,704	4,641,305,574	2,566,268,739	2,216,021,511
Business acquisition	6,866,115	-	-	-
Loss incurred during the year	1,063,433,596	508,719,758	987,706,564	357,886,666
Adjustment in respect of prior years	379,912,182	(289,592,204)	-	(2,305,147)
Loss utilized during the year	(1,780,185,946)	(206,915,423)	(1,029,528,122)	(5,334,290)
Tax loss carried forward	**4,323,543,651**	**4,653,517,704**	**2,524,447,182**	**2,566,268,739**

10.2 Pending Tax matters

10.2.1 Lexinton Holdings (Pvt) Ltd - Sub-Subsidiary through Colombo City Holdings PLC

Lexinton Holdings (Pvt) Ltd appealed against the assessment No. ITA14281100120 VI issued by the Department of Inland Revenue relating to the year of assessment 2011/12. The appeal was determined favoring Commissioner General of Inland Revenue by the Commissioner of Large Corporate entities, Audit Unit - 1 and a petition of appeal has been filed with Tax Appeals Commission on 06th April 2017. Having sought professional advice, Management is confident that the grounds for the appeal are strong and as such no liability would arise. Total Tax assessed was Rs.50,787,184/-. Tax appeal commission hearing is still pending.

11. EARNINGS / (DEFICIT) PER SHARE

11.1 Basic Earnings / (Loss) per Share

The calculation of basic earnings / (Loss) per share is based on the profit / (loss) attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the year.

	GROUP		COMPANY	
For the Year Ended 31st March	**2023**	**2022**	**2023**	**2022**
Profit / (Loss) attributable to Ordinary Shareholders (Rs.)	170,739,818	1,623,108,763	(509,224,513)	979,672,392
Weighted Average Number of Ordinary Shares (11.1.1)	1,002,724,815	1,002,724,815	1,002,724,815	1,002,724,815
Basic Earnings Per Share (Rs.)	0.17	1.62	(0.51)	0.98

11.1.1 Weighted Average Number of Ordinary Shares

Issued Ordinary shares at the beginning of the year	1,002,724,815	1,002,724,815	1,002,724,815	1,002,724,815
Weighted average number of ordinary shares at the end of the year	**1,002,724,815**	**1,002,724,815**	**1,002,724,815**	**1,002,724,815**

11.2 Basic Earnings per Share for Continuing Operations

Profit attributable to Ordinary Shareholders from Continuing Operating (Rs.)	170,739,818	219,021,446	(509,224,513)	979,672,392
Weighted Average Number of Ordinary Shares (11.1.1)	1,002,724,815	1,002,724,815	1,002,724,815	1,002,724,815
Basic Earnings Per Share for Continuing Operations (Rs.)	0.17	0.22	(0.51)	0.98

Basic earnings per share is calculated for continuing operations by dividing the net profit /(loss) from continuing operations for the year attributable to the ordinary shareholders by the weighted average number of shares outstanding during the year.

There were no potentially dilutive ordinary shares outstanding at any time during the year, hence diluted earnings per share is equal to basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2023

11.3 Net Assets Per Share

	GROUP		COMPANY	
	2023	2022	2023	2022
Equity Attributable to Equity Holders of the Company	3,634,745,824	3,814,800,756	4,566,506,927	5,075,731,440
Weighted Average Number of Ordinary Shares (11.1.1)	1,002,724,815	1,002,724,815	1,002,724,815	1,002,724,815
Net Assets Per Share *	3.62	3.80	4.55	5.06

* Net assets per share has been calculated, for all periods, based on the net assets of the Group and number of shares in issue as at 31 March 2023

12. PROPERTY, PLANT AND EQUIPMENT

12.1 At Cost or Valuation

Group	Balance as at 01.04.2022	Additions	Revaluation / Impairment	Transfers	Aquisition of subsidiary	Disposals	Balance as at 31.03.2023
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Freehold							
Land	1,171,147,999	-	111,253,400	-	-	-	1,282,401,399
Buildings	1,017,665,349	680,940	115,899,060	-	-	-	1,134,245,349
Land Development Cost	2,687,403	37,149,162	-	-	-	-	39,836,565
Computer Equipment	320,825,665	84,758,787	(121,500)	-	270,000	(4,976,201)	400,756,752
Furniture & Office Equipment	309,072,910	51,537,428	(2,263,403)	-	-	(10,042,592)	348,304,343
Kiln and Kiln Furniture	9,496,062	-	-	-	-	-	9,496,062
Motor Vehicles	7,523,027	4,048,119	-	-	-	-	11,571,146
Tools & Equipment	142,037	-	-	-	-	-	142,037
Plant and Machinery	1,623,158,939	69,473,624	(80,014,598)	-	-	-	1,612,617,964
Waste Water Purification Project	15,075,988	-	-	-	-	-	15,075,988
	4,476,795,380	**247,648,060**	**144,752,959**	**-**	**270,000**	**(15,018,793)**	**4,854,447,606**
Assets on Leasehold							
Building	52,878,510	-	-	-	-	-	52,878,510
	52,878,510	**-**	**-**	**-**	**-**	**-**	**52,878,510**
Capital Work in Progress	10,135,103	117,433,019	-	(54,489,087)	-	-	73,079,035
Total	**4,539,808,992**	**365,081,079**	**144,752,959**	**(54,489,087)**	**270,000**	**(15,018,793)**	**4,980,405,150**

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Group

Accumulated Depreciation	Balance as at 01.04.2022 LKR	Charge for the Year LKR	Aquisition of subsidiary LKR	Disposals LKR	Revaluation LKR	Balance as at 31.03.2023 LKR
Freehold						
Buildings	682,279	52,448,575	-	-	(52,416,841)	714,013
Land Development Cost	2,158,906	225,728	-	-	-	2,384,634
Computer Equipment	221,330,170	47,643,291	58,750.	(4,976,201)	(99,046)	263,956,964
Furniture & Office equipment	224,389,821	25,457,760	-	(9,373,093)	(1,613,639)	238,860,849
Kiln and Kiln Furniture	9,496,059	-	-	-	-	9,496,059
Motor Vehicles	5,292,096	190,754	-	-	-	5,482,850
Tools & Equipment	140,771	1,266	-	-	-	142,037
Plant and Machinery	1,496,919,218	43,603,551	-	-	(79,728,486)	1,460,794,283
Waste Water Purification Project	15,075,990	-	-	-		15,075,990
	1,975,485,310	**169,570,926**	**58,750**	**(14,349,295)**	**(133,858,012)**	**1,996,907,679**
Assets on Leasehold						
Building	29,775,172	5,428,691	-	-	-	35,203,862
	29,775,172	**5,428,691**	**-**	**-**	**-**	**35,203,862**
Total	**2,005,260,481**	**174,999,616**	**58,750**	**(14,349,295)**	**(133,858,012)**	**2,032,111,541**

Net Book Value	2023 LKR	2022 LKR
Freehold		
Land	1,282,401,399	1,171,147,999
Buildings	1,133,531,336	1,016,983,070
Land Development Cost	37,451,932	528,497
Computer Equipment	136,799,788	99,495,496
Furniture & Office equipment	109,443,494	84,683,088
Motor Vehicles	6,088,296	2,230,931
Tools & Equipment	-	1,266
Plant and Machinery	151,823,683	126,239,722
Assets on Leasehold		
Building	17,674,648	23,103,338
Capital Work in Progress	73,079,035	10,135,103
Carrying Amount	**2,948,293,610**	**2,534,548,511**

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As at 31 March 2023

12.1.1 During the financial year the Group acquired Property, Plant & Equipment to the aggregate value of LKR 247,648,060 /- (2022- LKR 113,287,330 /-) for cash.

12.1.2 Details of Property, plant and equipment pledged for borrowings are disclosed in Note 34.

12.1.3 Leasehold rights over the buildings and subsequent improvement.

12.1.4 Revaluation of Land and Building

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

Summary description of valuation methodologies.

Market Approach / Open market value method (OMV)

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

Cost Approach / Contractors method (CM)

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

Investment Method

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

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

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

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As at 31 March 2023

12.1.5 Description of Significant Unobservable Inputs to Valuation

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

Property		Method of Valuation	Inputs used for measurement	Area	Range	Sensitivity of Fair value to unobservable inputs
Royal Fernwood Porcelain Ltd						
2023						
Freehold Land	Kosgama	Market Approach	Per perch rate	2,161.05 Perches	LKR 120,000 - 185,000	Positively correlated
Freehold Buildings	Kosgama	Cost Approach	Per sq.ft. rate	141,168 sq.feet	LKR 1,580/- to 7,900/-	Positively correlated
2022						
Freehold Land	Kosgama	Market Approach	Per perch rate	2,161.05 Perches	LKR 105,000 - 175,000	Positively correlated
Freehold Buildings	Kosgama	Cost Approach	Per sq.ft. rate	141,168 sq.feet	LKR 1,000/- to 5,000/-	Positively correlated
Dankotuwa Porcelain PLC						
2023						
Freehold Land	Dankotuwa	Market Approach	Per perch rate	3,153.40 perches	LKR 275,000/-	Positively correlated
Freehold Buildings	Dankotuwa	Cost Approach	Per sq.ft. rate	260,015 Sq feet	LKR 1,500/- LKR 4,500/-	Positively correlated
2022						
Freehold Land	Dankotuwa	Market Approach	Per perch rate	3,153.40 perches	LKR 250,000/-	Positively correlated
Freehold Buildings	Dankotuwa	Cost Approach	Per sq.ft. rate	260,015 Sq feet	LKR 1,500/- LKR 4,500/-	Positively correlated
Lexinton Holdings (Pvt) Limited						
2023						
Freehold Land	Rajagiriya	Contractors	Per perch rate	17.15 Perches	LKR.7,000,000/-9,500,000/-	Positively correlated
Freehold Buildings	Rajagiriya	Method	Per sq.ft. rate	17,150 sq feet	LKR.11,000	Positively correlated
2022						
Freehold Land	Rajagiriya	Investment	Per perch rate	17.15 Perches	LKR.7,000,000/-8,500,000/-	Positively correlated
Freehold Buildings	Rajagiriya	Method	Per sq.ft. rate	17,150 sq feet	LKR.9,000	Positively correlated

(Yield rate used for 2022 valuation is 7%)

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

	Cost	Cumulative Depreciation If assets were carried at cost	Net Carrying Amount 2023	Net Carrying Amount 2022
Class of Asset	**LKR**	**LKR**	**LKR**	**LKR**
Dankotuwa Porcelain PLC				
Land-Freehold	250,000	-	250,000	250,000
Building - Freehold	165,081,657	137,627,774	27,453,883	36,614,804
	165,331,657	**137,627,774**	**27,703,883**	**36,864,804**

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As at 31 March 2023

Class of Asset	Cost LKR	Cumulative Depreciation If assets were carried at cost LKR	Net Carrying Amount 2023 LKR	Net Carrying Amount 2022 LKR
Lexinton Holdings (Pvt) Limited				
Land-Freehold	60,000,000	-	60,000,000	60,000,000
Buildings-Freehold	115,000,000	73,600,000	41,400,000	46,000,000
	175,000,000	**73,600,000**	**101,400,000**	**106,000,000**
Royal Fernwood Porcelain Ltd				
Land-Freehold	3,462,294	-	3,462,294	3,462,294
Buildings-Freehold	15,849,645	3,065,108	12,784,537	13,789,191
	19,311,939	**3,065,108**	**16,246,831**	**17,251,485**

12.2 Company

Cost	Balance as at 01.04.2022 LKR	Additions LKR	Disposals LKR	Balance as at 31.03.2023 LKR
Freehold				
Computer Equipment	1,597,615	700	-	1,598,315
Office Equipment	296,445	-	-	296,445
Tools & Equipment	17,500	-	-	17,500
Office Furniture	488,722	-	-	488,722
Total	**2,400,281**	**700**	**-**	**2,400,981**

Accumulated Depreciation	Balance as at 01.04.2022 LKR	Charge for the Year LKR	Disposals LKR	Balance as at 31.03.2023 LKR
Freehold				
Computer Equipment	1,556,771	27,581	-	1,584,352
Office Equipment	257,968	12,848	-	270,816
Tools & Equipment	17,500	-	-	17,500
Office Furniture	433,909	15,150	-	449,059
Total	**2,266,148**	**55,579**	**-**	**2,321,727**

Net Book Value	2023 LKR	2022 LKR
Freehold		
Computer Equipment	13,963	40,844
Office Equipment	25,629	38,477
Office Furniture	39,663	54,813
Total Carrying Amount of Property, Plant & Equipment	**79,254**	**134,133**

13. INTANGIBLE ASSETS (GROUP)

As at 31st March	Software 2023 LKR	Software 2022 LKR	License Fees 2023 LKR	License Fees 2022 LKR	Brand Name 2023 LKR	Brand Name 2022 LKR	Goodwill 2023 LKR	Goodwill 2022 LKR	Total 2023 LKR	Total 2022 LKR
Cost										
Balance at the beginning of the year	32,053,736	264,931,746	22,161,458	22,161,458	324,644,574	324,644,574	847,041,839	847,041,839	1,225,901,608	1,458,779,617
Disposal of Subsidiary	-	(72,420,179)	-	-	-	-	-	-	-	(72,420,179)
Additions during the year	-	7,084,896	-	-	-	-	-	-	-	7,084,896
Amortized during the year	(11,759,183)	(167,542,725)	-	-	-	-	-	-	(11,759,183)	(167,542,725)
Balance at the end of the year	**20,294,553**	**32,053,738**	**22,161,458**	**22,161,458**	**324,644,574**	**324,644,574**	**847,041,839**	**847,041,839**	**1,214,142,426**	**1,225,901,609**

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

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

13.1.1 Impairment Testing of Goodwill and Brand name with Indefinite Lives

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

	Goodwill 2023 LKR	Goodwill 2022 LKR	Brand Name 2023 LKR	Brand Name 2022 LKR
Porcelain	-	-	9,723,614	9,723,614
IT and Related Services	847,041,839	847,041,839	314,920,960	314,920,960
	847,041,839	**847,041,839**	**324,644,574**	**324,644,574**

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13.2 Impairment of goodwill

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

Gross margins

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

Discount rates (Weighted average cost of capital)

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

Inflation

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

Terminal growth Rate

Volume growth has been budgeted on a reasonable and realistic basis by taking into account the growth rates of one to four years immediately subsequent to the budgeted year based on Industry growth rates. Cash flows beyond the five year period are extrapolated using 3% - 4% growth rate (Previous Year 3.5%).

* Details of Assumptions and related disclosures are further described in the Note 16 of this financial statements.

The goodwill and the brand name has been allocated to Millennium I.T E.S.P (Pvt) Ltd and Royal Fernwood Porcelain Ltd for the purpose of impairment assessment, where the recoverable amount has been estimated using the discounted cash flow method. No impairment is required as the recoverable amounts exceeded the carrying value of those CGUs including the allocated goodwill and brand name as at 31 March 2023.

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13.3 Software of the group represents new ERP system and project related software.

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

13.5 The management identified the brand names of Royal Fernwood Porcelain Ltd and Millennium I.T.E.S.P (Pvt) Limited as an intangible asset with an indefinite useful life arising from business combination. The management is of the view that the brand name will be a key attraction in the Porcelain Sector and Information Technology Sector. The brand name has been tested for impairment along with other intangible assets of the Royal Fernwood Porcelain Ltd and Millennium I.T.E.S.P (Pvt) Ltd as further explained under note 13.1.1.

14. BIOLOGICAL ASSETS (GROUP)

	Balance as at 01.04.2022	Changes in Fair Value Less Cost to Sell	Balance as at 31.03.2023
	LKR	LKR	LKR
Teak	53,227,140	25,006,460	78,233,600
Lunumidella	2,073,830	(1,261,430)	812,400
	55,300,970	**23,745,030**	**79,046,000**
Coconut	81,950	-	81,950
	55,382,920	**23,745,030**	**79,127,950**

14.1 Heron Agro Products (Pvt) Ltd, subsidiary of the Ambeon Capital PLC has leased out a land from Sri Lanka Mahaweli Authority under Government Land Ordinance for 30 years commencing from 18th January 1993. The lease period expired on 17th January 2023. However, the lease period could be extended further period of 15 years in accordance with the Memorandum of Understanding (MOU) signed with the Mahaweli Authority of Sri Lanka.

14.2 Determination of Market Value

Teak

"Market price is mainly obtained from International Market price of Teak Timber, State Timber Corporation and the local market prices. Cost of sawing and other outgoings have been deducted to obtain the net value of sawn timber per mature tree. Value of a cubic feet of teak is assumed to be LKR. 700 - LKR. 5,200 based on the girth of trees, for the purpose of valuation as at 31 March 2023.

Lunumidella

Market Price of a mature tree is determined based on local market and State Timber Corporation price. Cost of sawing and other outgoing have been deducted to obtain the net value of sawn timber per mature tree. Value of a cubic foot of Lunumidella tree is assumed to be LKR. 180 - LKR 350 based on the girth of trees, for the purpose of valuation as at 31 March 2023.

	2023	2022
14.2.1 Discount Rate	19.50%	15.42%

Discounting Rate used is 19.5%.

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14.2.1.1 Sensitivity Analysis

Discount Rate	2023	2022
+1%	(790,400)	(536,070)
-1%	790,500	594,800

14.2.2 Methodology

The provisions under LKAS 41- Agriculture were applied in determining the methodology as well as the approach.

The valuation is carried out using market approach based on the current timber prices, subjected to adjustments considering their year of maturity, location and accessibility to the asset.

14.2.2.1 Significant unobservable inputs:

The value estimates were based on the latest timber prices published by State Timber Corporation (STC). According to that estimated rate per cubic decimeters are as follows.

Teak planted in 1994 – LKR 35.9854

Teak planted in 2008 – LKR 19.2632

Lunumidella planted in 1996 – LKR 8.5426

14.2.3 Key assumptions

1. The harvesting is approved by the forest Department and other relevant authorities.
2. The prices adopted are net of expenditure.
3. Discount rate is 19.5%
4. The valuation has been carried out based on the 2019 timber prices on the assumption that the reduction in timber prices would only be temporary.

14.3 Fair Valuation of Biological Assets

The Group uses the fair valuation model of measurement of its biological assets. The Group engaged an independent expert valuer to determine the fair value of its biological assets.

Details of Group's biological assets stated at valuation are indicated below;

Company	Property	Method of Valuation	Value 2023 LKR	Value 2022 LKR	Valuers Details	Effective Date of Valuation
Heron Agro (Pvt) Ltd	A timber stumpage in managed timber stand at Agunakolapelessa	Discounted cash flow method under income approach	79,127,950	55,382,920	F.R.T. Valuation Services (Pvt) Limited An Independent Incorporated valuer	31-Mar-23

14.4 Potential Risks Timber Plantations

The Company is exposed to the following risks in relation to timber plantations:

Supply and Demand Risk

The Company is exposed to risks arising from fluctuations in the price and sales volume of time. When possible, the Company manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses to ensure that the Company's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand identified.

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Regulatory and Environmental Risks
The Company is subject to laws and regulations in Sri Lanka. The Company has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

Climate and Other Risks
The Company's timber plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys.

15. INVESTMENT PROPERTIES

	GROUP		COMPANY	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Balance at the beginning of the year	2,662,743,212	2,589,543,212	33,000,000	33,000,000
Additions	-	6,963,085	-	-
Change in fair value of Investment Property	153,052,388	66,236,915	2,500,000	-
Balance at the end of the year	**2,815,795,600**	**2,662,743,212**	**35,500,000**	**33,000,000**

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

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

15.2 TThe Group has reported rental income amounting to LKR 1,365,581/- (2022 - LKR 359,333/-) from this investment property and incurred direct operating expenses (including repairs and maintenance) amounting to LKR 3,429,513/- (2022 - LKR 2,280,922/-).

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

Company	Property	Method of Valuation	Inputs used for measurement	2023 LKR	2022 LKR
Dankotuwa Porcelain PLC	Land (Dankotuwa)	Open Market Value	Per perch rate	275,000	175,000
Royal Fernwood Porcelain Ltd	Land (Kosgama)	Open Market Value	Per perch rate	80,000	70,000
Ambeon Securities (Pvt) Ltd	Land (Kosgama)	Open Market Value	Per perch rate	90,000	72,500
Lexinton Resorts (Pvt) Ltd	Land (Kosgoda)	Open Market Value	Per perch rate	500,000	450,000
Ambeon Capital PLC	Land (Sigiriya)	Open Market Value	Per Acre Rate	5,600,000	5,200,000
Ceylon Leather Products Limited	Land (Mattakkuliya)	Open Market value	Per perch rate	1,750,000	1,650,000
	Buildings (Mattakkuliya)	Replacement Cost	Per sq.ft. rate	580 - 2,300	580 - 2,300

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15.4 Description of significant unobservable inputs to valuation:

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

Investment Property	Valuation technique	Significant unobservable inputs	Rate	Sensitivity of input to Fair value
Dankotuwa Porcelain PLC				
As at 31 March 2023				
Land 3,899.35 perches	Open Market value	Per perch rate	LKR 275,000	Positively correlated
As at 31 March 2022				
Land 3,899.35 perches	Open Market value	Per perch rate	LKR 175,000	Positively correlated
Royal Fernwood Porcelain Ltd				
As at 31 March 2023				
Land 1,753.07 perches	Open Market value	Per perch rate	LKR 80,000	Positively correlated
As at 31 March 2022				
Land 1,753.07 perches	Open Market value	Per perch rate	LKR 70,000	Positively correlated
Ambeon Securities (Pvt) Ltd				
As at 31 March 2023				
Land 1,162.5 perches	Open Market value	Per perch rate	LKR 92,000	Positively correlated
As at 31 March 2022				
Land 1,162.5 perches	Open Market value	Per perch rate	LKR 72,500	Positively correlated
Ceylon Leather Products Limited				
As at 31 March 2023				
Land 721.62 perches	Open Market value	Per perch rate	LKR 1,750,000	Positively correlated
Buildings 81,428 sqft	Replacement Cost	Per sqft. rate	LKR 580 - 2300	Positively correlated
As at 31 March 2022				
Land 721.62 perches	Open Market value	Per perch rate	LKR 1,650,000	Positively correlated
Buildings 81,428 sqft	Replacement Cost	Per sqft. rate	LKR 580 - 2,300	Positively correlated
Lexinton Resorts (Pvt) Ltd				
As at 31 March 2023				
Land 1,373 perches	Open Market value	Per perch rate	LKR 500,000	Positively correlated
As at 31 March 2022				
Land 1,373 perches	Open Market value	Per perch rate	LKR 450,000	Positively correlated
Ambeon Capital PLC				
As at 31 March 2023				
Land 8 Acres	Open Market value	Per Acre Rate	LKR 5,600,000	Positively correlated
As at 31 March 2022				
Land 8 Acres	Open Market value	Per Acre Rate	LKR 5,200,000	Positively correlated

16. INVESTMENT IN SUBSIDIARIES

COMPANY

16.1 Investment in subsidiaries

16.1.1 Ordinary shares

As at 31 March	Place of Principal Business	Effective Holdings		Direct Holding		No of Shares		Fair Value	
		2023	2022	2023	2022	2023	2022	2023	2022
		%	%	%	%	Nos.	Nos.	LKR	LKR
Heron Agro Products (Pvt) Ltd	No 10, Gothami Road, Colombo 08.	100.00	100.00	100.00	100.00	740,000	740,000	20,976,000	15,065,000
Lexinton Resorts (Pvt) Ltd	No 10, Gothami Road, Colombo 08.	-	100.00	-	100.00	-	229,000,000	-	576,433,000
Ambeon Holdings PLC	No 10, Gothami Road, Colombo 08.	81.43	81.43	81.43	81.43	290,597,377	290,597,377	7,876,725,000	8,435,786,000
								7,897,701,000	**9,027,284,000**

Movement of Investment in Subsidiary	At the beginning of the year	Investment in Subsidiary	Disposal of Subsidiary	Change in Fair Value	At the end of the Year
	LKR	LKR	LKR	LKR	LKR
2023	9,027,284,000	180,000,000	(780,141,518)	(529,441,482)	7,897,701,000
2022	7,605,460,000	-	-	1,421,824,000	9,027,284,000

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

Details of the investment and Disposal of Subsidiaries are given in note No 16.4 and 16.5

16.2 The Company uses fair valuation model of measurement for investment in subsidiary Details of investment in subsidiaries stated at fair value included below.

The subsidiaries of Ambeon Capital PLC were separately valued based on a suitable valuation methodology as at 31st March 2023.

Company	Valuation Techniques	Significant Inputs	FV Level	2022	2023	Effective date
Ambeon Holdings PLC - Group	Sum-of-the-Parts (SOTP)*	Forecasted Cash Flow	Level 3	Note 16.2.1	Note 16.2.1	31-Mar-2023
Heron Agro Products (Pvt) Ltd	Net Assets Value	-	Level 3	-	-	31-Mar-2023

* Combination of Multiple Approaches- Sum Of The Parts - (SOTP)

The SOTP method is a valuation methodology which is commonly used to value a Company operating in several industries. SOTP aggregates the independently valued business units of a Company in order to arrive at a single total equity value.

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Sensitivity Analysis

Company	Weighted Average Cost of Capital	Terminal Growth Rate	2023 Effect on Income Statement	2023 Effect on Statement of Financial Position	2022 Effect on Income Statement	2022 Effect on Statement of Financial Position
Ambeon Holdings PLC - Group	1%		(282,750,489)	(282,750,489)	(408,247,226)	(408,247,226)
	-1%		328,131,671	328,131,671	489,217,233	489,217,233
		1%	388,748,977	388,748,977	353,818,687	353,818,687
		-1%	(299,911,862)	(299,911,862)	(300,503,935)	(300,503,935)

16.2.1 Ambeon Holdings PLC (Group) Valuation

Notably, Ambeon Capital PLC's key subsidiary, Ambeon Holdings PLC Group was valued using a SOTP approach as below:

Company	Valuation Techniques	Significant Inputs	Significant Assumption	FV Level	2023	2022	Effective date
Ambeon Holdings PLC	Net Assets Value	-	-	Level 3	-	-	31-Mar-23
Dankotuwa Porcelain PLC	Discounted Cashflow Method	Cash Flow	WACC*	Level 3	16.30%	17.60%	31-Mar-23
		Forecast	Terminal Growth Rate	Level 3	3.50%	3.50%	31-Mar-23
Royal Fernwood porcelain Ltd	Discounted Cashflow Method	Cash Flow	WACC*	Level 3	17.20%	17.10%	31-Mar-23
		Forecast	Terminal Growth Rate	Level 3	3.00%	3.50%	31-Mar-23
Millennium I.T.E.S.P. (Pvt) Ltd	Discounted Cashflow Method	Cash Flow	WACC*	Level 3	17.59%	14.60%	31-Mar-23
		Forecast	Terminal Growth Rate	Level 3	4.00%	3.50%	31-Mar-23
Colombo City Holdings PLC	Net Assets Value	-	-	Level 3			31-Mar-23
Ceylon Leather Products Ltd	Net Assets Value	-	-	Level 3	-	-	31-Mar-23
Palla & Company (Pvt) Ltd	Net Assets Value	-	-	Level 3	-	-	31-Mar-23
Taprobane Capital Plus (Pvt) Ltd	Net Assets Value	-	-	Level 3	-	-	31-Mar-23
Olancom (Pvt) Ltd	Net Assets Value	-	-	Level 3	-	-	31-Mar-23

* Weighted average cost of capital

NOTES TO THE FINANCIAL STATEMENTS
As at 31 March 2023

16.3 Investments in Sub Subsidiaries/ associate entity effective holdings

Sub Subsidiaries	Investor	Effective Holding % 2023	Effective Holding % 2022	Principal Activity	
Lexinton Financial Services (Pvt) Ltd	Taprobane Capital Plus (Pvt) Ltd	81.43	81.43	Carrying out Margin Trading - No operation During the year.	No. 10, Gothami Road, Colombo 08
Ceylon Leather Products Ltd	Ambeon Holdings PLC	81.36	81.36	Manufacturing and selling of Leather, Leather Footwear and Leather Goods	No.64, Belummahara,Mudungoda
Palla & Company (Pvt) Ltd	Ambeon Holdings PLC	81.42	81.42	Manufacturing shoes for export market - Ceased Operations during the period	Spur Rd. 4, Lot 25B, Katunayake Export Promotion Zone
Dankotuwa Porcelain PLC	Ambeon Holdings PLC	59.04	63.12	Manufacturing and selling of porcelain tableware to export and local markets	Factory and the showroom, Kurunegala Road, Dankotuwa
Royal Fernwood Porcelain Ltd	Dankotuwa Porcelain PLC	56.50	60.40	Manufacturing and selling of porcelain tableware to export and local markets	Werellamandiya Estate, Police station road, Kosgama
Lanka Decals (Pvt) Ltd	Royal Fernwood Porcelain Ltd	56.50	60.40	Manufacturing Decals - No operations during the period	Werellamandiya Estate, Police station road, Kosgama
Fernwood Lanka (Pvt) Ltd	Royal Fernwood Porcelain Ltd	56.50	60.40	Selling of porcelain tableware to domestic market - No operations during the period	Werellamandiya Estate, Police station road, Kosgama
Colombo City Holdings PLC	Ambeon Holdings PLC	63.21	63.21	Renting out properties	10, Gothami Road, Colombo 08.
Olancom (Pvt) Ltd	Ambeon Holdings PLC	75.85	75.85	Engage in networking business solutions - No operations during the period	No 10, Gothami Road, Colombo 08
Taprobane Investments (Pvt) Ltd	Taprobane Capital Plus (Pvt) Ltd	81.43	81.43	Money Broking	No. 10, Gothami Road, Colombo 08
Ambeon Securities (Pvt) Ltd	Taprobane Capital Plus (Pvt) Ltd	81.43	81.43	Share Broking	No. 10, Gothami Road, Colombo 08
Taprobane Wealth Plus (Pvt) Ltd	Taprobane Capital Plus (Pvt) Ltd	81.43	81.43	Corporate Finance	No. 10, Gothami Road, Colombo 08
Taprobane Capital Plus (Pvt) Ltd	Ambeon Holdings PLC	81.43	81.43	Investment Management	No. 10, Gothami Road, Colombo 08
Eon Tech (Pvt) Ltd	Ambeon Holdings PLC	63.52	63.52	Investment Holding	No. 10, Gothami Road, Colombo 08
Lexinton Holdings (Pvt) Ltd	Colombo City Holdings PLC	63.21	63.21	Real estate Management	No. 10, Gothami Road, Colombo 08
Millennium I.T.E.S.P (Pvt) Ltd	Eon Tech (Pvt) Ltd	41.22	49.47	IT Solutions	No.450D, R A De Mel Mawatha, Colombo 3, Colombo
DPL Trading (Pvt) Ltd	Dankotuwa Porcelain PLC	-	63.12	Retail selling of porcelain tableware	Kurunegala Road, Dankotuwa
Infoseek (Private) Ltd	Millennium I.T.E.S.P (Pvt) Ltd	39.00	39.00	An innovative Cloud based Human Resource Information System named as MintHRM	No 48 Chitra Lane, Colombo 05
Millennium I.T.E.S.P. Singapore Pte.	Millennium I.T.E.S.P (Pvt) Ltd	41.22	49.47	A systems integration business located at Singapore.	531A, Upper Cross Street, Hong Lim Complex, Singapore
Millennium I.T.E.S.P. Bangladesh Pte.	Millennium I.T.E.S.P (Pvt) Ltd	41.22	-	A systems integration business located at Bangladesh.	Ka 1/3, North Road, Kalachadepure Baridhara, Dhaka
Dankotuwa Singapore pte Ltd	Dankotuwa Porcelain PLC	59.04	63.12	dormant	No. 03, Shenton Way # 10-05 Singapore
Sherwood Capital (Pvt) Limited	Taprobane Capital Plus (Pvt) Ltd	48.86	-	Investment Management	No. 10, Gothami Road, Colombo 08
Lexinton Resorts (Pvt) Ltd	Colombo City Holdings PLC	63.21	-	Real estate Management	No. 10, Gothami Road, Colombo 08

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2023

16.4 Change in Holding Precentage

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

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

16.4.2 Issue of shares of Millennium I.T.E.S.P (Pvt) Ltd

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

16.5 Investment and Disposals

16.5.1 Ambeon Capital PLC has invested Rs 180,000,000/- for 60% stake in Sherwood Capital (Pvt) Ltd in May 2022.

16.5.2 Ambeon Capital PLC has disposed its 60% stake in Sherwood Capital (Pvt) Ltd to Taprobane Capital Plus (Pvt) Limited for Rs 190,000,000/- in March 2023. The carrying value of disposal date is Rs. 205,793,376/-

16.5.3 Ambeon Capital PLC disposed 100% stake in Lexinton Resorts (Pvt) Ltd on 08th August 2022 for the the consideration of Rs. 575,000,000/-.The carrying value of disposal date is Rs. 574,348,142/-

17. OTHER FINANCIAL ASSETS

	Note	Group		Company	
		2023	2022	2023	2022
		LKR	LKR	LKR	LKR
Non Current Investments					
Deposit with Colombo Stock Exchange		1,000,000	1,000,000	-	-
Investment in Government Securities at Amortized Cost		400,800,405	9,154,942	-	-
Loans and Receivables*		424,685,675	430,886,071	-	-
Impairment For Loans and Receivable* *		(180,000,000)	(180,000,000)		
		646,486,080	**261,041,013**	**-**	**-**

*Includes CHC Investments (Pvt) Ltd - Ultimate Parent - Rs. 244,685,675 - Terms and Conditions : AWPLR + 1.5% per annum. Long term loan are receivable after 15 Months.

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

	Note	Group		Company	
		2023	2022	2023	2022
Current Investments		LKR	LKR	LKR	LKR
REPO Investments		5,296,346	-	-	-
Fixed Deposits		434,057,821	709,301,377	-	-
Fair Value through Profits or Losses	17.1.1	246,380,418	847,741,118	52,309,402	283,331,005
Fair value through OCI	17.1.2	308,974,925	290,656,879	-	-
Investment in Government Securities		3,119,793,870	-	626,920,209	-
		4,114,503,381	**1,847,699,375**	**679,229,611**	**283,331,005**

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2023

17.1 Investment in Equity Securities

17.1.1 Fair Value through Profits or Losses

As at 31st March	2023			2022		
	No. of Shares	Cost LKR	Market Value LKR	No. of Shares	Cost LKR	Market Value LKR
GROUP						
Incorporated in Sri Lanka						
B P P L Holdings PLC	457,777	5,377,997	9,659,095	461,281	5,377,997	9,018,513
Seylan Bank PLC	21,761	1,926,628	724,641	20,342	1,926,628	642,807
Aitken Spence PLC	399	88,785	52,269	399	88,785	29,406
CIC Holdings PLC	-	-	-	2,649,116	134,760,934	100,931,320
CIC Holdings PLC - Non Voting	-	-	-	408,384	18,406,191	10,209,600
Expolanka Ho ldings PLC	-	-	-	886,768	225,475,095	184,226,052
Hayleys PLC	2,616,446	291,414,746	188,384,112	2,616,446	291,414,746	201,204,697
Royal Ceramics Lanka PLC-	500,000	25,661,490	13,800,000	500,000	25,661,490	20,350,000
Access Engineering PLC	-	-	-	8,071,000	234,119,914	121,065,000
Swisstec (Ceylon) PLC	1,051,730	46,027,495	14,829,393	1,051,730	46,027,495	25,758,827
Melstacorp PLC	-	-	-	1,600,000	88,544,753	65,760,000
Resus-Energy PLC	914,097	29,960,870	12,311,708	853,898	29,960,870	16,651,011
Hela Apparel Holdings PLC	827,400	12,411,000	6,619,200	827,400	12,411,000	10,673,460
Printcare PLC	-	-	-	100,000	4,900,000	2,700,000
Teejay Lanka PLC	-	-	-	1,972,875	88,779,375	78,520,425
		412,869,012	**246,380,418**		**1,207,855,274**	**847,741,118**
17.1.2 Fair value through OCI						
Pan Asia Banking Corporation PLC	24,717,994	463,462,388	308,974,925	26,912,674	504,612,638	290,656,879
		463,462,388	**308,974,925**		**504,612,638**	**290,656,879**
Total Carrying Value of Investment		**876,331,400**	**555,355,343**		**1,712,467,912**	**1,138,397,997**

As at 31st March	2023			2022		
	No. of Shares	Cost LKR	Market Value LKR	No. of Shares	Cost LKR	Market Value LKR
COMPANY						
Incorporated in Sri Lanka						
Fair Value through Profits or Losses						
Access Engineering PLC	-	-	-	2,996,000	83,535,357	44,940,000
CIC Holdings Plc	-	-	-	1,000,000	53,783,036	38,100,000
CIC Holdings PLC - Non Voting	-	-	-	408,384	18,406,191	10,209,600
Expolanka Holdings PLC	-	-	-	236,768	78,047,822	49,188,552
Hayleys PLC	501,163	54,870,447	36,083,736	501,163	54,870,447	38,539,435
Resus-Energy PLC	518,006	16,625,000	6,993,081	475,000	16,625,000	9,262,500
Hela Apparel Holdings PLC	275,800	4,137,000	2,206,400	275,800	4,137,000	3,557,820
Teejay Lanka PLC	-	-	-	1,972,875	88,779,375	78,520,425
Swisstek Ceylon PLC	498,311	21,812,405	7,026,185	498,311	21,812,405	11,012,673
		97,444,852	**52,309,402**		**419,996,632**	**283,331,005**

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2023

18. INVENTORIES

	Note	Group		Company	
		2023	2022	2023	2022
		LKR	LKR	LKR	LKR
Raw Material		447,920,265	419,506,603	-	-
Work in Progress/ Project in Progress		1,981,775,861	2,122,934,121		
Finished Goods		675,785,679	475,881,177	-	-
Indirect Material		33,564,534	24,594,451	-	-
Spare Stock		44,550,579	32,339,419	-	-
Consumables		46,093,301	33,662,815	-	-
General Stock		13,997,593	14,300,924	-	-
Semi Finished Goods		185,545,272	159,532,247	-	-
Packing Material		23,685,066	35,165,755	-	-
Maintenance Inventory		147,750,868	143,374,060	-	-
Goods-In-Transit		18,723,969	8,703,538	-	-
Others		30,825,283	32,804,100	-	-
Less : Allowance for Obsolete & Slow Moving Inventories	18.1	(427,985,538)	(598,414,703)	-	-
		3,222,232,732	**2,904,384,507**	**-**	**-**

18.1 Allowance for Obsolete & Slow Moving Inventories

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Balance at the beginning of the year	598,414,703	984,677,130	-	-
Reversal of Provisions	(159,477,164)	-	-	-
Provision made during the year	4,599,164	172,213,939		
Disposal of Subsidiary	-	(367,252,740)	-	-
Inventory Wirteoff	(15,551,165)	(191,223,626)	-	-
Balance at the end of the year	**427,985,538**	**598,414,703**	**-**	**-**

18.2 Details of inventories pledged for borrowings are disclosed in Note 34.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2023

19. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2023	2022	2023	2022
		LKR	LKR	LKR	LKR
Trade Receivables		8,288,763,656	7,329,772,217	33,104,246	29,282,027
Interest In Suspense		(17,906,516)	(14,084,297)	(17,906,516)	(14,084,297)
Provision for Bad and Doubtful Debts	19.2	(1,439,029,414)	(1,261,796,349)	(15,197,730)	(15,197,730)
		6,831,827,726	**6,053,891,571**	**-**	**-**
Loans Granted	19.1	45,460,104	47,638,093	-	-
Other Receivables		317,132,896	292,170,326	-	1,276,210
Other Receivables - Related Parties	19.3	531,845,752	360,044,475	491,299,958	395,302,749
Provision for Bad and Doubtful Debts	19.2	(376,172,856)	(353,729,518)	-	-
		7,350,093,622	**6,400,014,947**	**491,299,958**	**396,578,959**
Advances and Prepayments		917,775,480	395,940,224	213,429	917,297
		8,267,869,102	**6,795,955,171**	**491,513,387**	**397,496,257**

*Details of trade debtors pledged for borrowing are disclosed in Note 34.

19.1 Loans Granted

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Loans to Company Officers	722,999	2,900,988	-	-
D.B. Exim (Pvt) Ltd	19,307,143	19,307,143	-	-
Ceylon Leather Products Manufactures (Pvt) Ltd *	25,429,962	25,429,962	-	-
Loans Granted - Institutions	1,191,674	1,191,674	1,191,674	1,191,674
Provision for Bad and Doubtful Debts	(1,191,674)	(1,191,674)	(1,191,674)	(1,191,674)
	45,460,104	**47,638,093**	**-**	**-**

* Loan receivable balance has been fully provided considering the recoverability assessment carried out by the management.

19.2 Provision for Bad and Doubtful Debts

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Balance as at the beginning of the year	1,615,525,867	1,578,089,800	15,197,730	15,197,730
Provision/ (Reversal) made during the year	199,676,403	61,770,765	-	-
Disposal of Subsidiary	-	(24,334,698)	-	-
Balance at the end of the year	**1,815,202,270**	**1,615,525,867**	**15,197,730**	**15,197,730**

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2023

19.3 Amounts Due From Related Parties

		Group		Company	
		2023	2022	2023	2022
Amounts Due From Related Parties	**Relationship**	LKR	LKR	LKR	LKR
Heron Agro Products (Pvt) Ltd	Subsidiary	-	-	47,091,979	35,337,687
Taprobane Capital Plus (Pvt) Ltd	Sub-Subsidiary	-	-	-	18,930,231
Lexinton Resorts (Pvt) Ltd	sub-Subsidiary	-	-	37,527,533	26,282,569
CHC Investment (Pvt)Ltd*	Parent	531,795,752	359,975,035	406,680,446	314,752,262
Eon Investments (Pvt) Ltd	Other Related Party	50,000	50,000	-	-
ARRC Capital (Pvt) Ltd	Significant Shareholder	-	19,440	-	-
		531,845,752	**360,044,475**	**491,299,958**	**395,302,749**

*Terms and Conditions : Rate of interest AWPLR+1.5% per annum. Short term loans are receivable on demand.

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Cash at Bank	1,272,859,509	1,656,051,759	1,655,161	511,333
Short Term Investments	-	486,408,973	-	-
	1,272,859,509	**2,142,460,732**	**1,655,161**	**511,333**
Bank Overdrafts used for cash management purposes	(604,194,175)	(734,428,085)	(178,229,037)	(242,911,355)
Cash & Cash Equivalents in the statement of cash flow	**668,665,334**	**1,408,032,647**	**(176,573,875)**	**(242,400,022)**

21. STATED CAPITAL

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Issued Capital				
1,002,724,815 Ordinary Shares issued & fully paid	1,053,643,405	1,053,643,405	1,053,643,405	1,053,643,405

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 meetings of the Company.

21.1 Other Components of Equity

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Revaluation Reserves	1,132,409,840	1,146,190,465	-	-
Foreign Currency Translation Reserve	(2,224,417)	10,152,921	-	-
Fair Value Through Other comprehensive Income	(131,678,946)	(174,224,173)	-	-
Currency/Exchange Hedge Reserve (Note 21.2)	-	-	-	-
Amalgamation Reserve (Note 21.3)	-	-	258,920,263	258,920,263
	998,506,477	**982,119,212**	**258,920,263**	**258,920,263**

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As at 31 March 2023

21. STATED CAPITAL (Contd...)

21.1 Other Components of Equity (Contd...)

	Attributable to Equity Holders of Parent		
	Revaluation Reserves **	Foreign Currency Translation Reserve *	Cashflow Hedge Reserves
	LKR	LKR	LKR
Beginning of the year	1,146,190,465	10,152,921	-
Impact due to Disposal of Subsidiary	-	-	-
During the Year Impact	(13,780,625)	(12,377,338)	-
	1,132,409,840	**(2,224,417)**	**-**

** Land & Buildings of subsidiaries have been revalued during the year by independent incorporated valuers, FRT Valuation (Pvt) Ltd. The said land and buildings were valued based on Market Approach, Cost Approach and Income Approach as further explained in Note 12.1.5. The result of such valuations were incorporated in the financial statements by transferring the surplus arisen thereon to the revaluation reserve.

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

	Group	
	2023	2022
	LKR	LKR
Net Foreign Exchange Difference		
Loss from Foreign Currency Translation during the year	(24,883,714)	21,180,331
	(24,883,714)	**21,180,331**

21.2 Cash Flow Hedge Reserve

Group		
Balance as at beginning of the Period	-	(45,701,067)
Net impact on cash flow hedge	-	54,670,437
	-	**8,969,370**
Tax on Cashflow Hedge Accounting	-	(8,969,370)
	-	**-**

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

21.3 Amalgamation Reserve

Ambeon Capital PLC obtained a certificate of amalgamation from the Registrar of Companies to amalgamate its wholly owned subsidiary, Taprobane Equities (Private) Limited (TEL) with effective from 30 November 2017. The effect of this amalgamation was LKR 258 Mn.

NOTES TO THE FINANCIAL STATEMENTS

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22. INTEREST BEARING LOANS AND BORROWINGS

		Group		Company	
	Note	2023	2022	2023	2022
		LKR	LKR	LKR	LKR
Repayable after one year					
Leases	22.1	508,798,336	519,017,704	1,563,867	-
Bank Loans	22.2	775,291,916	808,966,977	283,357,228	445,118,416
Loans granted by Related Parties	22.3	-	-	-	390,335,037
Others*		-	155,034,151	-	-
		1,284,090,252	**1,483,018,831**	**284,921,095**	**835,453,453**
Repayable within one year					
Leases	22.1	28,333,099	19,042,730	1,886,902	3,459,599
Short Term Loan	22.4	3,149,892,905	1,266,739,185	-	-
Bank Loans	22.2	2,711,228,788	2,116,568,414	1,871,398,544	894,427,188
Loans granted by Related Parties	22.3	5,739,310	5,739,310	2,038,742,915	2,609,332,899
Interest Payable		-	-	140,918,048	
Bank Overdrafts (Note 20)		604,194,175	734,428,085	178,229,037	242,911,355
Others*		97,899,884	138,324,638	23,029,900	69,089,700
		6,597,288,161	**4,280,842,362**	**4,254,205,346**	**3,819,220,741**
		7,881,378,413	**5,763,861,194**	**4,539,126,441**	**4,654,674,193**

* *South Asia Textiles Ltd which is a subsidiary of the Company was disposed during the year 2022 and loan balance LKR 98 Mn reflects the loan from South Asia Textiles Ltd. (2022 -LKR 293Mn.) Paid during the year LKR 195Mn.

22.1 Liabilities - Right to Use Assets

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

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

Group

Lease liabilities

	Balance as at 01.04.2022	Impact of new/ Modification of Lease	Interest	Repayment	Balance as at 31.03.2023
	LKR	LKR	LKR	LKR	LKR
Right to Use Liabilities	538,060,434	19,969,166	76,368,033	(97,266,198)	537,131,435
	538,060,434	**19,969,166**	**76,368,033**	**(97,266,198)**	**537,131,435**

Company

Lease Liabilities	Balance as at 01.04.2022	Adjustments	Interest	Repayment	Balance as at 31.03.2023
	LKR	LKR	LKR	LKR	LKR
Right to Use Liabilities	3,459,599	2,360,849	526,156	(2,895,835)	3,450,769
	3,459,599	**2,360,849**	**526,156**	**(2,895,835)**	**3,450,769**

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2023

Group

	2023			2022		
	Within Year LKR	After 1 Year LKR	Total LKR	Within Year LKR	After 1 Year LKR	Total LKR
Gross Liability	100,671,919	911,369,916	1,012,041,835	92,353,904	963,178,088	1,055,531,992
Finance Charges allocated to future periods	(72,338,820)	(402,571,580)	(474,910,400)	(73,311,174)	(444,160,384)	(517,471,557)
Net liability	**28,333,099**	**508,798,336**	**537,131,435**	**19,042,730**	**519,017,704**	**538,060,434**

Company

	2023			2022		
	Within Year LKR	After 1 Year LKR	Total LKR	Within Year LKR	After 1 Year LKR	Total LKR
Gross Liability	2,186,340	1,639,755	3,826,095	8,782,841	-	8,782,841
Finance Charges allocated to future periods	(299,438)	(75,888)	(375,326)	(5,323,242)	-	(5,323,242)
Net liability	**1,886,902**	**1,563,867**	**3,450,769**	**3,459,599**	**-**	**3,459,599**

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

22.1.2 Right to Use Assets are shown under Note 28.1

22.2 Bank Loans

	At the Beginning of the Year LKR	Loans Obtained LKR	Repayment LKR	Accrued Interest LKR	Disposal of Subsidiary LKR	Exchange Gain / Loss LKR	At The End of the year LKR
GROUP							
2023	2,925,535,391	20,445,167,169	(19,911,238,477)	55,261,576	-	(28,204,955)	3,486,520,704
2022	5,291,498,002	36,342,823,619	(38,488,233,488)	34,423,212	(288,396,693.37)	33,420,739	2,925,535,391

	2023	2022
Repayable after one year	775,291,916	808,966,977
Repayable within one year	2,711,228,788	2,116,568,414
	3,486,520,704	**2,925,535,391**

	At the Beginning of the Year LKR	Loans Obtained LKR	Repayment LKR	Accrued Interest LKR	Disposal of Subsidiary LKR	Exchange Gain / Loss LKR	At The End of the year LKR
COMPANY							
2023	1,339,545,604	16,360,843,945	(15,577,543,513)	31,909,736	-	-	2,154,755,772
2022	2,661,301,458	31,543,789,000	(32,877,740,556)	12,195,702	-	-	1,339,545,604

	2023	2022
Repayable after one year	283,357,228	445,118,416
Repayable within one year	1,871,398,544	894,427,188
	2,154,755,772	**1,339,545,604**

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2023

22.3 Loans Payable to Related Parties

As at 31st March	Interest rate	Repayment Terms	Relationship	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Mr.Eric Wikramanayake	13.50%	On Demand	Former Director	5,739,310	5,739,310	-	-
Taprobane Capital Plus (Pvt) Ltd	0.00%	On Demand	Sub-Subsidiary	-	-	5,568,479	-
Lexinton Holdings (Pvt) Ltd	22.92%	On Demand	Sub-Subsidiary	-	-	313,521,254	265,598,183
Taprobane Wealth Plus (Pvt) Ltd	22.92%	On Demand	Sub-Subsidiary	-	-	5,485,268	4,676,618
Ambeon Holdings PLC	22.92% - 23.92%	On Demand	Subsidiary	-	-	1,462,196,862	2,521,592,737
Millennium I.T.E.S.P. (Pvt) Ltd	26.50%	On Demand	sub-Subsidiary	-	-	251,971,052	207,800,397
				5,739,310	**5,739,310**	**2,038,742,915**	**2,999,667,935**
Repayable after one year				-	-	-	390,335,037
Repayable within one year				5,739,310	5,739,310	2,038,742,915	2,609,332,899
				5,739,310	**5,739,310**	**2,038,742,915**	**2,999,667,935**

22.3.1 Repayable to related parties

	Group	Company
Balance as at 01.04.2022	5,739,310	2,999,667,935
Loan Obtained	-	205,000,000
Loan Repayment	-	(1,511,132,115)
Accrued Interest	-	345,207,094
Balance as at 31.03.2023	**5,739,310**	**2,038,742,915**

22.4 Short Term Loans

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

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2023

22.4.1

Company	Lender/rate of interest (p.a.)	2023 LKR	2022 LKR	Repayment	Security
Royal Fernwood Porcelain Ltd	**DFCC Bank PLC**				
	- Short Term Loan	118,175,653	-	60 Months	
Ambeon Securities (Pvt) Limited	**Seylan Bank PLC**				
	- Short Term loan (Rate - AWPLR +1.25% with the floor rate 17.50%	120,000,000		Repayment period – 90 Days	
Sherwood Capital Pvt Ltd	**Seylan Bank PLC**				
	- Short term loan 23% p.a.	1,616,697,170			
	Union Bank of Colombo PLC	150,394,808			
	- Short term loan 24% p.a.				
Colombo City Holdings PLC	**Seylan Bank PLC**				
	- Reverse Repo (Rate 22% p.a.)	97,999,999	17,229,294	One week	Treasury Bill - Face Value Rs:150,000,000/-
Ambeon Holdings PLC	**Seylan Bank PLC**				
	- Short term loan	-	211,800,000	Within 30 days and settled over at the bank's direction /up to a maximum duration of 180days	Quoted Shares
	Nations Trust Bank				
	- Short term loan	105,000,000	108,100,000.00	Maximum duration of 90days	Quoted Shares
Milleninum I.T.E.S.P (Pvt) Ltd	**Seylan Bank PLC**				
	- Short Term Loan (Month AWPLR+ 1% p.a)	734,880,070	729,538,659	Bullet Payment (interest to be serviced monthly)	Corporate Gurantee of Ambeon Holdings PLC for LKR 2.0 Bn
	National Development Bank PLC				
	- Short term loan 13% p.a.	206,745,205	200,071,233		
		3,149,892,904	**1,266,739,185**		

NOTES TO THE FINANCIAL STATEMENTS
As at 31 March 2023

22.4.2 Terms and Conditions

Company	Lender/rate of interest (p.a.)	2023 LKR	2022 LKR	Repayment	Security
Ambeon Capital PLC	**National Development Bank PLC -**				
	Term- Loan (AWPLR +2%)	161,761,188	161,761,188	05 year term loan with One Year Grace period for Capital Re payment	Primary mortgage over 594 Perch freehold property in Hiddaruwa, Balapitiya held by Lexinton Resorts (Pvt) Ltd.
	Term- Loan (AWPLR weekly +1.3%)	283,357,228	445,118,416	05 year term loan with 10 months Grace period for Capital Re payment	145,000,000 Number of shares of Ambeon Holdings PLC
	Pan Asia Bank PLC				
	- STL (AWPLR +2%)	122,000,000	-		
	Seylan Bank PLC				
	- STL/MM (AWPLR +1%)	1,050,965,000	732,666,000	180 Days	112,790,122 Number of Shares of Ambeon Holdings PLC
	- Reverse REPO	536,672,356	-		
Royal Fernwood Porcelain Ltd	**Hatton National Bank PLC**				
	- Term loan LKR (AWPLR + 3.0% p.a.)	-	8,678,000	83 Equal monthly Instalments of Rs.333,000/	Primary mortgage bond over immovable property in the factory at Kosgama
	- Term loan LKR (AWPLR + 1.5% p.a.)	-	162,000,000	41 equal monthly installments of Rs. 4.5Mn	
	- Import loan USD (AWPLR+2%)	-	5,699,855	Settlements Through sales proceeds	
	- Packing Credit loan - LKR (AWPLR+2%)	-	79,000,000	Settlements Through sales proceeds	Secondary mortgage bond over land & building at Kosgama for Rs.40Mn
	- Import loan LKR (AWPLR+1.5% and LIBOR + 3.5%)	-	7,890,023	Settlements Through sales proceeds	
	Nations Trust Bank PLC				
	- Term Loan (LKR) AWPLR + 1.5% (Monthly)	247,000,000	-	6 months grace period, 50 Monthly Instalments	Primary mortgage bond over immovable property in the factory at Kosgama
	- Term Loan (LKR) AWPLR + 1.5% (Monthly)	152,500,000	-	38 Variable monthly instalments	
	- Import Loan USD - LIBOR + 5%	66,838,354	-	Settlement through sales proceeds. (120 days)	
	- Packing Credit Loan - AWPLR + 1.25% or LIBOR + 5%	90,723,321	-	Settlement through sales proceeds. (120 days)	
	DFCC Bank PLC				
	- Import loan Loan - USD	-	68,300,317	120 days from the loan granted	Primary Mortgage for Rs 200,000,000/- or Dollars up to a limit of USD 1,250,000/- asthe case may be over stocks kept/to and Book Debts of the Company together with in favour of the Bank.
	- Term Loan	-	10,362,328	24 Months	
	- Packing Credit Loan - LKR	-	208,743,755	120 days from the loan granted	

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2023

Company	Lender/rate of interest (p.a.)	2023 LKR	2022 LKR	Repayment	Security
Dankotuwa Porcelain PLC	**Sampath Bank PLC**				
	- Overdraft facility (AWPLR +2.0% p.a)	-	25,000,000		
	People's Bank				
	- Term loan - (4 % p.a.)	-	13,763,361	24 months	Corporate Gurantee of Ambeon Hlodings PLC
	National Development Bank PLC				Primary Mortgage over Factory premises Situated in Dankotuwa for LKR 400,000,000/-
	- STL Loan (AWPLR+1.25% p.a.)	-	71,391,358	Maximum 3 Months	
	Nation Trust Bank PLC				
	- Short Term Loan (AWPLR+1.5% p.a)	166,645,909	164,110,929	60 Months	Unquoted shares 1,080,697,674 of Royal Fernwood Porcelain Ltd.
Ambeon Holdings PLC	**Sampath bank PLC**				
	Term Loan (1W AWPLR+2.5%)	117,600,000	211,400,000	60 Monthly installments	Property lot B plan no 184/2001
Millennium I.T.E.S.P (Pvt) Ltd	The Hongkong and Shanghai Banking Corporation Limited				
	- Import Finance loan (Tenor linked COF+2.5% per annum)	424,544,891	93,587,609	Within 180 Days	Mortgage over Inventory and Debtors
	National Development Bank PLC		-		
	- Import Finance loan	11,698,922		Within 180 Days	
	Seylan Bank PLC				
	- Import Finance loan (Month AWPLR+ 1% p.a)	14,323,000	55,643,099	Within 180 Days	Corporate Guarantee of Ambeon Holdings PLC for LKR 2.0 Bn
	DFCC Bank PLC				
	- Import Finance loan (Weekly AWPLR+ 1.5% p.a)	39,890,536	400,419,153	Within 180 Days	-
		3,486,520,705	**2,925,535,390**		

* For further details on Asset pledged refer Note 34.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2023

23. RETIREMENT BENEFIT OBLIGATION

	Note	Group		Company	
		2023 LKR	2022 LKR	2023 LKR	2022 LKR
Present value of unfunded gratuity		493,234,810	383,230,112	-	-
		493,234,810	**383,230,112**	**-**	**-**

23.1 Provision for Retiring Gratuity

	Note	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Balance at the beginning of the year		383,230,112	571,748,786	-	-
Current/Past Service Cost		67,800,318	32,157,818	-	-
Interest Cost		43,277,005	29,995,311	-	-
Actuarial losses/(gains)	23.3	50,382,844	(66,061,244)	-	-
Acquisition of Subsidiary		96,872	-	-	-
Payment made during the year		(51,552,341)	(44,001,287)	-	-
Disposal of Subsidiary		-	(140,609,272)	-	-
Balance at the end of the year		**493,234,810**	**383,230,112**	**-**	**-**

23.2 Expenses recognized in Income Statement

	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Current/Past Service Cost	67,800,318	32,157,818	-	-
Interest cost	43,277,005	29,995,311	-	-
	111,077,323	**62,153,129**	**-**	**-**

23.3 Expenses recognized in Other Comprehensive Income

	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Actuarial losses/(gains)	50,382,844	(66,061,244)	-	-
	50,382,844	**(66,061,244)**	**-**	**-**

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

23.5 Principal actuarial assumptions used are as follows;

	Group 2023	Group 2022
Discount Rate	16%-20%	15.00%
Salary Increment rates used	14%-15%	12.00%
Staff Turnover Rate	5.00%	10.00%
Retirement Age	60 Years	60 Years

NOTES TO THE FINANCIAL STATEMENTS
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23.6 Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would affected the defined benefit obligation by the amounts shown below.

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Discount Rate - (1% Increase)	(21,955,944)	(13,665,783)	-	-
Discount Rate - (1% Decrease)	22,549,369	14,804,889	-	-
Salary Increment Rate - (1% Increase)	24,817,555	15,492,724	-	-
Salary Increment Rate - (1% Decrease)	(24,361,665)	(14,519,115)	-	-

23.7 Break up of the Actuarial (Gain)/ Loss

	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Actuarial (Gain)/ Loss Resulting from Changes in Financial Assumptions	(52,491,530)	(41,503,362)	-	-
Actuarial (Gain)/ Loss Resulting from Changes in Demographic Assumptions	(10,063,428)	19,208,052	-	-
Actuarial (Gain)/ Loss Resulting from Changes in Experience Adjustments	112,937,802	(43,765,935)	-	-
	50,382,844	**(66,061,244)**	**-**	**-**

23.8 Maturity Profile of the Retirement Benefit Plan

	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Within Next 12 Months	100,598,094	71,976,877	-	-
Between 1 - 2 Years	83,235,890	115,362,196	-	-
Between 2 - 5 Years	139,877,098	91,253,096	-	-
Between 5- 10 Years	115,800,235	64,682,521	-	-
Beyond 10 years	53,723,493	39,955,422	-	-
	493,234,810	**383,230,112**	**-**	**-**

24. CONTRACT LIABILITY - SERVICE AGREEMENTS

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

24.1 Revenue from deferred income is recognized periodically throughout the service agreement period entered between Millennium I.T.E.S.P (Pvt) Ltd and Millennium I.T.E.S.P Singapore Pte. service clients and expected to be completed in year 2023/24.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2023

25. DEFERRED TAX

	Note	Group		Company	
		2023 LKR	2022 LKR	2023 LKR	2022 LKR
Deferred Tax Asset					
Balance as at the beginning of the year		132,224,822	122,748,599	-	-
Recognized in Income Statement		118,716,650	42,644,372	-	-
Recognized in other comprehensive income		24,207,646	-	-	-
Adjustments		4,440	-	-	-
Transfers between Deferred Tax Liability and (Asset)		(2,936,010)	-	-	-
Transfer from/(to) Equity statement		-	(33,168,150)	-	-
Balance as at the end of the year		**272,217,548**	**132,224,821**	**-**	**-**
Deferred Tax Liability					
Balance as at the beginning of the year		650,176,157	595,547,694	6,860,653	2,045,069
Disposal of Subsidiary		-	(154,971,634)	-	-
Transfers between Deferred Tax Liability and (Asset)		(2,936,010)	-	-	-
Recognized in Income Statement		194,657,795	191,135,028	(4,282,170)	4,815,584
Recognized in other comprehensive income		399,377,133	18,465,069	-	-
Adjustments		16,433	-	-	-
Balance as at the end of the year		**1,241,291,507**	**650,176,158**	**2,578,482**	**6,860,653**

25.1 Transfer from/(to) Income Statement

	Note	Group		Company	
		2023 LKR	2022 LKR	2023 LKR	2022 LKR
Transfer from accelerated depreciation and others	10	(75,941,144)	(148,490,656)	4,282,170	(4,815,584)
		(75,941,144)	**(148,490,656)**	**4,282,170**	**(4,815,584)**
Transfer from/(to) Other Comprehensive Income					
Tax on Revaluation Gain		(386,203,241)	(28,775,245)	-	-
Tax on Actuarial Gain /(loss) on Defined Benefit Plans		11,033,755	(13,888,604)	-	-
Tax on Cashflow Hedge Accounting		-	(8,969,368)	-	-
		(375,169,486)	**(51,633,217)**	**-**	**-**
Composition of deferred tax assets/ (liabilities) as follows;					
Accelerated Depreciation and Amortization for Tax purposes		(224,303,108)	(519,194,417)	(28,483)	40,973
Retirement Benefit Liability		36,222,772	72,646,694	-	-
Fair Valuation of investment in subsidiaries		6,301,622	-	-	(6,301,622)
Fair Value of Land and Buildings		(1,106,564,361)	(339,184,572)	(2,550,000)	(600,000)
Losses available for offset against future Taxable Income		100,216,756	116,152,973	-	-
Provision for Debtors		111,361,388	66,288,318	-	-
Provision for Inventory		30,520,848	83,359,627	-	-
Others*		77,170,124	1,980,041	-	-
		(969,073,958)	**(517,951,337)**	**(2,578,482)**	**(6,860,652)**

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

The above deferred tax arises from timing difference of depreciation, impairment of debtors, unutilized portion of carried forward tax losses and gratuity. The deferred tax arising from the unused tax losses amounting to LKR 2,970 million has not been recognised as the management is not certain whether there will be sufficient taxable profit to utilized.

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

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Trade Payables	2,065,873,758	1,885,185,556	-	-
Other Payables*	1,078,720,628	474,087,918	-	-
Payable Related to On Going Project	1,341,652,807	2,138,734,645	-	-
Sundry Creditors Including Accrued Expenses	70,047,125	294,268,344	975,880	7,725,201
	4,556,294,319	**4,792,276,463**	**975,880**	**7,725,201**

Sundry Creditors including accrued expenses; Includes statutory payments, other payable, accrual expenses and other Creditors.

27. OTHER FINANCIAL LIABILITIES

	Note	No. of Shares	Group		Company	
			Carrying Value 2023	Carrying Value 2022	Carrying Value 2023	Carrying Value 2022
			LKR	LKR	LKR	LKR
Preference Shares	27.1	170,625	968,906	968,906	-	-
			968,906	**968,906**	**-**	**-**

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

28. RIGHT OF USE ASSETS

Right of use assets

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

NOTES TO THE FINANCIAL STATEMENTS
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28.1 Right to Use Assets

Group

	As At 01.04.2022 LKR	Additions LKR	Impact of modification LKR	Amortization LKR	As At 31.03.2023 LKR
Right to Use Asset - Building	516,542,897	23,502,731	-	(80,285,658)	459,759,970
Right to Use Asset - Land	8,046,938	-	(3,083,868)	-	4,963,070
	524,589,835	**23,502,731**	**(3,083,868)**	**(80,285,658)**	**464,723,040**
Right to Use Asset Motor Vehicle	4,851,813	-	-	(2,154,395)	2,697,418
	529,441,648	**23,502,731**	**(3,083,868)**	**(82,440,053)**	**467,420,457**

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

Company

	As At 01.04.2022 LKR	Impact of New Lease LKR	Amortization LKR	As At 31.03.2023 LKR
Right to Use Asset - Building	3,234,759	2,279,880	(2,005,323)	3,509,316
	3,234,759	**2,279,880**	**(2,005,323)**	**3,509,316**

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

28.3 Lease liabilities are shown under Note 22.1.

29. INVESTMENT IN EQUITY ACCOUNTED INVESTEE

Group

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

	2023 LKR	2022 LKR
Opening Balance	35,928,948	12,158,840
Investment in Ordinary Shares	-	21,180,222
Share of result of equity accounted investee	5,945,375	2,589,886
	41,874,323	**35,928,948**

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2023

Summarized Financial Information	2023 LKR Investment	2022 LKR Investment
The Associate's Statement of Financial Position		
Total Assets	67,430,403	56,787,058
Total Liabilities	(60,230,403)	(52,017,216)
Equity	**7,200,000**	**4,769,842**
Carrying amount of the investment	**2,807,985**	**1,192,436**
Share of the Associate's Revenue and Profit		
Revenue	82,263,128	52,975,277
Profit	15,244,551	10,359,627
Share of Profit for the Year	**5,945,375**	**2,589,886**

Total number of shares holding as at 31 March 2023 is 39%

29.1 Equity Reconciliation

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

30. ASSETS AND LIABILITIES

30.1 Accounting Classification and Fair Values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

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

Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

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

NOTES TO THE FINANCIAL STATEMENTS
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GROUP

31 March 2023	Notes	Carrying Amount LKR Fair value through P&L	Fair value through OCI	Amortized Cost	Financial Liabilities	Total	Fair Value LKR Level 1	Level 2	Level 3	Total
Financial Assets and Non Financial Assets measured at fair value										
Investment in Quoted Securities	17.1	246,380,418	308,974,925	-	-	555,355,343	555,355,343	-	-	555,355,343
Investment in Government Securities	17	3,119,793,870	-	-	-	3,119,793,870	3,119,793,870	-	-	3,119,793,870
Investment Property	15	-	-	-	-	-	-	-	2,815,795,600	2,815,795,600
Property Plant and Equipment	12	-	-	-	-	-	-	-	2,415,932,735	2,415,932,735
Biological Assets	14	-	-	-	-	-	-	-	79,127,950	79,127,950
		3,366,174,288	**308,974,925**	**-**	**-**	**3,675,149,213**	**3,675,149,213**	**-**	**5,310,856,286**	**8,986,005,498**
Financial Assets not measured at fair value										
Investment in Government Securities	17	-	-	400,800,405	-	400,800,405	-	-	-	-
Bank Deposits	17	-	-	439,354,167	-	439,354,167	-	-	-	-
Trade Receivables	19	-	-	7,350,093,622	-	7,350,093,622	-	-	-	-
Cash & Cash Equivalents	20	-	-	1,272,859,509	-	1,272,859,509	-	-	-	-
		-	**-**	**9,463,107,703**	**-**	**9,463,107,703**	**-**	**-**	**-**	**-**
Financial Liabilities not measured at fair value										
Finance Leases	22.1	-	-	-	537,131,435	537,131,435	-	-	-	-
Bank Loans	22.2	-	-	-	3,486,520,704	3,486,520,704	-	-	-	-
Loans granted by Related Parties	22.3	-	-	-	5,739,310	5,739,310	-	-	-	-
Short Term Loan	22.4	-	-	-	3,149,892,905	3,149,892,905	-	-	-	-
Trade and Other Payables	26	-	-	-	3,144,594,386	3,144,594,386	-	-	-	-
Bank Overdraft	20	-	-	-	604,194,175	604,194,175	-	-	-	-
		-	**-**	**-**	**10,928,072,915**	**10,928,072,915**	**-**	**-**	**-**	**-**

The carrying amount of cash and bank balances are approximate fair values due to the relatively short maturity of the financial instruments.

For other receivables the carrying value has been considered as the fair value due to uncertainty of the timing of the cash flows.

NOTES TO THE FINANCIAL STATEMENTS
As at 31 March 2023

31 March 2022	Notes	Fair value through P&L	Fair value through OCI	Amortized Cost	Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
Financial Assets and Non Financial Assets measured at fair value										
Investment in Quoted Securities	17.1	847,741,118	290,656,879	-	-	1,138,397,997	1,138,397,997	-	-	1,138,397,997
Investment Property	15	-	-	-	-	-	-	-	2,662,743,212	2,662,743,212
Property Plant and Equipment	12	-	-	-	-	-	-	-	2,188,131,069	2,188,131,069
Biological Assets	14	-	-	-	-	-	-	-	55,382,920	55,382,920
		847,741,118	**290,656,879**	**-**	**-**	**1,138,397,997**	**1,138,397,997**	**-**	**4,906,257,202**	**6,044,655,199**
Financial Assets not measured at fair value										
Investment in Government Securities	17	-	-	9,154,942	-	9,154,942	-	-	-	-
Bank Deposits	17	-	-	709,301,377	-	709,301,377	-	-	-	-
Trade Receivables	19	-	-	6,400,014,947	-	6,400,014,947	-	-	-	-
Cash & Cash Equivalents	20	-	-	2,142,460,732	-	2,142,460,732	-	-	-	-
		-	**-**	**9,260,931,998**	**-**	**9,260,931,998**	**-**	**-**	**-**	**-**
Financial Liabilities not measured at fair value										
Finance Leases	22.1	-	-	-	538,060,434	538,060,434	-	-	-	-
Bank Loans	22.2	-	-	-	2,925,535,391	2,925,535,391	-	-	-	-
Loans granted by Related Parties	22.3	-	-	-	5,739,310	5,739,310	-	-	-	-
Short Term Loan	22.4	-	-	-	1,266,739,185	1,266,739,185	-	-	-	-
Trade and Other Payables	26	-	-	-	2,359,273,474	2,359,273,474	-	-	-	-
Bank Overdraft	20	-	-	-	734,428,085	734,428,085	-	-	-	-
		-	**-**	**-**	**7,829,775,880**	**7,829,775,880**	**-**	**-**	**-**	**-**

The carrying amount of cash and bank balances are approximate fair values due to the relatively short maturity of the financial instruments.

Carrying values of financial liabilities have been considered as the fair value, due to uncertainty of the timing of the cash flow.

NOTES TO THE FINANCIAL STATEMENTS
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30.2 Accounting Classification and Fair Values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

COMPANY

31 March 2023	Notes	Carrying Amount LKR					Fair Value LKR			
		Fair value through P&L	Fair value through OCI	Amortized Cost	Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
Financial Assets measured at fair value										
Investment in Quoted Securities	17.1	52,309,402	-	-	-	52,309,402	52,309,402	-	-	52,309,402
Investment in Government Securities	17	626,920,209	-	-	-	626,920,209	626,920,209	-	-	626,920,209
Investment in subsidiaries	16	-	-	-	-	-	-	-	7,897,701,000	7,897,701,000
Investment Property	15	-	-	-	-	-	-	-	35,500,000	35,500,000
		679,229,611	**-**	**-**	**-**	**679,229,611**	**679,229,611**	**-**	**7,933,201,000**	**8,612,430,611**
Financial Assets not measured at fair value										
Trade Receivables	19	-	-	491,299,958	-	491,299,958	-	-	-	-
Cash & Cash Equivalents	20	-	-	1,655,161	-	1,655,161	-	-	-	-
		-	**-**	**492,955,120**	**-**	**492,955,120**	**-**	**-**	**-**	**-**
Financial Liabilities not measured at fair value										
Bank Loans	22.2	-	-	-	2,154,755,772	2,154,755,772	-	-	-	-
Loans granted by Related Parties	22.3	-	-	-	2,038,742,915	2,038,742,915	-	-	-	-
Bank Overdraft	20	-	-	-	178,229,037	178,229,037	-	-	-	-
		-	**-**	**-**	**4,371,727,724**	**4,371,727,724**	**-**	**-**	**-**	**-**

Investment in subsidiaries fair valuation does not include subsidiary valued at net book value basis.

The carrying amount of cash and bank balances are approximate fair values due to the relatively short maturity of the financial instruments.

For other receivables the carrying value has been considered as the fair value due to uncertainty of the timing of the cash flows.

NOTES TO THE FINANCIAL STATEMENTS
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31 March 2022	Notes	Fair value through P&L	Fair value through OCI	Amortized Cost	Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
Financial Assets measured at fair value										
Investment in Quoted Securities	17.1	283,331,005	-	-	-	283,331,005	283,331,005	-	-	283,331,005
Investment in Government Securities	17	-	-	-	-	-	-	-	-	-
Investment in subsidiaries	16				-				9,027,284,000	9,027,284,000
Investment Property	15	-	-	-	-	-	-	-	33,000,000	33,000,000
		283,331,005	**-**	**-**	**-**	**283,331,005**	**283,331,005**	**-**	**9,060,284,000**	**9,343,615,005**
Financial Assets not measured at fair value										
Trade Receivables	19	-	-	396,578,959	-	396,578,959	-	-	-	-
Cash & Cash Equivalents	20	-	-	511,333	-	511,333	-	-	-	-
		-	**-**	**397,090,292**	**-**	**397,090,292**	**-**	**-**	**-**	**-**
Financial Liabilities not measured at fair value										
Bank Loans	22.2	-	-	-	1,339,545,604	1,339,545,604	-	-	-	-
Loans granted by Related Parties	22.3	-	-	-	2,999,667,935	2,999,667,935	-	-	-	-
Bank Overdraft	20	-	-	-	242,911,355	242,911,355	-	-	-	-
		-	**-**	**-**	**4,582,124,894**	**4,582,124,894**	**-**	**-**	**-**	**-**

Investment in subsidiaries fair valuation does not include subsidiary valued at net book value basis.

The carrying amount of cash and bank balances are approximate fair values due to the relatively short maturity of the financial instruments.

For other receivables the carrying value has been considered as the fair value due to uncertainty of the timing of the cash flows.

NOTES TO THE FINANCIAL STATEMENTS
As at 31 March 2023

31. COMMITMENTS AND CONTINGENT LIABILITIES

31.1 Commitments and Contingent Liabilities - Company

The company does not have significant capital commitment and contingent liabilities as at the reporting date.

31.2 Commitments and Contingent Liabilities - Group

Bank Guarantees	2023 LKR Mn	2022 LKR Mn
31.2.1 Ambeon Holdings PLC		
Guarantees given to following facility on behalf of Royal Fernwood Porcelain Ltd;		
People's Bank PLC	-	65
DFCC Bank PLC	-	20
Guarantees given to following facility on behalf of Millennium I.T.E.S.P. (Pvt) Limited;		
Seylan Bank PLC	2,000	2,000
Guarantees given to following facility on behalf of Dankotuwa PLC		
People's Bank PLC	25	25
31.2.2 Lexinton Holdings (Pvt) Limited		
Guarantees given to Tax Appeal Commission on behalf of the company	18.90	18.90
31.2.3 Millennium I.T.E.S.P (Pvt) Limited		
Performance Bonds	725	505
Tender Bonds	52	128
Advance payment guarantees	257	111
Custom guarantee	72	66

31.2.4 Ambeon Securities (Pvt) Ltd

Bank guarantee given to Central Depository System (CDS) by Seylan Bank PLC on behalf of the company (LKR 10 Mn).

31.2.5 Taprobane Capital Plus (Pvt) Ltd

Corporate Guarantee Bond given by the company to Ambeon Securities (Pvt) Ltd amounted to LKR. 75,000,000/-.

31.2.6 There are no material issues pertaining to employees and industrial relations of the Group during the financial year.

31.2.7 The Ambeon Holdings PLC and Lexinton Holdings (Pvt) Limited has received tax assessment for the period 2017/18 and 2011/12 respectively, the management has appealed against the assessment. The Group is of the view that the above assessments will not have any material impact on the financial statements.

32. RELATED PARTY TRANSACTIONS

32.1 Identity of related parties

The Company has related party relationship with its subsidiaries, associates, affiliate companies.

32.2 Transaction with / between subsidiaries - COMPANY

Company	Relationship	Nature of transaction	Amount	Balance (due)/from as at 31/3/2023	Balance (due)/from as at 31/3/2022	Aggregate Value of RPT exceeds 10% of the Gross Revenue *	Terms & Conditions of the RPT exceeds 10% of Gross Revenue
Taprobane Investments (Pvt) Ltd	Sub subsidiary	Common expenses - allocation	(1,196,737)				
		Common expenses -reimbursement	814,045				
		Settlement - Fund Transfers	382,692	-	-		
Lexinton Holdings (Pvt) Ltd.	Sub subsidiary	Common expenses - allocation	(3,270,310)				
		Common expenses -reimbursement	394,642				
		Settlement - Fund Transfers	2,875,669	-	-	-	-
						-	-
		Interest charged	(69,291,665)	(334,889,848)	(265,598,183)		
Ambeon Securities (Pvt) Ltd	Sub subsidiary	Common expenses - allocation	(334,385)				
		Common expenses -reimbursement	483,441				
		Settlement - Fund Transfers	(149,056)	-	-	-	-
		Loan taken - short term loan	(70,000,000)				
		Loan settlement	70,172,222				
		Interest charged	(172,222)	-	-	-	-
Taprobane Wealth Plus (Pvt) Ltd	Sub subsidiary	Loan settlement	30,000				
		Interest charged	(1,212,508)	(5,859,126)	(4,676,618)	-	-
Heron Agro Products (Pvt) Ltd	Fully owned subsidiary	Current Account	-	330,020	330,020	-	-
		Loan granted	2,353,500				
		Interest income on loans and borrowings	9,400,792	46,761,958	35,007,666		

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Company	Relationship	Nature of transaction	Amount	Balance (due)/from as at 31/3/2023	Balance (due)/from as at 31/3/2022	Aggregate Value of Recurrent RPT exceeds 10% of the Gross Revenue *	Terms & Conditions of the RPT exceeds 10% of Gross Revenue
Lexinton Resorts (Pvt) Ltd	sub-subsidiary	Loan granted	3,550,000				
		Interest expenses on loans and borrowings	7,694,963	37,527,533	26,282,570	-	-
Taprobane Capital Plus (Pvt) Ltd	Sub subsidiary	Advance given	26,800,000				
		Advance settlement	(49,900,000)				
		Common expenses - allocation	16,620				
		Shared service & consultancy fees	(17,383,631)				
		shared service settlement	15,968,301	(5,568,479)	18,930,231	-	-
Ambeon Holdings PLC	Subsidiary	Common expenses -reimbursement	(315,403)				
		Common expenses - allocation	404,688				
		Settlement - Fund Transfers	(383,045)	(293,760)	-	-	-
		Loan taken - short term loan	(135,000,000)				
		Loan settlement	1,446,792,131				
		Interest charged	(352,386,272)	(1,562,186,878)	(2,521,592,737)	-	-
Millennium I.T.E.S.P.(Private) Ltd	Sub subsidiary	Interest expenses on loans and borrowings	(63,062,474)	(270,862,871)	(207,800,397)	-	-
Sherwood Capital (Pvt) Ltd	Sub-subsidiary	Sale of Treasury Bonds	411,755,000				
		Settlement	(411,755,000)	-	-	-	-

* There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2023 audited financial Statements, which required additional disclosures in the 2022/23 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

NOTES TO THE FINANCIAL STATEMENTS
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Transaction with / between Parent - GROUP	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
32.3 Ultimate Parent				
Loan Granted	-	349,519,868	-	308,000,000
Loan Settled	(7,312,840)	(10,184,028)	-	-
Interest on Loans	167,259,671	32,460,414	91,928,184	6,752,262

Terms & conditions: Long Term Loans - AWPLR+3.5% & Re payment Period- 30 Months./ Short Term Loans - AWPLR+3% & Re payment on Demand.

32.4 Other Related Parties

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Sale of Goods	6,555,017	263,352	-	-
(Receipts) / Payments for Goods / Services	(6,555,017)	(263,352)	-	-

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

Other Related Parties include; Hirdaramani International Exports (Pvt) Ltd, United Hotels Company (Pvt) Ltd, Suisse Hotel Kandy (Pvt) Ltd and Ceylon Hotel Corporation Ltd.

32.4 Transactions with Key Management Personnel

Key management personnel include members of the Board of directors of Ambeon Capital PLC and its subsidiary companies. The transactions with key management personnel are carried out on an arms length basis.

	Group		Company	
As at 31 March	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
32.4.1 Key Management Personnel Compensation				
Short-term employee benefits	267,797,595	206,601,995	5,400,000	5,400,000
Post Employment Benefit	-	3,496,800	-	-
	267,797,595	**210,098,795**	**5,400,000**	**5,400,000**

32.5 Terms and conditions of transactions with related parties

Transactions with related parties are carried out in the ordinary course of the business. Outstanding current account balances at year end are unsecured and settlement occurs in cash. Interest bearing borrowings are at pre-determined interest rates and terms.

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32.6 Disclosure in terms of Section 9.3.2 of the listing Rules of the Colombo Stock Exchange

Non Recurrent Related Party Transactions - Company

Name of the Related Party	Relationship	Nature of the Transaction	Value of the related party Transaction (During the FY) LKR Mn	Value of the related party Transaction as a % of Equity and as a % of total Asset	Terms and Conditions of the related party Transaction	The Rationale for the Transaction
Colombo City Holdings PLC	Sub Subsidiary	Sale of Susidiary	575	"Total Assets - 5.9 % Equity - 11.3%"	-	Streamline the Group Structure
Taprobane Capital Plus (Pvt) Ltd	Sub Subsidiary	Sale of Susidiary	190	"Total Assets - 1.9 % Equity - 3.7%"	-	Streamline the Group Structure

Recurrent Related Party Transactions

Aggregate value of recurrent related party transaction does not exceed 10% of the Group consolidated revenue

33. EVENTS OCCURRING AFTER REPORTING PERIOD

No circumstances have arisen since the reporting date which would require to be disclosed in the financial statements. Except for ;

Ambeon Holdings PLC

On 14th June 2023 the Company disposed its equity stake amounting to 99.80% of the issued share capital of Ceylon Leather Products Ltd for a total consideration of LKR. 650,000,000/-.

On 13th July 2023 the Company disposed 81,439,013 ordinary shares, being 50.10% of the total issued shares of Dankotuwa Porcelain PLC for a total consideration of LKR 2,290,100,133/-.

Colombo City Holdings PLC

The ordinary shares of Colombo City Holdings PLC were subdivided on 18th April 2023 by splitting each issued ordinary share into twenty (20) ordinary shares. Accordingly, the total number of existing issued Ordinary Shares were increased from 1,272,857 to 25,457,140 without any change to the Stated Capital of the Company which remains as Rs. 11,137,505/-.

NOTES TO THE FINANCIAL STATEMENTS
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34. ASSETS PLEDGED

Nature of Assets	Nature of Liability	Carrying Amount Pledged 2023 LKR Mn	2022 LKR Mn	Included under
34.1 Assets Pledged by Ambeon Capital PLC				
Investment in Shares - 290.6 Mn Ambeon Holdings PLC Shares	Pledge for Facility Granted by Seylan Bank PLC, NDB & PABC	7,877	8,436	Investments in Subsidiaries
34.2 Assets Pledged by Lexinton Resorts (Pvt) Ltd				
Land	Primary Mortgage for Loans and Borrowings NDB Bank	-	618	Investment Property
34.3 Assets Pledged by Ambeon Holdings PLC				
Quoted Equity Investments	Overdraft Facility Revolving Loan for Loans and Borrowings	4,605	4,267	Investments in Subsidiaries and Other Current Financial Assets
Property - Lexinton - lot B plan no 184/2001	Term loan	340	301	Property,Plant & Equipment
		4,945	**4,568**	
34.4 Assets Pledged by Dankotuwa Porcelain PLC				
Inventory and Trade Debtors	For Loans and Borrowings	926	926	Inventory and Trade Debtors
Factory premises in Dankotuwa	Loans and Borrowings	1,376	1,286	Property, plant and equipment (Group)
		2,302	**2,212**	
34.5 Royal Fernwood Porcelain Limited				
Land and Buildings & immovable machinery	Term Loans and Short Term Borrowings	840	724	Property, plant and equipment
34.6 Assets Pledged by Colombo City Holdings PLC				
Government Securities	Repurchase Agreements (Bonds)	98	696	Other Financial Investments

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyses the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. All the Group level risks are escalated to the parent company and the Board. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Enterprise Risk Management Committee, established in 2018, identifies risks, assesses their impact and likelihood and develops risk mitigation procedures. These are reported in a Risk Grid.
The ERMC made its first presentation of the Risk Grid to the Audit Committee in November 2018 and it has been doing once a quarter

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

The Group has exposure to the following risks from its use of financial instruments:

(i) Credit risk

(ii) Liquidity risk

(iii) Market risk

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risk is as indicated by the carrying amount of its financial assets which consist principally of bank balance, due from related parties, trade and certain other receivables.

Exposure to credit risk

The Group limits its exposure to credit risk by investing only in liquid debt securities.
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

		Group		Company	
		2023	2022	2023	2022
As at 31st March	**Note**	**LKR**	**LKR**	**LKR**	**LKR**
Fair Value Through Profit & Loss Government Securities	17	3,119,793,870	-	626,920,209	-
Fair Value through Profits or Loss - Equity	17.1.2	246,380,418	847,741,118	52,309,402	283,331,005
Investment in Government Securities - Amortized Cost	17	400,800,405	9,154,942	-	-
Fixed Deposits	17	434,057,821	709,301,377	-	-
Trade & Other Receivables	19	8,267,869,102	6,795,955,171	491,513,387	397,496,257
Cash & Cash Equivalents	20	1,272,859,509	2,142,460,732	1,655,161	511,333
		13,741,761,126	**10,504,613,341**	**1,172,398,160**	**681,338,594**

NOTES TO THE FINANCIAL STATEMENTS
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The financial assets that are past due and but not impaired and neither past due or impaired as follows:

As at 31st March 2023	Group			Company		
	Neither past due or impaired	Past due and but not impaired	Total	Neither past due or impaired	Past due and but not impaired	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Fair Value Through Profit & Loss	-	3,425,724,301	3,425,724,301	-	718,123,179	718,123,179
- Change in fair value of investments	-	(59,550,013)	(59,550,013)	-	(38,893,567)	(38,893,567)
	-	**3,366,174,288**	**3,366,174,288**	**-**	**679,229,611**	**679,229,611**
Investments in other financial assets	-	834,858,226	834,858,226	-	-	-
Trade and other receivables	-	10,083,071,372	10,083,071,372	-	506,711,117	506,711,117
- Impairment of trade receivables	-	(1,815,202,270)	(1,815,202,270)	-	(15,197,730)	(15,197,730)
	-	**8,267,869,102**	**8,267,869,102**	**-**	**491,513,387**	**491,513,387**
Cash and cash equivalents	1,272,859,509	-	1,272,859,509	1,655,161	-	1,655,161
	1,272,859,509	**12,468,901,616**	**13,741,761,126**	**1,655,161**	**1,170,742,998**	**1,172,398,160**

As at 31st March 2022	Group			Company		
	Neither past due or impaired	Past due and but not impaired	Total	Neither past due or impaired	Past due and but not impaired	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Fair Value Through Profit & Loss	-	1,260,094,099	1,260,094,099	-	419,996,632	419,996,632
- Change in fair value of investments	-	(412,352,981)	(412,352,981)	-	(136,665,628)	(136,665,628)
	-	**847,741,118**	**847,741,118**	**-**	**283,331,005**	**283,331,005**
Investments in other financial assets	-	718,456,319	718,456,319	-	-	-
Trade and other receivables	-	8,411,481,038	8,411,481,038	-	412,693,987	412,693,987
- Impairment of trade receivables	-	(1,615,525,867)	(1,615,525,867)	-	(15,197,730)	(15,197,730)
	-	**6,795,955,171**	**6,795,955,171**	**-**	**397,496,257**	**397,496,257**
Cash and cash equivalents	2,142,460,732	-	2,142,460,732	511,333	-	511,333
	2,142,460,732	**8,362,152,609**	**10,504,613,341**	**511,333**	**680,827,261**	**681,338,594**

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As at 31 March 2023

(ii) Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due. The Group manages its liquidity needs by carefully monitoring scheduled payments for financial liabilities as well as cash-outflows due in day-to-day business.

The following are the contractual maturities of non-derivative financial liabilities:

	Group						
As at 31 March 2023	**Carrying Amounts**	**Contractual cash out flows**	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**> 5 years**
Non-derivative financial liabilities	**LKR**	**LKR**	**LKR**	**LKR**	**LKR**	**LKR**	**LKR**
Loans and borrowings	7,277,184,238	7,853,074,846	1,709,637,356	711,761,657	4,033,841,358	1,397,834,475	-
Trade & Other payables	4,556,294,319	4,556,294,319	638,307,586	3,366,209,410	519,269,079	32,508,244	-
Bank Overdraft	604,194,175	604,194,175	-	604,194,175	-	-	-
	12,437,672,732	**13,013,563,340**	**2,347,944,942**	**4,682,165,242**	**4,553,110,437**	**1,430,342,719**	**-**
As at 31 March 2022							
Non-derivative financial liabilities							
Loans and borrowings	5,029,433,109	5,685,674,266	101,342,851	1,824,607,196	2,036,281,464	1,723,442,755	-
Trade & Other payables	4,792,276,464	4,792,276,464	874,289,731	3,366,209,410	519,269,079	32,508,244	-
Bank Overdraft	734,428,085	734,428,085	-	734,428,085	-	-	-
	10,556,137,658	**11,212,378,815**	**975,632,582**	**5,925,244,691**	**2,555,550,543**	**1,755,950,999**	**-**

	Company				
As at 31 March 2023	**Carrying Amounts**	**Contractual cash out flows**	**On demand**	**Less than 12 months**	**1 to 5 years**
Non-derivative financial liabilities	**LKR**	**LKR**	**LKR**	**LKR**	**LKR**
Loans and borrowings	4,360,897,404	5,863,930,930	1,709,637,356	242,913,182	3,911,380,392
Trade & Other payables	975,880	975,880	975,880	-	-
Bank Overdraft	178,229,037	178,229,037	-	178,229,037	-
	4,540,102,321	**6,043,135,847**	**1,710,613,236**	**421,142,219**	**3,911,380,392**
As at 31 March 2022					
Non-derivative financial liabilities					
Loans and borrowings	4,411,762,839	4,993,096,142	347,924,810	53,431,747	4,591,739,586
Trade & Other payables	7,725,201	7,725,201	7,725,201	-	-
Bank Overdraft	242,911,355	242,911,355	-	242,911,355	-
	4,662,399,394	**5,243,732,698**	**355,650,011**	**296,343,102**	**4,591,739,586**

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Foreign Currency Risk

Hedge summary

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

During the year the Group applied the cashflow hedge the Group is expecting to hedge the variability in the cash flows corresponding to the repayment of the term loan capital, packing credit loans and import loan capital attributable to changes in exchange rates over the period.

The following table demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the profit before tax

	Increase/(Decrease) in basis points	Effect on Profit before Tax (LKR)	
		Group	Company
2023	5%	(95,028,997)	-
	-5%	95,028,997	-
2022	40%	609,980,361	-
	-40%	(609,980,361)	-

The assumed spread of the interest rate is based on the current observable market environment.
The spot exchange rates used for value the USD denominated Assets and Liabilities as at the reporting period were Rs. 318/USD -Rs.336/USD.

Interest rate risk

Interest rate risk is the risk to earnings or capital arising from movement of interest rates. The Group has negotiated overdrafts at a fixed interest rate basis, hence not subject to the interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the profit before tax (through the impact on floating rate on long term bank borrowings)

	Increase/(Decrease) in basis points	Effect on Profit before Tax (LKR)	
		Group	Company
2023	+100	(7,752,919)	(2,833,572)
	-100	7,752,919	2,833,572
2022	+100	(8,089,670)	(4,451,184)
	-100	8,089,670	4,451,184

Capital management

The capital management strategy adopted by the Group is aimed at maintaining sufficient and adequate levels of working capital for day to day operations and long term capital for investment and growth. A suitability structured capital base is essential in order to maintain investor confidence in the Group, and ensures that it achieves sustained long term growth while maintaining the capability to withstand fluctuating economic fortunes. The capital of the Group consists of equity and debt. The components of the equity capital are the stated capital, retained earnings and reserves while the debt capital consist of short term debt sources.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2023

36. MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below;

36.1 Proportion of equity interest held by non-controlling interests:

Name	Proportion of NCI		Accumulated Balances of NCI		Profit allocated to NCI	
	2023	2022	2023	2022	2023	2022
Non-Controlling Interests material individually			LKR	LKR	LKR	LKR
Ambeon Holdings PLC	18.57%	18.57%	2,114,013,152	1,972,757,118	305,637,687	173,725,432
Dankotuwa Porcelain PLC	40.96%	36.88%	1,333,316,597	972,436,959	278,221,143	69,887,674
Colombo City Holdings PLC	36.79%	36.79%	743,734,364	712,022,212	31,577,287	11,997,647
Millennium I.T.E.S.P (Private) Limited	58.78%	50.95%	859,749,231	549,960,948	276,270,367	132,177,406
Non-controlling interest material in aggregate			(646,007,390)	(793,628,716)	(221,396,463)	(64,418,303)
Total			**4,404,805,955**	**3,413,548,521**	**670,310,021**	**323,369,856**

Dividend Paid to NCI Shareholders	2023	2022
Colombo City Holdings PLC	-	-
EonTec (Pvt) Ltd	28,542,529	25,089,804
Millennium I.T.E.S.P (Private) Limited	-	82,136,250
Others	-	-
	28,542,529	**107,226,054**

* Rs. 202,878,080 transferred to NCI due to disposal of 5% stake in Dankotuwa Porcelain Group during the year (Refer note 16.4.1).

** Rs. 87,684,535/- has transfered to NCI due to issue of new shares by Millennium I.T.E.S.P (Private) Limited during the year (Refer note 16.4.2).

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

NOTES TO THE FINANCIAL STATEMENTS
As at 31 March 2023

36.2 Summarized statement of Profit or Loss for the period ending 31 March

	Ambeon Holdings PLC		Dankotuwa Porcelain PLC		Colombo City Holdings PLC		Millennium I.T.E.S.P (Pvt) Ltd		Taprobane Capital Plus (Pvt) Ltd	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR	2023 LKR	2022 LKR	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Revenue	20,697,862,597	14,155,889,834	5,913,132,541	3,762,106,290	88,206,302	38,466,551	13,847,466,719	9,254,607,641	303,318,901	475,063,373
Operating Income/(Costs)	(17,852,926,012)	(11,077,609,773)	(4,745,135,168)	(3,458,473,303)	(49,498,366)	(67,927,178)	(12,758,659,907)	(8,856,484,811)	(149,710,221)	(183,026,414)
Finance Costs	(1,113,945,114)	(2,016,676,577)	(342,174,667)	(112,931,774)	(16,119,649)	(2,632,084)	(614,475,977)	(138,188,269)	(2,850,645)	(5,584,345)
Finance Income	479,945,279	207,181,753	43,427,055	19,990,615	209,933,862	89,527,418	112,247,756	73,125,601	-	-
Share of result of equity account investee	5,945,375	2,589,886	-	-	-	-	5,945,375	2,589,907	-	-
Tax Expense	(571,014,130)	(335,858,523)	(189,917,772)	(21,210,159)	(146,681,393)	(24,819,900)	(122,517,608)	(76,206,473)	(65,379,340)	(75,161,265)
Profit or Loss from Continuing Operations	**1,645,867,994**	**935,516,599**	**679,331,990**	**189,481,670**	**85,840,756**	**32,614,806**	**470,006,358**	**259,443,595**	**85,378,695**	**211,291,348**
Gain/(Loss) after Tax from Discontinued Operations for the year	-	1,583,608,276	-	-	-	-	-	-	-	-
Other Comprehensive Income	(128,903,934)	351,081,508	(60,277,402)	184,160,790	128,313	191,840	(93,175,453)	75,721,231	7,215	188,929
Total Comprehensive Income	**1,516,964,060**	**2,870,206,383**	**619,054,588**	**373,642,459**	**85,969,069**	**32,806,646**	**376,830,905**	**335,164,826**	**85,385,911**	**211,480,277**

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2023

36.3 Summarized Statement of Financial Position for the period 31 March

	Ambeon Holdings PLC		Dankotuwa Porcelain PLC		Colombo City Holdings PLC		Millennium I.T.E.S.P (Pvt) Ltd		Taprobane Capital Plus (Pvt) Ltd	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR	2023 LKR	2022 LKR	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Current Assets	17,998,514,455	15,737,556,161	2,924,749,989	2,137,246,733	1,312,812,478	1,620,755,956	9,332,529,174	8,595,016,530	2,361,589,097	770,857,349
Non-current Assets	8,407,736,230	7,154,849,447	3,209,074,052	2,887,049,930	1,011,134,363	392,473,647	942,797,523	839,356,451	650,418,734	232,314,092
Total Assets	**26,406,250,685**	**22,892,405,607**	**6,133,824,040**	**5,024,296,662**	**2,323,946,842**	**2,013,229,603**	**10,275,326,697**	**9,434,372,981**	**3,012,007,831**	**1,003,171,441**
Current Liabilities	12,296,351,604	10,218,982,016	1,671,329,786	1,772,883,094	184,401,668	51,807,836	8,038,346,784	7,690,033,361	2,166,276,853	345,556,582
Non-current Liabilities	2,725,875,647	2,050,068,084	1,206,937,878	614,911,777	117,752,731	25,836,702	774,327,189	664,852,209	44,090,724	23,893,069
Total Liabilities	**15,022,227,251**	**12,269,050,099**	**2,878,267,665**	**2,387,794,871**	**302,154,398**	**77,644,538**	**8,812,673,973**	**8,354,885,570**	**2,210,367,577**	**369,449,651**

36.4 Summarized Cash Flow Information for the year ending 31 March

	Ambeon Holdings PLC 2023	Ambeon Holdings PLC 2022	Dankotuwa Porcelain PLC 2023	Dankotuwa Porcelain PLC 2022	Colombo City Holdings PLC 2023	Colombo City Holdings PLC 2022	Millennium I.T.E.S.P (Pvt) Ltd 2023	Millennium I.T.E.S.P (Pvt) Ltd 2022	Taprobane Capital Plus (Pvt) Ltd 2023	Taprobane Capital Plus (Pvt) Ltd 2022
Operating	(12,002,929)	(1,056,729,811)	291,101,884	206,998,856	(42,468,748)	24,070,161	(101,562,478)	252,192,819	(162,007,334)	(121,530,566)
Investing	819,444,800	3,290,192,780	(93,545,294)	(49,766,609)	(63,672,967)	127,881,616	(494,165,744)	(61,638,912)	30,530,090	853,567,714
Financing	(1,587,634,147)	(318,130,838)	(65,839,241)	(178,894,419)	80,770,705	(134,317,391)	(53,971,226)	1,021,604,426	10,797,176	(778,754,781)
Net increase/(decrease) in cash and cash equivalents	**(780,192,276)**	**1,915,332,131**	**131,717,350**	**(21,662,172)**	**(25,371,010)**	**17,634,386**	**(649,699,449)**	**1,212,158,333**	**(120,680,068)**	**(46,717,633)**

Investor Information

STOCK EXCHANGE LISTING

The issued Ordinary Shares of Ambeon Capital PLC are listed with the Colombo Stock Exchange

SHARE INFORMATION

Share Structure as at 31 March 2023

	No. of Holders	Total Holding	% Holding
Range of Shareholdings			
1 to 1,000 Shares	1125	360,464	0.04
1,001 to 10,000 Shares	920	4,225,921	0.42
10,001 to 100,000 Shares	531	16,969,995	1.69
100,001 to 1,000,000 Shares	89	22,282,586	2.22
1,000,001 to 10,000,000 Shares	4	8,842,387	0.88
Over 10,000,001 Shares	4	950,043,462	94.75
	2673	**1,002,724,815**	**100.00**
Categories of Shareholders			
Local Individuals	2480	36,398,998	3.63
Local Institutions	177	965,541,943	96.29
Foreign Individuals	15	675,635	0.07
Foreign Institutions	1	108,239	0.01
	2673	**1,002,724,815**	**100.00**

The Twenty Largest Shareholders of the Company as at 31 March 2023 Were;

		No. of Shares	%
1	CHC INVESTMENT (PVT) LTD	543,327,024	54.19
2	SEYLAN BANK PLC/ARRC CAPITAL(PVT) LIMITED (COLLATERAL)	180,000,000	17.95
	SEYLAN BANK PLC/ARRC CAPITAL (PVT) LTD	175,526,332	17.50
	ARRC CAPITAL (PRIVATE) LIMITED	51,190,106	5.11
	Total	**406,716,438**	**40.56**
3	MR. HENNASY GEETH BALASURIYA	2,708,512	0.27
4	HATTON NATIONAL BANK PLC- ASTRUE ALPHA FUND	2,518,789	0.25
5	HATTON NATIONAL BANK PLC/RUWAN PRASSANA SUGATHADASA	2,440,096	0.24
6	MRS. HERATH MUDIYANSELAGE ANOMA RAMANI KUMARI KALUHENDIWELA	1,174,990	0.12
7	MISS. S N C WANNINAYAKA MUDIYANSELAGE THISARA RANSILUNI KANDEGEDARA	1,000,000	0.10
8	DFCC BANK PLC/H.G. BALASURIYA	986,267	0.10
9	SEYLAN BANK PLC/ANUJA CHAMILA JAYASINGHE	848,070	0.08
10	SAMPATH BANK PLC/ MR. RAWEENDRA SAMARAWEERA	689,895	0.07
11	MR. VIJAYA SRILAL PERERA LIYANAGE	595,024	0.06
12	MR. DARSHANA SHASTHRI NAKANDALA	500,000	0.05
13	MR. RAWEENDRA SAMARAWEERA	500,000	0.05
14	MRS. MALINI ARUDPRAGASAM	498,704	0.05
15	MR. PRIYANTHA DHARMASIRI SALPITIKORALA	495,000	0.05
16	MR. CHAMINDA DILRUKSHAN SENARATH RATHNAYAKE	468,000	0.05
17	HATTON NATIONAL BANK PLC/ALMAS HOLDINGS (PRIVATE) LIMITED	466,378	0.05
18	MR. KUSHANTHA KAPILA WEERASINGHE	444,282	0.04
19	NATION LANKA CAPITAL LTD/WEERASEKARAGE ANUSH THILINA	400,500	0.04
20	DFCC BANK PLC/B.S.D.S. PERERA	400,030	0.04
	Sub Total	**967,177,999**	**96.45**
	Others	**35,546,816**	**3.55**
	Grand Total	**1,002,724,815**	**100.00**

PUBLIC HOLDINGS

Percentage of Shares held by the Public	5.25%
No of public share holders as at 31st March 2023	2,666

The Company is listed on the Diri Savi Board of the Colombo Stock Exchange and its float adjusted market capitalization as at 31 March 2023 is LKR 468,861,184.80 whereas it is less than LKR 1 Billion as such should maintain 10% minimum public holding.

The Company is not in compliance with the minimum public shareholding as required by the CSE Listing Rules.

MARKET VALUE

The Market Value of Ambeon Capital PLC Ordinary Shares:	**2023**	**2022**
Highest during the year	16.60	28.70
Lowest during the year	3.90	4.90
As at end of the year	8.90	6.80

FIVE YEAR SUMMARY

FIVE YEAR SUMMARY OF PROFIT OR LOSS

For the year ended 31st March,	2023 Rs.000	2022 Rs.000	2021 Rs.000	2020 Rs.000	2019 Rs.000
Revenue	20,658,634	14,013,564	9,856,162	19,957,341	17,229,838
Cost of Sales	(14,931,685)	(10,259,679)	(6,576,622)	(15,566,563)	(13,242,976)
Investment and Other Income	500,289	443,816	93,467	165,286	334,281
Finance Cost	(1,788,702)	(459,924)	(748,778)	(1,120,238)	(926,591)
Profit /(Loss) Before Income Tax from Continuing Operations	1,431,829	884,473	(1,851,811)	693,229	1,305,996
Income Tax Expense	(590,779)	(342,082)	(187,420)	(147,666)	(401,530)
Profit/(Loss) for the Year from Continuing Operations	841,050	542,391	(2,039,231)	545,563	904,466
Profit/(Loss) after tax from discontinued operations for the year	-	1,404,087	(244,298)	(301,832)	(391,230)
Profit/(Loss) for the year	841,050	1,946,479	(2,283,529)	243,731	513,236

FIVE YEAR SUMMARY OF FINANCIAL POSITION

As at 31st March,	2023 Rs.000	2022 Rs.000	2021 Rs.000	2020 Rs.000	2019 Rs.000
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	2,948,294	2,534,549	4,667,582	4,773,223	5,115,421
Intangible Assets	1,214,142	1,225,902	1,458,780	1,620,745	1,252,383
Biological Assets	79,128	55,383	55,582	51,167	50,382
Investment Property	2,815,796	2,662,743	2,589,543	4,405,315	3,612,852
Investment in Equity Accounted Investee	41,874	35,929	12,159	11,930	-
Other Financial Assets	646,486	261,041	303,222	310,557	26,024
Right of Use Assets	467,420	529,442	155,966	156,964	-
Deferred Tax Asset	272,218	132,225	122,749	81,878	160,761
	8,485,358	**7,437,213**	**9,365,582**	**11,411,779**	**10,217,822**
Current Assets					
Inventories	3,222,233	2,904,385	3,997,482	4,094,934	4,240,916
Other Financial Assets	4,114,503	1,847,699	1,627,157	1,998,573	1,916,754
Trade & Other Receivables	8,267,869	6,795,955	5,146,778	6,392,014	6,005,044
Income Tax Recoverable	30,214	35,698	88,673	45,966	37,934
Cash & Cash Equivalents	1,272,860	2,142,461	833,891	782,950	611,909
Investment Property classified as Held for Sale	-	-	575,000	-	-
	16,907,679	**13,726,198**	**12,268,981**	**13,314,437**	**12,812,556**
Total Assets	**25,393,037**	**21,163,411**	**21,634,563**	**24,726,216**	**23,030,379**
EQUITY AND LIABILITIES					
Stated Capital	1,053,643	1,053,643	1,053,643	1,053,643	1,053,643
Other Components of Equity	998,506	982,119	930,684	651,360	718,650
Retained Earnings	1,582,596	1,779,038	3,110	1,975,475	1,730,354
Equity Attributable to Equity Holders of the Company	3,634,746	3,814,801	1,987,438	3,680,478	3,502,647
Non Controlling Interests	4,404,806	3,413,549	2,823,078	3,176,698	3,098,213
Total Equity	**8,039,552**	**7,228,349**	**4,810,516**	**6,857,176**	**6,600,860**

FIVE YEAR SUMMARY OF FINANCIAL POSITION

As at 31st March,	2023 Rs.000	2022 Rs.000	2021 Rs.000	2020 Rs.000	2019 Rs.000
Non-Current Liabilities					
Other Financial Liabilities	969	969	969	21,911	21,887
Interest Bearing Loans & Borrowings	1,284,090	1,483,019	3,074,630	3,751,270	2,756,476
Retirement Benefit Obligation	493,235	383,230	571,749	442,667	400,792
Deferred Tax Liability	1,241,292	650,176	595,548	786,305	810,764
	3,019,585	**2,517,394**	**4,242,896**	**5,002,152**	**3,989,919**
Current Liabilities					
Trade and Other Payables	4,556,294	4,792,276	5,991,817	3,932,411	4,922,462
Income Tax Payable	476,350	265,546	284,482	212,399	193,412
Contract Liability	2,703,967	2,079,003	1,132,289	924,173	706,864
Interest Bearing Loans & Borrowings	6,597,288	4,280,842	5,169,307	7,797,905	6,616,861
Liabilities Directly Associated with Investment Property Classified as Held For Sale	-	-	3,256	-	-
	14,333,899	**11,417,668**	**12,581,151**	**12,866,888**	**12,439,599**
Total Equity and Liabilities	**25,393,037**	**21,163,411**	**21,634,563**	**24,726,216**	**23,030,379**

DETAILS OF GROUP PROPERTIES

Company	Property	Location	Extent	No of Buildings	Cost/Valuation LKR
Lexinton Holdings (Pvt) ltd	Freehold Land	Colombo 08	17.15 Perches	1	145,775,000
	Freehold Building	Colombo 08	17,150 sq.ft		194,225,000
Ceylon Leather Products Ltd	Freehold Land	Mattakkuliya	721.62 p	-	34,400,000
	Freehold Building	Mattakkuliya	81,428 sq.ft	16	1,262,600,000
Dankotuwa Porcelain PLC	Freehold Land	Dankotuwa	3,153.40 p	-	867,185,000
	Freehold Building	Dankotuwa	260,015 sq.ft	36	509,153,000
	Freehold Land	Dankotuwa	3,899.35 p	-	629,700,000
Royal Fernwood Porcelain Ltd	Freehold Land	Kosgama	2,161.05 p	-	268,716,550
	Freehold Building	Kosgama	141,168 sq.ft	25	430,799,002
	Freehold Land	Kosgama	1,753.07 p	-	140,245,600
Ambeon Securities (Pvt) Ltd	Freehold Land	Kosgama	1,162.37 p	-	88,350,000
Lexinton Resorts (Pvt) Ltd	Freehold Land	Kosgoda	1,373 P	-	625,000,000
Ambeon Capital PLC	Freehold Land	Sigiriya	1,277 P	-	35,500,000

NOTICE OF MEETING

The Notice is hereby given that the Twelth Annual General Meeting of the Company will be held by way of electronic means on 20th September 2023 at 2.00 p.m. centered at the Registered Office located at No. 10, Gothami Road, Colombo 8.

AGENDA

1. To receive and consider the Annual Report of the Board of Directors and the Financial Statements of the Company for the year ended 31st March 2023 and the Report of the Auditors thereon.

2. To re-elect as a Director, Mr. R.P. Pathirana who retires by rotation in terms of Article 87 of the Articles of Association of the Company and being eligible, offers himself for re-election as a Director.

3. Mr. Priyantha Damian Joseph Fernando who is over 70 years of age does not offer himself for re-appointment, and has notified his intention of stepping down from the board in terms of section 210 of the Companies Act no 7 of 2007.

4. To re- appoint the retiring Auditors Messrs. Ernst & Young, Chartered Accountants as the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Directors to determine their remuneration

5. To consider any other business of which due notice has been given.

By Order of the Board
AMBEON CAPITAL PLC

(Sgd.)
MANAGERS & SECRETARIES (PRIVATE) LIMITED
Director/Secretaries
28th August 2023
Colombo.

NOTES:

1. 1. Below mentioned documents can be now downloaded via the corporate website https://ambeoncapital.com/resources/ or the Colombo Stock Exchange website on https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=TAP.N0000
   a) Annual Report
   b) Notice of Meeting
   c) Circular to Shareholders
   d) Form of Proxy
   e) Guidelines and Registration Process to join the AGM virtually
   f) Registration Form for the AGM
   g) Request Form for the printed copy of the Annual Report
2. A shareholder entitled to participate and vote at the above virtual meeting is entitled to appoint a proxy to participate and vote in his/her place by completing the Form of Proxy which can be downloaded as above.
3. Shareholders who are unable to participate in the above virtual meeting are also encouraged to submit a duly completed Form of Proxy appointing the Chairman or any other Member of the Board to participate and vote on their behalf.
4. A proxy need not be a shareholder of the Company.
5. For more information on how to participate by virtual means in the above virtual meeting, please refer Registration Process which can be downloaded as above.

FORM OF PROXY

*I/We………………………………………………………………………………………………...............………………of…………………………...............

....……… being a shareholder/s

of Ambeon Capital PLC do hereby appoint ………………………………………………………………………………………..…………….. of

………………………………………………………………………………………or failing him

Mr. S.E. Gardiner.................................. or failing him,

Mr. A.L. Devasurendra.......................... or failing him,

Mr. R.P. Pathirana................................. or failing him,

Mr. Y. Kanagasabai .... or failing him

Mr. S.H. Amarasekara .... or failing him,

Mr P. D. J. Fernando

As *my/our Proxy to attend me/us and to vote on my/ our behalf at the Twelth Annual General Meeting of Ambeon Capital PLC to be held by way of electronic means on 20th September 2023 at 2.00p.m. centered at the Boardroom, No. 10, Gothami Road, Colombo 8 and visual technology and at any adjournment thereof and at every poll which may be taken in consequence of the above said meeting.

I/We the undersigned hereby authorize my/our Proxy to vote on my/our behalf in accordance with the preference indicated below:

	For	Against
Ressolution 1. To receive and consider the Annual Report of the Board of Directors and the Financial Statements of the Company for the year ended 31st March 2023 and the Report of the Auditors thereon.	☐	☐
Ressolution 2. To re-elect as a Director, Mr. R.P. Pathirana who retires by rotation in terms of Article 87 of the Articles of Association of the Company and being eligible, offers himself for re-election as a Director.	☐	☐
Ressolution 4. To re- appoint the retiring Auditors Messrs. Ernst & Young, Chartered Accountants as the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Directors to determine their remuneration.	☐	☐

Signed this …….................. day of.......................... Two Thousand and Twenty- Three

....

Signature of Shareholder/s

Note:

1. * Please delete the inappropriate words.
2. Instructions as to completion are noted on the reverse hereof.

INSTRUCTIONS AS TO COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.

2. The Proxy shall –

a . In the case of an individual be signed by the shareholder or by his/her attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.

b. In the case of a company or corporate/statutory body either be under its common seal or signed by its Attorneys or by an Officer on behalf of the company or corporate/statutory body in accordance with its Articles of Association or the Constitution or the Statutes (as applicable).

3. Please indicate with a "X" how the Proxy should vote on each resolution. If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.

4. To be valid, the completed Form of Proxy should be deposited with the Registered Office of the Company at No. 10, Gothami Road, Colombo 8, Sri Lanka or must be emailed to acagm2023@ambeongroup.com or by facsimile to +94 11 2680225 by 48 hours before the AGM.

Corporate Information

The Company

Ambeon Capital PLC

Legal Form

The company was incorporated in Sri Lanka on 20th September 2006 as a public limited liability company and re-registered under the Company's Act No. 07 of 2007 on 3rd August 2009. On 17th May 2012 the company was successfully listed on the Diri Savi Board of Colombo Stock Exchange.

Company Registration No

PB 1090 PQ

Registered & Business Office

No. 10, Gothami Road, Colombo 08.
Tel : +94115328100
Fax : +94115328109
E-mail : info@ambeongroup.com
Website : www.ambeoncapital.com

Board of Directors

Mr. Sanjeev Gardiner – Chairman

Mr. Ajith Devasurendra – Deputy Chairman

Mr. Priyantha Fernando – Director

Mr. Harsha Amarasekara – Director

Mr. Ranil Pathirana – Director

Mr. Yudy Kanagasabai- Director

Mr. Revantha Devasurendra – Alternate Director

Company Secretary

Managers & Secretaries (Pvt) Ltd. No. 08, Tickell Road, Colombo 08.
Tel : +94112015900 Fax : +94112015960 E-mail : ms@msl.lk

Auditors to the Company

Messer's Ernst & Young

Chartered Accountants

No. 201, De Saram Place, Colombo 10.

Bankers to the Company

National Development Bank PLC

No. 40, Nawam Mawatha, Colombo 02.

Seylan Bank PLC

No. 90, Galle Road, Colombo 03.

Pan Asia Banking Corporation PLC

No. 450, Galle Road, Colombo 03.