

BIGGER BETTER BOLDER

Abans



BIGGER BETTER BOLDER

The financial year 2020/21 has been a turning point for Abans PLC. In a year filled with unprecedented challenges, we navigated our way through successfully to emerge resilient and strong. The year served to be a launchpad for us to strive ahead to achieve Bigger aspirations as we expanded the dimensions of our business setting the strong foundation for an ambitious path ahead. We stepped forward as a Better corporate through our community centered initiatives. Connecting with our communities, we reached out to the environment and the communities that we serve with sustainability initiatives. Abans PLC envisioned bigger and better strategic initiatives to generate greater connectivity with our stakeholders creating impactful change. With Bolder aspirations we are geared to soar to greater heights of success with the renewed impetus and promise of exceptional experiences and unmatched services to our valued stakeholders.

Contents



16

Message From The
Chairperson



20

Managing Director's
Review of Performance

Overview

About the Report	4
Journeying to Greater Heights	6
Group Structure	7
Abans at a Glance	8
Year at a Glance	10
Abans Milestones	12

The Year In Review

Financial Highlights	14
Non Financial Highlights	15
Message from the Chairperson	16
Managing Director's Review of Performance	20

Our Leadership

Board of Directors	23
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Business Model

Value Creation Model	26
Material Matters	28
Stakeholder Engagement	35
External Environment	39
Our Strategic Direction towards Sustainable Growth	43

Management Discussion & Analysis

Financial Capital	46
Manufactured Capital	50
Human Capital	56
Intellectual Capital	66
Social and Relationship Capital	74
Natural Capital	86

Stewardship

Corporate Governance	96
Risk Management	109
Annual Report of the Board of Directors	123
Statement of Directors' Responsibility	126
Audit Committee Report	127
Board Remuneration Committee Report	129

Financials

Independent Auditors' Report	131
Statement of Profit or Loss	136
Statement of Comprehensive Income	137
Statement of Financial Position	138
Statement of Changes in Equity	140
Statement of Cash Flows	142
Notes to the Financial Statements	144

Other Information

Investor Information	234
Five Years Summary	236
Real Estate Portfolio	238
Gri Index	239
Independent Assurance Report on Sustainability Reporting	242
Glossary	244
Notice of Meeting	246
Form of Proxy	247
Corporate Information Inner Back Cover	

Vision

To keep empowering people with a better way to life.

Mission

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

Values

Visionary

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

Relentless

Unwavering determination for progression.

Empowering

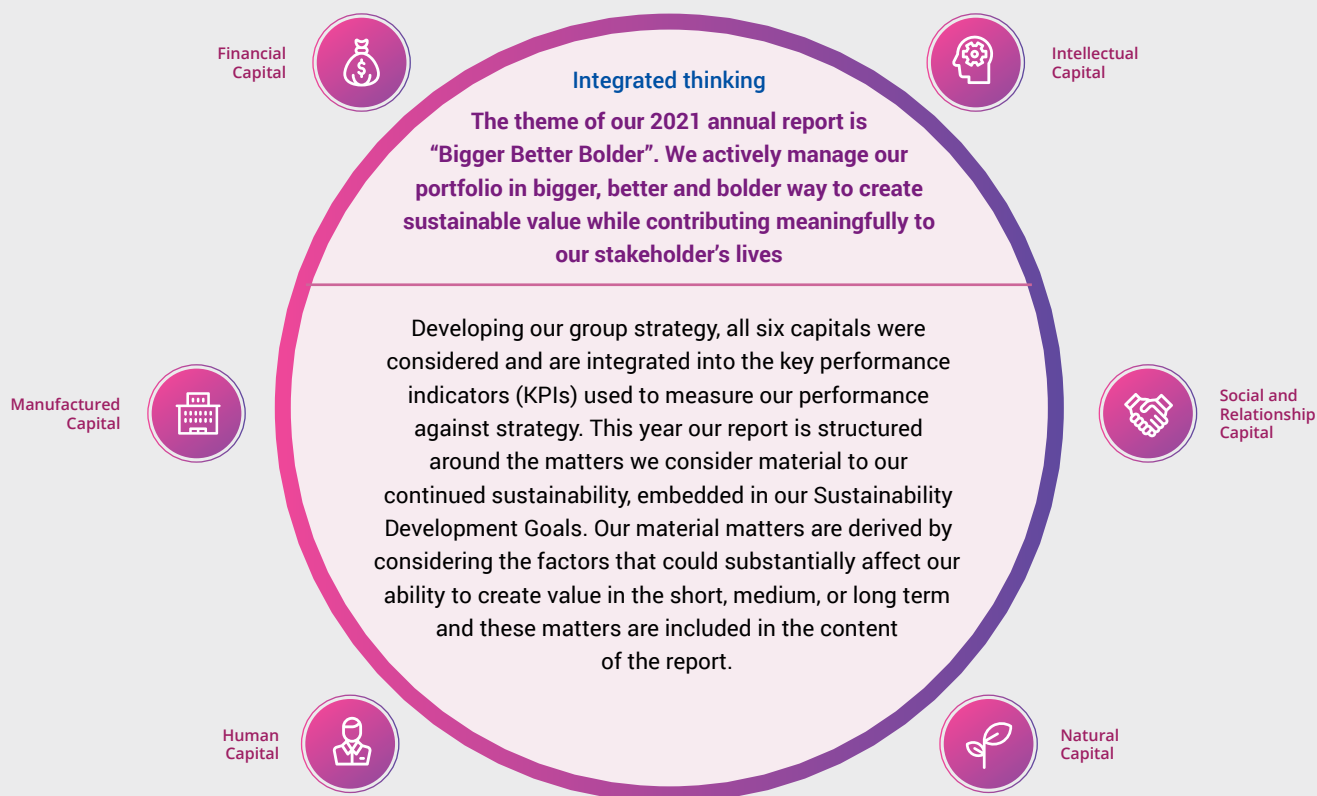
As an employer, as a business partner, as socially responsible group we empower people to enhance their lives.

About the Report

Welcome to our 2nd Integrated Annual Report

Our Audience

The primary purpose of our annual report is to explain to our long-term providers of financial capital how Abans created value for the year ended 31 March 2021. Our report also reflects on the wider impact of our value-creation activities on all our key stakeholder's lives. The Annual Report of the Company covers the period of twelve months from 1st April 2020 to 31st March 2021 which represents the annual reporting cycle.



Reporting Framework

- Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka. (CA Sri Lanka)
- Companies Act No. 7 of 2007
- Code of Best practice on corporate governance issued by the Institute of Chartered Accountants of Sri Lanka
- Global Reporting Initiative (GRI) sustainability standards 'in accordance' – 'core' (The external assurance is given by Independent Auditors Messrs. Ernst & Young, Chartered Accountants)
- Listing requirements of the Colombo Stock Exchange

Send us Feedback

Help us understand what matters to you by sending your comments and feedback on our report to

Abans PLC

No. 498, Galle Road, Colombo 03.

Contact No +94 11 577 5000

WWW.Abansgroup.com

Report Scope and Boundary

This Report considers the financial performance of the subsidiaries which is disclosed in Note no 04 to the financial statements which are collectively referred to as the 'Group' in the Annual Report. The key financial aspects are discussed in the context of the Company as well as the Group. The non financial aspects are discussed from the perspective of the Company only. During the year new GRI No 207 was added to the Non Financial aspects of the company. There have been no restatements and changes in the scope of reporting, accounting policies and boundaries from the previous year. Our first Report based on GRI Guidelines was published in 2019, This report is prepared in accordance with the GRI Standards – Core option adopted by the International Integrated Reporting Council (IIRC) and the Global Reporting Initiative (GRI).

Events after the reporting period

1. Company has formed a "Related Party Transaction Committee" which comprises of 4 members and is chaired by Mr. R Selvaskandan.
2. The Company is "Great place to work" certified for the year 2021 May to 2020 April.

Assurance

The board, with the support of the audit committee, is ultimately responsible for Abans system of internal control, designed to identify, evaluate, manage, and provide reasonable assurance against material misstatement and loss. We seek external assurance providers while fostering a strong ethical climate and mechanisms to ensure compliance. All financial and Nonfinancial information are assured by Independent Auditors Messrs. Ernst & Young, Chartered Accountants.

Significant Changes during the reporting period.

1. Introducing "Employee Code of Conducts" which is the effective and comprehensive guideline for all employees to implement in their day-to-day bearing, as they enter the Abans workplace and use their time responsibly to the fullest, while following the given instructions.
2. Abans PLC had its National Long-Term Rating upgraded to AA(lka), following the recalibration of the Sri Lankan National Rating Scale by Fitch Ratings. This factor is a testament to the company's ability to withstand turbulent market conditions during this difficult time of the pandemic that has seen many businesses crumbling.
3. Appointment of Mrs Chandrika Perera as an executive director of the Company with effect from 25th June 2020.
4. Change in Group Structure - During the year Company has amalgamated with its fully owned Subsidiary of Abans Retail (Pvt) Ltd. Also, company has divested its share of Abans Lanka (Pvt) Ltd to Abans Retail Holdings (Pvt) Ltd.
5. During the year Company was able to open 13 new showrooms. Also brands such as "Real me" has plugged to Abans Portfolio during the year. More products which was added during the year more elaborated in the pages 68 & 69 in Intellectual Capital.

Statement by the Board of Directors

The Board of Directors of Abans PLC takes pleasure in presenting the Integrated Annual Report and the Audited Financial Statements of the Company and its subsidiaries for the financial year ended 31st March 2021.

The Board of Directors acknowledges its responsibilities to ensure the integrity of the integrated report. The board believes the report addresses all material issues and fairly presents the integrated performance of the group

Signed on 31st May 2021 by


Aban Pestonjee
Chairperson


Behman Pestonjee
Managing Director

Forward Looking Information

We seek to report transparently on challenges and uncertainties we are likely to encounter in pursuing our strategy. As a result, this report may contain forward looking statements with respect to our prospects.

ABANS

Journeying to Greater Heights

A closed economy sans any imported goods in the late 1960s sparked the entrepreneurial journey of Mrs. Aban Pestonjee. Fueled by empathy and foresight, this young housewife and mother of three understood the challenges faced by Sri Lankan home makers. Kindled by a strong passion to make a difference in the lives of Sri Lankans, she moved ahead to purchase appliances used by expatriates at embassy auctions and reselling them at a reasonable price with a guarantee from her quaint little corner shop down Galle Road, Bambalapitiya. Keeping aside 20 appliances for spare parts, she expanded her aftersales services by opening a repair shop in her garage. Thus, sparked the nimble beginnings of the great Abans legacy. Today, five decades and more, we are cruising ahead with many milestones as we look back on the illustrious journey of our founder with pride.

As Sri Lanka's economy was liberalized and enabled the free flow of imports to the country, Abans forayed into world-renowned brands. Representatives of international brands were impressed by the manner in which customers were serviced with aftersales services. Thus, Abans was successful in securing its first international brand – Electrolux. This paved the way for many world-class

brands such as Hoover and Russell Hobs to join hands with Abans. Abans was also a pioneer in introducing Korean brands of household appliances to Sri Lanka by taking the lead in introducing Lucky Gold Star, now known as LG Electronics. Today, LG is one of the country's most popular home appliance and electronics brands. The business gained momentum with the economy of the country moving forward with increasing purchasing capacity of Sri Lankans. Abans was now recognized as a one-stop-shop for household appliances.

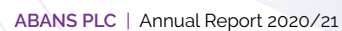
The 80s and 90s were a defining period for the Company. A civil war and economic uncertainty pervaded this period. However, Abans navigated itself with prowess with the strength of her children supporting the business. The first bold move was to set up a global franchise with McDonald's restaurants. The second generation joining the business was a greater impetus and source of strength to diversify into other business segments. Thus, the corner shop expanded its business into six business verticals of retail, services, finance, logistics, manufacturing, real estate and hospitality, growing into a large conglomerate leading to the birth of the Abans Group of Companies.

The retail footprint of Abans expanded to 400 showrooms across the country.

The end of the civil war enthused optimism and Abans Group was propelled by the dream to have an integrated entertainment space for Sri Lankan families to spend quality time together. This prompted the Company to launch the ambitious 'Colombo City Centre', Sri Lanka's first international mall which was inaugurated on September 19, 2018. Today, the waterfront 'Colombo City Centre' is an iconic landmark in Colombo.

Looking back on this illustrious journey, the founder Mrs. Aban Pestonjee has taken the lead, guided by strong values to transform Abans Group towards to 'Bigger, Better and Bolder' aspirations. The Group has been a transformative force in Sri Lankans' lives, and has undoubtedly enriched the lifestyles of all Sri Lankans. The brand name Abans has won the hearts and minds of all Sri Lankans. Flourishing with a simple dream to augment the quality of life has now been amplified across a larger dimension to reach the core of the hearts and mind of Sri Lankans with world-class convenience.

Abans Group



Abans at a Glance

Abans PLC, the flagship company and vital retail arm of the Abans Group of Companies was officially incorporated in 1981. Abans PLC offers a broad range that instils convenience in the lives of busy Sri Lankans. Over the decades, the Abans brand has become synonymous with reliability and high quality the hallmarks of one of the most beloved brands in Sri Lanka.

Overview

50+

years of
excellence

389

outlets across
Sri Lanka

3Mn +

Customers with an average
YoY acquisition rate of 11%



Portfolio

200+

Brands

1,800+

Electronic Items and
Home Appliances

Abans System

Local
Manufacturing
Plant

1,945

employees across
the Company

200+

Suppliers

750+

Dealerships
across the country

3

Apple iStores, Hugo Boss
and Under Armour outlets
in the country

Performance

Rs. 38 Bn

Company Revenue

Rs. 10 Bn

Company Gross Profit



Our Sustainability Business Priorities



Value Creation outside of Western Province

Central Province

40+ Outlets

150+ Job opportunities

Northern Province

25+ Outlets

60+ Job Opportunities

Southern Province

45+ Outlets

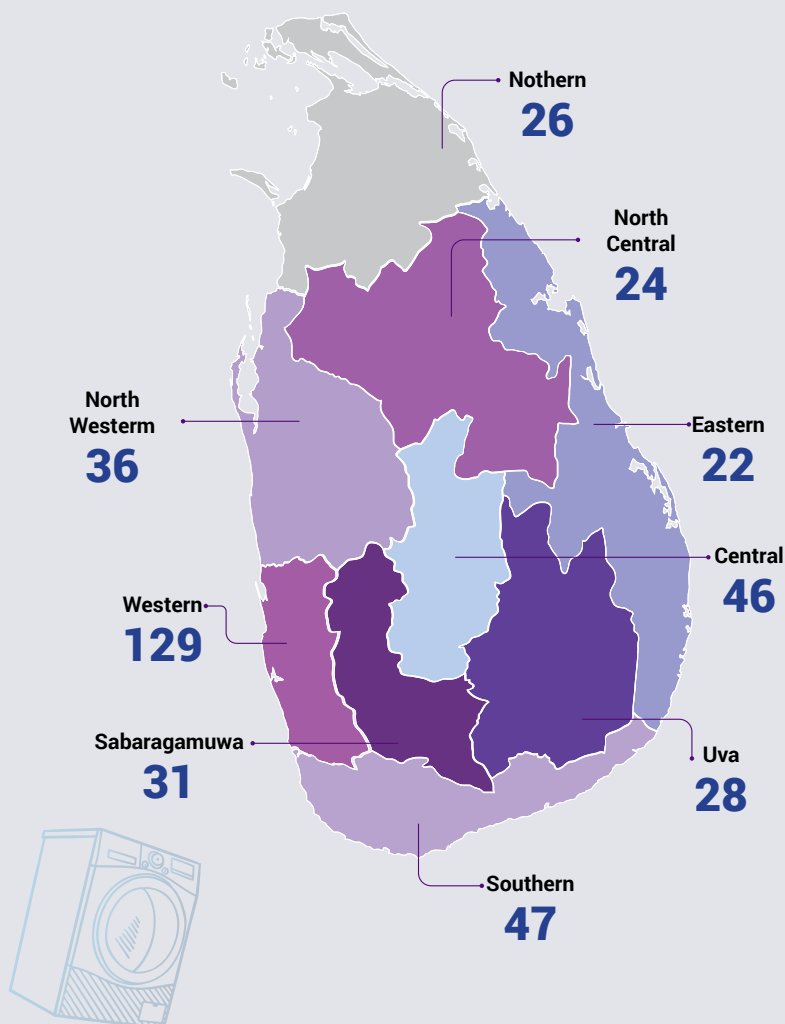
170+ Job Opportunities

Eastern Province

20+ Outlets

65+ Job Opportunities

Showroom Distribution of Abans

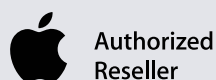


Brands



Abans

BOSS
HUGO BOSS



oppo



JVC

IGNIS

vivo

TITAN

FRIGIDAIRE

Lenovo



acer

ELBA
Carbon from Brazil

harman/kardon®

Haier

ORIENT

Panasonic

MITSUBISHI

PHILIPS

realme

TOSHIBA

pyrex



SKECHERS



Year at a Glance

January 2021

Fitch Ratings Sri Lanka upgrades Abans PLC's National Long Term Credit Rating to "AA (Ika) with a Stable Outlook"

Opening of a showroom in Kelaniya Spar

February 2021

Abans Group gains full ownership of Colombo City Centre (Pvt) Ltd

Abans PLC declared a 02nd interim dividend

Opening of showrooms in Beruwala, Nawala and Seeduwa.

March 2021

Abans PLC Declared its 03rd Interim Dividend

Introduction of Employee Code of Ethics

Opening of a showroom in Matara

LMD names Abans as the "Most Loved Retail Brand of Sri Lanka" at LMD Brands Annual 2021



June 2020

Appointment of Mrs. Chandrika Perera as Executive Director to the Board

Opening of a showroom in Kirindiwela

July 2020

Opening of showrooms in Jaffna and Majestic city

August 2020

Colombo City Centre commenced handing over of their residences to the public

Opening of showrooms in Aluthgama and Pepiliyana Spar

September 2020

Abans PLC Declared its 01st Interim Dividend

Opening of a showroom in Galle

October 2020

Abans Retail (Pvt) Ltd, one of fully owned subsidiaries of Abans PLC, amalgamated with Abans PLC

Opening of a showroom in Thalawathugoda

December 2020

Abans PLC becomes Authorized Reseller of "Real Me", an international mobile phone brand

Opening of a showroom in Vavuniya

Abans Milestones



- **1968**
Mrs. Aban Pestonjee opens her corner store in Bambalapitiya
- **1978**
Abans ties up with 'Electrolux'
- **1981**
Incorporation of Abans Electricals (Pvt) Ltd & Abans (Pvt) Ltd
- **1987**
Abans ties up with 'Gold Star'
- **1995**
Goldstar rebrands as LG, which Abans successfully introduces to the SL market
- **1998**
Abans Restaurants Systems (Pvt) Ltd, the first Sri Lankan retailer to franchise a international fastfood restaurant chain, McDonalds
- **1999**
First flagship showroom opens at 498, Galle Road, Colombo-03
- **2004**
Milestone of first 100 showrooms
- **2005**
Incorporation of Abans Finance PLC



2011

Incorporation of Abans Auto (Pvt) Ltd



2013

Incorporation of Abans Engineering (Pvt) Ltd



2014

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



2015

Abans Group begins construction on BOI mixed- development project, Colombo City Centre



2017

Abans PLC introduces Hugo Boss, a world-renowned luxury menswear brand and moves in to fashion retailing
Abans becomes authorised reseller for Apple Products in Sri Lanka

Abans enters the Furniture Business with 'Abans Homes In Style'



2018

Abans 50th Anniversary and opening of Colombo City Centre, Sri Lanka's first international mall



2019

Became the Authorized Reseller for Hyundai Motor Company in Sri Lanka
Opened First Hyundai Showroom in Colombo City Centre, and opened Hyundai Service Centre in Peliyagoda.

Became the National Distributor and Retailer for VIVO Mobile



2020

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



2021

Fitch Ratings has upgraded Abans PLC's credit rating to "AA (lka) - Stable"

Became the Strategic Retail partner for Realme Mobile

LMD ranks Abans as the "Most Loved Retail Brand of Sri Lanka" in LMD Brands Annual 2021



Financial Highlights

Group

		2021	Change %	2020	2019
Earnings Highlights					
Revenue	Rs. '000	37,805,391	18.3%	31,960,380	35,260,656
Gross Profit	Rs. '000	9,926,727	7.2%	9,261,171	10,596,965
Earnings before interest, tax depreciation and amortisation	Rs. '000	3,285,747	33.9%	2,453,271	2,841,581
Results From Operating Activities	Rs. '000	3,109,970	36.6%	2,276,181	2,671,470
Profit Before Income Tax & VAT	Rs. '000	2,393,716	175.8%	867,807	1,213,472
Profit After Tax Continuing Activity	Rs. '000	1,695,499	275.5%	451,474	923,239
Profit Attributable to Owners of the Parent	Rs. '000	1,841,267	266.2%	502,771	893,930
Dividends	Rs. '000	374,225	100.0%	-	350,037
Gross Profit Margin	%	26.3	(9.0%)	28.9	30.0
Operating Profit Margin	%	8.2	15.5%	7.1	7.6
Net Profit Margin	%	5.3	211.8%	1.7	2.6
Earning per Share - from Continuing Activities	Rs.	775.9	275.5%	206.6	409.1
Return on Assets (ROA)	%	7.7	60.4%	4.8	5.9
Return on Capital Employed (ROCE)	%	23.0	105.4%	11.2	12.4
Interest Cover	No. of time	4.2	169.1%	1.6	1.8
Financial Position Highlights					
Total Assets	Rs. '000	33,034,706	(1.6%)	33,583,259	33,273,263
Total Borrowing	Rs. '000	2,775,171	(75.6%)	11,377,486	12,684,580
Current Assets	Rs. '000	25,980,953	14.0%	22,789,879	24,840,575
Current Liability	Rs. '000	19,169,628	(6.7%)	20,542,315	20,121,663
Equity Attributable to Equity Holders of the Parents	Rs. '000	9,471,148	16.8%	8,106,635	8,036,345
Gearing Ratio	%	20.5	(63.2%)	55.8	58.8
Equity Asset Ratio	%	32.5	21.2%	26.8	26.7
Net Assets per Share	Rs.	4,454	20.1%	3,710	3,678
Current Ratio	No. of Times	1.4	22.1%	1.1	1.2
Quick Asset Ratio	No. of Times	0.89	20.4%	0.74	0.8
No. of Shares in Issue	No. '000	2,185	0.0%	2,185	2,185

Non Financial Highlights

Company

		2021	Change %	2020	2019
Statement of Manufactured Capital Position					
Net book value of Capital Assets	Rs. '000	1,455,581	23%	1,187,236	1,232,285
Total Capital Expenditure	Rs. '000	151,800	11%	136,429	335,115
Net book value of Manufacturing Plant and Machinery	Rs. '000	219,312	(12%)	249,947	212,288
New showrooms opened during the FY	No.	13	30%	10	10
Renovations/Improvements to Showrooms during the FY	Rs. '000	98,852	22%	81,163	163,482
Statement of Intellectual Capital Position					
No of New Products Launched	No.	15,887	26%	12,638	10,518
No of Brands	No.	214	3%	207	211
Online Sales	Rs. '000	711,127	137%	299,860	285,600
Statement of Human Capital Position					
No of Employees	No.	1,945	9%	1,782	1,786
New Recruits	No.	422	(9%)	462	346
Female Representation	%	23%	25%	18%	19%
No of Employees trained	No.	3,649	(34%)	5,546	6,675
No. of Training Programs	No.	110	(69%)	353	176
Investment in Training		1.2	(88%)	9.8	8
Average Training hours per employee	Hrs	5	(38%)	8	7
Statement of Social Performance					
Customers					
Total number of Customers	No.	3,253,314	9%	2,998,110	2,685,945
New Customers acquired	No.	255,204	(18%)	312,165	311,395
Number of dealers and ditributors	No.	750	1%	745	770
Number of service centres	No.	15	7%	14	16
Suppliers/Business Partners					
Total Number of suppliers	No.	214	3%	207	211
Total Amount of Supplier Payments (Rs. Millions)	Rs. '000	27,075,889	34%	20,270,230	22,597,615
Total amount of Local Supplier Payments	Rs. '000	9,366,296	83%	5,129,431	3,698,429
Community					
No of Major CSR Projects Carried out	No.	4	-	5	6
Total Number of Beneficiaries from Educational Projects	No.	2,000	-	2,000	160,000
Statement of Environmental Performance					
Total Energy Consumption	GJ	30,412	(18%)	36,999	33,715
Energy Intensity (Energy Consumed per 1 Mn of revenue)	GJ/1 Mn Revenue	0.8	(31%)	1.2	1.0
Total Water Consumed	m3	203,890	(3%)	211,231	246,153
Total CO2 Footprint	tCO2e	2,290	(17%)	2,752	2,472
Emission Intensity (Emission Per 1 Mn of revenue)	tCO2e/1 Mn Revenue	0.06	(30%)	0.09	0.07
Others					
Economic Value distributed					
Government	Rs. '000	681,937	66%	410,953	190,535
Employees (Salaries and Remuneration)	Rs. '000	1,489,587	(4%)	1,550,679	1,314,430
Community	Rs. '000	824	(86%)	6,003	10,430
Average Revenue Per Employee	Rs. Mn	19	8%	18	19
Average Net Profit per employee	Rs. Mn	0.9	254%	0.3	0.5
Fitch Rating		AA Stable		BBB+ Negative	BBB+ Stable



The financial year 2020 took a dramatic turn with COVID-19 pandemic. I take this opportunity to extend my sincere appreciation to Sri Lanka's Tri-Forces and the medical staff for demonstrating an altruistic spirit in controlling the spread of the virus. I share my sincere thoughts with all those who have been affected by this crisis around the world.

Message from the Chairperson

Dear Shareholder,

I am pleased to present our second Integrated Annual Report for Abans PLC and its subsidiaries for the financial year 2020/21 which sets out an in-depth understanding of the Group's value creation process, the strategies and performance. Despite the unprecedented economic environment due to the ongoing COVID-19 pandemic, we have maintained our commitment to financial reporting, transparency and timely disclosure.

The financial year 2020 took a dramatic turn with the COVID-19 pandemic. I take

this opportunity to extend my sincere appreciation to Sri Lanka's Tri-Forces and the medical staff for demonstrating an altruistic spirit in controlling the spread of the virus. I share my sincere thoughts with all those who have been affected by this crisis around the world.

Our theme for the Annual Report 2020/21, 'BIGGER, BETTER AND BOLDER' strongly resonates how the Company has responded to a challenging business landscape and how it has evolved. We have certainly grown bigger in terms of our product portfolio, number of outlets, turnover and profits and we, as the Abans family

have definitely progressed to be better in terms of how we conduct our business operations whilst adapting to adverse market conditions and staying committed to creating value for our stakeholders. With a strong mission to transform and add a new dimension of convenience to Sri Lankan households spurred by an indomitable spirit, we have ventured forth with much panache and tenacity. As we step into the next normal phase, our stature in the corporate arena is certainly augmented as Bigger, Better and Bolder.

Navigating through the unprecedented

We at Abans, executed carefully structured strategies and prudent decisions, while focusing on current trading and monetary conditions with the goal of functioning according to the new normal. In response, we have invested to build on enhancing our digital presence to reach out to our valued customers in each and every corner of the island. As a result, Abans was ranked the 6th amongst the 'Top 25 Most Visible Brands' on the internet in Sri Lanka as per the Annual Market Insight Report 2021, published by the Asia Pacific Institute of Digital Marketing (Pvt) Ltd. And also I am proud to announce that recently LMD has ranked Abans as the "Most Loved Retail Brand of Sri Lanka" in LMD Brands Annual 2021 marking one of the most significant achievements of Abans history in making a better way of life to our customers.

Despite the fact that all of Sri Lanka, including all of us at Abans, were affected by the unprecedented circumstances, our workforce of over 15,000 spirited and dedicated individuals united like never before, clocking in hours of hard work on a daily basis to

Despite the fact that all of Sri Lanka including all of us at Abans were affected by the unprecedented circumstances, our workforce of over 15,000 spirited and dedicated individuals united like never before clocking in hours of hard work on a daily basis to navigate through this crisis, for which I extend my heartfelt congratulations and gratitude.

navigate through this crisis, for which I extend my heartfelt congratulations and gratitude. At Abans, we are continuously committed towards the health and safety of staff members and as a Group we have taken all necessary action and followed health and safety protocols to control the spread of the virus amongst our communities and businesses.

At the onset of the crisis, to evaluate the financial position of each business, particularly over the 12 months, each of the businesses were stress-tested under multiple operating scenarios. This was also done at a Group consolidated level to ascertain of our resilience to sustain our operations with the currently available cash reserves and banking facilities.

Market Perspective

The financial year 2020/21 was a year of unprecedented challenges defined by the global pandemic which occurred just after 11 months since the Easter terror attacks which brought the economy to a standstill, just when Sri Lanka as a country was showing signs of slow growth. As a result, consumer discretionary spending remained subdued in the first quarter of the financial year due to the lackluster performance of the economy and dampened consumer and investor confidence. Tax concessions reported by the new government towards the end of 2019 prompted a transitory recuperation in consumer demand, which gained momentum in the early months of 2020. However, discretionary spending witnessed a rebound from the second quarter of the year under review where the performance of our Consumer-focused businesses showed momentum. Unfortunately, this recovery was hampered by the outbreak of second wave of the COVID-19 pandemic and the resultant disruptions arising from the curfew imposed across the country. However, with the resumption of activity across the country post the easing of curfew restrictions, there was an encouraging recovery of consumer activity which was positive for Group's consumer-focused businesses such as Consumer Retail, Logistics and Manufacturing. These conditions embedded significant impacts on the Rupee, which depreciated by 11.38% to close the year at Rs. 202.04 /USD by end March 2021.

During 2020/21 the Government had to temporarily restrict non-essential imports to the country in a bid to preserve foreign exchange reserves. While the immediate impact of this

Message from the Chairperson

situation was adverse, the swift strategic actions taken by the Abans Group has enabled the business to be more resilient during these difficult market conditions until the government decided to resume the importation of non-essential durables on July 2020.

Performance

The Group recorded a turnover of Rs.37.8Bn for the year ended 31st March 2021 compared to Rs.31.9Bn previous year with a 18% record YoY sales growth despite the adverse market and economic conditions which is truly commendable. As the Group was strategically well prepared to face the unprecedented conditions, costs were efficiently controlled to a level where we were able to close the year with a record-breaking performance. The Group recorded a Profit Before Tax and VAT amounting to Rs.2.39Bn against Rs.868Mn previous year with a YoY profitability growth of 176%.

We as a Group, also generated Rs.37.8Bn in terms of economic value during 2020/21. During the year under review, we contributed Rs.698Mn by way of taxes to the state, distributed Rs.1.5Bn to our employees as employee remuneration and Rs.34.8Bn by way of payments to our suppliers and business partners. Earnings per share of the Group for Continuing Operations stood at Rs.776 compared to Rs.206.6 last year. Net Assets per share at the end of 2020/21 was Rs.4,454 compared to Rs.3,710 at the beginning of the year.

Further, I am glad to say that amidst the market situation, the national long-term credit rating of Abans PLC has been reaffirmed as AA(lka) Stable by Fitch Ratings Lanka during the year.

Creating Value all around

At Abans, we take advantage of the long-term growth potential of the entire Group to enhance the value of the company across the social, ecological and economic spectrum. Over the last five decades, we have been continuously trying to improve the quality of lives of Sri Lankans, assuming responsibility for generations to come while significantly advancing the trends of the future.

During the year, a high level of engagement was maintained with our employees, offering ongoing opportunities for skill and career development in a conducive and dynamic environment. In addition, the Group has also taken initiative in terms of Leadership development and leadership capacity building supported by the newly introduced talent management framework, which includes Coaching and Mentoring programs such as "Abans Change Makers League" and "Abans Next Leader Program".

As our communities were affected by the spread of COVID-19 during March 2021, many organizations along with the support of the Tri-Forces and the medical staff, came together to help our communities to survive the pandemic. As a responsible corporate citizen, Abans too stepped forward by donating electronic appliances to several hospitals across the island, and by cleaning and sanitizing the Fort Railway Station for an entire week through our environmental business arm, Abans Environmental Services Ltd before the station reopened for travelling following the lockdown.

Further, in terms of strengthening our product portfolio with more energy efficient products, we are working

closely with the powerhouse of global electronics and appliance brands LG, to introduce and promote new energy efficient products to the market which will reduce the overall carbon footprint.

As a part of our commitment towards the environment and our communities, Abans Group also joined forces with 'Justice for Animals' to lend a helping hand to the worthy initiative of sterilization and rabies eradication program in August 2020.

Further, Abans took action to conduct a sustainable e-waste management campaign in March 2020, which was aligned with UN's Sustainable Development Goals. The collected hazardous waste was exported to a state-of-the-art foreign facility for treatment and disposal. This initiative will drive sustainable waste management via our showroom network as an ongoing initiative to protect the environment for a better future.

Corporate Governance and Risk Management

With the risk landscape of the entire business sector being heightened by the pandemic, Abans Group conducted an extensive review of its existing risk management framework and appropriate mitigation strategies were implemented for risks associated with hire purchase and lease portfolios as well as working capital cycle management.

We also focused on strengthening our Board of Directors. I wish to welcome Mrs. Chandrika Perera to the board as an Executive Director. She was recently honored by the Women in Management as one of the Top 50 Professional and Career Women in Sri Lanka for her service to the finance

industry. As I congratulate her for this great achievement, I would also like to make this an opportunity to extend my appreciation to Chandrika for her contributions over the last few years and I believe that she could further contribute to drive Abans Group to greater heights.

Future Outlook

The Group is well diversified with several sectors; retail, services, finance, manufacturing and real estate. This has enabled the Group to resiliently navigate through challenging business scenarios by strengthening business endurance. We hope to explore diversification into new sectors such as hospitality. We will explore more synergies across sectors as well, as it will ensure better solutions to the customer while securing better returns for the business.

In 2020, Abans became the authorized reseller of Realme mobile phones in Sri Lanka, which instantly had a very high demand in the market. Realme is committed to be a trendsetting technology brand. Due to the abilities in cutting-edge technologies of smartphones and IoT, Realme brings consumers products with leap-forward technologies and trendsetting designs.

I am pleased to inform that the 50% stake of Colombo City Centre, which was owned by Next Story Group, was acquired under the Abans umbrella during the year under review.

Further, Colombo City Centre Residences, the first luxury waterfront residences are being handed over to the owners. The upcoming hotel will further strengthen the image of the Colombo City Centre where our customers can look forward to a further value addition to their lifestyle with facilities such as entertainment, hosting of events and also co-working spaces for business owners and business meetings.

We are already building the infrastructure to drive the company towards a new dimension of growth and expansion where we would be increasing the accessibility of our customers to our product portfolio through an enhanced showroom network with state-of-the-art facilities. In addition, Abans has decided to invest in manufacturing a few more product categories locally in order to better cater to the needs of our customers. This new manufacturing plant broke ground in April 2021 and commercial production is expected to commence by January 2022.

Abans Group has also taken the initiative and proposed the implementation of a new ERP system including a Customer Relationship Management module to strengthen and stabilize our operations. This will also help us to generate invaluable information relating to Customer Satisfaction and Aftersales Services to live by our vision "To keep empowering people with a better way to life".

Appreciation

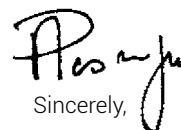
I wish to convey my sincere appreciation to the senior leadership team and extend my gratitude to the members of the Board; Tito Pestonjee, the Managing Director, and Executive Directors, Saroshi Dubash, Rusi Pestonjee, Chandrika Perera and Non-Executive Directors; Dinesh S. Weerakkody and R. Selvaskandan for their exemplary leadership in delivering exceptional results despite challenging market conditions and for their visionary guidance in terms of developing progressive strategies.

I extend a warm thank you to our Abans family for tirelessly supporting the Board in executing the strategies to perfection, and for being part of the success of Abans. I am grateful to witness your great work ethic, commitment and

loyalty. Together, I hope we can drive Abans to new dimensions of growth.

Finally, I wish to extend my appreciation to all the customers who have shared our journey through the past five decades. All of us at Abans are grateful for the loyalty shown and for all the feedback and support you have extended which has helped us deliver better and improved products and services.

I would also like to convey my sincere appreciation to all our business partners, mainly LG, whose support through the decades has been commendable. My hope is that the synergies of our business partnerships grow from strength to strength in the years ahead. I believe that together we can create a 'Better Way to Life' by continuing to improve the quality of lives of our valued customers.



Sincerely,

Aban Pestonjee

Chairperson

31st May 2021



The Group and the Company recorded a strong financial performance in 2020/21 which was reflected in Profit Before Tax & VAT of Rs. 2.4Bn and Rs.2.5Bn respectively while recording 176% and 184% YoY Growth accordingly. Profit after tax stood at Rs.1.69Bn for the Group and Rs.1.84Bn for the Company with an YoY growth of 275% & 286% respectively.

Managing Director's Review of Performance

The fortitude that the Abans Group displayed in the face of adversity in yet another challenging year gives me a sense of pride. The outbreak of the COVID-19 global pandemic in 2020 and its socio-economic fallout further exacerbated a tough prior year during which the Easter Sunday attacks had already stifled the economy and put pressure on lives and livelihoods. The pandemic was a crisis no one was prepared for and posed a unique challenge to the Abans Group, which displayed remarkable equanimity, turning every challenge during the year under review into opportunity.

The Group and the Company recorded a strong financial performance in 2020/21 which was reflected in Profit Before Tax & VAT of Rs. 2.4Bn and Rs.2.5Bn respectively while recording 176% and 184% YoY Growth accordingly. Profit after tax stood at Rs.1.69Bn for the Group and Rs.1.84Bn for the Company with an YoY growth of 275% & 286% respectively.

During the year under review, revenue grew by as much as 18%. At the same time, finance costs dropped by as much as 52% compared to last year as a result of strategic working capital management and reduced interest rates.

The retail industry was not impacted too badly overall because import restrictions imposed by the government curbed the grey market for electronic goods, which meant bona fide retailers could achieve better sales without competing with cheap quality goods brought in by illegal retailers who undervalue their imports and deprive the government of much needed revenue.

Challenges Faced

The impact of the lockdown during the year led to a sudden drop in sales in the lockdown months but business picked up considerably in the rest of the year. The Company adjusted its strategies in line with customer needs. One of the first steps we took in light of dipping sales as people stayed home and economic uncertainty marred disposable incomes, was to examine the entire business and embark on improving stock controls as border closures and delayed shipments threatened to disrupt deliveries. On the strength of our enduring relationships, we were also able to negotiate for credit from our principles, which further eased pressure on cash flow. In Addition, we capitalized our retail web arm BuyAbans.com in order to reach the consumers while adhering to the government Health and Safety regulations.

The biggest threat to the business during the year under review was the economic fallout. The import restrictions in particular posed a huge challenge. Imports were restricted during the latter part of the year, but the astute manner in which stocks were managed empowered the Company to ensure Abans outlets and dealers island-wide held sufficient quantities to meet customer demand while BuyAbans.com enabled our customers to get their needed consumer durables to their doorsteps.

The astute manner in which stocks were managed empowered the Company to ensure Abans outlets and dealers island-wide held sufficient quantities to meet customer demand while BuyAbans.com enabled our customers to get their needed consumer durables to their doorsteps.

Other macro-economic factors that affected smooth operations were appreciation of the dollar against the rupee. As an importer of electronic products and appliances, the volatility of the exchange rate increased pressure on pricing.

The Hire Purchase segment of the business witnessed a decline during the year due to the lockdowns imposed in remote areas and the impact on disposable income of consumers who depend heavily on agriculture and SMEs. In addition, we faced challenges in collections from customers due to restrictions of going to households and the mixed signals given by the government on extension of moratoria.

The undesirable experience of import restrictions compelled us to fine-tune our strategy to accelerate local manufacturing under our own Abans brand as it is a sustainable approach to the retail business and conserves precious foreign exchange in turn while reducing the dependence on foreign principles for certain items of our

product portfolio.

Pillars of Growth

In the Group's accelerated foray into digitalization during the period under consideration, a variety of digital strategies were implemented to enhance the brand value and perception as one that is in step with customer trends. The fact that we were already undergoing a digital transformation also supported the strong financial performance as we were swiftly able to drive online sales, which grew by 137% compared to last year.

Understanding the market trends, we have adopted a hybrid sales model where customers select products online and choose to either pick them up at nearby outlets or have them delivered home and pay cash on delivery. It is evident that having an omni channel approach together with a bricks and mortar presence will remain a requirement while expanding the brand's digital presence.

Enhanced customer service is yet another pillar for our success in the year under review. An advanced customer tracking system put in place recently tracks each customer's order as soon as it is recorded which also allows staff to update customers about the status of their product, thereby reducing service delivery times. Despite mobility restrictions experienced during the year under review, we have managed to remain connected with customers and business partners through social media and digital channels.

Further, Abans has decided to go ahead with an Enterprise Resource Planning system in order to further standardize our processes across the group and achieve operational efficiencies towards our critical success factors such as Financial transparency, customer relationship management, inventory management, Logistics, Marketing etc.

Managing Director's Review of Performance

A critical source of strength for the Company was the entire team of employees who have faced the challenges with courage, being present through the crisis despite personal challenges of remote working, inability to reach customers and other personal hardships. Through all this, they were assured of job security and benefits which are offered as part of our compensation package. Abans recognizes the importance of aligning employees to its corporate goals and values for sustainability growth and a host of people development initiatives are targeted to synergize individual and business goals to achieve a common vision.

Sustainability

As a Group that is engaged in diverse businesses, we remain mindful of our impact on the environment and we are moving strongly towards the ultimate goal of becoming a carbon neutral company by reducing our carbon footprint across the Group through various environmentally-friendly initiatives. Our portfolio of energy efficient appliances has expanded with the introduction of solar panels manufactured by our primary brand principal LG of Korea.

Abans is closely engaged with local communities and the first to respond to the needs of the nation, especially in times of crisis. During the pandemic, the Company donated washing machines, TVs and fans to the Colombo East Base Hospital, Colombo South Teaching Hospital and Anuradhapura Teaching Hospital, along with other community outreach initiatives.

Future Prospects

Our future efforts will be aimed at consolidating the strengths of the Abans

brand while imbuing it with a fresh sense of optimism and the promise of future possibilities. In the coming months, the Abans brand will be strengthened further as we expand our locally manufactured products while in parallel our primary focus on international brands will remain. Adding manufacturing capabilities to our business model, we are producing washing machines and deep freezers in Sri Lanka and we are looking forward to increasing our portfolio of locally manufactured Home Appliances.

Abans continues to lead the market with partnerships with the world's best-known retail brands and will continue to forge pursue new relationships to provide customers in Sri Lanka with a truly global experience at their doorstep. During the year, we brought in a new brand of a digital phone, Realme.

We continue to be the preferred destination for brands such as Apple and HP. These retailing rights have positioned Abans as one of the strongest retailers in the country and have dramatically increased our future revenue potential, while linking us directly to global cutting-edge technology evolutions. Abans will be expanding its product portfolio while expanding the fashion, footwear and cosmetic range further.

We are digitalising our company to offer seamless delivery and customer service and continuously developing our Omni channel strategy for seamless online and offline operations. We will place emphasis on digital products as the demand for laptops and mobile phones increased due to work from home trends that continues to grow.

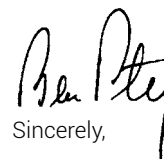
Colombo City Centre is at the forefront of the dynamic changes transforming Sri Lanka into one of the region's most

exciting destinations by giving Colombo a brilliant City Centre. We are excited to announce that a new hotel management partner has been brought in to take this project further. I am pleased to announce that one of the pillars under Abans umbrella has bought over the share of Colombo City Centre from our earlier partners. Although the mall saw a decline in footfalls during certain parts of the year due to fears of the pandemic, it was but a matter of time before we saw shoppers thronging to enjoy the superior retail experience at Colombo City Centre mall.

Going ahead, brand building efforts will be focused on elevating the stature of the Group as a diversified conglomerate that nurtures some of the world's leading global brands to fulfil aspirations for a better lifestyle.

Acknowledgements

I would like to place on record my thanks to the management and staff of Abans PLC and our subsidiaries, for their dedication and tireless efforts towards ensuring that we were not affected by the many external risks that abounded during the year. The Chairperson and fellow directors have been extremely supportive throughout the year. Further, I would like to thank customers and all other stakeholders including brand principals and dealers with whom we see a bright future ahead.



Sincerely,

Behman Pestonjee

Managing Director

31st May 2021

Board of Directors



Aban Pestonjee
Chairperson



Behman Pestonjee (Tito)
Managing Director



Saroshi Dubash
Executive Director



Rusi Pestonjee
Executive Director



Chandrika Perera
Executive Director



Dinesh Weerakkody
Independent Non-Executive Director



Rajaratnam Selvaskandan
Independent Non-Executive Director

Board of Directors

Aban Pestonjee

Chairperson

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

Mrs. Pestonjee has been interviewed by The Harvard Business School on the subject of “Creating Emerging Markets”. The transcript of the interview is retained at the Harvard Business School's Baker Library, among their historical collections, and available to students for research and case studies.

Mrs. Pestonjee also holds directorships at Abans Electricals PLC, Abans Retail Holdings (Pvt) Ltd, Abans Environmental Services (Pvt) Ltd, Abans Land (Pvt) Ltd, Abans Construction and Engineering (Pvt) Ltd, Abans Lanka (Pvt) Ltd, Abans Tourist Hotels (Pvt) Ltd, ABS Gardner Dixon Hall International (Pvt) Ltd, Abans

Investments (Pvt) Ltd, Abans Marketing (Pvt) Ltd, Crown City Developers (Pvt) Ltd, Abans Auto (Pvt) Ltd, Abans Engineering (Pvt) Ltd and Colombo City Centre Partners (Pvt) Ltd

Behman Pestonjee (Tito)

Managing Director

Qualified as a Marine Engineer, Class 1 (D.O.T. London), Mr. Behman Pestonjee has been involved with Abans PLC since its inception and has been instrumental in building the business. His dynamic leadership of the operations division has been a key driver of success. He oversees most of the critical functions of the organisation including sourcing, marketing and sales and manages important business partnerships. Under his able supervision, the Abans retail network has expanded from a single store to over 400 stores. He is an inspiring leader with a unique management style based on pragmatism and execution.

Mr. Behman Pestonjee holds directorships at many Abans Group Companies including Abans Electricals PLC, Abans Retail Holdings (Pvt) Ltd, Abans Environmental Services (Pvt) Ltd, Abans Land (Pvt) Ltd, Abans Construction and Engineering (Pvt) Ltd, ABS Gardner Dixon Hall International (Pvt) Ltd, Abans Investments (Pvt) Ltd, Abans Marketing (Pvt) Ltd, Colombo City Centre Partners (Pvt) Ltd, Crown City Developers (Pvt) Ltd, Sirius Technologies (Pvt) Ltd, Abans Auto (Pvt) Ltd, Abans Office Automation (Pvt) Ltd and Abans Engineering (Pvt) Ltd.

Saroshi Dubash

Executive Director

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

Within the Abans Group, Dr. Dubash is mainly involved in administering the supply chain functions of Import purchasing, Wharf clearance, Warehousing, Inventory control, Distribution & Information systems. Finance, Human Resources and Training departments also come under her purview. In addition, she overlooks the internal Audit dept. as well.

Dr. Dubash is the Managing Director of Abans Logistics (Pvt) Ltd, a fully-fledged logistics company that deals with freight, transport, warehousing, distribution, container yards and other logistic operations. She is also a Director of other Abans Group Companies including Colombo City Centre Partners (Pvt) Ltd, Abans Retail Holdings (Pvt) Ltd, Abans International (Pvt) Ltd, Abans Engineering (Pvt) Ltd, Abans Land (Pvt) Ltd, Abans Investments (Pvt) Ltd, Abans Marketing (Pvt) Ltd, Crown City Developers (Pvt) Ltd.

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

Rusi Pestonjee

Executive Director

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

Mr. Rusi Pestonjee also holds various directorships within the Abans Group of Companies including Colombo City Centre Partners (Pvt) Ltd, Abans Finance PLC, Abans International (Pvt) Ltd, Abans Retail Holdings (Pvt) Ltd, Abans Environmental Services (Pvt) Ltd, Abans Land (Pvt) Ltd, Crown City Developers (Pvt) Ltd, International Restaurant Systems (Pvt) Ltd, ABS Courier (Pvt) Ltd, Abans Investments (Pvt) Ltd, AB Real Estate (Pvt) Ltd.

Chandrika Perera

Executive Director

Chandrika Perera was appointed to Abans PLC Board as an Executive Director - Finance in June 2020. She currently serves as the Chief Financial Officer of Abans Group of companies. She is a former Executive Vice President of Leisure Sector (Cinnamon Hotels & Resorts) of John Keells Group and a former Group Financial Controller of John Keells Holdings PLC. Also, she has served as an Executive Director in many listed and private companies including Keells Food Products PLC, Kandy Walk Inn Pvt Ltd, Habarana Walk Inn Pvt Ltd, Keells Developments Pvt Ltd, Keells Agro Products Ltd, Keells Restaurants Pvt Ltd, Keells Consultancy Pvt Ltd etc. She has served in several committees in ICASL including the financial reporting committee, Taxation Committee, Statutory Accounting Standards Committee etc.

She is a fellow member of the Institute of Chartered Accountants of Sri Lanka and the Society of Certified Management Accountants of Sri Lanka, and holds a Masters in Business Administration from the University of Queensland, specialized in Finance.

Dinesh Weerakkody

Independent Non-Executive Director

Dinesh Weerakkody is the Chairman of the International Chamber of Commerce Sri Lanka and Cornucopia Sri Lanka. He is a former Chairman of Commercial Bank of Ceylon PLC, Hatton National Bank PLC. National Human Resources Development Council of Sri Lanka and the Employees' Trust Fund Board of Sri Lanka. He was also a Director of DFCC Bank and was the Chairman of the National Review Committee for the banking sector and the non banking sector consolidation and the committee appointed to review the budgetary allocation for education.

He currently serves in a number of private sector boards. He is a Council Member of the Employers Federation of Ceylon and the Institute of Directors of Sri Lanka, Advisory Board Member of Caritas Sri Lanka- SEDEC, HR Cornucopia India and Financial Advisory Committee of Sri Lanka Cricket. He was also a member of the CIMA Asia Pacific Industry Advisory Body and a Vice President of the Sri Lanka Tennis Association. He is a Graduate in Business Administration, a Fellow Member of both the Chartered Institute of Management Accountants (UK) and the Certified Management Accountants (Sri Lanka), Professional Member of the Singapore Human Resource Institute, Honorary member of the Institute of Personnel Management of Sri Lanka, International Public Management

Association HR Certified Professional USA and holds an MBA from the University of Leicester, UK. Weerakkody has received an extensive leadership, economic finance, HR, and management training in the UK, USA, France, Japan, Singapore and India. He is the recipient of a Jaycees Ten Outstanding Young Persons Award in 1999 and an International Associations of Lions Clubs National Achievers Award in 2008 for the advancement of good governance in the public sector and was conferred National Honours in 2019. Weerakkody is a regular business writer, speaker and commentator.

Rajaratnam Selvaskandan

Independent Non-Executive Director

Mr. R. Selvaskandan is an Attorney-at-Law (SL) and Solicitor (England & Wales and Hong Kong). He was a senior partner of a leading law firm in Hong Kong prior to joining the property sector of the CT Holdings Group. He is the Chairman of CT Land Development PLC, Deputy Chairman of C T Properties Limited and a Partner of Varners, a Law firm based in Sri Lanka. He has more than thirty years' experience in legal practice and management in Sri Lanka, UK, and Hong Kong.

Value Creation Model

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

KEY RESOURCE

What we depend on

Financial capital

Appropriate mix of debt and equity funding for group's expansions with sustainable returns for investors.

Shareholder's fund **Rs. 9.1 Bn**

Borrowings **Rs. 2.7 Bn**

Manufactured capital

Island wide geographic footprint of operations and locations to serve our customers

PPE **Rs. 1.5 Bn**

CAPEX investment during the year **Rs. 151 Mn**

Human capital

A skilled, diverse and motivated workforce, with a high performance culture

Number of employees **1,945**

Intellectual capital

Our unique way of doing business with renowned brands, products and highly knowledge based professionals.

New Models launched **15,897**

Number of brands **200+**

Social and relationship capital

Trusted relationships with our suppliers, customers, employees, government, investors, societies & all other stakeholders.

389+ Showrooms,

750+ Dealers

Natural capital

The natural resources we, directly and indirectly, depend on natural capital such as land, water, fossil, fuels and other natural assets.

Total land & Biological Assets - **169,363 m2**

Energy consumption **30,412 GJ**

Water Usage **203,890 M3**

VALUE TRANSFORMATION

Vision ▷ Mission ▷ Values

Vision

To keep empowering people with a better way to life



World Class Products



Improved Lifestyles



Differentiated Brand Experience



End to End Comprehensive Services



Enriched Employee Value Proposition

Value Transformation

Macro-economic and policy changes

Technology disruption

Change in customer preferences

Changes in supplier pricing and logistics

OUTPUTS

Shareholders

Dividend **Rs. 374 Mn**
Profit for the year **Rs. 1.8 Bn**
ROCE **22.5%**

Employees

Salaries & remuneration **Rs. 1.5 Bn**
Training Man Hours **17,000**

Customers

Total Revenue **Rs. 38 Bn**
New Models launched **15,897**

Suppliers

No of Suppliers **214**
Amounts paid to Suppliers **Rs. 27 Bn**

Community

Economic Value Distributed **Rs. 824,000**

Environment

Fuel usage **312,020 Ltr**
Discharge of t-Co2 **2,290**

OUTCOMES

- ▶ Sustainable returns through dividend and wealth appreciation.
- ▶ A progressive work environment.
- ▶ Building lifelong relationships and brand loyalty.
- ▶ Fostering mutually beneficial relationships.
- ▶ Contributing to the communities that we serve.
- ▶ Embedding environmental sustainability to our operations.

SUSTAINABLE DEVELOPMENT GOALS

Financial capital



Manufactured capital



Human capital



Intellectual capital



Social and relationship capital



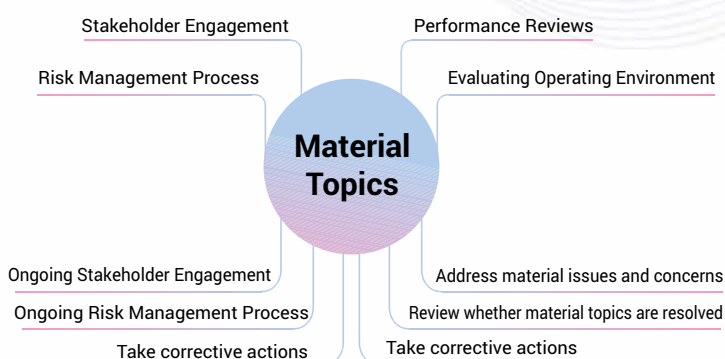
Natural capital



Material Matters

Identifying material topics

At Abans, we identify/recognize material topics based on a systematic analysis of numerous issues and concerns highlighted by our internal and external stakeholders. Thus, many of the material concerns listed in pages 29 to 34 have been identified through the stakeholder engagement process outlined in pages 35 to 38 of this report. Other topics concerning materiality have arisen out of our risk management processes, continuous evaluation of the operating environment and staff performance reviews.



Prioritizing stakeholder concerns

Once the concerns of all stakeholder are captured as listed in pages 29 to 34, we classify these according to the level of impact they have on the Company and internal stakeholders such as major shareholders and employees and the level of impact on external stakeholders, and on the society at large.

Addressing material topics

To be successful in this process, we aim to identify and treat material topics effectively on a continuing basis. Accordingly, we assign the highest priority to address material concerns which are of high levels of impact both within and outside of the Company. Strategic priorities and goals are set to address these high-impact concerns within the context of our corporate risk management processes. Plans to address concerns and to realize the strategic goals are executed and their progress continuously monitored, to ensure key material topics are resolved in a satisfactory manner.

Continuing with our stakeholder engagement processes helps determine whether our chosen strategies and plans have achieved the intended goals and whether we need to change course and find alternative means of addressing these concerns.

Materiality Matrix

Impact for the Organisation and Internal Stakeholders	High	40,42	3,8,11,12,24,27 34,41,43,44,49	2,4,5,6,7,13 14,15,17,18,20 21,23,28,30,31 32,39,46,50
	Medium	26,47,48	9,19,22,36,37,45	1,10,16,25,29,33, 35,51,52
	Low		38	
		Low	Medium	High
Impact Outside the Organisation and on External Stakeholders				

MATERIALITY ASSESSMENT OF KEY ISSUES RAISED BY ABANS STAKEHOLDERS

Material Topic	Why it is Material to us	Our Approach	Strategic Response
Crisis Management and response			
1. Workforce			<p>Explore workforce levers to help balance the potential to cut costs, with the intention to keep people employed.</p> <p>Provide the resources and support employees' needs to be productive, especially as they adapt for remote working.</p> <p>Lead with responsive, empathetic communications and policies that help people feel informed and supported.</p>
2. Operation and supply chain	Crisis Management helps managers to devise strategies to recover from uncertain conditions and plan on the future course of action. In addition, it helps them to foresee the early signs of crisis, warns employees against aftermaths to take necessary precautions.	At Abans, we always ensure that necessary steps are taken towards identification of potential crises and that these are dealt speedily. We also have a Business Continuity Plan (BCP) in place which will support continuity of the business without any disruption, if any crisis erupts prior to identifying the same.	<p>Supplier negotiations and agreements to maintain proper supply chain management.</p> <p>Identify alternative supply chain scenarios – especially as new cases of the virus emerge in different territories.</p> <p>Focused on 'Buy Abans' which is the digital selling platform of Abans PLC.</p>
3. Finance and liquidity			<p>Identify 'pulling' of financial and operational levers to conserve and generate cash and increase the potential of access to funding.</p> <p>Awareness and plan for financial reporting considerations that will result from COVID-19.</p> <p>Model worst-case scenarios to assess the impact on cash position, and revise scenarios /carry out frequent modifications as required.</p>
4. Trade & Regulatory			<p>Evaluating the government regulations and taking speedy reponse to potential impacts.</p> <p>Consider actions to stabilise supply chains while bracing for an unpredictable revenue and profitability mix in key markets</p>

Material Matters

MATERIALITY ASSESSMENT OF KEY ISSUES RAISED BY ABANS STAKEHOLDERS			
Material Topic	Why it is Material to us	Our Approach	Strategic Response
SHAREHOLDERS/INVESTORS - GRI 201, 203, 207			
5. Profitability, tax and financial performance	Critical to business continuity, financial stability and for sustainable value creation for our shareholders in the intensely competitive retail trading environment and tax regulation that we operate in.	We continue to explore and exploit areas on growth opportunities that help strengthen our financial performance and profitability.	<p>Investing in real estate infrastructure development of CCC, the first mixed development project of its kind in Sri Lanka, with a Mall, Hotel and Apartments.</p> <p>Continually adding value to the Abans brand, by expanding the image of our prestigious brand and product portfolio, thus improving quality of service.</p>
6. Sustainable value creation	This is the foundation upon which to deliver continuing value and returns to shareholders and other stakeholders.	We deploy the six capitals of Abans in such a way to ensure we derive the best synergies from them.	<p>Extending customer reach by growing the retail network, with 12 Elite Branches opened as well as the 'Buy Abans' web operations.</p> <p>Enhancing operational efficiencies and optimizing operational costs with digital transformation initiatives.</p> <p>Prioritizing the tax changes impact to company and take necessary action to mitigate and comply with the regulation</p>
7. Financial stability	An unvoiced expectation of our major shareholders, and ensures the ability to pass on wealth to the next generation.	We evaluate business opportunities and risks of current operations and new areas of investment, taking only calculated opportunities and risks.	We have adopted principles of good corporate governance and used appropriate risk assessment processes to ensure that the Company stays within the defined risk parameters on a number of fronts, including capital investments, financial management and in business operations.
8. Abans Brand	Grown over 50 years, the valued Abans brand is a crucial factor in our ability to create value in a sustainable manner.	We are committed to enhancing the value of the Abans Brand	<p>We continuously search for and add prestigious new brands and products to the Abans range.</p> <p>Digital transformation efforts have helped us improve quality of service.</p> <p>We have embarked on a multi-year CSR project 'Green Isle' to demonstrate our commitment to sustainability.</p>

MATERIALITY ASSESSMENT OF KEY ISSUES RAISED BY ABANS STAKEHOLDERS

Material Topic	Why it is Material to us	Our Approach	Strategic Response
9. Good governance	Effective corporate governance ensures that Abans remains profitable, financially stable and well placed to deliver continuing value to our stakeholders.	We believe in the value of good governance and have put in place a robust system to ensure Abans adheres to the best practices in corporate governance.	We have adopted the Code of Best Practice on Corporate Governance Issued By Institute of Chartered Accountants of Sri Lanka. Also with this annual report disclosures, we are voluntarily adopting the GRI Guidelines on Sustainability.
10. Worthy Corporate Social Responsibility (CSR) projects	Worthy CSR projects are part and parcel of being a good corporate citizen who generates improved value to all its stakeholders.	In addition to enhancing our brand CSR projects enhance our reputation as a good corporate citizen, employer and business partner.	During the year we have done several CSR Projects to the public and which falls within the "Life on Land" sustainable development goal. See the Social & Natural Capitals for more details
11. Leadership and business succession	Strong, committed leadership capable of recognizing the growth needs of Abans, setting strategies and implementing them are key to sustainable success over the long term.	We recognised the need to further strengthen our senior leadership and management team by bringing in professional expertise.	During the last Three years we created new positions of Chief Internal Auditor, Group Chief Finance Officer and Group Chief Human Resources Officer and recruited professionals for the same.
12. Professional management			These and all others in leadership and senior management were provided with high level training opportunities to enhance personal productivity and growth. We created a succession plan for identified key positions within the Company.
CUSTOMERS - GRI 417, 418			
13. Reliability	In the highly competitive retail environment in which we operate there is a premium value placed on our ability to deliver reliable quality products and services and deliver value for money to our customers, while complying with applicable rules and regulations.	Abans continues to provide goods from reputed brands that deliver quality, reliability and value for money to our customers.	We bring in internationally recognized brands and their products into portfolio and ensure we deliver on our customers' expectations.
14. Quality and Safety			
15. Value for money			

Material Matters

MATERIALITY ASSESSMENT OF KEY ISSUES RAISED BY ABANS STAKEHOLDERS			
Material Topic	Why it is Material to us	Our Approach	Strategic Response
16. Energy saving features/ green products	More and more customers are seeking energy and power saving green products that cause minimal/ the least harm to the environment.	We are committed to delivering a variety of green products from our innovative and suppliers who are conscious/keen on sustainability.	<p>We added a number of new products this year to our range that save energy, money and cause minimal harm to the environment.</p> <p>We continually strive to upgrade our current product portfolio with more energy saving and environmentally friendly products.</p> <p>Dealing/Collaborating with global brands who are continually innovate to provide more green products help us reach this goal easily.</p>
17. Access - Ease and convenience in purchase	Convenience and ease of access to branches and physical outlets is still a critical success factor in the highly competitive Sri Lankan retail industry.	We are committed to enhance our retail footprint to extend access and convenience to our customers and potential customers.	<p>We opened twelve Elite branches during the year,</p> <p>For those customers seeking the convenience of online purchases/e-commerce, we are extending our product range and accessibility through BuyAbans.com.</p>
18. Excellent after sales service	After-sales service is a determinant of customer loyalty through which we would be able to retain our customers for life.	Abans has always been known for its excellent customer service and we strive to do even better, year-on-year.	<p>Adopting digital platforms helps us deliver services much faster.</p> <p>We automated a number of field tasks during the year. One was an app for Service Field Task Automation which enables us improve our speed of response.</p>
19. Easy payment schemes and special offers	These enhance our competitiveness in this dynamic retail industry we operate in.	In the competitive field in which we operate, we always strive to remain competitive.	<p>Our customers have a variety of choice in terms of payment methods and schemes.</p> <p>We make available special offers on a regular basis, especially during holiday seasons.</p>
20. Delays in delivery	<p>Today's customers want and expect service as and when required/ preferred.</p> <p>Delays in service delivery erodes trust and brand value.</p>	We strive to minimize delays in delivery.	During the year, we created Apps for Sales Force Automation and Showroom Field Task Automation which enable us speed up service and troubleshoot delays.

MATERIALITY ASSESSMENT OF KEY ISSUES RAISED BY ABANS STAKEHOLDERS

Material Topic	Why it is Material to us	Our Approach	Strategic Response
CUSTOMERS: Dealers, Distributors, Government and Corporate Customers			
21. Quick and easy transactions	Our Dealers and Distributors are an essential part of our nationwide sales network. The corporate and government agencies that deal with us are a special and growing segment among our valued customer base.	We are sensitive to the concerns and issues raised by our dealers, distributors, corporate and government agency customers.	The many ways in which we engage with these segments are reported under the Stakeholder Engagement section of this report. The way we cultivate better relationships and strive to develop our dealership network is explained under the Social and Relationship section to this report.
22. Ethical business practices			
23. Retail sales support			
24. Training and development			
25. Special deals and offers			
26. Easy to use systems and processes			
27. Automation/speed			
SUPPLIERS - FOREIGN			
28. Business reputation	Overseas suppliers who own global brands consider all of these criteria when appointing marketing, exclusive agencies and distributors. This is why Abans makes it a priority to excel in all these aspects.	We are committed to being a partner in progress with all our valued brands we are operating with.	Our efforts during the year to enhance brand value are discussed under the section on Intellectual Capital. During the year, we improved our after-sales service operations by creating an App dedicated to the Service Field Task. Automation enables us improve our speed of response. Our efforts during the year to promote the various brands we market are discussed under the Manufactured Capital, Social and Relationship Capital and the Intellectual Capital sections.
29. Ethical business practices			
30. Brand recognition			
31. Brand management and professionalism			
32. Quality of after sales service			
33. Attention to growth			
34. Open to innovation and improvements			
SUPPLIERS - LOCAL - GRI 204, 301			
35. Prompt payments	Our local suppliers are our partners in progress who have helped us throughout our 50+ year journey.	We believe in collaborating with our suppliers and developing them to be true partners in progress. We are committed to share the fruits we reaped growing with them.	The Social and Relationship Capital section of this report describes our efforts during the year to improve our continuing relationships and to support our local suppliers.
36. Ethical business practices			
37. Ease and speed of transactions			
38. Speedy delivery			
39. Quality of the goods			

Material Matters

MATERIALITY ASSESSMENT OF KEY ISSUES RAISED BY ABANS STAKEHOLDERS			
Material Topic	Why it is Material to us	Our Approach	Strategic Response
EMPLOYEES - GRI 401, 403, 404, 408, 409			
40. Good remuneration package	Our employees are a critical asset of our business, contributing immensely as teams and individuals to the success of our business. So we always make it a priority to develop and retain our staff while facilitating them with a appropriate and enjoyable work place.	Our human resource management philosophy centers around the three aspects of building talent, driving performance and creating an enjoyable and engaging workplace.	We carried out many tasks during the year to develop talent, drive performance and to create an enjoyable and engaging workplace are discussed under the Human Capital section of this report.
41. Skill development			
42. Career development prospects			
43. Great working environment			
44. Engaging workplace			
45. Long term prospects			
GOVERNMENT AND REGULATORY BODIES - GRI 205, 419			
46. Compliance	Assuring compliance in all aspects is part of responsible corporate citizenship.	At Abans we believe the need for compliance with all laws, rules and regulations a key priority and obligation.	We have systems and procedures in place to guarantee that the Company complies with relevant laws, rules and regulations on a timely basis.
47. Cooperation	Cooperation with regulatory bodies is part of responsible corporate citizenship.	Abans extends the fullest cooperation to all regulatory entities seeking our support or information.	Officers of the Company who deal with regulatory bodies are required to respond speedily and extend cooperation.
48. Good corporate citizenship; filing timely returns, prompt payments	Filing compliance documentation, tax and other statutory returns and making payments when these fall due, is an integral part of good governance and good corporate citizenship.	At Abans, we are committed to good corporate citizenship. We believe in fulfilling all obligations, including filing of statutory returns and making timely payments.	New experienced Tax Manager was hired during the year to ensure all the tax related matters are properly identified and to implement good internal controls All HR policies are being implemented.
COMMUNITY/SOCIETY AT LARGE - GRI 302, 303, 304, 305, 307, 413			
49. Good governance	As a company that operates throughout the nation, our commitment and goodwill with the local communities becomes an integral brand identity.	At Abans, we believe in enriching lives of people and sustaining the environment for future generations. We also believe in preserving fauna and flora for the life they contain. We build our brand by being a responsible corporate citizen and a good neighbour in the community who also abides by all laws & regulations.	What we have carried out during the financial year to enhance our community relationships is described in detail under the Social and Relationship capital.
50. Good corporate citizenship – social and environmentally responsible			
51. Gives back to community			
52. Great neighbor – positive community engagement			

Stakeholder Engagement

Stakeholder Engagement

Abans PLC adopts a stakeholder centric approach to enhance business operations. Stakeholder engagement is a vital element to ensure that our business remains sustainable in the long term. We believe that ongoing engagement with our stakeholders positively contributes towards improving the overall performance of our business, increases institutional knowledge and builds social and relationship capital, thereby enhancing our reputation and strengthening our strategic positioning.

Our stakeholder engagement model is based on the following principles:

- Engaging with our stakeholder groups to develop and maintain positive, productive relationships
- Ensuring key stakeholders are well informed and have access to information about our business and activities
- Involving our stakeholders in identifying issues which are material to our business
- Collaborating with stakeholders to identify emerging trends and develop solutions to future challenges
- Implementing initiatives and programmes that contribute to sustainable development and generate shared value
- Monitoring our success in meeting stakeholder deliverables continuously identifying areas for improvement

Identification of key stakeholders

Our stakeholders can be identified as individuals, groups or entities that have a significant effect on the organization's business decisions and those actions that can reasonably be expected to affect our organization's operations. We strive to take several direct and indirect communication routes to engage with diverse stakeholders on various topics.

Stakeholder mapping and prioritising our stakeholders

It is imperative that we map and prioritise our internal and external stakeholders to develop the extent of our engagement and strategic response with different groups. This mapping process enables us to prioritise stakeholder categories and efficiently allocate resources and managerial time. Abans uses the Mendelow's stakeholder prioritization approach to identify the stakeholders based on the power/ influence and interest on the business operations. Abans' strategic approach would be to continuously address their concerns and ensure meeting their expectations from business operations. Stakeholders who have a high interest and high power are considered as Key Players when taking of business decisions and are engaged with on a more frequent basis.

	Low	High	
Low	Minimal Effort Media	Keep Informed financiers Environment and community	Power
High	Keep Satisfied Government Regulatory bodies	Key Players Shareholders Investors Business Partners Suppliers Employees Customers	
	Level of Interest		

Stakeholder Engagement

Creating Value for Stakeholders

The Company deploys a wide range of communication mechanisms to reach out to stakeholders, engages with them on topics/ areas of interest to them and obtains feedback on business activities. This approach is being carried out based on stakeholder groups considered as crucial and the level of engagement is customised for various stakeholder groups in order to provide them with quality and relevant information needed to build trust and long-term relationships.

During the year, Abans satisfied the needs and objectives of the Company's key stakeholder groups by engaging with them as follows.

A. Stakeholder Group	B. Method of Engagement	C. Level of Engagement	D. Frequency of Engagement	E. Concerns Raised	F. Our Response
Shareholders	Annual Report	Inform	Annually	<ul style="list-style-type: none"> Sustainable returns Growth in profits Dividend growth Ethical corporate conduct and Good Governance Robust risk management practices Ability to adapt to macroeconomic changes 	<ul style="list-style-type: none"> Our commitment to sustain robust business growth over the long term A sustainable and a robust dividend policy Implement strategic and operational plans that can support growth targets Maintaining transparency and good governance including sound risk management strategies Ensure to communicate material information timely and accurately to shareholders
	Annual General Meeting	Consult	Annually		
	Quarterly Financial results released to the Colombo Stock Exchange (CSE)	Inform	Quarterly		
	Quarterly reports and correspondence	Inform	Quarterly		
	The corporate website	Inform	Ongoing		
	Press releases through CSE and Media	Inform	As necessary		
Employees	<ul style="list-style-type: none"> Management and divisional meetings 	Engage	Quarterly	<ul style="list-style-type: none"> Positive and enjoyable work environment Attractive remuneration schemes Job satisfaction and motivation Training Personal development Health and Safety at work Employee Welfare 	<ul style="list-style-type: none"> Enhance corporate culture towards highlighting care and concern for employees Provide extensive financial and non-financial benefits Substantial training exposure, talent management and retention programs Offer special promotions for staff and reward schemes
	<ul style="list-style-type: none"> Annual Performance Appraisals 	Assess	Annual		
	Event calendar including <ul style="list-style-type: none"> Sports Days Health camps Competitions Social & cultural activities 	Engage	Annual		
	<ul style="list-style-type: none"> Corporate Social Responsibility (CSR) programs 	Involve	Ongoing		

A. Stakeholder Group	B. Method of Engagement	C. Level of Engagement	D. Frequency of Engagement	E. Concerns Raised	F. Our Response
Customers	<ul style="list-style-type: none"> At all points of sale 	Involve	Ongoing	<ul style="list-style-type: none"> Innovative products with reliable quality 	<ul style="list-style-type: none"> Abans is committed to offer a range of innovative, high quality products offering value for money.
	<ul style="list-style-type: none"> Call centers 	Involve	Ongoing working hours and when customers call	<ul style="list-style-type: none"> A range of choices in each product category 	<ul style="list-style-type: none"> Enhance customer access convenience through an island-wide distribution network including shopping malls.
	<ul style="list-style-type: none"> One-to-one meetings 	Consult	As necessary	<ul style="list-style-type: none"> Environmentally friendly products 	<ul style="list-style-type: none"> Digital transformation of the sales network and operations to speed up customer service and add value
	<ul style="list-style-type: none"> Print and Electronic media 	Inform	As necessary	<ul style="list-style-type: none"> Island-wide accessibility 	<ul style="list-style-type: none"> Well trained service team assistance via the call centres and a committed and efficient after-sales service.
	<ul style="list-style-type: none"> Corporate website 	Inform passive	Ongoing, as necessary	<ul style="list-style-type: none"> Value for money 	<ul style="list-style-type: none"> Flexible payment plans including hire purchase, attractive credit terms and credit card options.
	<ul style="list-style-type: none"> Social media and live chats via website 	Inform engage consult	Ongoing	<ul style="list-style-type: none"> Product knowledge and attitudes of employees 	<ul style="list-style-type: none"> Conduct employee training programs focusing on product knowledge and customer service aspects.
	<ul style="list-style-type: none"> SMS and Email 	Inform consult	Ongoing	<ul style="list-style-type: none"> Speedy customer care support 	<ul style="list-style-type: none"> Timely settlement via online payment processing systems
	<ul style="list-style-type: none"> Customer care service centers 	Involve	working hours	<ul style="list-style-type: none"> Efficient after sales service 	<ul style="list-style-type: none"> Maintaining effective relationships
	<ul style="list-style-type: none"> Customer surveys and direct customer feedback (from all sources) 	Consult	As necessary	<ul style="list-style-type: none"> A variety of financing options 	
				<ul style="list-style-type: none"> Effective management of complaints and offering satisfactory solutions 	
				<ul style="list-style-type: none"> Protecting customer privacy with responsible business practices 	
Suppliers	<ul style="list-style-type: none"> Supplier visits and meetings 	Involve	Ongoing	<ul style="list-style-type: none"> On time settlements 	<ul style="list-style-type: none"> Timely settlement via online payment processing systems
	<ul style="list-style-type: none"> Supplier review and assessment 	Involve	Annually	<ul style="list-style-type: none"> Fair price and transparent transaction 	<ul style="list-style-type: none"> Maintaining effective relationship
				<ul style="list-style-type: none"> Long-lasting relationship 	

Stakeholder Engagement

A. Stakeholder Group	B. Method of Engagement	C. Level of Engagement	D. Frequency of Engagement	E. Concerns Raised	F. Our Response
Government and regulatory bodies	• Regulatory reporting	Inform	When required	<ul style="list-style-type: none"> Compliance with all relevant laws, rules regulations and guidelines Paying duties, taxes and levies promptly Transparency and regular communication Contribution to society as a responsible corporate citizen Create employment opportunities and enhance economic prospects 	<ul style="list-style-type: none"> Abans adheres to Government rules and regulations and pays taxes and duties in a timely manner. Cater direct and indirect job opportunities Conduct CSR programs Environmental preservation
	• Annual Report and the Annual General Meeting	Inform	Annually		
	• Quarterly Financial results released to the (CSE)	Inform	Quarterly		
	• Quarterly reports and correspondence	Inform	Quarterly		
	• Consultations and meetings	Consult	When required		
	• Taxes, rates, duties and other payments including EPF & ETF	Consult	Monthly, quarterly, annually or as required		
Community	• CSR Programs	Involve, consult, inform	Ongoing	<ul style="list-style-type: none"> Employment creation and economic growth Socially responsible corporate citizenship Good community relations in all areas of operation CSR initiatives Environmental responsibility 	<ul style="list-style-type: none"> Abans creates direct and indirect job opportunities and economic growth prospects in all areas where the sales network operates Some CSR initiatives are undertaken to serve the communities we operate in. Abans is committed to protect the environment and has invested substantially OR /made substantial investments in environmental conservation projects working with governmental and non-governmental agencies.
	• Press releases targeting print and electronic media	Inform	As necessary		
	• Social media channels	Inform, engage	Ongoing		

External Environment

Global Economy: Advanced Economies/ Emerging Markets & Developing Economies

The global economy is estimated to have contracted 4.3 percent in 2020.

Advanced economies like US, Europe and Japan are reported to have declined by 5.4 per cent while emerging markets and developing economies (EMDEs) are expected to decline by 2.6 per cent in 2020.

The COVID-19 pandemic has caused major disruptions and collapse in global economic activities. The global economic output is expected to expand by 4 percent in 2021 but still remains more than 5 percent below that of pre-pandemic projections.

Economic activity has been hit by reduced social interactions, owing to both regulatory restrictions applicable at the official and personal levels. Uncertainty about the post-pandemic economic landscape and policies has discouraged investment. Disruptions to educational activities have decelerated accumulation of human capital. Concerns about the viability of global value chains, and international trade and tourism being the hard hit sectors in the course of the pandemic would need to be carefully weighed. As with previous economic crises, the pandemic is expected to leave long-lasting adverse effects on global economic activity and per capita incomes. It is likely to steepen the slowdown in the growth of global potential output

In the baseline forecast, global GDP is expected to expand 4 percent in 2021, predicated on proper pandemic management and effective vaccination limiting the community spread of COVID-19 in many countries, as well as continued monetary policy accommodation accompanied by diminishing fiscal support. Nonetheless, the level of global GDP in 2021 is projected to be 5.3 percent below the rate of pre-pandemic projections—or approximately \$4.7 trillion. Subsequent to this year's pickup, global economic growth is envisioned to moderate in 2022 to 3.8 percent—still above its potential pace, but weighed down by lasting damage from COVID-19. By 2022, global GDP is still expected to be 4.4 percent below that of pre-pandemic projections—with the gap in EMDE's nearly twice as large as in advanced economies—as output remains dampened by lingering risk aversion on the demand side and the effects of diminished physical and human capital accumulation on labour productivity.

Remarkably, output in China is estimated to have rebounded in 2020 at a faster-than expected clip, mainly with the support from infrastructure spending.

China's strength for a speedy economic recovery was an exception. However, disruptions from the pandemic in the majority of other EMDEs were more severe than previously envisioned.

These resulted in deeper recessions and sluggish recoveries, especially the recent COVID-19 waves largely affecting

economic activities/economies in certain countries.

Advanced economies

The collapse in economic activity in the second quarter of 2020 was largely driven by sharp declines in the demand and supply of services. Measures taken to contain the spread of COVID-19 outbreak in the second half of 2020 allowed for a rebound, powered largely by retail sales. However, rise in more recent COVID-19 cases and intensity of the crisis worsening with emerging pandemic waves have hindered the pace of recovery. The level of economic growth/output is expected to remain below its pre-crisis peak for a prolonged period, as was the case following the global financial crisis.

Advanced economies are projected to recover on the back of pandemic containment aided by widespread vaccination and sustained monetary policy measures that can more than offset the benefits gained from partial unwinding of fiscal support. Growth rates projected to reach 3.3 percent and 3.5 percent in 2021 and 2022, respectively.

Major economies:

Recent developments and outlook In advanced economies, a sharp resurgence of COVID-19 cut short an incipient economic rebound in the second half of 2020.

In China, the economic rebound has been rapid but uneven, with consumer services trailing industrial production.

External Environment

The fall in U.S. activity in the first half of 2020 was nearly threefold as the peak declined during the global financial crisis, underscoring the depth of the recession. For 2020 as a whole, U.S. output is estimated to have fallen by 3.6 percent. Although the pandemic's economic impact was not as severe as envisioned in previous projections, contraction in 2020 was more than one percentage point larger than that of 2009.

Substantial fiscal support to household incomes far exceeding similar measures delivered during the global financial crisis contributed to a robust initial rebound in the third quarter of 2020, which was subsequently cut short by a broad resurgence of the pandemic.

Euro member countries too, were compelled to re-impose stringent lockdown measures. Several service sectors vital to the region's economy, in particularly tourism, remain depressed and are unlikely to recover until effective management of the pandemic improves confidence in the safety of face-to-face interactions. Despite a worsening pandemic, manufacturing has continued to recover, supported by strengthening foreign demand.

The expected recovery in 2021 and beyond will depend heavily on the evolution of the pandemic, which will in turn be influenced by the possibility of widespread effective vaccination.

Sri Lanka Economy & Outlook

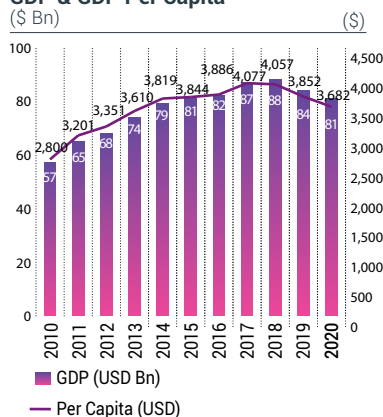
The Sri Lankan economy contracted by 3.6 per cent during 2020, compared to the 2.3 per cent growth in the previous year due to the COVID-19 pandemic. The agriculture and industrial sectors contracted by 2.4% and 6.9%

respectively, also the services sector contracted by 1.5%

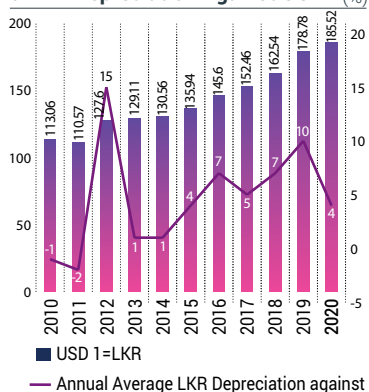
The second wave of the COVID-19 pandemic experienced by many countries, aggravated adverse global market conditions for Sri Lanka's key export markets, thus creating a low demand for its exports already weakened by the sudden outbreak of the pandemic in early 2020.

Increased liquidity injection to the economy facilitated by revising lending rates to historically low levels, along with strong fiscal policy measures, can enhance potential to boost the Sri Lankan economy.

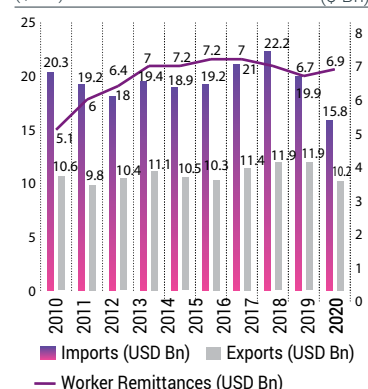
GDP & GDP Per Capita



Annual Average Exchange Rate (USD) & LKR Depreciation Against USD



Imports/Exports & Worker Remittances



Trade and External Sector Performance

The deficit in the trade account in 2020 narrowed to USD 5,978 million from the deficit of USD 7,997 million recorded in 2019. Country's Balance of Trade further continued to improve slightly, narrowing its deficit which declined to USD 514Mn. This was mainly due to the Government of Sri Lanka (GOSL) tightening policy measures discouraging non-essential imports (which was re-extended for six months from 02 January 2021 onwards) and motor vehicle to minimize the pressure on the Rupee (LKR). Import expenditure declined from USD 19.937Bn in 2019 to USD 16.055Bn in 2020.

During the period under review, export earnings dropped from USD11.94Bn to USD 10.077bn, driven by lower Industrial exports earnings amid the textile and garment industry facing multiple headwinds.

International travel restrictions posed a threat to Sri Lanka's tourism arrivals. Tourism earnings recorded a steep 73.5% drop with USD 957Mn in 2020 compared to earnings of USD3.607Bn in the preceding year. Livelihoods of those employed in the tourism industry and

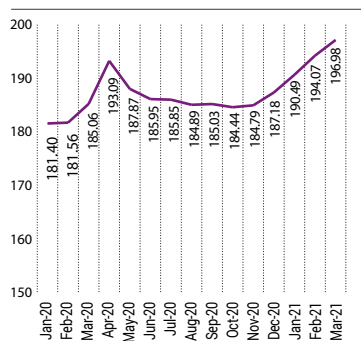
those who providing ancillary services were already affected by the Easter Sunday attack in 2019 were exacerbated by the pandemic.

Worker remittances increased by 5.8% in 2020 to USD7.104Bn compared to 2019. Increase in 2020 worker remittances were partly attributable to some permanent returnees (due to Covid allied unemployment and similar factors) bringing in their savings to their home country.

In 2020, Rupee/LKR depreciated 4% against USD, compared to 10% depreciation in the preceding year and was recorded at LKR 187.1822 against the USD as of end December 2020.

The positives of import restrictions imposed on importation of certain construction materials with local substitutes such as cement and tiles can be recognized as incentives to uplift the domestic manufacturing industry. The import restrictions are expected to impact government revenue through lower duties on imports. Further, with the current import and forex restrictions to be continued in the near term to preserve the foreign currency reserve position, the future economic outlook is likely to be optimistic.

Sri Lanka Rupees per Unit of USD



Headline inflation year-on-year (Y-o-Y) decreased from 5.2 per cent in November 2020 to 4.6 per cent in December 2020. This was due to the statistical effect of the high base prevailed in December 2019. Meanwhile, food inflation (Y-o-Y) decreased to 7.5 per cent in December 2020 from 9.4 per cent in November 2020, whereas non-food inflation (Y-o-Y) increased to 2.2 per cent in December 2020 from 1.7 per cent in November 2020. The change in the NCPI measured on an annual average basis decreased marginally to 6.2 per cent in December 2020 from 6.3 per cent in November 2020.

The Central Bank expects inflation to remain well within mid-single-digit levels in the medium term, particularly under the flexible inflation targeting (FIT) regime being implemented at present.

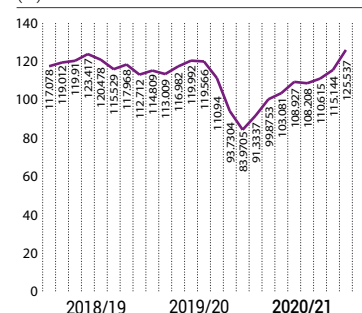
Commodity Markets and Outlook

With a downside scenario of a more severe and prolonged pandemic, growth would be the lowest among the six EMDE regions in Latin America and the Caribbean, the Middle East and North Africa, and Sub-Saharan Africa. Reflecting these regions' reliance on exports of oil and industrial commodities, the prices of commodities tend to be reduced by weak global demand.

Following the initial rebound in mid-2020, the global economic recovery has slackened. The services sector indicates lackluster performance, specially the outlook remain negative for international tourism. In contrast, activity and trade in the goods sector have improved. The fall in global investment has been pronounced, particularly for EMDEs excluding China (figure1). Even though financial conditions remain very loose, it reflects the need to accommodate exceptional monetary policies underlying

financial fragilities, are mounting/swelling. Most commodity prices rebounded from their mid-2020 lows as strict lockdowns were gradually lifted and demand firmed, especially from China.

All commodity price index, 2016=100 (%)



Source- IMF

Re-imposition of lockdown measures have resulted in a slowdown in the pace of the recovery. Although global trade in goods has largely rebounded, trade in terms of services remains feeble. Global financial

conditions are being supported by monetary policy accommodation, but financial systems in many countries show signs of underlying strains. On the contrary, most commodity prices, mainly those of metals, rebounded in the second half of the year as demand firmed.

However, the recovery in oil prices was more modest amid concerns over the pandemic's lasting impact on demand for oil. The pickup in oil prices lagged recovery in commodity prices in broader scale due to the prolonged impact of the pandemic on global oil demand. Crude oil prices averaged \$41/bbl in 2020, a 34 percent fall from 2019. The global demand for crude oil fell 9 percent in 2020, the steepest one-year decline

External Environment

on record as a result of pandemic-control measures. This plunge in global demand, was partly offset by historically large production cuts among OPEC+ (Organization of the Petroleum Exporting Countries), as well as Russia and other non-OPEC oil exporters; Figure 01). Oil prices are forecasted to remain close to current levels and average \$44/bbl in 2021 before rising to \$50/bbl in 2022. The main risk concerning the reliability of the forecast is related to the outbreak of pandemic, while demand for oil is susceptible and stand low, due to lockdown measures and reduced mobility; however, inventing vaccines spurred optimistic outlook/positive outlook, which somewhat reduced the risk exposure on global oil prices.

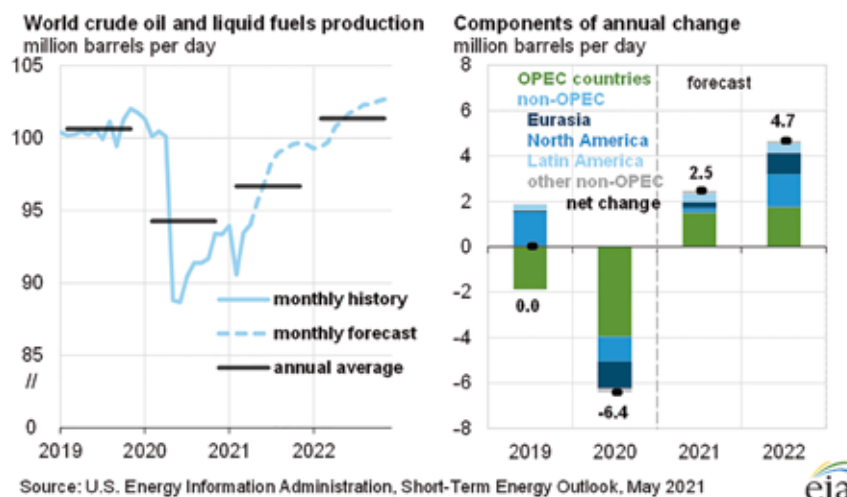


Figure 01

Source- U.S. Energy Information Administration

Our Strategic Direction towards Sustainable Growth

Abans PLC remains committed towards sustainable value creation through a consumer and community-centric strategy. Being the market leader in many consumer durable segments, we focus on maintaining our leadership position by continuously driving innovation, state of the art technology to our consumers and aspiration global leading brands with a value for money pricing strategy.

We are also committed to grow and nurture new growth engines towards achieving balanced growth and diversification to selected business sectors. Sustainability and community well-being have always been at the heart of our overall strategy. As the COVID-19 pandemic sweeps the world, we at Abans, recognize our extended responsibility towards the community and remain committed towards driving the health, safety, and well-being of our members, extended partners, nation, and the world at large.

Our Strategic Objectives

- 1) To be diversified conglomerate with wide range of business verticals which shape and define the lifestyles of all Sri Lankans.
- 2) Create a one-stop shop for leading brands of household appliances by creating convenience.
- 3) To be a Company driven by sustainable business practices and an environmental conscience.

Strategic Pillars



Business Growth

Business Growth

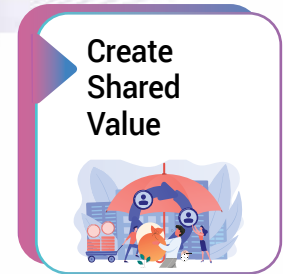
Abans PLC strives to achieve business growth through market penetration and development strategies. In a rapidly changing complex business environment the Company has been swift to adapt to changes. With the restrictions on imports the Company focused on strengthening its local manufacturing base for household appliances under the trusted 'Abans' brand. This will help the Company to offer a wide product range at a cost-effective price and help penetrate the Sri Lankan market further.



Diversification

Diversification

The Group's diversification into a wide spectrum of sectors has been one of the strong pillars of financial stability. Over the years the Company has focused on property development – with its Colombo City Centre waterfront iconic development which is considered a landmark in the city. Furthermore the Group has been successful in securing many international franchise rights for leading brands such as Mc Donalds,



Create Shared Value

Hyundai which have over the years built a considerable market share in the respective domains. Further the Company moved into financial services with Abans Finance PLC which has over the last few years since a turnaround in profitability.

Creating Shared Value

Abans PLC strives to create collaboration with its stakeholders. We strive to make equitable and balanced decisions based on economic, environmental and social aspects. Therefore, we have chartered our way on the path of sustainability wherein all stakeholders needs and aspirations are taken into account.

Our Strategic Direction towards Sustainable Growth

Strategic Enablers



Customer- Centricity

We recognize that customer preferences and purchasing behaviors are constantly changing. In response to this we strive to adapt our business to the emerging realities by expanding our product portfolio and preferred shopping methods. The Company is relentlessly focused on building its brand portfolio with world leading, recognised brands. Every year we expand our product portfolio with new brands which amplify our market presence whilst creating enriching customer experiences.

Given the acceleration in online shopping we will completely revamp the Buy Abans web portal which facilitates online shopping, bringing in many new features and convenience throughout the entire customer journey. This we believe will increase the site traffic and conversions moving into the future. We strive to offer a hybrid shopping experience wherein our customer could choose to purchase through our island wide outlets or shop online.

Diversification

Abans PLC is recognised as a conglomerate which has spread its wings to many business segments such as leisure, entertainment, financial services and property development. We hope to pursue this diversification strategy with focus on more areas such as hospitality which will help us elevate the lifestyles of Sri Lankans across many dimensions under the flagship of Abans and pave the way for the positioning of the Group – 'As a Way to Life'.

Technology and Innovation

Use of latest technology and innovation is one of the prime enablers of Abans PLC. We strive to introduce products which are technologically superior which are energy saving and sustainable. We also strive to leverage technology in our business operations to ensure that we remain competitive and agile. The group has embarked on a aggressive Digital Transformation Strategy, which will see many new Digital initiatives introduced throughout the organization.

Talent and Culture

Talent management is a key strategic enabler of Abans PLC. At Abans our employer value proposition is to provide an engaging, enriching and fulfilling opportunities that maximise the potential of our people. We hope to equip our teams to be future – centric equipped with the latest skills and aptitudes. Our Learning and Development through customized functional and leadership building modules facilitates the next generation of leaders through coaching and mentoring programs.

Sustainability

Sustainability is one of the cornerstones of Abans PLC. We have launched many sustainability initiatives to drive more eco-friendly practices across our entire Group. As one of the premier household and appliance retailers in Sri Lanka we also ensure that our products are energy saving and driven by sustainability principles.

Through this mechanism, we interact and engage with all stakeholders, including shareholders, consumers, employees, value-chain partners and the community, among others, in our sustainability journey.



DUAL Inverter
Air Conditioner with
4-in-1 Convertible Cooling



Dual Inverter
COMPRESSOR



10
YEAR
WARRANTY



4in1
COOLING



BLACK
FIN





Financial Capital

To create sustainable value for all stakeholders, we at Abans manage our financial capital in an astute, optimum and diligent manner, thereby harnessing opportunities for long-term value creation. Our prudent management of finances and diligent allocation of funds helps capitalize long-term opportunities and ensure sustainable financial growth and maximising shareholder value.

The following discussion and analysis should be read in concurrence with the Audited Consolidated Financial Statements of the Group and the Company for the year ended 31st March 2021 which are prepared in accordance with Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 07 of 2007 and Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. In this Report, 'Group' refers to Abans PLC and its subsidiary companies and 'Company' refers to Abans PLC. During the year under review it was decided to classify Abans Finance PLC as "Held

for Sale" and therefore the Statement of Profit and Loss for 2019/20 has been reclassified. All depictions given below should be read accordingly.

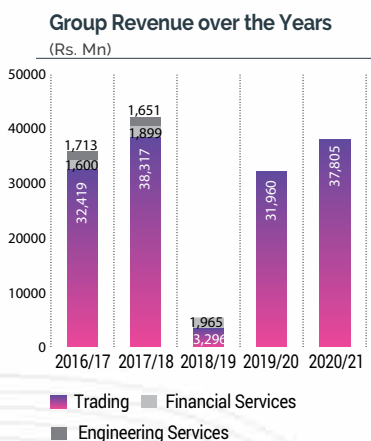
Prologue

Abans managed to thrive as a result of strategic working capital management and strong supplier relationships, amidst pandemic induced adverse factors which prevailed throughout the year in review. During the beginning of FY2020/21, when the lockdown was in place for certain areas in the island, Abans used its island-wide showroom network and online retail arm BuyAbans.com to reach customers in order to

gain lost sales. Subsequently during the temporary import restrictions, being able to continuously and exclusively supply the market with consumer durables and other electronics, Abans continued to thrive while recording even higher sales during certain months compared to that of previous year. Even though it was inevitable to make provisions for the anticipated foreign exchange impact on the profitability due to constant Rupee Depreciation which prevailed throughout the year under review, Abans was able to withstand this impact as a result of the record growth in top line and Gross Profit for the period.

Revenue

Abans PLC ended the year 2020/21 with a revenue of Rs.37.8Bn compared to Rs.31.9Bn in 2019/20 at 18% growth YoY. Group revenue stood at around the same level as during the year it was decided to classify Abans Finance PLC as a "Held for Sale" asset in group financials. Group revenue for FY 2020/21 consists of the revenue of Abans PLC, AB Technologies Pvt Ltd (No operations during the year) and AB Suncity Pvt Ltd (No operations during the year). Abans Lanka Pvt Ltd, which was previously a subsidiary and divested by Abans PLC during the year.



Gross Profit

Gross Profit for the period stood at Rs.9.9Bn for the Group as well as the company with an 7% YoY growth compared to that of Last year. Gross Profit for the Group and Company increased by Rs.665Mn and Rs.660Mn against last year respectively due to strong growths in sales of almost every product category. However, Gross profit Margin for the Group and Company stood at 26.3% against 29% previous year mainly as a result of currency depreciation pressure and lower margins yielded from IT special projects during the year under review which contributed a significant portion of revenue generated throughout the year

Operating Profit

Despite the increased operations among adverse macro-economic elements during the year, Abans was able to control the operating expenses compared to last year. Group and Company operating expenses saw a decline of 3.4% against last year where the savings were achieved from reduced utilities and showroom expenses attributable to the lockdowns, work from home arrangements etc. and from the strategic move to direct advertising and sales promotion expenses towards modes such as IT, Social Media and Electronic mass media in order to reach staying home consumers more efficiently. Accordingly, Group and Company Operating profit for the period reached Rs.3Bn mark recording the highest of the last 5 years with significant YoY growths at 37% and 40% for the Group and Company respectively.

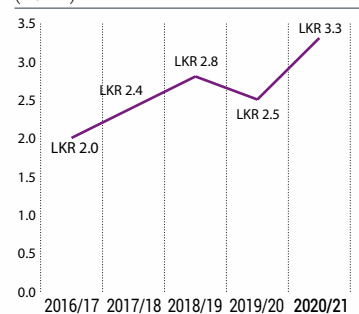


Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)

Group EBITDA for the year under review grew from last year by Rs.832Mn to end at Rs.3.3Bn. Similarly, EBITDA for the Company grew by Rs.370Mn to end at Rs.3.4Bn. This growth clearly stems from the Growth in Gross profit attributable to the significant improvement in the Group and the Company Revenue and from the Operational cost savings achieved during the year amidst the adverse macro-economic conditions.

EBITDA Over the years

(Rs. Bn)

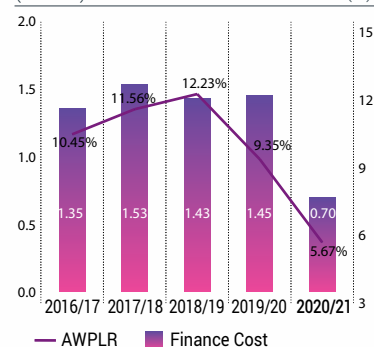


Net Finance Cost

In the light of Import and Exchange restrictions, Abans was able to manage the operations with minimum Debt where it was benefitted by strategic working capital management and flexibility towards supplier credit arrangements attributable to the strong and long-term relationships maintained with our main suppliers, specially LG. Further due to Government's monetary policy related reductions in interest rates, Abans saw a significant decline in its finance expenses as well. As a result, Year under review ended with a cumulative net finance cost of Rs.696Mn against Rs.1.45Bn last year for both the Group and the company. Net finance cost includes Rs.215.5Mn and Rs.281.4Mn Lease Liability recognition as per IFRS 16 for 2020/21 and 2019/20 respectively.

AWPLR VS Abans Group Finance Cost

(Rs. Bn) (%)



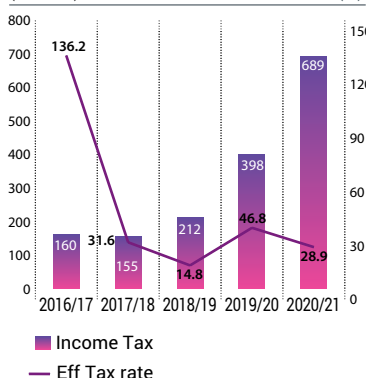
Income Tax

Income tax expense for the group and company was Rs.688Mn & Rs.672Mn respectively. Group Tax includes deferred tax charge of Rs.9.6Mn and Company

Financial Capital

Tax includes a deferred tax reversal of Rs.6.5Mn. The effective tax rate of the group for 2020/21 was 28.9% compared to 46.8% last year which included a deferred tax charge of Rs.85Mn.

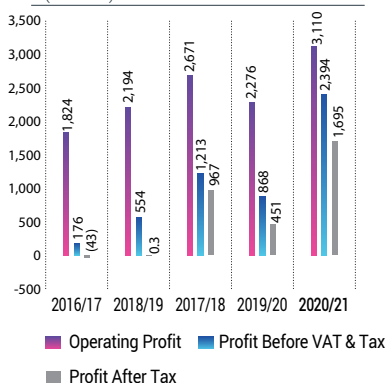
Group Income Tax Over The Years
(Rs. Mn) (%)



Net Profit after Income Tax & VAT

Growth in Turnover, Improvement in Operating profit and further reduction in finance cost helped Abans Group to report a Net profit before Income Tax & VAT of Rs.2.39 Bn for 2020/21 compared to Rs.868Mn last year. This 176% YoY Growth in Profit before tax aided the Group to report a Profit after tax of Rs.1.69Bn for 2020/21 (Rs.451Mn in 2019/20).

Abans Group - Profit over the years
(Rs. Mn)



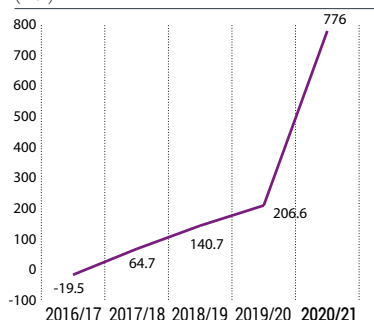
Similarly, Abans PLC (Company) reported a Profit before tax and VAT of Rs.2.52Bn and a Profit after tax of Rs.1.8Bn for

2020/21 (PBT 2019/20- Rs.887Mn & PAT 2019/20- Rs.476Mn).

Earnings per Share (EPS)

As a result of the improved Net profit during the period, Earnings per share for the Group from continuing operations stood at Rs.776 per share which is 3.8 times to that of Last year. Similarly, EPS for the company grew by over 3.9 times compared to 2019/20 to end at Rs.841 per share.

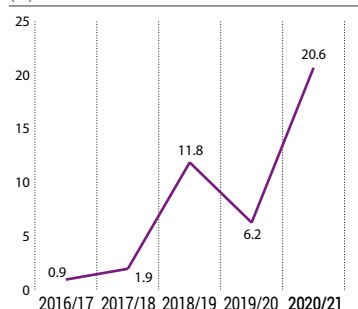
Abans Group EPS over the Years
(Rs.)



Return on Equity

Abans Group recorded a return on equity for the equity holders of the parent of 20.6% for the year under review marking the highest of last five years. Last year's ROE for the group stood at 6.2%. This was mainly due improved earnings as a result of sales growth, cost saving initiatives and effective working capital and cash management.

Return on Equity over the years
(%)

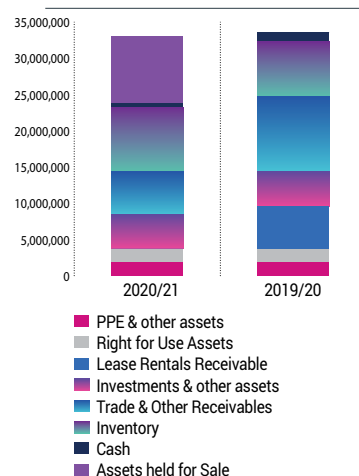


Financial Position

Assets

Assets of the group stood at Rs.33Bn as at 31st March 2021 compared to Rs.33.6Bn at the beginning of the year. This was mainly due to the decrease in Trade Receivables which stemmed from reduction of Hire Purchase portfolio compared to last year. Non-Current assets of the group reduced over the year whereas Current Assets of the Group increased as a result of Classifying Abans Finance PLC as an Asset held for sale under Current Assets. Held for sale asset amounted to Rs.9.2Bn as at 31st March 2021.

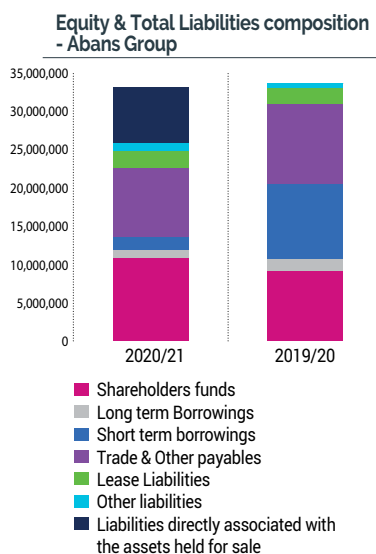
Total asset composition - Abans Group



Liabilities

Along with the decision to classify Abans Finance PLC as an Asset Held for Sale, Liability associated with this Asset Held for Sale has been recognized as Rs.7.2Bn under Current Liabilities. However, as a result of reduction of Abans PLC's HP Portfolio and related strategic working capital management initiatives, Abans Group has reduced its Interest-Bearing Debt by Rs.8.6Bn throughout the year to end at Rs.2.7Bn as at 31st March 2021 (Rs.11.4Mn LY).

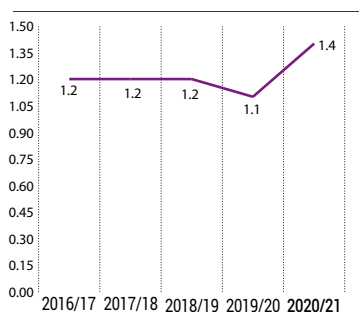
Accordingly, Total liabilities of the Group declined by 9.3% compared to the start of the year to end at Rs.22.3Bn



Ratios

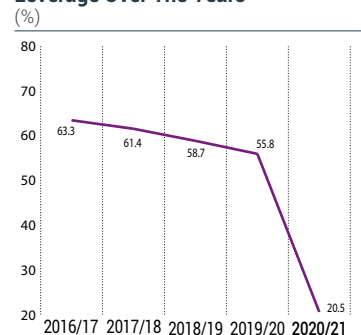
Liquidity: Abans Group liquidity ratio improved over the year under review to end at 1.4x compared to 1.1x at the beginning of the year. This was mainly due to the decrease in Interest Bearing Debt which was aided by the increase in inventory and the Asset Held for Sale categorized under Current Assets. Similarly, Liquidity of the Company grew to be 1.5x compared to 1.1x at the beginning of the year.

Liquidity Over The Years



Leverage: The gearing ratio of the group reached a record improvement to end at 20.5% compared to 55.8% at the beginning of the year. This was due to the reduction of Group's interest-bearing borrowings by Rs.8.6Bn during the year. Similarly, Company's gearing ratio decreased to 23% from 61% at the beginning of the year.

Leverage Over The Years



Economic Value Generated and Distributed

For the year ended 31st March	Group		Company	
	2020/21	2019/20	2020/21	2019/20
Direct Economic Value Generated				
Revenue	37,805,391,199	31,960,379,613	37,809,532,938	31,960,878,935
Finance Income	49,009,154	15,289,681	49,009,154	15,334,913
Proceeds from sale of PPE	19,306,655	24,834,000	9,450,639	24,537,868
	37,873,707,008	32,000,503,294	37,867,992,731	32,000,751,716
Economic Value Distributed				
Operating costs	34,869,350,861	29,935,818,022	34,871,060,802	29,926,606,916
Employee Wages & Benefits	1,489,587,000	1,551,186,000	1,489,587,219	1,550,679,000
Payments to providers of Equity Capital	374,224,950	-	374,224,950	-
Payments to providers of Debt Capital	745,133,060	1,467,442,057	745,133,060	1,467,442,057
Payments to government	698,217,344	416,333,011	681,937,321	410,952,806
Community investments	824,000	6,003,000	824,000	6,003,000
	38,177,337,215	33,376,782,090	38,162,767,352	33,361,683,779
Economic Value Retained	(303,630,207)	(1,376,278,796)	(294,774,621)	(1,360,932,063)



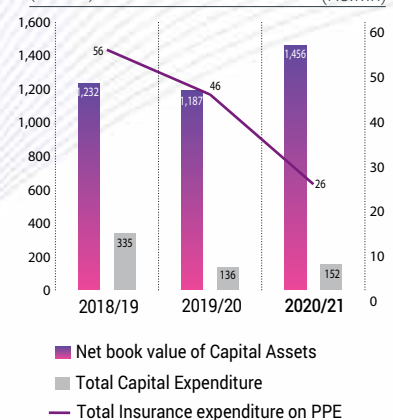
Manufactured Capital

Manufactured Capital refers to manufactured physical objects that are available to an organization for use in the production of goods or the provision of services, including buildings, equipment and infrastructure. At Abans PLC, our physical assets are located island-wide, and our customers can access our network of 389 showrooms across the country with convenience. Abans PLC has 389 owned showrooms island-wide, more than 40 Elite showrooms showcasing our most innovative, high-end products, and over 750 authorized dealers. Abans PLC also has the largest range of products available in duty free shops in the Arrival and Departure terminals of the Bandaranaike International Airport in

We are committed to invest in building our physical and digital infrastructure to enrich customer experiences and expand reach through an omni-channel business model. We invest in innovative technology to lay the foundation for futuristic digital services adding convenience to the purchasing journeys of our customers.

Colombo and reaches customers locally and globally through our e-commerce portal, BuyAbans.com. Besides the retail channel, Abans also has a vital dealer network and a project division which caters to large-scale projects.

Capital Assets and CAPEX
(Rs.Mn)



Our investment in Manufactured Capital is driven by the Sustainability Development Goal No 09 and 11 where as a group of companies we focus on building sustainable cities inspired by innovation and state-of-the-art infrastructure while creating value to all our key stakeholders



Activities, Brands, Products & Services

Abans is positioned as a Company that offers a 'Way to Life' – providing products and services from leading global brands under one roof to fulfill the aspirations of the customer for an enhanced lifestyle. Its product portfolio comprises of electronics, home appliances, mobiles and smartphones, IT and communication equipment, sanitaryware, apparel, footwear and personal care.

Expanding Our Retail Footprint



40
Elite



333
Retail



03
Apple
iStores



03
Skechers



01
Hugo
Boss



01
Furniture



03
Titan



01
Under
Armour



01
Toto



03
Duty Free

Dedicated flagship stores showcasing our portfolio of international brands has elevated the shopping experience to greater heights of success. These stores provide our customers an array of products generating positive demand for top notch brands.

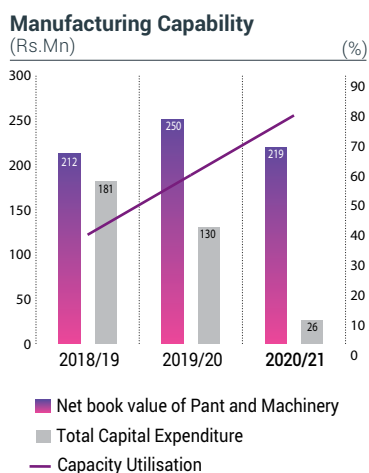
Manufactured Capital

Statement of Manufactured Capital Position

Measurement Category	Unit	2020/21	Change	2019/20	2018/19
Net book value of Capital Assets	Rs. Mn	1,456	23 %	1,187	1,232
Total Capital Expenditure	Rs. Mn	152	11 %	136	335
Total Insurance expenditure on PPE	Rs. Mn	26	(45 %)	46	54
Manufacturing Capability					
Net book value of Plant and Machinery	Rs. Mn	219	(12 %)	250	212
Total Capital Expenditure	Rs. Mn	26	(80 %)	130	181
Capacity Utilization	%	80%	33 %	60%	40%
Showrooms/Outlets					
New showrooms opened	No.	13	30 %	10	10
Total Investment in New Showrooms	Rs. Mn	43	34 %	32	79
Total Number of Showrooms at the end of FY	No.	389	-	388	392
Total Renovations/Improvements	Rs. Mn	99	22 %	81	163
Service Centers					
Net book value of Capital Assets	Rs. Mn	810	8 %	753	741
Total Renovations/Improvements during the year	Rs. Mn	26	6 %	25	6
Total number of Service Centers at the end of FY	No.	15	7 %	14	16
Colombo City Centre					
Net book value of Capital Assets	Rs. Mn	11,745	6 %	11,039	9,260
Investments during the year	Rs. Mn	1,985	(58 %)	4,774	7,287

Our Manufacturing Capability (Abans Electricals PLC)

Abans Electricals PLC operates across the manufacturing, after-sales service and solar power sectors. Abans Electricals PLC is reputed for manufacturing and assembling consumer white goods such as washing machines and refrigerators for the local market. As the service arm of Abans PLC, the company also has 15 regional service centres with more than 40 authorised service agents island-wide. In addition to its core operations, the company has continued to expand its presence in the emerging solar power sector in the country, which can be expected to generate new opportunities in the future.



- The manufactured capital of the Company comprises buildings, plant and machinery, tools and equipment, which are vital to carry out core activities and customer

value creation and also ensure the Company's ability to provide an uninterrupted sustainable supply of products in a cost-effectively manner to the market.

- During the year under review, LKR 26.38 Million was invested in CAPEX, which includes investments to expand existing production capabilities to enhance local value creation and cost efficiencies.

However, with the impact of the COVID-19 pandemic, the Company had restricted its CAPEX investment during the FY 2020/21.



After Sales Centers/Service Centers

The Abans Service Centre is fully computerized and situated in a multi-storeyed modern building at 506 B, Galle Road, Colombo 6 with state-of-the-art equipment and factory trained skilled technicians. The Service Centre has 15 Regional Centres which are called Customer Care Service Centres in major towns and cities island-wide and 40 authorized service agents in smaller towns. The after sales service for all products sold at Abans 389 showrooms island-wide is carried out by the regional centres and by the authorized service agents. Our reputation with our customers and the broader Sri Lankan community is the reason why we remain a preferred choice of partner for global brands looking to break into the Sri Lankan market. At the new Interactive Abans Service Centre, appliances can be serviced on the spot in approximately 30 minutes.

Online Access

Abans Service Centre has an online presence where the job number sent to through SMS can be entered and

progress on the services tracked. Direct online payments can be made through a secure gateway on the Abans Service website saving time and effort. Abans' special SMS system option informs of the job progress and status of appliances. Customers are notified via SMS updates to their mobile phone when units are ready for collection/delivery. The Abans Quick Mobile Service offers the option of accessing after-sales services from home.

With a vast island-wide network of 15 regional service centres and over 40 authorised service agents, Abans Service allows island-wide consumers to readily access its services. The Centre provides after-sales services for the wide variety of appliances that are at present being offered at Abans PLC including LG, Hoover, Mitsubishi Electric, Electrolux and Elba.

Every Abans Service technician has gained necessary qualifications and is specially focused on appliances and electronics repairs. Abans AC service technicians have attained specialised training in air conditioning at the LG AC Academy.

Call Centre

Abans Service has presently updated their services to include around-the-clock after-sales assistance. Other services include a 24-hour assistance option enabling customers to call their hotline and receive guidance and feedback over the phone. In urgent situations, a technician will arrive at home to attend to problems regarding appliances within 30 minutes of notification.

Colombo City Centre

One of Sri Lanka's largest real estate and infrastructure projects, Colombo City Centre Partners (CCC) was envisaged as a sustainable value creation project. The first mixed development project of its kind in Sri Lanka, it comprises a retail mall of international standards, a specialized hotel targeting business travelers and 192 apartments units, and will be a unique development once ready. During the year under review, CCC incurred close to Rs 2 Bn as renovations and improvements which was significantly lower than that of 2018/19 and 2019/20 due to the adverse economic conditions and had a base of Capital Assets of Rs. 11.7 Bn.

Offline Assets

During the year under review, Abans accelerated its digital transformation by focusing more on its move to establish an omni-channel which invites customers to browse Abans' offerings online while making their way to the bricks and mortar outlets. The BuyAbans.com website will be revamped as a unique retail interactive site

BuyAbans recorded a revenue growth of 137% in the year under review, compared to a 5% in the previous period. The site provides customers access to their favourite Abans products and operates through a secured payment gateway for safe online purchasing. All purchases

Manufactured Capital

are delivered free of charge within three working days anywhere in Sri Lanka.

Value Creation

Despite the pandemic, Abans PLC recorded 18% revenue growth over the previous year, marking over 37 Billion rupees in sales. The company managed to offset loss by temporary closure of outlets as a result of lockdowns by pushing online sales. Distribution was decentralized to ensure outlets outside of the Western Province had adequate stocks in case of a lockdown in Colombo. Outlets in Gampaha had to remain closed during the second wave but demand picked up once the lockdown was lifted.

During the year, the company transformed its hire-purchase strategy to be more cash and credit card focused partnerships with credit card providers and banks. A 30% growth was witnessed in debit card transactions in the financial year. Cash based promotions also performed well. Dealers were also encouraged with attractive incentives for cash purchases.

Several popular sales promotions were held, including the Black Friday and Christmas promotions which were mainly based on cash sales. The company was successful in growing its cash and credit card base while building a stronger hire-purchase portfolio.

The IT and Mobile business received a significant boost amid work/study from home requirements and we opened many shop-in-shop outlets. Further, during the year we promoted our local manufacturing products, including washing machines and freezers.

Further, no significant changes to the size, structure or supply chain were recorded during the year under review and there was no recorded social impact from the supply chain.

Maintenance and Certification

We obtain regular maintenance, upgrades and certifications as required.

Currently we have obtained compliance certifications for Designing, Supplying, Testing & Commissioning and After Sales Services from the 'Sri Lanka Standards Institution' also known as the Sri Lanka Standards Institute. It is the National Standards Authority/Board of Sri Lanka as well as the 'International Organization for Standardization' which is an international standard-setting body composed of representatives from various national standards organizations. Furthermore, Abans PLC makes responsible use of public facilities provided by the government such as roads, water, waste management etc. However, it is a model citizen and has paid Rs. 74.8 Mn in total income taxes for the 2021 financial year.

Way Forward

As the Group enhances its brand positioning and forges ahead with its digital transformation strategy, the 50-year-old Abans PLC is gearing up to remain the leader in the retail sector. It is pursuing a strategy to open up in smaller towns, bringing new lifestyle trends to customers at their doorsteps. Simultaneously the company will expand its Abans brand portfolio while supporting its global leading brand partners. The company is focused on widening its smaller appliance product portfolio in keeping with the ongoing trend. The sooner the government lifts the importation brand, the sooner Abans PLC can accelerate growth. The exchange rate and higher freight rates were other constraining factors for importers. Once these issues are corrected and borders opened up, we expect an uptick in demand.



Colombo
City Centre

Abans





Human Capital

We strive to build an inspiring work culture with collaborative team efforts that are directed towards achieving strategic business goals. We rely on the exceptional skills and capabilities of our talented workforce. At Abans, our aspirations are intrinsically aligned with our people to nurture people and grow careers. We take pride in our unique culture that fosters openness, transparency and recognition as cornerstones of performance.

Human Capital is an intangible asset or quality not listed on a company's balance sheet. It can be defined as the economic value of a worker's experience and skills and includes assets such as education, training, intelligence, skills, health and well-being. At Abans PLC, we believe we can improve the quality of our Human Capital by investing in our people to benefit their personal and professional growth as well as benefit the organization in terms of increased productivity and profitability.

Management Approach

The Group is focused on repositioning the Abans brand as the 'Way to Life'.

Aligning with the brand positioning, we aim to gear employees to be 'future ready' to guide customers to fulfill their lifestyle aspirations, while simultaneously appealing to the Millennial generation. Synchronizing our human capital strategy to Group strategy, the focus ahead is on attracting young and confident team members who will be able to relate more easily to Millennial customers who are digital and tech-savvy.

As the physical aspects of the brand transform into a 'future ready' organization, both externally and

internally, our employees too will evolve into a knowledgeable workforce. As a Group we have the advantage of leveraging on shared synergies for optimal use of resources and extensive knowledge base that we possess. The Group is focused on building talent in order to build long term organizational capabilities through acquiring external talent and developing internal capabilities. We aim to drive performance to create a high performance culture while creating an enjoyable and an engaging workplace - leading Abans to become a 'Great place to work' eventually, a certification we are working methodically towards.

KEY INDICATORS



1945

Number of employees



Rs. 1.5 Bn

Remuneration & benefits (Rs Mn)



77:23

Male to female ratio



422

Number of new recruits



16%

Turnover rate



Rs. 1.2 Mn

Investment in training and development

Our investment in human capital demonstrates our commitment to the following Sustainable Development Goals, which is further elaborated in the Human Capital section.



Our Values

- Visionary** ▶ Seeing the bigger picture backed by entrepreneurial, risk taker attitude but protecting your lifestyle.
- Relentless** ▶ Unwavering determination for progression.
- Empowering** ▶ As an employer, as a business partner, as a socially responsible group we empower people to enhance their lives.

The unique entrepreneurial spirit that defines the Abans Group is instilled in each and every employee to sustain their thirst for reaching the highest echelons of customer service and long-lasting relationships with all stakeholders. In order to achieve this, members of staff are continuously trained and their skills upgraded to be ideally positioned to serve evolving customer and market trends

Workforce Composition & Diversity

Diversity promotes the individuality in an organization and helps every person to contribute to the organization with unique, creative skills and ideas. Employees with diverse backgrounds can bring together many ideas and thoughts which will help organizations to deliver better outcomes.

At Abans we respect people, their individuality and their differences in a collective, welcoming work environment. Emanating from this 'respect to others' at

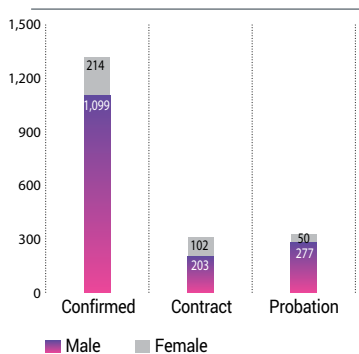
the very core, we welcome people from different backgrounds, social status, education, experience, exposure levels and demographics into our one big Abans family. We help them inculcate the necessity to respect others who are different, promote collaboration and encourage them to work as one. This 'respect to others' is the thread that runs in the Abans fabric of harmonious work methods.

At Abans we have a work force where the majority of the employees are represented by Millennials. Mostly

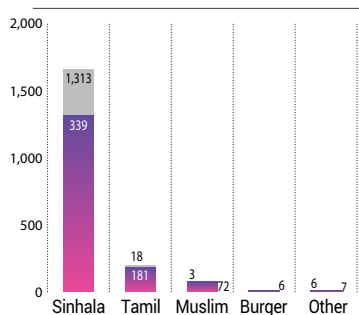
Human Capital

our sales and frontline operations are represented by Millennials and Gen Z work groups and our middle and senior management roles are represented by Gen X and Baby Boomers. We strive to leverage the unique strengths of each generation and enable them to learn from each other in order to create a more collaborative and an engaged culture.

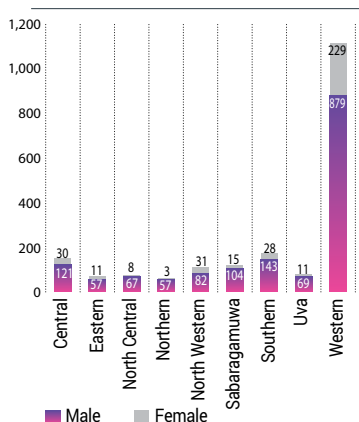
Employees By Contract and Gender



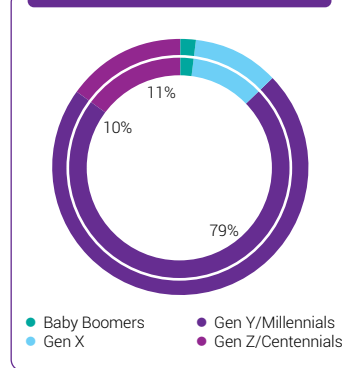
Employees by Gender and Ethnicity



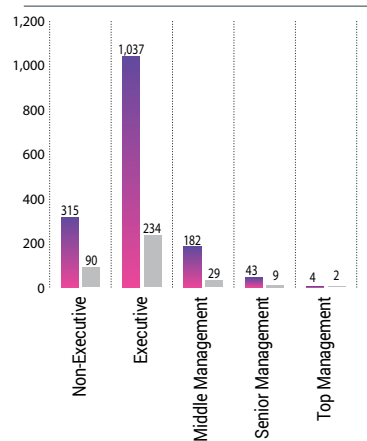
Employees by Gender and Province



Multi Generational Workforce



Employees by Category and Gender



Employment Type by Province

Province	Confirmed	Contract	Probation
Central	98	25	28
Eastern	48	4	16
NorthCentral	45	14	16
Northern	43	3	14
NorthWestern	62	33	18
Sabarakgamuwa	80	21	18
Southern	98	37	36
Uva	55	10	15
Western	784	158	166

Talent Management

Abans is focusing on building long term organizational capabilities which enables the organization to drive its business agenda and meet business objectives. HR agenda is designed to ensure that the organization will be future ready and has a talent pipeline to meet the future talent requirements. Our Talent Management framework is focusing on attracting the external talent from the market as well as developing the internal talent within the organization

a) Talent Acquisition

Talent acquisition is where we focus on attracting the right talent from the market. Our focus has been on the entire process starting from creating the awareness of the opportunities with the potential candidates, influencing the right candidate, forming an interest towards our organization by creating the right awareness, ensure that we adopt a right selection process and the effective onboarding of recruited candidates. Accordingly, we are focusing mainly on employer branding, sourcing, onboarding as key element of in the Talent Acquisition process. There are no part time employees recruited.



i) Employer branding

Our Employer Value Proposition is built on the philosophy that at Abans, we respect and celebrate each other's differences and value what makes each of us unique, we offer diverse careers, we value committed and passionate individual who are performance driven. We believe in providing a work environment that empowers employees to enhance their potential and gives freedom for their wellbeing, so that they will enjoy their journey with us.

We stand for "Enhancing Potential, Unleashing Passion."



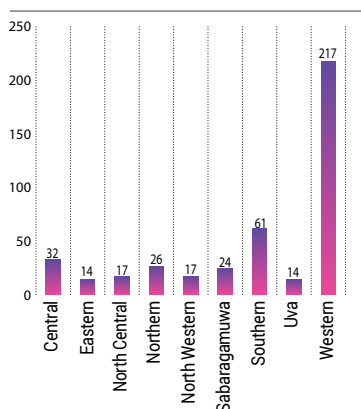
We are constantly endeavoring to augment our brand as a preferred employer, where the right candidates get attracted to our company which will be a strength for us in building our talent pipeline. Abans forges strategic partnerships with well-known professional bodies and career events whilst strengthening its social media presence, thereby enabling the company to engage prospective employees and Millennials.

ii) Sourcing

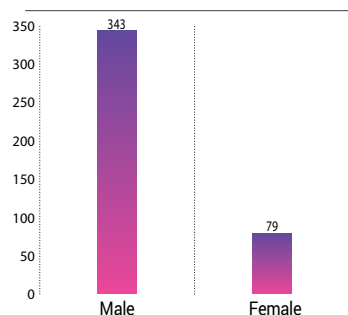
Sourcing is carried out to ensure there is an adequate talent pool at different levels to guarantee an optimal blend of senior managers, executives and other staff. Priority is always given to internal candidates when it comes to promotional prospects. However, we also accommodate the need to hire professionals externally with special skills. In keeping with the Group's open culture, a fairly flat hierarchy is maintained. Further, we do not allow race, colour, gender, age, disability, sexual

orientation, class, religion, politics, or any other discrimination when it comes to recruitment.

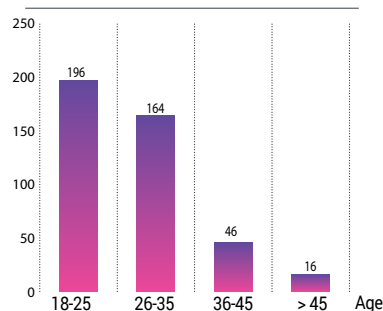
New Recruits by Province



New Recruits by Gender



New Recruits by Age



iii) Onboarding

Corporate Induction Program

The main objective of the Corporate Induction is to help the new recruits settle well in their roles and align to the systems and processes of the organization better. This program will also showcase the strength of our group,

diverse businesses that we are into and the future progress, which will surely be an inspiration for newcomers - being a part of a large progressive conglomerate.

Buddy Program

This program provides new employees with support and guidance to adjust to the new workplace and role. This program has been found to be helpful for onboarding new recruits to assimilate into Abans' corporate life with ease. It also provides the new recruit with a point of contact for general queries regarding day-to-day operational issues and provides access to someone who is familiar with the culture of the company. The Buddy concept has also been found to facilitate concerns which the employee might have and which he/she might not be comfortable in sharing with the immediate supervisor.

b) Talent Development

Our greatest asset is our people; the aim of talent development is to create a high-performance sustainable organization that meets its strategic and operational goals and objectives. We believe developing talent is one of the best ways to facilitate an organization to achieve its business goals and assure an organization has the future leadership capabilities to take it forward. Further, We believe that talent retention is a vital aspect as people with the right skills and in the right role can achieve organizational objectives and personal career milestones.

There are two main strategies in developing talent at Abans:

i) Competency Development

A competency is an underlying characteristic of a person which enables them to deliver superior performance in a given job role or situation. Hence, our strategy focuses on developing core competencies and functional

Human Capital

competencies of our staff and our development initiatives are aligned towards these two facets.

Competency Framework

Abans PLC's newly-instituted competency framework is a means by which the organization communicate which competencies employees need to excel in and how they are valued, recognized and rewarded with respect to job roles and hierarchy. It ensures that staff, in general, have a common understanding of the organization's values and accepted excellent performance behaviors.

In alignment with Abans' competency framework, we have identified 05 core competencies and 06 level based competencies. Core competencies which provide the foundation of the framework, describe behaviors to be demonstrated by all staff members at Abans, immaterial of the job they perform or level they operate at, while level based competencies are applicable to a particular hierarchy an employee is assigned to. Accordingly, three levels have been defined based on the job levels and each level has been assigned with three levels of competencies.

ii) Leadership Development

Leadership Pool

Investment value

In order to develop leadership talent within the Abans Group to lead the business and drive change, the Change Makers League Program was launched as a series of facilitator lead training sessions, experiential learning programs and a final business project that enables participants to develop key leadership skills, business acumen and professionalism. The program helps to develop leadership bandwidth,

business acumen and professionalism of key contributors while enhancing engagement and retention of key talent. It creates overall synergy and alignment of the businesses units to the organization strategy through key contributors.

Succession Planning

Succession planning is critical for the sustainability of the business into the future. The leadership positions that require succession planning are identified based on the criticality of the role and business impact; career progress and movement of the job holder; and tenure and age of the job holder. The identified leadership roles are reviewed by the Talent Review Committee and approved annually. Identified successors are placed in three levels: Ready Now, Ready in 02 years and Ready in 05 years. HR and Line Manager are jointly responsible for the grooming of successors. Corporate HR reviews the process, critical positions and the succession planning policy once a year for the first two years, and once every two years thereafter to ensure the policy facilitates managing key talent effectively.



Next Leader Program

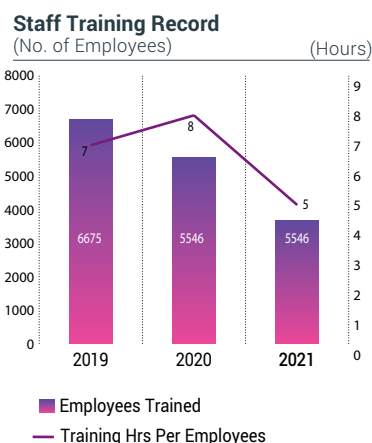
Identifying and grooming the future leaders of Abans is vital for sustainable growth and expansion. With this in mind, the Next Leader Program was launched to identify key leadership roles of the

organization and develop potential successors. By identifying and grooming internal talent, a large pool of leaders are developed within the organization who can better adapt to the culture and values of Abans than external hires whilst reducing the hiring cost.

With the consultation of the Board of Directors, 25 Senior Leadership positions were identified as critical positions under Phase 1. within the organization were identified as Critical Positions. While these leaders will move on to take bigger/different roles, mid-level managers who have the skills and potential to succeed these key leaders within the next 01 to 05 years are identified.

All nominees were screened by HR and by the Talent Review Committee consisting of Directors and Management Committee Representatives.

The shortlisted candidates were invited to take part in a Development Center Assessment. At the development center, competencies and leadership potential of the candidates were assessed through globally accepted assessment tools. The finalized candidate's development journey will be mapped out through their IDP (Individual Development Plan) until they are assigned to new roles in future.



Coaching and Mentoring

We have initiated coaching and mentoring programs for key positions and future leaders of Abans PLC. The purpose of this program is to enhance their abilities and skills to lead and to help the organization meet its operational objectives. Personal development is also a part of the

process; it provides better understanding to the individuals on creating a vision and setting up goals for themselves.

Due to COVID-19, physical training programs were not conducted as planned. Several online trainings were conducted to enhance the knowledge and augment skill levels of the staff.

Trainings carried out during this financial year

	No. of Hours	No. of Employees	Total Man Hours	Investment
Training on Core Competencies				
Understanding Strategy	7	25	175	42,492.00
Be an Effective Supervisor (BackOffice)	2	58	116	30,000.00
Be an Effective Supervisor (Sales)	1.5	74	111	30,000.00
Professional E-mail Writing	2	57	114	35,000.00
Negotiation Skills	2	63	126	30,000.00
Motivation First	1.5	54	81	25,000.00
Protecting Our Mind	1.5	56	84	22,500.00
Training on Functional Competencies				
PAYE Tax	2	25	50	15,000.00
Debt Collection in Tough Times	1	67	67	30,000.00
Sales Excellence	2	35	70	20,000.00
Legal Aspect	2	65	130	-
Finance for Non-Finance	2	43	86	-
Onboarding Training	-	2000	11471	-
Product Training	-	1940	6446	908,194.00
Onsite Training	4	99	396	77,244.00
Special Administration Training	-	554	1753	54,904.00
Special Trainings conducted during COVID19 Pandemic Period				
The New You - Motivational Session	1	26	26	0
How to stay focused during this challenging period	1	105	105	0
Post Covid challenges for HR Professionals	2	27	54	0

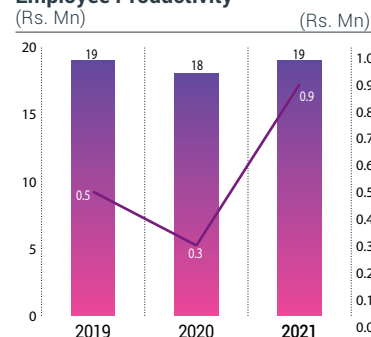
Performance Centric and an Engaging Culture

a) Performance Driven Culture

i) Performance Management

"What gets measured gets managed"
– With this in mind Abans introduced the Performance Management Process to foster a Performance Driven Culture and to drive shared vision and values at Abans.

Employee Productivity



Abans recognizes the importance of aligning employees to its corporate goals and values for its sustainability and growth. The main objective of this initiative is to facilitate a high performing culture by aligning individual performance to organizational objectives, and to provide a mechanism to objectively evaluate and reward employees. In addition to that, this system will be facilitated in people development initiatives through the Abans competency framework which will further enable us to focus on the individual career and succession planning process.

Human Capital



As an organization moving towards a performance-driven culture, we recognize our employees as a key asset. So, we focus on our employees and their development by defining a strong performance management process.

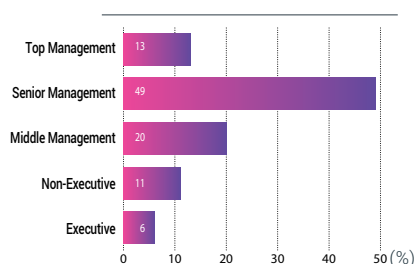
Employees are rewarded purely on their performance and their performance goals and targets are clearly defined and communicated to them formally. While their performance is measured through pre-defined goals, competency framework will be facilitated to identify potential leaders within the organization who can be groomed well to serve as future leaders.

The HR department conducts performance reviews twice a year, mid-year and year-end. Both Executive and non-executive staff are evaluated at this time.

ii) Rewards and Recognition

Acknowledgement of employee achievements in the presence of senior management and peers plays a crucial role in retaining talent. Abans Group employees are provided with several occasions annually where their outstanding performances come under the Group spotlight. Reward scheme plays a crucial role in retaining talent.

Remuneration by Category



• Abans Spotlight Employee Recognition Programme

This scheme was established to recognize employees on an instantaneous basis and make them feel that their work and ideas are recognized 'on-the-spot' rather than wait for the year-end. Employees who drive corporate values including trust, care for customers, collaboration, entrepreneurial spirit, promote a culture of empowerment and employee engagement are granted this recognition. To be eligible, employee must demonstrate superior performance for Abans Values, come up with innovative ideas, show exemplary Inter-departmental / company collaboration and develop/demonstrate cost consciousness.

b) Engaging Culture

The organizational culture at Abans ensures that the organization is more purpose-led and people-centric. Abans have partnered with the Great Place to Work Institute and adopted a globally accepted culture framework to augment Trust, Pride and Camaraderie within the organization to eventually drive the organization towards a Great Place to Work. We believe focusing on employee engagement, always leads an organization to create a positive and productive culture within a workplace. Therefore, Abans launched its employee engagement survey with Great Places to Work Institute as a diagnostic measure and align the future HR agenda to strengthen employee experience at Abans. Abans has sustained harmony among employees in all possible ways. Group does not have any collective bargaining agreements.

The Great Place to Work Institute is facilitating Abans in its journey of building and sustaining a high trust



culture in order to drive employee performance. Abans is driving its culture where employees are valued, trusted and proud of what they do and who they work for. Fitting into the needs of the modern working world, Abans offers employees personal and professional development whilst highlighting the importance of a healthy and productive work/life balance through many wellbeing practices as elaborated in the Human Capital Segment.

i. Work Culture and Ethics

The work culture at Abans PLC is open and conducive for career progression. The two-way communication channel between management and staff dialogue and an open door culture promote employee engagement. The Human Resource Business Partners (HRBPs) are always available to enhance employee relations through working one-on-one with employees and facilitating them while creating an engaging culture at Abans. Optimal work-life balance is an important aspect in retaining the best talent within the organization.

While developing the Performance Management System and Competency Framework, special focus was given to

assessing employee values, ethics and norms in order to understand to which extent employees adhere to company values, ethics and norms.

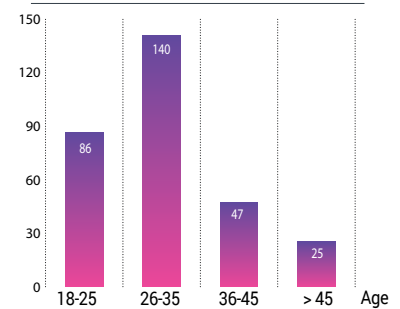
The disciplinary policy explains how the Group addresses employee misconduct. The objective of this policy is to ensure that fair and equitable procedures are followed when dealing with employee misconduct and imposing punishments. It also defines the minor and major offences, punishments as per category of offences and Formal Disciplinary Inquiry Procedure. Disciplinary actions and punishments are decided by a Disciplinary Board based on the facts and evidence found during the inquiries.

It also includes a separate section for sexual harassments which involve one or more incidents and actions constituting harassment. These may be physical, verbal or non-verbal and actions to be taken in such incidents, as a company which intends to provide a harmonious workplace to its employees.

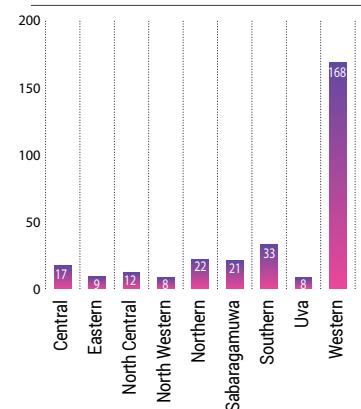
ii. Handling of Grievances

The Group extends ample opportunities for aggrieved employees to voice their complaints to senior management via an open-door policy culture.

Staff Turnover by Age



Staff Turnover by Province



When we introduced our Code of Conduct on 16th March 2021, a segment was included which emphasised the importance of equality. Following is an excerpt of the Code of Conduct:

"Abans is an equal employment/ affirmative action employer and is committed to providing a workplace that is free of discrimination of all types and from abusive, offensive or harassing behaviour. We harness diversity to strengthen our business. We respect and celebrate each other's differences and value what makes each of us unique. We must treat colleagues as we expect to be treated and respect their characteristics and opinions. We must not allow race, colour, gender, age, disability, sexual orientation, class, religion, politics, or any other characteristic protected by law to influence our judgement when it comes to the recruitment, development, advancement or retirement of any employee. Any employee who feels

Human Capital

harassed or discriminated at work should report the incident to his or her manager or to the respective Human Resources Business Partner."

Further, Abans practices zero tolerance for sexual, child and forced labor and a robust grievance handling mechanism. No incidents on sexual harassment has been reported in the company.

The Grievance Handling policy of Abans is developed to create awareness among employees of the process available in handling grievances thereby enabling the employee to voice his/her grievance, clarify the nature of the grievance, investigate the reasons and obtain a speedy resolution with the support of the management. We provide the utmost confidentiality for the complainant and the entire process is handled with the greatest discretion.

iii. Employee Engagement and Recreational Events

As a result of COVID-19, there was a major barrier in conducting planned employee engagement activities. Therefore, the main focus was to get the employees engaged through online engagement initiatives. As there is a diversified workforce within Abans, the employee engagement team conducted different types of online engagement activities:

An art competition named "Creative Kids - Show Their Talent (Covid 19)" was organized in April 2020 under two themes "Rising together after COVID - 19 and Healthy and Happy Sri Lanka" for the kids of Abans staff.

In order to celebrate Vesak together, an online initiative named "Asirimath Vesak Mangalya Abans Pawla Samaga Ekata Samaramu" was organized in May 2020.

Abans staff members were invited to share pictures of their Vesak decorations and the photos were shared on the Abans Facebook page.

Another online engagement activity named "Improve Your Typing Skills" was organized through introducing an application in June 2020. The main aim of this activity was to improve the typing skills and speed of employees.

A virtual library named "Abans Ready Readers" was introduced and implemented in July 2020. Three books were shared through "Telegram Platform" on a weekly basis for staff members to read.

Christmas was celebrated together with the theme of "Let's Celebrate This Christmas with Abans Family". The staff was invited to share pictures of their Christmas decorations and they were shared on the Abans Facebook page along with the individually recorded Christmas carols.

Due to relaxation of COVID-19 rules and regulations by the government, the Women's Day Celebrations were held on 5th March 2021 at Abans Head-office premises with the presence of Mrs. Ama Dissanayake, National Trainer and Lecturer in Positive Thinking and Health and wellbeing habits and Dr. Prasadika Gunasena, Manager Operations and Medical Officer at Nawaloka Premier Centre

Considering the wellbeing of employees we provide a range of benefits beyond the Shop and Office Employees' (Act No. 19 of 1954). Employees are eligible for a range of benefits such as the employee insurance schemes, death donation schemes, scholarship programs for employees' children, annual book donation and staff offers for different

products and interest-free installment payment schemes. Also at Abans, we provide maternity leave benefit adhering to the Maternity Benefits (Amendment) Act, No. 15 of 2018.

One of the most patronized benefits is the flexi hour scheme where employees can choose to start the day later or leave earlier. Core working hours have been defined during which an employee is obliged to be present at the workplace. According to company policy, employees are required to cover a minimum of 45 working hours each week. This provision helps accommodate employee preferences.

HR Infrastructure

a) HRIS

The purpose of HRIS at Abans is moving towards strategic perspectives from administrative intentions.

Over the last few years we have strengthened our HR processes through complete automation, enhancing the efficiencies of the processes and the service levels. HRIS has helped us in bringing employees across the nation spread in multiple geographies into one platform.

Compliance

Abans PLC adheres to all labour laws and regulations of the Government of Sri Lanka including the Shop and Office act, Women, EPF/ETF and Young Person and Gratuity Act. All employees have the freedom of association and expression. The Group is unaware of any instance in which the right to exercise this right has been denied or has been at risk of being violated. Abans PLC has not recorded any instances of Child Labour and forced labour during the year under review.

Occupational Health and Safety

Two policies were developed by the group in order to manage the threat of COVID-19 and provide flexible work options for the employees. As a result, no significant workforce injuries were reported during the period.

a) Risk Control Policy for Managing Threat of COVID-19

The health and safety of all stakeholders during this pandemic period is a primary concern of Abans Group. Therefore, an occupational health and safety management system has been formulated to incorporate the health and safety measures to be taken by all staff members. The system focuses on health and safety within office premises, meetings and gatherings, travel, and disclosure of sick or at-risk persons.

b) Temporary Telecommuting Policy and Procedure

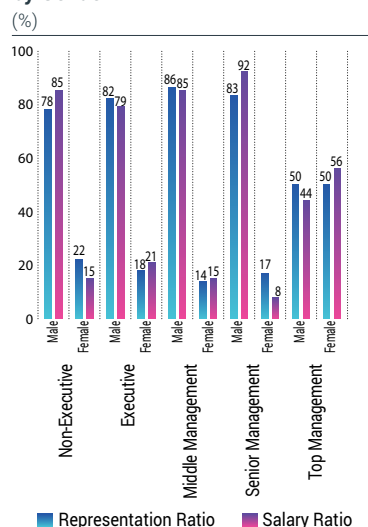
Telecommuting allows employees to work from home, for all or part of their workweek. Abans Group considers telecommuting to be a viable, flexible work option when both the employee and the job are suited to such an arrangement. All telecommuting arrangements are made on a case-by-case basis, focusing completely on the business needs of the organization. By implementing a telecommuting system and policy the company hopes to ensure that employees engage productively and support business continuity during pandemics or other critical situations.

Gender Parity

Abans is committed to building diverse talent to build a future ready workforce. Fair treatment of employees is embedded in our culture regardless of any considerations. We are committed to gender parity which includes equal pay for equal work, zero tolerance for sexual harassment and a thorough grievance handling mechanism.

Given the demands of the retail industry, currently the Male: Female ratio is at 77:23 and we remain focused on enhancing the ratio. It is encouraging to see the female representation in senior positions on the Management Committee with 5 females and 3 female directors on the board. The ratio of males to females in the Management Committee is 4:5 and on the Board of Directors it is 4:3.

Representation against Remuneration by Gender



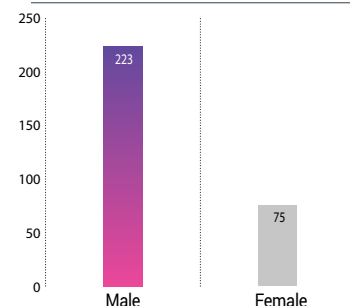
At Abans, our approach to Gender Equality derives from our Sustainability Development Goal no 05, where we give opportunities for both men and women, when sourcing candidates since it gives us access to a wider talent pool. Whilst on principle we do not discriminate on gender, sourcing is based on competence, attitude and alignment to our culture. We also provide equal access to both men and women for training and career development opportunities.

Gender Pay Equality

We are committed to gender parity which includes equal pay for equal work, where employees will get paid for the value they create for the organization immaterial of their gender. This will help organization to create a better working atmosphere. Wherever there are standard pay scales its being applied to both males and females based on their

profiles immaterial of their gender, and employees do not get discriminated on gender when deciding their compensation.

Staff Turnover by Gender



Way Forward

The transformational journey that Abans has embarked on after years of being a family-held company, will lead to a new chapter as the human capital is trained to become 'future ready' to better leverage on the goodwill and reputation of the Abans brand to reach new heights. Supported by technology and training and development, the company remains committed to building a dynamic team that becomes a hallmark of a great place to work.

Sri Lanka's Most Loved Retail Brand In 2021

Abans



Intellectual Capital

Our world-famous brands, governance, knowledge, technology and the experience of top management supports our focus to enhance customer experience and drive longterm sustainability. With a desire to stay a step ahead, we rely on our Intellectual Capital to innovate and deliver exceptional products and services attuned to the inherent strength of the brand - Abans.

Intellectual capital refers to the intangible assets that contribute to our bottom line and include assets such as the knowledge and expertise of our employees, organizational processes, and the sum of knowledge contained within the organization.

Management Approach

Intellectual capital includes all processes and assets and all the intangible assets - trademarks, patents and brands and include employee knowledge and skills. We believe Intellectual Capital elements are not static, but that they dynamically

interact with each other. Intellectual capital interrelates with Human Capital and Relational Capital resources to allow the organization to deliver its value proposition and strategic deliverables.

Our investment in Intellectual capital demonstrates our commitment to the two Sustainable Development Goals of:



Tacit Knowledge

As a business that has grown organically over 50 years, the Abans Group possesses tacit knowledge of processes and systems that have enabled it to grow from one entrepreneur's vision into a diverse conglomerate and into one of the most reputed corporates in Sri Lanka. As the preferred partner in Sri Lanka for global electronic and consumer durable brands, Abans PLC has the necessary expertise and technical skills to nurture these global brands and expand their share in the local market. The brand in turn upholds the trust placed in it from stakeholders by driving training and development of resources to maintain its high standards.

Systems, Procedures and Protocols

Managing diverse businesses within one Group requires an advanced level of operational skill which has been developed in-house and with support from international principals who are leading international brands. The fact that these brands have placed their trust in Abans' operational prowess reflects the strong brand identity and ethical operations pursued by the group. Over the years, Abans PLC has adopted a host of certifications in its commitment to operational excellence. A culture of continuous improvement pervades the entire organization.

Employee Knowhow

Intellectual Capital also includes the skills and knowledge of employees and how this is leveraged to become the key differentiator to gain a competitive edge in the market. It is essential to nurture all elements of Intellectual Capital to enhance brand reputation and attract investors. Abans PLC has built up a strong framework for upholding its Intellectual Capital elements.

Apart from recruitment, retention and welfare of employees, which are narrated in detail in the Human Capital section on page 59, the Group maintains a strong knowledge enhancement, learning and development culture to ensure employees are armed with the appropriate technical information to help them communicate to customers so that they too can make informed choices.

Abans Electricals, a subsidiary of Abans PLC, gathers customer intelligence and feedback to ensure continuous improvement.



- Certificate for Energy Efficiency by the Sri Lanka Standards Institution for the Orient Plus ceiling fan
- ISO 9001:2015 certification from Bureau Veritas for the Central Airconditioning Department of Abans PLC.

Our Brand

As the family-held company completes its transformation into professionalizing all aspects of its operations, the focus over the year under review has been two-fold: firstly, building a niche for the Abans brand of products and secondly, nurturing and enhancing existing business partners who are world's leading brands in electronics and consumer durables. The brand building efforts will witness the rollout of home appliances under the Abans brand umbrella, which offers a value-for-money proposition for Sri Lankans. The Abans brand product portfolio will include air-conditioners, refrigerators, freezers, cooking appliances and televisions with a strong focus on energy saving elements and supported by Abans' after-sales services

A concerted brand building focus is being placed on transforming the brand by rendering all brand aspects more contemporary, and incorporating new channels of communication and customer engagement to drive a more vibrant brand image.

Going ahead, brand building efforts will be focused on elevating the stature of the Group as a diversified conglomerate possessing a unique value proposition of being led by a female founder. The Abans brand also nurtures some of the world's leading global brands, bringing them into the Sri Lankan market for the convenience of customers and to fulfill their aspirations for a better lifestyle.

Expanding our Portfolio

Abans maintains its brand positioning in the mid to high segment of the market with a strong focus on LG and JBL brands in 2020 for big appliance and audio-video products respectively. Both these brands brought in good revenues in the air-conditioner and audio-video segments. The VIVO brand also came to the fore this year and helped revenue growth significantly, mainly because people had to work/ study from home. So, the demand for the mobile phone smartphone segment significantly increased and this helped the company to drive open market sales of these brands. The year under review witnessed the sister brand of VIVO, realme entry into Sri Lanka, which is performing extremely well in the Indian and Chinese markets. In India it has grown to be the third-largest mobile brand and we expect it will gain popularity in Sri Lanka as well. Other brands introduced by Abans during the year include Black and Decker garden tools and Lego and Hot Wheels toys. Overall, the import restrictions made it difficult to introduce more brands to our portfolio.

New Brands Launched in 2020/21



Under Armour

Founded in 1996 by former University of Maryland football player Kevin Plank, Under Armour is the originator of performance apparel gear engineered to keep athletes cool, dry, and light throughout the course of a game, practice or workout. Under Armour was founded with a mission: to make all athletes better through passion, design, and the relentless pursuit of innovation. As of 2019, Under Armour employed over

16,000 employees and has, aside from its global headquarters in Baltimore, Maryland, offices all over the world.

Today, with more than 15,000 retail locations throughout the globe, Under Armour is a leading developer, marketer, and distributor of branded performance apparel, footwear, and equipment. The brand offers state-of-the-art products designed to help athletes perform better, including moisture-wicking fabrics, silhouettes, and colour offering for men, women, and youth.

Under Armour promotes its products by sponsorship agreements with many celebrity athletes, professional teams

and college athletic teams. One of its most fiscally beneficial marketing strategies has been its collaboration with wrestler-turned-celebrity, Dwayne "The Rock" Johnson, who has become the face of the company since January 2016.

On March 2020, Under Armour was launched for the first time in Sri Lanka by Abans PLC at Arcade Independence Square, Colombo 07, as a part of Abans' continuous quest to expose the Sri Lankan consumer to top global brands



Black and Decker

Black & Decker Inc. is a pioneer American manufacturer of power tools, accessories, hardware, home improvement products, home appliances and fastening systems headquartered in Towson, Maryland, north of Baltimore, where the company was originally established in 1910. Abans has been

working on bringing forth a range of Black & Decker products for Sri Lankan consumers since 2020.



Realme

Realme is an international brand officially established on May 4th 2018, by Sky Li (Li Bingzhong) who was Former Vice President of OPPO. It's a spinoff of OPPO and collectively owned by BBK Electronics. The aspiration of Realme is to provide the products with a comprehensive superior experience for the young, and Realme is committed to be a trend setting technology brand.

Due to the abilities in cutting-edge technologies of smartphones and IoT, Realme brings consumers products with trend-setting technologies and features that are first applied in the price segment. At the beginning of 2020 Realme announced its dual driven strategy of "Smartphone + AIoT". In June 2020 Realme's global users of smartphone reached 35 million and its sales volume of AIoT audio products broke the record of 1 million. According to the statistics of Counterpoint global smartphone shipments in Q1 of 2020, the emerging smartphone brand Realme still ranks 7th with year-over-year growth rate of 157% which ranks the first in the world as well as the world's

fastest growing smartphone brand Realme stands firmly among the main stream smartphone brands. Within a year of establishment Realme has already entered the markets of India, Indonesia, Vietnam, Thailand, Philippines, Malaysia, Singapore, Myanmar, Pakistan, Nepal, Bangladesh, United Arab Emirates, Egypt, Italy, Spain, France, England, Russia and China.



Garden Tools

- STIHL

STIHL power tools offer a world of efficiency, convenience and performance. Andreas STIHL AG & Company KG is a German manufacturer. STIHL is a global brand which is expanding in Sri Lanka. Delivering "Perfectcut" technology and meeting the highest quality standards, STIHL tools are manufactured for the specific demands of professionals and home users. The models include

High Pruner, Palm Cutters, Sweepers, Water Pumps, Brush Cutters, Blowers and Mist Blowers

- STANLEY

Stanley is a well-known brand of tools and has produced millions of hand planes, saws, rulers, try squares, chisels, screwdrivers, and many other types of tools for consumer and for industrial use. It was originally a bolt and door hardware manufacturing company located in New Britain, Connecticut.

It is created to help you work better, smarter & faster. STANLEY has been responsible for unlocking new levels of user performance through creating

some of the most useful tools ever made including, Drills, Saws, Grinders, Sanders, Heat guns, Multi tools, Power tool kits, Batteries & Chargers, Lights & Torches, Garden power tools

Intellectual Capital

Brand Communication

The Abans brand enjoys high visibility and brand recall island-wide. A new element we have brought into our ATL advertising is to showcase the entire range of products to inform customers that they can shop for all their needs under one roof.

Abans

Apart from ATL activities, the brand organizes cultural and music shows and other such BTL activity. During the year there was a marked emphasis on digital advertising across social networks which showed high customer engagement levels. Brand presence of Abans across social media channels such as Facebook, Instagram, LinkedIn and Twitter will be sustained and increased as a part of the digital transformation.

Data Security and Organizational Capital

Since early 2020, we have been moving to a cloud based data storage system, removing the need for on-site hardware maintenance and resultant utility fees.

Organizational capital is the value to an organisation which is generated from its work culture, systems and processes. Abans PLC is an empathetic organization which always look to provide solutions for household needs of customers while showing them a better way of life. At Abans, we continuously enhance our brand value while promoting ethical practices and complying with statutory framework in all our operations across the Group with the help of our strong risk and governance framework.



E-commerce, Innovation and Digital Transformation

Abans PLC has always been a forerunner in the adoption of IT due to its forward thinking vision and also in order to comply with technology advancements mandated by business partners which are global leaders in technology. Taking a giant step in the year under review, Abans PLC is currently implementing some far-reaching IT and digital enhancements:

In the Group's accelerated foray into digitalization during the period under consideration, a variety of digital strategies were implemented to enhance the brand value and perception as one that is in step with customer trends. A Digital Innovation team was formed to amalgamate people from across the company to drive different projects in different departments. During the year, the brand's social media presence on Facebook and Instagram was enhanced.

Abans achieved the exemplary status of being No. 6 amongst the 'Most Visible Brands In Sri Lanka On The Internet - Top 25' ranked by Digital Outlook Sri

Lanka 2021 - Annual Market Insight Report Published by Asia Pacific Institute of Digital Marketing (Pvt) Ltd.

A Pinterest page was launched to focus on the female audience. Separate e-commerce and digital marketing teams were set up to drive footfall for not only our online platforms but for our physical stores as well. This new digital marketing strategy is aimed at encouraging physical store footfall, improved online sales conversions and more efficient digital ad spends.

Through utilizing Google My Business, the teams were able to activate location-based marketing and the launch of special offers through physical stores on Google Maps. Clearance sale offers, in particular, were oversubscribed as a result of the Google My Business digital marketing efforts.

01. Social Listening & Social Media Management

Abans recently subscribed to a globally-renowned social listening and social media management tool which has helped us drive digital marketing efficiencies. Targeted digital marketing efforts have helped reduce our cost per click and have helped us monitor and improve our online customer engagement.

02. Online Transfers

Abans continues its journey towards becoming paperless by further utilising online transfer options from all its partner banks. This has significantly freed up staff time to focus on more strategic tasks. Abans continues to stay up to date with developments in the Sri Lankan online banking space along our journey towards becoming paperless.

03. Enadoc document archiving system

During the year Abans adopted a document management and Imaging system namely "Enadoc document archiving system" to ensure efficiency of creating, capturing, storing, authorising, delivering and managing key business documents. The Group will also benefit from avoiding unnecessary physical storage and avoiding costs related to duplication of documentation across the Group. This would be yet another adoption of digitalizing technology by Abans which would promote paperless day today procedures eliminating tasks like printing, posting and manual filing of paper documents.

04. Partnering with PickMe

Abans had entered into an agreement with the PickMe ride-hailing service for fulfilling its staff mobility solutions. The initiative is now used by 182 employees across Abans PLC, bringing much visibility and efficiency to the area of staff travel. Department supervisors and managers are provided with daily reports on all rides taken within their department and can restrict and manage their own department's travel budget through PickMe's online portal. This initiative has helped the Group reduce its transport costs while motivating managers due to improved visibility of operations.

05. Chatbot

After the first wave of the pandemic, we saw many sales inquiries shifting to social media, with many customers contacting Abans through our Facebook and Instagram pages. To maintain our customer communication service levels and to manage the large increase in the number of social media messages, Abans launched a chatbot to help ease staff workloads and to improve issue turnaround times for customers

06. Abans Service Center New Web Portal and Mobile App

While it is our top priority to provide our valuable customers with the best after sales services, we have introduced a brand new online portal with a mobile application to enable our service team correspond with customers and cater to their

requirements without unnecessary delays and hassle.

Customers can avoid placing calls and visiting our service center where they could leisurely use this extremely user friendly mobile application or the web portal to open or monitor real time status of a service job and enjoy few additional features at the comfort of their homes.

Registered customers are enabled to view all their products bought from Abans with warranty periods and additional information. Further, this portal enables customers to do additional yet very important tasks such as lodging a service complain or making a service payment free from physical documentation from anywhere in the world.

To enhance the efficiency in lead times, this portal has enabled all our service technicians to perform certain on-field tasks such as estimations, standard documentation processes digitally through their smart mobile devices without any hassle ensuring they are motivated to provide the best service to our valuable customers.

07. Enhancing Mobility

Enhancing mobility and enabling automation of field tasks was another essential component in our digital transformation plans for the year. We deployed mobile apps to improve efficiency, enhance visibility and customer experience. These are fully integrated with our core supply chain and finance systems and

Intellectual Capital

are designed to minimize manual interventions to enable smooth operation.

Following key applications were implemented successfully during the year:

a) Sales Force Automation

The functionality includes placing orders, viewing customer performance and outstanding amounts, pricing, promotions, and inventory queries. It also enables geo tagging of customers and route planning.

b) Showroom Field Task Automation

Enables recording collections and customer advance payments and perform invoicing on the field. Further, it enables managers to geo tag customers and perform route planning by viewing nearby customers as well.

c) Service Field Task Automation

Options in the Service Field Task automation include notifying new job assignments, ability to view warranty and service history, update job progress, request materials and the ability to capture images of product conditions. Billing, geo tagging of customers and route planning are also incorporated.

We are currently in the process of sourcing a CRM supplier so that we have access to data analytics to drive improvement in customer service, customer engagement and customer experiences. The CRM system will help improve the level of data richness available to sales

and marketing staff to cross sell and upsell.

This 360-degree customer view will also help us better target customer promotions so we know how to understand customer promotions. This CRM tool will be operational by mid-2021.

Other customer care features:

- a. The call centre operates 24 hours while BuyAbans.com is the only ecommerce site in the country to have 24Hr assistance for online purchasing where we help customers with products/promotion details, guide them in placing orders online and allow them to track their orders as well.
- b. Enabled a Chat service where customers who visit BuyAbans.com can chat with one of our agents and obtain important information such as product details, promotions, delivery status of an order etc.
- c. Made available a British Thermal Unit (BTU) calculator to enable our customers to make an informed decision on the capacity of the required air conditioner based on their need.
- d. Gift vouchers to be issued immediately upon order confirmation, which could be redeemed at any Abans outlet or via BuyAbans.com

Way Forward

Abans brand has thrived for half a century and in 2021, was crowned as the "Most Loved Retail Brand" at LMD Brands Annual 2021. With the view of thriving as the preferred household brand which provides a better way of life, we have been continuously adopting futuristic digitalization strategies while building a team of reputed professionals who would promote constant value creation towards our customers.





Social and Relationship Capital

At Abans we have nurtured strong bonds with our customers blended with the purpose of infusing a 'Way to Life'. With uncompromising quality and trusted purposeful brands our endeavor is to provide superior value to our customers. Operating responsibly is fundamental to our business objectives and we work to create meaningful economic and social value for a wider stakeholder community.

Our Social and Relationship Capital encompasses the enduring relationships we have built with our Customers, Business Partners and Communities over the last five decades. By creating value for these stakeholders, we have earned their trust and shared our success over the years. The value we create for these stakeholders are a vital aspect of our value creation process which is a strong pillar of sustainable business growth for the Company.

Management Approach

Committed to high compliance standards in relation to its socio-

economic pillars, Abans ensures accountability and transparency mechanisms are in place to ensure ethical operations and transparent

interactions with the stakeholders. The relationships we have built with our customers, business partners and suppliers enable us to grow and expand.



Statement of Social Capital

KEY INDICATORS	UNIT	2020/2021	Change	2019/2020	2018/2019
CUSTOMER					
Total Number of customers	No.	3,253,314	9%	2,998,110	2,685,945
Total number of loyalty members	No.	57,748	46%	39,553	23,356
Customer Acquisition	%	9%	(27%)	12%	13%
Total Revenue Generated	Rs. Mn	37,805	18%	31,961	33,291
Total number of new models introduced during the year	No.	15,887	26%	12,638	10,518
Number of customer contact points (Showrooms/Service Centers)	No.	405	1%	402	408
Number of dealers and distributors	No.	750	1%	745	770
Number of service centres	No.	15	7%	14	16
SUPPLIERS					
Total Number of suppliers	No.	214	3%	207	211
Total Amount of Supplier Payments	Rs. Mn	27,076	34%	20,270	22,598
Proportion of spending on local suppliers (%)	%	35%	37%	25%	16%
COMMUNITIES					
Educational projects carried out	No.	2	NII	2	3
Total Number of Beneficiaries (Students/Teachers)	No.	2,000	100%	1,000	160,000
Proportion of business analysed for risk of corruption (%)	%	100%	NII	100%	100%
Significant fines for violation of law or regulation	Rs.	NII	NII	Nil	Nil
Significant fines for products and service issues	Rs.	Nil	NII	Nil	Nil

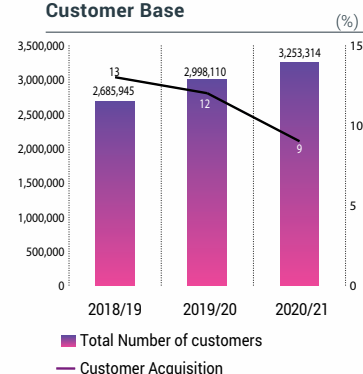
Our Customers

As a service-oriented company, customers are the main stakeholder of the company. The sustainability of our business is dependent on our

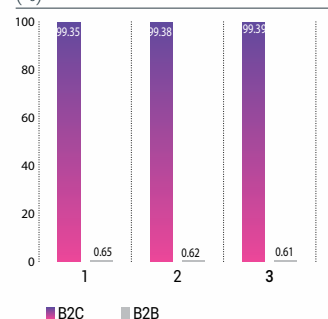
relationships that we build with our diverse customers. Our diverse customer care offerings and our engagement practices bear testimony to the value we place on our customers.

	2018/19	2019/20	2020/21
B2C	2,668,377	2,979,439	3,233,450
B2B	17,568	18,671	19,864
Total	2,685,945	2,998,110	3,253,314
B2C	99.35%	99.38%	99.39%
B2B	0.65%	0.62%	0.61%
Growth	311,395	312,165	255,204
Growth %	13%	12%	9%

Customer Base



Customer Segmentation B2C Vs B2B (%)



Social and Relationship Capital

Our Customer Value Proposition

As a result of our focus on building better relationships with our customers while creating value towards a better way of life for them, Abans was awarded as the "Most Loved Retail Brand of Sri Lanka" in "LMD Brands Annual 2021".

a) Customer Satisfaction

Customer satisfaction survey

Measuring customer satisfaction is vital to build customer satisfaction. The company regularly conducts customer satisfaction surveys to keep track of the satisfaction levels amongst customers so that we can align our customer care services to serve them better.

Customer satisfaction is measured through multiple platforms including feedback forms, one-to-one engagement and satisfaction surveys.

Going by the retail sector's exit surveys, focus group discussions and customer interactions, the findings show that customers perceive improvement in certain segments, especially the call center operations in terms of faster turnaround times.

Customers prefer Abans' product portfolio due to the product authenticity and the excellent aftersales services. Nevertheless, in order to raise the bar in customer service we conduct regular feedback through feedback forms, informal surveys, product surveys, data mining, mystery shoppers, local and international research teams, coupled with customer interaction through the Contact Centre where customers call in for complaints and feedback.



2,998,110

Customers at the beginning of the period



255,204

Customers acquired during the period



3,253,314

Customers at the end of the period

b) Service Quality

Continuous emphasis on enhancing the quality of our service has enabled the Group to nurture and sustain a long-term relationship with our pool of clients.

Abans established its pioneering Contact Centre in 2008, evolving over the years to be a hub for customer services, with 22 call centre staff members who manage inbound and outbound calls and processing of online sales enquiries.

Inbound calls made by customers to the Contact Centre are regarding concerns of products and services, complaints and general enquiries.

Outbound calls consist of hire purchase verifications and customer satisfaction surveys related to after sales service. Staff members at the centre receive regular training in customer care skills to ensure they offer a professional service. Abans established a telesales unit to pursue sales leads received by the contact centre, which has enhanced sales volumes. The Contact Centre records product-related complaints and ensures they are resolved. In 2020/21, the Contact Centre served over 35,000 customers.

	2020/21	Duration of Calls HH:MM	Cost Rs.
Outbound	39,075	454:13	46,686
Inbound	71,179	683:33	-
Total	110,254	1137:46	46,686

Customer experience

Cohesive efforts are underway to provide a consistent customer experience across our extensive network of customer touch points.

c) Product Responsibility

Our product responsibility spans the entire life-cycle - from sourcing to the end of life and recycling thereafter. We have to ensure our customer base of 3.2 Mn customers feel the benefits of the measures we take in this regard. Our product portfolio, which consist of a wide array of electronics, home appliances and brands are aimed at various demographic profiles, sectors and geographies, and we cater to their needs through customer engagement.

Abans ensures its customers are fully aware of the properties of products and conditions of use. Abans Electrical PLC, an associate of Abans PLC, manages after service and breakdown repairs of products.

d) Innovation

The brands that Abans partners with are world-leading brands that are known for high quality and innovation, delivering lower energy consumption and superior experience. The pandemic necessitated out-of-the-box thinking in continuing uninterrupted service for customers which we achieved through innovative means. The retail business thrives on innovation and Abans ensures it stays ahead of trends to appeal to customers across all age brackets and incomes. During the lockdown and restricted mobility scenario that prevailed in 2020, Abans made an added effort to collect products needing repair from customer doorsteps and returned once repaired. Other e-commerce innovations were implemented to facilitate customers to purchase Abans products from the comfort of their homes.

Customer Engagement

Customer Engagement			Customer Requirements	Our Response
Type	Level	Frequency		
Point of sale	Involve	Ongoing	<ul style="list-style-type: none"> Innovative products Wide choice in every product category Eco-friendly products Accessible country-wide Value for money Product knowledge and customer care skills of employees Agile response from staff Superior after sales services Easy payments and other financing options Swift resolution of complaints Protect customer data and privacy 	<ul style="list-style-type: none"> Abans ensures it offers innovative products which have good value propositions Increase ease of access for customers via an island-wide distribution network. Digital transformation of sales network and operations to speed up customer service and add value Well trained service team assistance via call centers. Committed to provide an efficient after sales service Easy payment plans including hire purchase, credit terms and credit card options Employee training programmes focusing on product knowledge and customer service
Call centers	Involve	Ongoing (During working hours and when customers call)		
Face-to-face meetings	Consult	When necessary		
Print and electronic media	Inform	As needed		
Corporate website	Inform Passive	Ongoing (As needed)		
Social media and live chats via website	Inform Engage Consult	Ongoing		
SMS and Email	Inform Consult	Ongoing		
Customer care service centers	Involve	During working hours		
Customer surveys and direct customer feedback	consult	As needed		

Type of engagement	How we support our customers
24 hour assistance	24-hour service is provided to all the customers seeking after sales services and assistance island wide.
Call centre facility	All incoming calls from across the country are diverted to a general number (Tel: 5-555-888) where the customers are connected with a well-trained supportive call centre personnel
Live chat	A chatbot was launched to handle customer responses to maintain responsive rates. Customer Service Chatbot will be launched on all forms of Social Media during the upcoming months.
Abans Service centres	Customers can be free from the hassle of placing calls to the Service Centre and instead get a job opened using the advanced, yet extremely user-friendly mobile application and the customer portal.
Online job status	All jobs can be monitored and tracked in real-time through the new app for the benefit of both the customer and the Service Teams
E-commerce facility	www.BuyAbans.com brings to the customers, the convenience of selecting, purchasing or reserving products and services from across the Abans Group of Companies - all online.

Social and Relationship Capital

Cookery Demonstrations Conducted 2020/21

Location Category	No of Demos conducted	No of Total Hours
Elite	29	162
Retail	19	92
Forces	1	4
Dealers	2	12
Total	51	270

During 2020, Abans showrooms offered attractive schemes such as hire-purchase offers with down payments to minimize payment defaults. This resulted in strengthening the revenues from the hire purchase category. Our staff is equipped to leverage on real-time payment updates on handheld mobile devices and even issue a receipt.

Customer Data Management

The BuyAbans.com website attracts many visitors. This online platform provides us with valuable insights on the purchasing patterns and product preferences of customers. Visitors who share their preferences are able to enjoy offers on the site. Their data is used to respond to customer requests and for further communication. Customer data is treated with the utmost privacy and confidentiality and is not shared with any third-party except with subsidiaries of BuyAbans.com

Customer privacy

In 2020/21 no complaints were recorded regarding breaches of customer privacy and loss of customer information by Abans.

Code of Business Conduct and Ethics

Abans PLC has built up a reputation for complying with the highest ethics standards. Our employees comply with the Code of Ethics which defines clearly

the standards employees are expected to adhere to. An independent audit is conducted annually to affirm the code of conduct.

Anti-corruption

A comprehensive procedure is in place to prevent corruption, illegal activities or non-compliance. Employees are given regular training on the subject. There have been no confirmed incidents of corruption.

Communication

The Company has a focused marketing communications strategy to convey information about brands and services while also establishing communication channels with customers and other stakeholders. We ensure full transparency and compliance with ethical standards in relation to product labelling and claims. Marketing and sales promotions adhere to ethical standards at all times so as not to mislead customers. There were no incidents of non-compliance with regulations of product and service information, Labelling and voluntary codes concerning the health and safety impacts of our products and services during the year.

During the year under review, the Company did not receive any complaints for anti-competitive behavior, anti-trust and monopoly practices.



As a result of the mobility restrictions in 2020/21, greater emphasis was placed on digital advertising rather than ATL advertising. The benefits of digital advertising are that it is measurable and easy to scale across different parts of the country. Nevertheless traditional advertising was also continued in parallel to cater to different customer categories. There were no incidents of non-compliance with laws and regulations in the social and economic area during the year.

Our Business Partners



The Group has fostered strong and sustainable partnerships with its Business Partners in the local and international arena. Our Business Partners consist mainly of Suppliers who provide their products to us. Suppliers are critical for our success as they have to mirror the same stringent ethical and quality standards Abans stands for. The long-term relationships with key suppliers such as LG for over 30 years, is a testimonial to the care with which we value them.

Supplier Value Proposition

(a) Supplier Development

Abans dealer satisfaction

A feedback session was conducted covering 452 dealers island wide addressing concerns such as the delay in service, dealer rate, dealer rebate and Abans staff visits. Due to the prevailing pandemic situation we could not organize the Annual Dealer Conventions, motivational programmes and foreign trips which are a part of the annual dealer engagement activities. However, we organized special schemes for credit cards and higher purchase facilities for dealers. Keeping in mind the import restrictions, the Group did not make any concerted effort to seek new suppliers actively apart from a couple of new brands.



Concerns addressed	Count/ Rating				
	High/ moderate satisfaction	Unreachable	Dissatisfied	No comment/ dealer not known	
How our sales teams are interacting with the dealers?	187	227	38	-	Total = 452
How the sales teams are supporting the dealers?	187	227	38	-	
How our sales teams are compared to competition, any suggestions for improvements?	188	227	37	-	
How is the frequency of visits by the sales executive / Sales Manager?	184	227	41	-	
Are deliveries coming on time?	126	227	99	-	
Are there any price related issues?	144	227	81	1	

Social and Relationship Capital

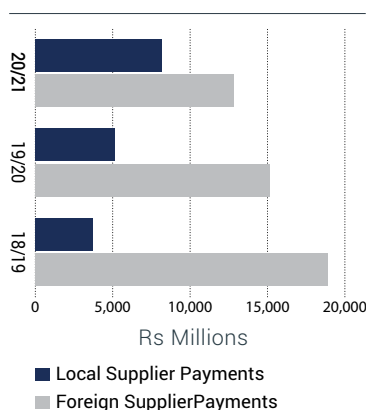
(b) Supplier Engagement

Type	Level	Frequency	Concerns raised	Our Response
Supplier Visits and meeting	Involve	Ongoing	On time settlements Fair price and transparent transaction	Time settlement via online payment processing systems
Supplier review and assessment	Involve	Annually	Long lasting relationship	Maintaining effective relationships

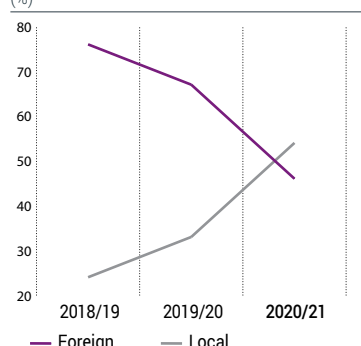
(c) Sustainable Practices

(d) Value Infusion

Imports Vs. Local Supplies



Foreign Vs Local Supplier Qty (%) Purchased



Partnership with ACL Cables PLC

ACL Cables PLC is recognised as the No. 1 cable manufacturer in Sri Lanka. During the year we partnered with ACL Cables with the objective of supplying and distributing ACL Ceiling fans at Abans showrooms located island wide.



Strategic Business Partnerships

During the year 2020/21 Abans entered into strategic partnership with well-known local entities with the objective of enhancing our portfolio and gaining synergistic benefits:

Partnership with Laugfs Gas

A new partnership with Laugfs Gas PLC will enable Sri Lankans to conveniently purchase their cooking-related products, including gas cylinders, gas cookers, freestanding cookers and other appliances, through the extensive Abans showroom network to further enhance customer convenience

PickMe appointed as corporate mobility partner

PickMe, Sri Lanka's leading technology driven mobility solutions provider

recently became the staff mobility partner for Abans PLC.

Abans PLC will benefit through this partnership since PickMe's reliable, technology-enabled platform will ensure that staff travel is safe, convenient and reasonably priced through the establishment of a corporate account. This arrangement has brought in better cost control for staff travel, lowered fuel consumption and reduced the Group's carbon footprint.



The initial phase of this partnership will ensure ACL Cables Ceiling fans are supplied to the Abans "A Grade" dealer point showrooms island wide. We hope to expand the distribution in three phases whereby ACL ceiling fans will be available across our entire network of showrooms.

ACL Cables Ceiling fans consist of two models; aluminum blade and metal blade with a 56" sweep. Based on the agreement, ACL Cables will supply its premium model aluminum blade ceiling fan for all Abans showrooms. ACL Cables Ceiling fans has been awarded the energy efficiency rating by the Sri Lanka Standards Institute early this year.

Innovative Integrated Facility Management to the Department of Labour in Sri Lanka

To ensure its facilities are operating at optimal capacity for the many visitors that walk through its doors, the Department of Labor has secured the services of Abans FMI (Facilities Management Integrated), which has a

strong proven track record of providing unrivalled Facilities Management Services to several conglomerates in Sri Lanka.

Situated at Narahenpita, the 32-storey "Mehewara Piyasa" building complex, which houses the Department of Labour, and other institutions under them, currently holds the distinction for

being the tallest building owned by the Government. Being a location where all social protection services are under one roof, the complex has allowed the government to offer more efficient services to the public.

Our Community

Community Engagement

Community Engagement			Concerns raised	Our Response
Type	Level	Frequency		
CSR Programs	Involve Consult Inform	Ongoing	<ul style="list-style-type: none"> • Employment creation and economic growth • Socially responsible corporate citizenship • Good community relations in all areas of operation • CSR initiatives • Environmental responsibility 	<ul style="list-style-type: none"> • Abans creates direct and indirect job opportunities and economic growth prospects in all areas where the sales network operates • Some CSR initiatives are undertaken to serve the communities we operate in • Abans is committed to protecting the natural environment and has made substantial investments in environmental conservation projects working with governmental and non-governmental agencies
Press releases, Electronic media and targeting print	Involve	When necessary		
Social media channels	Inform Engage	Ongoing		

Social and Relationship Capital

CSR Activities conducted during the year

Justice for Animals

2,758

Total vaccinate

2,841

Total Treated

2,353

Total spay

Rs.180,000/=

Total Investments

As a Sri Lankan conglomerate that values all forms of life, the Group is deeply committed to protect the environment and its inhabitants. Abans Group joined forces with the Justice for Animals movement to lend a helping hand to the worthy initiative that truly makes a difference. Stray cats and dogs are a common sight on the streets of Sri Lanka across both urban and rural communities. They do not have access to any medical care and, are not immunised, causing a heavy burden on the country's medical expenditure on anti-rabies treatment for people.

A sterilisation and rabies eradication program was held on 30 July at Wijemanne Buddhist Centre, Nagoda, Kalutara, from 10 a.m. to 6 p.m. Over 160 animals were treated, where 142 dogs and cats were spayed, neutered and vaccinated by trained veterinarians partnered with Justice for Animals. Abans Group is the proud sponsor of this valuable CSR initiative which will serve as a solution to reduce the stray cat and dog population.



Donations to island-wide hospitals

During the year the COVID-19 pandemic created a significant impact on medical facilities. The medical teams consisting of doctors, nurses and other staff members rendered selfless service in curbing the spread of the virus. Recognizing this selfless service rendered by the front-line medical team, the Abans Group stepped forward to donate TVs, washing machines and fans to state hospitals, including Colombo East Base Hospital, Colombo South Teaching Hospital and Anuradhapura Teaching Hospital.

Dedicated service for safety of public

Add Outdoor, the outdoor maintenance company of Abans Group, took the initiative to render valuable service during the COVID-19 pandemic situation.

Keeping the safety of the people in mind, the dedicated individuals of Add Outdoor have ensured that hygiene and cleanliness was continuously maintained in the outside areas of Colombo and its suburbs by disinfecting bus stands daily, watering the public gardens handled by Abans to protect from extreme heat and making sure that garbage and other waste material is cleared on a timely basis to prevent germ and bacteria build-up in public premises. This initiative was carried out even during the curfew enforced in the Colombo areas, which is a testament to the team working tirelessly to put the safety of the public as their first and foremost priority.

Sanitizing Fort Railway Station

Abans Group extended support to the Government to help safeguard the city from COVID-19, starting with cleaning and sanitizing Fort Railway Station through its environmental services company, Abans Environmental Services (Pvt) Ltd. This initiative safeguards the wellbeing of over 200,000 people who pass through this major hub on a daily basis, thereby creating a safe and healthy environment for the passengers.

The project was carried out for a period of one week, commencing on 9 May 2020, where we deployed over 30 Abans Environmental Services team members for this massive initiative.



Promoting Local Products

'Creative Isle', in collaboration with the Colombo City Centre launched the Ceylon Artisan Network (CAN), a weekly three-day market at the CCC Atrium. With regional vendors gathered in one location, shoppers have access to an exciting range of locally produced goods and can browse through home and lifestyle products, fashion accessories, artisan food products, herbal teas, cosmetics, and much more.

A panel discussion on the day of the launch saw 'Creative Isle' Founder Keshini Ann Suraweera, Chairman of TV Derana and Joint Managing Director of Triad Sri Lanka, Dilith Jayaweera; Head of Corporate Communication and CSR at Abans PLC, Saumya Perera, Director of the National Enterprise Development Authority, Lakshman Wijeyawardena, Honorary Consul of Georgia in Sri Lanka, Dian Gomes and Chief Guest, cricketing legend Muttiah Muralitharan giving insights into what CAN Market offers and its significance in the development of Sri Lankan micro entrepreneurs. The CAN Market is supported by the Foundation of Goodness, National Enterprise Development Authority.



Social and Relationship Capital



Proposed CSR- Abans with LG 2021

Project	Village focused	Description	What is covered
Village well water purification project	Vavuniya	People from the village requested a water purification/ filtration system for six hundred odd families (around 3,000 people), who needed clean water. We have planned to provide them with the purification system, tube well with pump, taps and water distribution system, along with 2 water tanks of 5000L & 2000L capacity.	<ul style="list-style-type: none"> Solar water purification set and spare filters from Korea. Purified water tank (500 litres, 2 ea) and water pipe installed. 2 Solar Street Lamps
Public Health Centre (Maternal and Infant Care Center) Repair Project	Handagiriya	The Handagiriya Village Public Midwife Centre should be renovated. According to the request by the villagers, we have planned to provide electricity and to reconstruct the building including a toilet.	<ul style="list-style-type: none"> Health Centre repair cost Emergency medication and medical facilities Installation of solar power generators and lights (150KW/Month)
Sports Playground	Muwangala	Muwangala villagers have requested us to re-construct their Volleyball ground and provide a changing room with a toilet.	<ul style="list-style-type: none"> Bathroom + Shower room (male and female) Storage room of sporting goods 4 solar lamps on the playground Establishing a volleyball court and cleaning up
Life Jackets Distribution Project	Sandiweli	Sandiweli villagers requested life jackets to be used on boats which are used by the people living in the village. . The boat carries a capacity of 80 persons per trip.	<ul style="list-style-type: none"> Life jackets (60-70) Life jacket storage room 4 Flashlights for night work

Membership of Industry and Trade Associations

The Council of Business with Britain	Airport Aviation Services (Sri Lanka) Limited
Sri Lanka Retailers' Association	American Chamber of Commerce
International Air Transport Association	Indo Lanka Chamber of Commerce and Industry
The Sri Lanka Institute of Directors	Chartered Institute of Personal Management
Sri Lanka- Japan Business Council	Women in Management (Pvt) Ltd
Sri Lanka- Malaysia Business Council	Newtown and Broughton Community Council
Sri Lanka- Maldives Business Council	Institute of Chartered Accountants of Sri Lanka
Sri Lanka – China Business Council	Travel Agents Association of Sri Lanka
Sri Lanka- Korea Business Council	Sri Lanka Investment and Business
Sri Lanka- Canada Business Council	
Sri Lanka – Australia – New Zealand Business Council	
Sri Lanka- Italy Business Council	

Future Outlook

The Company will continue to nurture its valuable relationships with key stakeholders by investing considerable thought, effort and investment to ensure that they too can share in its prosperity. As Abans enhances its presence across various digital channels to better connect with existing and potential stakeholders, it expects to deepen its engagement with key stakeholder groups while demonstrating its commitment to the local communities as well.



Natural Capital

In our pursuit of excellence, we remain conscious of our natural resources and aim to responsibly reduce our ecological impact. At Abans, our efforts and investments are directed to ensure environmental sustainability. With our strategic efforts to reduce and recycle, we optimise our operations to derive exceptional solutions that augur well for a better tomorrow

As a Group that is engaged in diverse businesses, we remain mindful of our impact on the environment. Since the Group mainly focuses on trading and services-oriented industries, our reliance on natural resources is low apart from the energy consumed in our day-to-day operations. Despite this, Abans is moving strongly towards its ultimate goal of becoming a carbon neutral company by reducing its carbon footprint across the Group by digitalization and reducing consumption of non-renewable resources. Accelerating our sustainability efforts, during the year under review, within the limitations

imposed by the pandemic, we succeeded in further reducing our carbon footprint by monitoring natural resources such as non-renewable energy and fuel sources, water, e-waste, paper and single-use plastics which constitute our natural capital. However, some of our premises of operation utilize natural resources such as fuel, electricity generated from non-renewable sources and water. Therefore, we are committed to reduce the use of these resources through sustainable policies while using energy efficient equipment and waste reduction. The Natural Capital is

linked to our overall strategy because it enables optimum resource utilization by generating long-term savings while leaving behind a greener planet.

As a responsible corporate citizen, we are committed to reducing our carbon footprint while preserving natural capital. We are fully compliant with all environmental regulations/guidelines and there were no instances of fines or penalties imposed during the year. Some of the ways in which we achieve environmental compliance is:

- Conserving the use of natural resources such as water and energy, while optimizing fuel consumption
- Partnering communities to revive biodiversity
- Reduce environmental impacts and risks across the supply chain
- Reduce waste and recycle paper

Statement of Environmental Performance

KEY INDICATOR	MEASUREMENT	2020/21	CHANGE	2019/20	2018/19
Total Energy Consumption	GJ	30,412	(18%)	36,999	33,715
Increase/(Decrease) of Total Energy Consumed compared to previous FY	GJ	(6,587)	(301%)	3,284	(966)
Energy Intensity (Energy Consumed per 1 Mn of revenue)	GJ/Revenue	0.8	(31%)	1.2	1.0
Water Consumed - Abans PLC	m3	203,890	(3%)	211,231	246,153
Water Treated (Affiliate Company)					
Rain water purified (Based on the tank capacities)	m3	300	-	300	300
Waste water purified (Based on the tank capacities)	m3	14,400	-	14,400	14,400
Trees Planted	Nos	3,400	-	3,000	2,500
Carbon Footprint					
Scope 1	TON CO2eq	718	(31%)	1,039	1,034
Scope 2	TON CO2eq	1,573	(7%)	1,691	1,424
Scope 3	TON CO2eq	-	(100%)	22	15
Total CO2 Footprint	TON CO2eq	2,290	(17%)	2,752	2,472
Biogenic Carbon emission	TON CO2eq	-	-	-	-
Emission Intensity (Emission Per 1 Mn of revenue)	tCO2e/revenue	0.06	(30%)	0.09	0.07



7%

Reduction in Electricity consumption



31%

Reduction in Fuel consumption



3%

Reduction in Water consumption



17%

Reduction in Total carbon footprint



45,000 kg

Total Weight of Materials Recycled



18%

Reduction in Total energy consumption

Management Approach and Environmental Compliance

While the Group is in the process of articulating a formal environmental policy, the Group complies with local environmental standards as a responsible corporate citizen. We are striving to go beyond these standards to set new benchmarks in lowering usage of resources such as water and energy, and by collaborating with sustainable entities to have a positive impact on the environment through combating deforestation and waste recovery and disposal. During the year, there were zero instances of noncompliance against environmental laws/ regulations.

An Environmental Management System (EMS) is a set of processes and practices that enable an organization to reduce its environmental impacts and increase its operating efficiency. Some of the processes adopted by Abans are given below;

Natural Capital



Driving sustainability through our Brand/Product portfolio

Brand	Model No	Any Specifications	ISO 140001 - Yes/ No
Abans	Cooking Appliances	Provides up to 35% in Gas savings	Factory Certified
Mimi Moto	Bio Mass Cooker	Smoke free portable cooker	Factory Certified
LG	Refrigerator	LG's Inverter Linear Compressor - provides up to 32% in energy savings, top-rate 20-year durability	Factory Certified
LG	Refrigerator	LG Inverter Linear Compressor - less noise than conventional compressor. It also saves more energy and provides higher reliability and greater durability	Factory Certified
LG	Air Conditioner - S3-Q09JA3BD	R32 - Due to aggravated global warming, various international conventions and meetings are held to reinforce restrictions of the use of existing refrigerant while enforce the use of new eco-friendly refrigerants	ISO 1400001
LG	Air Conditioner - S3-Q12JA2FB	"70% Energy Savings 40% Faster Cooling"	ISO 1400001
LG	Air Conditioner - S3-Q24K22FA	LG's Dual Inverter Compressor™ solves improper, ineffective and noisy problems, resulting in an air conditioner that cools faster, lasts longer, and runs quieter.	ISO 1400001

Many of the products that retail at Abans are ISO 140001 certified products as we are very conscientious about the sustainability of our brand portfolio. Many of the brands we market, including the newest additions to our product portfolio are from reputed companies that value and conduct their business operations according to sustainability principles. At any point in time the Abans product range contains a vast number of environmentally friendly and energy saving products.

The Group continues to partner with the world's leading electronics brand who are moving towards energy friendly design and technology. During the year under review, we added more environmentally friendly brands into our product portfolio which not only has a positive impact on the environment, but they also cater to customers who seek environmentally-friendly products to lower electricity consumption through products using inverter technology.



LG - Creating Social & Environmental Values with LG ThinQ

The Artificial Intelligence tool, LG ThinQ, can be used to solve social and environmental issues. For instance, if AI can forecast natural disasters such as epidemics, heavy rains, and climate change, we can minimize its impact on our society. As a global leader of AI technology, LG is committed to promoting intelligent lifestyles and

paving the way towards a sustainable future.



Apple Inc

Apple's recent efficiency improvements include the use of software and power efficient components that intelligently manage power consumption. Apple products consistently rank among the high-performing products rated by ENERGY STAR—which was established to recognize the 25% most energy efficient computers on the market. In 2019, 100 percent of its eligible products received an ENERGY STAR rating for superior energy efficiency.

Apple decreased the average product energy use across all major product lines by 73% since 2008 and 100% of its eligible products received a Gold rating, the highest awarded, from EPEAT, an environmental rating system for electronic products, where energy efficiency is a highlighted feature.



Hewlett Packard

Electronic Product Environmental Assessment Tool (EPEAT™). This independent procurement tool can help customers easily evaluate, compare and select systems based on environmental criteria, such as energy consumption. HP

has one of the largest number of EPEAT™ Gold registered products in the industry.

HP business desktop PCs

All HP 5000 and 7000 series business PCs can be configured to meet the EPA's ENERGY STAR® guidelines, the most recognized national symbol for energy efficiency in the U.S. These product lines are designed around many of the industry's newest and most energy efficient technologies.

HP business notebook PCs

Nearly all HP business notebooks are ENERGY STAR® qualified for power efficiency. The HP Illumi-Lite display in select notebooks uses highly efficient, mercury-free LED screens, which can significantly lengthen your battery life.

Many HP commercial notebooks support solid state drives that can reduce heat and increase battery life.

HP personal workstations

HP's entire Personal Workstation line achieved an EPEAT™ Gold rating. All 2008 models feature 80 percent efficient power supplies standard and have ENERGY STAR® qualified configurations available.

Energy Consumption

The Group's key energy sources are electricity sourced from the national grid and fuel used for transportation purposes including employee travel. We remain committed to achieve increased energy efficiency. We remain focused on reducing consumption of non-renewable resources through close monitoring and targeted initiatives.

	Unit	2020/21	2019/20	2018/19
Total Energy Consumed	GJ	30,412	36,999	33,715
Increase/(Decrease) of Energy Consumed compared to previous year	GJ	(6,587)	3,284	(966)
% Change of Energy Consumed	%	(18)	10	(3)
Energy Intensity	GJ/1 Mn Revenue	0.8	1.2	1.0

Mini Moto Biomass Stoves – A Project with the UN

At present there is a trend of industries moving from fossil fuels to biomass fuel. The sister company of Abans, Cleantech (PVT)Ltd joined with UN to initiate a biomass fuel project which is believed to be a turning point in expanding our motivation to assure fuel switching through the urban waste. Under this project Cleantech together with UN has introduced biomass cook stoves and biomass fuel for the local market. Abans PLC is playing a vital role in promoting renewable energy through the selling of biomass cookstove island wide for an affordable price.

This fuel switching program has contributed immensely in reducing environment pollution. It has helped to reduce the greenhouse gas emissions compared to fossil fuel.



Natural Capital

Electricity Consumption

	Unit	2020/21	2019/20	2018/19
Total Units Consumed	Kwh	5,241,821	5,636,022	4,745,415
Energy Consumption	GJ	18,855	20,273	17,070
Increase/(Decrease) of Energy Consumed compared to previous year	GJ	(1,418)	3,204	(289)
% Change of Energy Consumed	%	(7)	19	(2)

Reduction of energy consumption - Our warehouses are fitted with translucent roofing areas where the natural sunlight is being used as lighting for all our warehouse activities.

Solar installation at Kadolkele

The solar harvesting project is implemented on the roof of the warehouse building with an investment of Rs. 54 Mn. There are three projects are installed on top of the two warehouse buildings. The details of this project are mentioned below.

- System Capacity: 573.48 kW
- Nos. of solar panels: 1416 Nos.
- Nos. of inverters: 6 Nos. (Make: ABB)

The generated power is fed to the national grid (under LECO). During the year under review this project generated more than 1.7 Million Kwh which is equivalent to 6,300 GJ.



Fuel Consumption

	Unit	2020/21	2019/20	2018/19
Total Units Consumed	L	312,020	451,590	449,414
Energy Consumption (GJ)	GJ	11,556	16,726	16,645
Increase/(Decrease) of Energy Consumed compared to previous year	GJ	(5,169)	81	(677)
% Change of Energy Consumed	%	(31)	0	(4)

Abans PLC fleet management teams are issued with fuel cards and roughly half of commercial transport vehicles are fitted with fuel tracking tags. This helps manage theft and helps management identify over usage.

SMS texts are now sent to each of the 400 showroom managers when a vehicle is within a few kilometers of the showroom. This has helped reduce vehicle idling time and has helped speed up delivery routes. The SMS text received by the showroom manager includes a live link so that the manager can track the vehicle and guide it to the showroom in case of logistics issues which helps prevent unnecessary diversions, and therefore resultant fuel usage.

Plans are underway to utilize load planning and reverse logistics within distribution fleet operations to maximise usage of vehicles and minimise fuel usage and spend.

Carbon Footprint

The threat of climate change is ever present and as a responsible corporate citizen, Abans takes measures to ensure that we play our part by contributing towards the reductions of the country's greenhouse gas (GHG) emissions in line with the Sustainable Development Goals. During the year, the Company' carbon footprint amounted to 2,290 tCO₂e, an decrease/increase of 17% compared to the previous year.

		Emission of CO2 (Tonnes)			
Carbon Emission Details		Unit	2020/21	2019/20	2018/19
Scope 01	Fuel Consumption for Transportation/vehicles for business use (2.3kgCO2e/L)	tCO2e	718	1,039	1,034
	Increase/(Decrease) of CO2 Footprint compared to previous year	tCO2e	(321)	5	(42)
	% Change of Carbon footprint	%	(31)	0	(4)
Scope 02	Electricity Consumption (0.3kgCO2e/kWh)	tCO2e	1,573	1,691	1,424
	Increase/(Decrease) of CO2 Footprint compared to previous year	tCO2e	(118)	267	(24)
	% Change of Carbon Footprint	%	(7)	19	(2)
Scope 03	Business purpose air travel	tCO2e	-	22	15
	Increase/(Decrease) of CO2 Footprint compared to previous year	tCO2e	(22)	7	(30)
	% Change of Carbon Footprint	%	(100)	47	(67)
Total	Total Carbon Footprint	tCO2e	2,290	2,752	2,472
	Increase/(Decrease) of Total CO2 Footprint compared to previous year	tCO2e	(461)	279	(96)
	% Change of Total Carbon Footprint	%	(17)	11	(4)
	Emission Intensity (Emission Per 1 Mn of revenue)	tCO2e	0.06	0.09	0.07

**Reporting Sources

Integrated Reporting Framework | GRI Standards | United Nations Climate Change (UNFCCC) | The intergovernmental Panel of Climate Change | Greenhouse Gas Protocol

Water Withdrawn and Discharged

	Unit	2020/21	2019/20	2018/19
Total Units Consumed	M3	203,890	211,231	246,153
Increase/(Decrease) of Water Consumed compared to previous year	M3	(7,340)	(34,923)	(18,986)
% Change of Water consumed (M3)	%	(3)	(14)	(7)

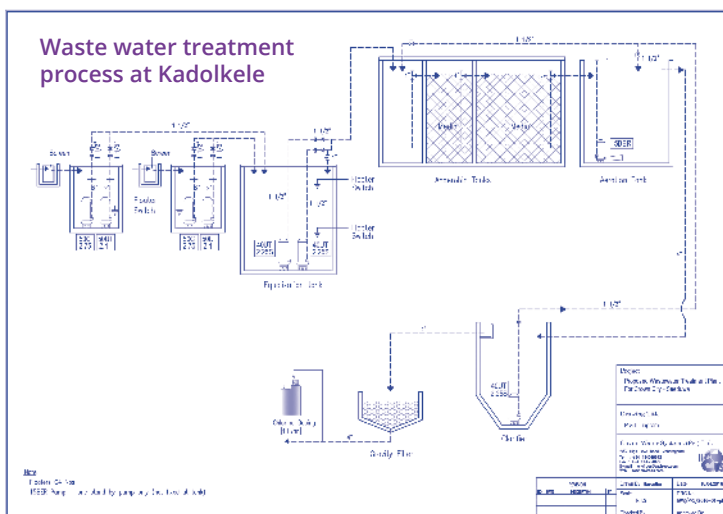
Interactions with water as a shared resource

The Group is not engaged in any water intensive industries. Nevertheless through education of staff and close monitoring water consumption has been reduced in the year under review. Mechanisms are in place to continuously monitor water consumption trends and identify areas for improving water efficiency.

Management of Water Discharge

Rainwater harvesting – Kadolkale Warehouse facility

Abans Kadolkale Warehouse facility is designed to preserve one of the earth's most valuable natural resource –water. It has 02 separate warehouses which commenced in 2009 and in 2012. It is equipped with three large sumps with a maximum capacity of 500,000 litres of



Natural Capital

water. Also, the roof of the warehouse is designed to allow harvesting of the rainwater with the purification system.

The rainwater is collected in to three large sumps and treated, filtered and used for drinking and other domestic purposes. It also has its own sewage treatment plant which is capable of filtering 20,000 litres of waste-water every 12 hours. The treated waste-water is used for non-potable purposes such as washing, flushing of toilets, watering of gardens and washing of vehicles.

Waste Management

Sri Lanka is facing a challenge in waste management and Abans Group responded by launching a sustainable waste management initiative. As a company supplying electronics and home appliances, we are conscious of recycling e-waste responsibly. In an impactful e-waste project, employees of Abans handed over discarded electronic and electrical appliances to Cleantech (Pvt) Ltd, the environmental solutions providing sister company under the Abans Group of Companies. Chairperson Aban Pestonjee highlighted the importance of understanding global warming and their causes and tackling the climate change concerns head-on from within the workplaces. The initiative is aligned with the UN's Sustainable Development Goals. After pre-processing within the guidance of both national and international standards, the hazardous waste will be exported to state-of-the-art reputed foreign facilities for the correct treatment and disposal. Alongside this initiative was the implementation of the 3R principles – Reduce, Reuse, and Recycle – as a measure to encourage employees to avoid bringing single use plastics into the Abans head office. Single use plastics are the result of an

increasingly disposable-based lifestyle built on fast convenience and are major sources of garbage pileups.

Abans Chairperson Aban Pestonjee:

As a fully Sri Lankan conglomerate, we are committed to keep enhancing the tomorrow for every Sri Lankan. In the enhanced tomorrow we envision the sustainability of the environment of our precious island nation".

Different types of waste associated with Abans and its disposal

Disposal of Stationery and Packaging Material

Abans recycles waste/ garbage paper, used computer paper and packaging materials from time to time. These are sold to waste collecting centers then and there and the funds collected are used for employee welfare and other CSR activities. All these waste/obsolete items are recycled rather than landfilled or burnt in an uncontrolled environment. During the financial year, the following items were sent for recycling:

- Used Photocopy paper
- Used Computer paper
- Used Corrugated boxes
- Used Polythene wrappings
- Discarded packing cartoons
- Styrofoam

Recycling/disposal from Kadolkale warehouse

Obsolete and defunct spare parts and electronics are also collected and sold for recycling from the main warehouse. The funds collected are used for CSR and welfare activities. Obsolete vehicle

spares E.g.: Used tires, Tubes, Tapes, Batteries will be sold, and electronic spare parts, Buy Back Items and other related waste items /parts also sold time to time and funds collected. We have disposed approximately 84,760 kg's of Buy Back Electronic Home Appliances etc. during the year for recycling.

E-waste recycling/disposal (Cleantech Pvt Ltd)

Resource depletion is one such area that the world has raised concerns over. But the demand for the resources has not changed. Therefore, people had to excavate and extract materials. But this make a negative impact on the environment and the economy due to the high cost. Therefore, the best option is the resource recovery from waste and obsolete products. It reduces the landfill footprint and processing and transportation costs.

Electronic waste is rich in precious metals and rare earth metals. It is announced by the Japan government that they are willing to use gold, silver and bronze obtained from electronic waste generated from e waste recycling in Japan to manufacture the medals in 2020 Olympics, Tokyo. Within the year 2020 we have exported 61.3MT of printed circuit boards to Japan where they can generate a massive amount of gold & silver. As a department we are proud to say that we also have contributed to that worthy cause.

To overcome the scarcity of different goods in the market, manufacturers always look for virgin materials. But it consumes natural resources. Deforestation, burning of fossil fuel, excessive water consumption and higher energy consumption has already made a negative impact on earth. In the year

2019, the environmental management department managed 59.9MT of plastic waste, 158.6MT of paper waste, 39.9MT of metals, 10.8MT of glass Waste and we have enabled the recycling of the said quantity instead of ending up in a landfill.

E-waste Collection at head office

An e-waste collection initiative was conducted at the Abans PLC head office in 2020. All employees have been encouraged to bring their obsolete and broken electronic items from home so that it can be collected and sent for responsible recycling through our sister company, Cleantech.

This initiative was very popular with staff and managed to collect over 160 different electronic waste items over the course of 2 days, from a washing machine to CRT televisions, power supplies and mobile phones. The team also collected 106kg of circuit boards, cables, batteries and floppy disks.



In addition, as of 2020, employees in the Abans Head Office building and the Cleantech offices have also been encouraged to avoid single use plastic. Awareness initiatives have been developed to inform employees about

the impact of single plastic usage and steps that they can take to reduce the single use plastic waste they generate.

Reducing Plastic Usage

Single use plastic and electronic waste recycling – Cleantech Pvt Ltd

Single use plastic has become the world's largest environment polluter. It is said that the amount of micro plastic equivalent to a weight of a credit card enters the human body every day. Furthermore, the accumulation of indecomposable substances on the soil make a negative impact. The department has done a massive contribution in reducing the addition of single use plastic to the environment. We have the privilege of being a major supplier of PET plastic to the largest PET recycler in Sri Lanka.

In addition to the single use plastics one of the main environment polluter is electronic waste. It is said that the electronic waste generation in the world is approximately 50 million metric tons. Only 20% of that is documented. In Sri

Lankan scenario documented e waste generation is 75MT per annum. As Cleantech (Pvt) Ltd we have been able to evade the addition of a significant amount of e waste to the soil and water bodies. It prevented the accumulation of toxic substances/heavy metals in the habitats. Furthermore, introducing a proper e waste disposal channel to the society has enabled the reduction of bad practices of open burning of electric wires and throwing out of printed circuit boards and batteries.

Reducing Paper Usage

Abans has adopted the 3R approach- Reuse, Reduce and Recycle approach to reduce paper consumption. Accelerated investment in digitalization and automation of processes across the Group has also reduced paper consumption. During the year, Abans recycled 3,528 kgs of paper.

Mobile technology adoption

Utilisation of Enadoc – a document management and imaging system has helped cut down on paper usage as demonstrated below.

Doc Type	No of Copies - Previous	Pages for a Bundle	No of Copies - Now	Pages for a Bundle	Drop Copies per Page	Drop Copies per Bundle	No of Bundles use per Month	Total Copies reduced per month
AOD	5	500	3	500	2	1000	55	55000
DO	5	500	3	500	2	1000	23	23000
Total							78	78000

The above equates to = $78,000/500 = 156$ A4 paper reams saving per month = 1,872 A4 paper reams per year

Field work apps have helped us cut down on the need for paper documentation through our branch network, converting

debt collection processes to utilising hand-held, Wi-Fi enabled cash collection and receipt printing devices.

Currently, we receive over 500 Mn in sales on BuyAbans.com and our Facebook page enables us to address

Natural Capital

over 3,000 customer queries a month helping strengthen our paperless communication efforts. We are also moving towards using SMS alerts to communicate with customers about product deliveries and service attendance.

In 2020, Abans PLC began a pilot project with PickMe's ride-hailing app where registered staff would be able to use a corporate account that directly bills Abans PLC for rides taken without the need for submission of paper staff travel vouchers for reimbursement. 182 staff across Abans PLC now use this service, with travel vehicles restricted to smaller, cost and fuel-efficient vehicle types. Department heads are sent trip summaries at the end of each day which they can cross-check with the employees in their departments. This has drastically cut down the amount of paper involved in the staff travel process and has also cut down on time taken by department heads at the end of the month to verify their department's travel usage.

Internet and digital banking

The majority of wharf and customs clearance payments have also moved online, drastically reducing the amount of paper usage and time involved in these processes. On average, 200 shipments are cleared each month, and if we estimate saving roughly 4 sheets of A4 paper per shipment clearance payment (cheques plus photocopies of shipping documents), then we save more than 19 paper reams per year.

We have also moved towards the usage of digital wallets for staff expense reimbursements amongst our 400+ strong showroom network.

Materials recycled by weight and volume

Over the past year Cleantech was the resource recovery partner of Abans group. Abans & Cleantech made sure they contribute to the sustainable development of the country through practicing proper recycling and resource recovery methodologies. Abans in collaboration with Cleantech initiated recycling programs within the organization and the community as well. Buyback program implemented island wide in order to ensure the e-waste is not ended up in a dumpsite.

CONSERVATION APPROACH

The Abans Group is committed to protecting and conserving biodiversity. Keeping this in mind, we have ensured that we do not own, lease, or manage any operational sites in or adjacent to protected areas or biodiversity value. No complaints were received on any negative environmental impact because of our operations and no monetary or non-monetary sanctions imposed for non-compliance with environmental laws and regulations.



There are no significant impacts of Abans' activities, products, and services on biodiversity. The Company has provided an e-waste service to dispose used electronics and electronic waste in a responsible manner without reaching landfills. All suppliers are required to adhere to established environmental standards.

Furthering our commitment to the environmental conservation, two key environmental projects have been launched by the Abans Group – the Green Isle project and the e-waste project.



Green Isle Project

Abans, the Wildlife and Nature Protection Society, and the Department of Wildlife Conservation, collaborated to launch the landmark Green Isle Project. The Green Isle Project, which falls under the 'Life on Land' Sustainability Development Goal, requires us to "Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss".

The selected habitat is a refuge for many species including fishing cats, primates, different bird species, and other fauna and flora. Formerly one of Sri Lanka's best-known birding locations, this area has recently been under severe pressure due to increased urbanisation and poaching. This project involves habitat enrichment via a massive tree replanting scheme of over 30,000 trees, enabling the gradual replacement of invasive plant species, the revitalization of small canals, as well as the clearing out of weeds and other debris. A total of Rs. 1 million was disbursed by Abans for this project. A 3.5 Km Nature Trail will also be developed to enable wildlife enthusiasts, researchers, educators, and school children to observe and study Attidiya's native species from a safe distance. This CSR initiative aims to contribute towards the cause of Sri Lankan wildlife preservation by transforming the region into the one of 'green lungs' of the nation. WNPS is the premier wildlife and nature conservation society, and for decades, was the only civil organisation promoting fauna and flora protection in Sri Lanka.

LG and Abans, through this initiative, will focus on combating habitat loss, which has been identified as a major threat towards the continued survival of Sri Lanka's unique position as a biodiversity hot spot. Additionally, the project will raise awareness of the importance of sustaining the delicate balance in the Sri Lankan ecosystem, which is necessary not only for the continued existence of our country's wildlife but also the local human populace. Through the 5-year Project, the Attidiya wetland

will be rejuvenated through; habitat enrichment via a massive tree replanting scheme conducted under scientific guidance and aimed at the gradual replacement of invasive plant species, the revitalization of small canals, as well as the clearance of weeds and other debris. Abans with a simple vision "To keep enhancing the tomorrow, by empowering "people with a better way to life", has continued to do so for the past 50 years. Further, E-waste recovery is just the start of Abans Group's sustainable waste management initiatives that will be continued across the country through its over 400 branches as an ongoing measure to protect the environment for a better tomorrow.

Land and Biological Assets

Abans has a country-wide presence, with many land assets across the island. The table below depicts the land extent owned by Abans under its various verticals. No operational sites that are adjacent to protected areas and areas of high bio diversity.

Type of Land Area (Acres) Use	Area (m2)	Use
Showrooms	57,137.51	This area which is extended to all parts of the country is used to display our products for sale.
Warehouses	92,124.88	Situated in Gampaha District of Western Province, the warehouse is comprised of 5 Lots, mainly used for storing, loading and unloading of goods.
Service Centers	5,825.11	Property of the service arm of Abans PLC - providing after sales service to a wide range of appliances coming under the Abans product portfolio
Manufacturing Plant	5,450.34	Abans Electricals - situated in Colombo District of Western Province, is used for manufacturing and assembling consumer goods such as washing machines and refrigerators for the local market
Office Premises	8,825.05	Back office operations
Total Area of Land Held	169,363	

WAY FORWARD

As the Abans Group evolves its policy for managing Natural Capital it is having a greater impact on conserving the environment while reducing its carbon footprint through various measures to manage internal processes, monitor its business partners and suppliers.

LG and Abans, through the Green Isle initiative, will focus on combating habitat loss, which has been identified as a major threat towards the continued survival of Sri Lanka's unique position as a biodiversity hot spot. Additionally, the project will raise awareness of the importance of sustaining the delicate balance in the Sri Lankan ecosystem, which is necessary not only for the continued existence of our country's wildlife but also the local human populace. Through the 5-year Project, the Attidiya wetland will be rejuvenated through; habitat enrichment via a massive tree replanting scheme conducted under scientific guidance and aimed at the gradual replacement of invasive plant species, the revitalization of small canals, as well as the clearance of weeds and other debris.

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Corporate Governance

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

KEY GOVERNANCE HIGHLIGHTS

Abans Group focused on assessing its cash and liquidity position due to the volatile and uncertain environment at the outset of the COVID-19 pandemic. A special Senior Management Meeting with the participation of Non-Executive Directors was held on 4th March 2020 to evaluate the impacts of the COVID-19 pandemic on the businesses based on scenarios, and to discuss initiatives and strategies going forward. In order to evaluate the financial position of each business particularly over the next 12 months at a Group consolidated level, to ascertain the impact on the ability to sustain its operations with its cash reserves and banking facilities in place. It was decided to implement certain cost saving strategies and monitor on expense control and capital expenditure decisions.

It was decided not to invest on new projects during the year under review until the macro-economic environment stabilizes.

Risk Management of the Group was further strengthened with an experienced Chief Internal Auditor specialized in financial industry. The Group institutionalized an integrated fraud


deterrent and investigation framework to drive and deliver continuous improvements of its assurance related initiatives. The framework is expected to integrate the management of all aspects of fraud and stakeholder assurance; reinforce uniformity across common processes in matters relating to fraud, and employ a data-driven approach to the continuous assessment of control efficacy while enabling better monitoring and further refining audit trails.

The state-of-the-art Human Resource Information System (HRIS) which was implemented in 2018, ran a full cycle of operations during the year under review. The system manages the entire life-cycle of the employee from onboarding to performance management, compensation, through to offboarding.

The Board declared a first interim dividend of 64.10 per share out of 2019/20 profit. For the year under review, the Board declared a second interim dividend of Rs 52.17 per share in February 2021, and third interim dividend of Rs 55 per share in March 2021.

Framework and Structure

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

INTERNAL GOVERNANCE STRUCTURE	INTEGRATED GOVERNANCE	ASSURANCE MECHANISM	REGULATORY BENCHMARKS
<p>Board of Directors and Senior Management Committees</p>  <p>Managing Director/CEO</p> <p>Executing Management Committee</p> <p>Employee Empowerment</p>	<p>Integrated Governance Systems and Procedures</p> <p>Strategy Formulation and Decision -Making Process</p> <p>Human Resource Governance</p> <p>Integrated Risk Management</p> <p>IT Governance</p> <p>Tax Governance</p> <p>Stakeholder Management and Effective Communication</p>	<p>Articles of Association</p> <p>Abans Code of Conduct</p> <p>Board Committee</p> <p>Internal Control</p> <p>Enterprise Risk Management Framework</p> <p>HR Policies</p>	<p>Companies Act No. 7 of 2007 Mandatory compliance</p> <p>Listing Rules of the Colombo Stock Exchange (CSE) Mandatory compliance</p> <p>Sri Lanka Accounting Standards (LKAS and SLFRS)</p> <p>The Code of Best Practice on Corporate Governance (2017) published by the Institute of Chartered Accountants, Sri Lanka (CA Sri Lanka) Voluntary compliance</p> <p>GRI Guidelines on Sustainability</p> <p>Independent Audit</p>

Corporate Governance

Role of the Chairperson and Managing Director

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

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

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

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

Attendance at Board Meetings

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

The attendance of the directors at meetings of the Board and the Sub- committees during the year is detailed below

Name of the Director	Main Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings
1. Aban Pestonjee (Non-Executive Chairperson)	4/4	-	-
2. Saroshi Dubash (Executive Director)	4/4	-	-
3. Rusi Pestonjee (Executive Director)	4/4	-	-
4. Behman Pestonjee (Executive Director)	4/4	-	-
5. Chandrika Perera (Executive Director) (Appointed with effect from 25th June 2020)	2/2	-	-
6. Dinesh S. Weerakkody (Independent Non-Executive Director)	4/4	4/4	3/3
7. Rajaratnam Selvaskandan (Independent Non-Executive Director)	4/4	4/4	3/3

Governance Practices Adopted by Abans

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

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

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

Code of Best practice on Corporate Governance

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

Corporate Governance

Code Ref		Compliance and implementations	Compliance
A.Directors			
A.1	An Effective Board should direct, lead and control the company	The profile of the Board is provided on pages 24 to 25.	<input checked="" type="checkbox"/>
A.1.1	Frequency of Board Meeting	The Board meets on a quarterly basis and attendance at meetings is give on page 99	<input checked="" type="checkbox"/>
A.1.2	Role & Responsibilities of the Board	Please refer "Responsibilities of the Board" on page 98	<input checked="" type="checkbox"/>
A.1.3	Compliance with laws and access to independent professional advice	A statement to applicable laws and regulations is given in page 97 by the Boared of Directors.	<input checked="" type="checkbox"/>
A.1.5	Independent judgement	Each Director brings indipendent judgment to bear on issues that are discussed at the Board and by having meetings of the Board equal opportunity is available for Directors to express their views independently.	<input checked="" type="checkbox"/>
A.1.6	Dedicate adequate time and effort	During financial Year 2020/21 a total of four Board meetings were being held by Abans PLC.	
		All Non-Executive Directors have attended majority of the meetings and have deveted their time adequately	<input checked="" type="checkbox"/>
		Information pertaining to Director participation levels at Board meeting and Board subcommittee meeting are given on page 99	
A.1.7	Calls for resolutions	Any Director can call for a resolution to be presented to the Board if deemed necessary	<input checked="" type="checkbox"/>
A.1.8	Board induction and Training	The Directors are given opportunity to having sufficient exposure, expertise in their relevant areas to fulfil their duties and responsibilities owing to the Board.	<input checked="" type="checkbox"/>
A.2	Chairperson & Managing Director	The MD is responsible for he day-to-day operations of the company and the Group and acts as a CEO. The roles of the Chairperson and Managing Director are segrrigated at Abans. The Chairperson's main responsibility is the lead, direct and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities	<input checked="" type="checkbox"/>
A.3	Chairperson's role in preserving good Corporate Governance	please refer Responsibilities of the board on page 98	<input checked="" type="checkbox"/>
A.4	Availability of financial acumen	The Board is equipped with qualified Directors in the field of Finance and accountancy and possesses the necessary financial wisdom.	
		Board has the privilege of having Directors who possesses qualifications in the field of finance and accountancy to obtain advice and guidance.	<input checked="" type="checkbox"/>
		Finance Division is also well equipped in financial capabilities having qualified Chartered Accountants and experienced personnel to support the Board of Directors.	

Code Ref		Compliance and implementations	Compliance
A.5	Board Balance	There are only two Non-Executive Directors and hence, Executive	Under review as it is a new requirement
A.5.1	Majority of Non-Executive Directors if Chair is not Independent	Directors form the majority of the Board. The Board is reviewing this new requirement at present with a view to compliance with the same	
A.5.2	If only 3 NEDs, they should be independent	The Board is reviewing this new requirement at present with a view to compliance with the same	
A.5.3	Independence of Directors	Both Non – Executive Directors are independent in terms of the criteria defined by CSE rule 7.10.4 on corporate governance, fulfils the minimum guidelines prescribed by the code.	<input checked="" type="checkbox"/>
A.5.4	Signed declarations of independence by the Non-Executive Directors	Each Non-Executive Director of the company has made written submissions as to their independence as per schedule J of the code.	<input checked="" type="checkbox"/>
A.5.5	Determination of independence of the Directors by the Board	Based on the written submissions made by the following Non-Executive Directors as per code, the Board deems the said Directors “Independent” as at 31st March 2021. 1. Mr. D.S. Weerakkody 2. Mr. R. Selvaskandan	<input checked="" type="checkbox"/>
A.5.6	Alternate Directors	Not applicable as no Alternate Director was appointed during 2020/21	<input checked="" type="checkbox"/>
A.5.7	Senior Independent Director	Chairperson's and Managing Director's/ CEO's roles have been separated w.e.f. 08.07.2014 and therefore no requirement to appoint a Senior Independent Director	<input checked="" type="checkbox"/>
A.5.8	Confidential discussion with the Senior Independent Director	Please see Code – A.5.7 above.	<input checked="" type="checkbox"/>
A.5.9	Meeting of Non-Executive Directors	No meeting of Non-Executive Directors was held during the period.	<input checked="" type="checkbox"/>
A.5.10	Recording of concerns in Board minutes	Company Secretary records any concerns raised by the Directors during the year in Board minutes with sufficient details.	<input checked="" type="checkbox"/>
A.6	Supply of Information	Agenda together with high quality information is circulated seven days prior to the Board meeting to discharge the Board obligations effectively as a practice.	<input checked="" type="checkbox"/>
A.6.1	Management's obligation to provide appropriate and timely information	Board receives adequate information by the Management on a timely manner. The Board receives regular reports and presentations on strategies and developments in relation to its business lines and performance.	<input checked="" type="checkbox"/>
A.6.2	Adequate time for effective Board meetings	Executive Directors constantly briefed the Board on the functional areas of Revenue, Finance and Recoveries that they oversee. The Board on other functional matters deals with the Managing Director or the heads of those respective departments when necessary.	<input checked="" type="checkbox"/>
A.7.	Appointments to the Board & Re-election	Although the formal Nomination committee is not formed by the Board, new appointments are decided based on consent of the chairperson and all Board of Directors and the final decision is made by the Board.	<input checked="" type="checkbox"/>
A.7.1	Appointments to the Board	All new appointments to the Board are considered and recommended by the Board as a whole in an objective and transparent manner	<input checked="" type="checkbox"/>

Corporate Governance

Code Ref		Compliance and implementations	Compliance
A.7.2	Assessment of Board composition	Board as a whole carried out an annual assessment of Abans PLC Board's Composition to assess the level of skills, experience, qualifications, and knowledge of the Board members' address the growing strategic needs of the Company.	<input checked="" type="checkbox"/>
A.7.3	Disclosure of details of new Directors to shareholders	All new Board appointments as it happens are communicated to shareholders via the Colombo Stock Exchange. A brief summary of the new Director appointed including the qualifications, experiences, names of the companies in which the Director holds directorships, and memberships in Board Sub Committees is usually given in the Annual Report. During the year appointment of Mrs. Chandrika Perera was properly disclosed in the CSE on 26th June.	<input checked="" type="checkbox"/>
A.8	Directors Re-election	In terms of the Article 5.4 of the Articles of Association of the Company, Executive Directors are not whilst holding that office be subject to retirement by rotation or taken into account for determining the rotation of retirement of directors. Therefore there are two Non-Executive Directors of the Board who will be eligible for rotation of whom one of them will be re-elected at the next Annual General Meeting.	<input checked="" type="checkbox"/>
A.8.1	Appointment of Non-Executive Directors	As explained in A.8 above	<input checked="" type="checkbox"/>
A.8.2	Election of Directors by the shareholders	As explained in A.8 above	<input checked="" type="checkbox"/>
A.9.	Appraisal of Board & Committee Performance	The performance of the Board and sub- committee is reviewed and evaluated by the Board and Chairperson based on self- appraisal basis	<input checked="" type="checkbox"/>
A.9.1	Appraisal of Board	As explained in principle A.9 above.	<input checked="" type="checkbox"/>
A.9.2	Performance		
A.9.2			
A.10	Annual Report to disclose specified information regarding directors	Information pertaining to all Abans PLC Directors is made available to the shareholders through the Annual report.	<input checked="" type="checkbox"/>
A.10.1	Disclosure of information in respect of Directors	Information pertaining to Directors are provided on pages 24 to 25.	<input checked="" type="checkbox"/>
A.11	Appraisal of the CEO/ Managing Director	The Board of Directors should at least annually assess the performance of the Chief Executive Officer/ Managing Director	<input checked="" type="checkbox"/>
A.11.1	Target/Goals for the CEO/ MD	CEO/MD is entrusted by the Board to conduct day to day operations effectively to attain broad strategic targets/ goals	<input checked="" type="checkbox"/>
A.11.2	Evaluation of the performance of the CEO/ MD	The performance of the CEO/ MD is evaluated in relation to achievement of business targets.	<input checked="" type="checkbox"/>
B.	Director's Remuneration		
B.1	Remuneration Procedure	No Director is involved in deciding his or her own remuneration package.	<input checked="" type="checkbox"/>

Code Ref		Compliance and implementations	Compliance
B.1.1	Remuneration Committee	The Board has established a Remuneration Committee authorized to evaluate, assess, decide and recommend, to the Board, Executive Directors remuneration as per the Terms and Reference of the Remuneration Committee.	<input checked="" type="checkbox"/>
B.1.2,	1.3 Composition of the Remuneration Committee	Remuneration Committee comprises of all Non-Executive Directors and the Chairman of the Committee is Mr. R Selvaskandan. The report of the Remuneration Committee is given on Page 98 in the annual report. The Remuneration Committee composition and details of meetings held and participation status is given on page 99..	<input checked="" type="checkbox"/>
B.1.4	Remuneration of the Non-Executive Directors	The Board has the authority on deciding the Non-Executive Directors' remuneration packages which is made as a collective decision. The Non- Executive Directors are paid a fee for attending Board or other Committee meetings or carrying out other Non-executive duties based on their responsibilities assigned.	<input checked="" type="checkbox"/>
B.1.5	Consultation of the Chairperson and access to professional advice	When deciding on remuneration of Executive Directors, the Committee also obtains advice from the Managing Director as necessary.	<input checked="" type="checkbox"/>
B.2	Level and make-up of Remuneration	The Board together with the Remuneration Committee aims to attract retain and motivate high calibre individuals for top executive positions.	<input checked="" type="checkbox"/>
B.2.1	Level and make-up of the remuneration of the Managing Director	The Remuneration Committee makes assessment on the sufficiency of remuneration of Executive Directors to ensure a strategy of retention.Executive Director including performance of Managing Director is evaluated annually and suitable remuneration levels are decided by the Committee.	<input checked="" type="checkbox"/>
B.2.2	Comparison of remuneration with other companies	When positioning remuneration levels relative to other companies in the industry, Remuneration Committee reviews the information related to the Executive Directors pay level against the industry.	<input checked="" type="checkbox"/>
B.2.3	Comparison of remuneration with other companies in the Group	Executive Directors represent other companies within the group.	<input checked="" type="checkbox"/>
B.2.4	Performance related payments to the Managing Director	Please refer principle B.2 and Code B.2.1 above.	<input checked="" type="checkbox"/>
B.2.5	Executive share options	There was no executive share options scheme offered to any Director during 2020/21 period.	<input checked="" type="checkbox"/>
B.2.6	Deciding the Executive Directors' Remuneration	Please see comments given in Principle B.2 for details on Executive Director Remuneration.	<input checked="" type="checkbox"/>
B.2.7	Early termination of Directors	Not applicable to the Board.	<input checked="" type="checkbox"/>
B.2.8	Early termination not included in the initial contract	In an event of early termination of a director, the remuneration will be concluded based on the scenario occurred.	<input checked="" type="checkbox"/>
B.2.9	Remuneration of Non-Executive Directors	The Non- Executive Directors are paid a fee for their services as mentioned in Code B.1.4.	<input checked="" type="checkbox"/>
B.3	Disclosure of Remuneration	The Remuneration Committee operates within agreed terms of reference and is committed to the principles of accountability and transparency	<input checked="" type="checkbox"/>

Corporate Governance

Code Ref	Compliance and implementations	Compliance
B.3.1 Disclosure of Remuneration	Details of Remuneration Committee composition with meetings held and participation status of members is provided on page 129. Related Party Disclosure Note" on page 232 is in the notes to financial statements provides information on remuneration paid to Executive and Non-Executive Directors in aggregate.	<input checked="" type="checkbox"/>
C. Relation with Shareholders		
C.1 Constructive use of the Annual General Meeting (AGM) and Conduct of General Meetings	AGM will be held on 30th June 2021 and all shareholders are encouraged to participate at the AGM	<input checked="" type="checkbox"/>
C.1.1 Use of proxy votes	Proxy forms are made available in the Annual report that is released with adequate prior notice to all shareholders in accordance with Companies Act	<input checked="" type="checkbox"/>
C.1.2 Separate resolution for all separate issues	Company passed separate resolutions for the adoption of the "Report of the Directors" and "Statement of Financial report and the Report of the Auditors" included in the Annual Report.	<input checked="" type="checkbox"/>
C.1.3 Availability of all Board Sub-Committee Chairmen at the Annual General meeting	All Board members which include Chairpersons of all the Board Sub committees, namely, Audit Committee, and Remuneration Committee are presented at the AGM to answer any questions coming under the purview of their Committee.	<input checked="" type="checkbox"/>
C.1.4 Adequate notice of the Annual General Meeting	For the previous financial period, the Annual report of FY 2019/20 was submitted to the Colombo Stock Exchange on 12th August 2020 and was delivered to all shareholders on same day. Abans PLC's AGM was held on 31 August 2020.	<input checked="" type="checkbox"/>
C.1.5 Procedures of voting at General Meetings	Voting procedures at the General Meetings are circulated to the shareholders.	<input checked="" type="checkbox"/>
C.2 Communication with shareholders	Extensive financial and non-financial information of company's activities are provided to shareholders through the Annual report and the Interim Reports published on a quarterly basis.	<input checked="" type="checkbox"/>
C.2.1 Channel to reach all shareholders of the Company	Formal communications with the shareholders are conducted through Notices to shareholders, Annual Report and Quarterly Financial Statements, and general meetings of shareholders. All the financial information such as Annual Reports, Interim reports are made available to shareholders via CSE website.	<input checked="" type="checkbox"/>
C.2.2 Policy and methodology for communication with shareholders	The Communication Policy is implemented through exchange Memos, Electronic Mails, Board Papers and Presentations.	<input checked="" type="checkbox"/>
C.2.3 Implementation of the policy and methodology for communication with shareholders	Please see Code – C.2.2 above.	<input checked="" type="checkbox"/>
C.2.4, C.2.6 Contact person in relation to shareholders' matters	As per the general practice of the company, main point of contact for the shareholders for their concerns and clarification is the board of directors.	<input checked="" type="checkbox"/>

Code Ref		Compliance and implementations	Compliance
C.2.5	Process to make all Directors aware of major issues and concerns of shareholders	Material issues and concerns of the shareholders are communicated to the Board by management of the company and family directors hold weekly meetings to discuss business matters.	✓
C.2.7	The process of responding to shareholder matters	According to Abans PLC's "Communication Policy", all shareholders related material matters are handled promptly and attentively by the Board upon being informed	✓
C.3	Major and Material Transactions	Abans PLC Board has established a process to capture and disclose any material transactions proposed that would alter or vary the net asset position of Company either through its audited financial statements or in interim publication or by making announcement to the Colombo StockExchange.	✓
C.3.1	Major transactions	Material related party transaction or corporate transactions involving acquisitions, mergers or disposal, which materially affect Abans PLC net assets position, are disclosed on pages 231 to 232.	✓
D. Accountability and Audit			
D.1	Financial Reporting	The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.	✓
D.1.1	Statutory and Regulatory Reporting	Abans PLC has reported a true and fair view of its financial position and performance for the year ended 31st March 2021 and at the end of each quarter of 2020/21 financial year.	
		The Board ensures that the quarterly and annual Financial Statements of the Company and Group are prepared and published in compliance with the requirements of the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards (LKASs and SLFRSs) and the Rules of the Colombo Stock Exchange.	✓
D.1.2	Directors' Report in the Annual Report	The Annual Report of the Board of Directors (Directors' Report) provided on pages 123 to 125 gives an affirmation on Company's compliance to laws and regulations, confirms the going concern assumption and the effectiveness of Internal Control System that is in place.	✓
D.1.3	Statement of Directors' and Auditors' responsibility for the Financial Statements	Statement of Directors' responsibility for Financial Reporting given on page 126 provides a statement setting out the responsibilities of the Board for the preparation and presentation of the Financial Statements.	✓
D.1.4	Management Discussions and Analysis	As per Code –D.1.4 management commentary covering all requirements is given on pages 46 to 95 in the "Capital Reports", which comprises of the sustainability section as well.	✓
D.1.5	Declaration by the Board that the business as a Going Concern	The Annual Report of the Board of Directors provides disclosure affirming the going concern of the company, after drawing attention to aspects mentioned in the schedule G of the Code.	✓
D.1.6	Summoning an Extra Ordinary General Meeting (EGM) to notify serious loss of capital	A situation of a serious loss of capital is unlikely to arise.	✓
D.1.7	Related party transactions	An adequate and accurate disclosure of related party transactions is given in Note 31 to the Financial Statements on pages 228 to 232	✓

Corporate Governance

Code Ref		Compliance and implementations	Compliance
D.2	Internal Control	The Board has established an effective system of internal controls to safeguard the assets of the company.	<input checked="" type="checkbox"/>
D.2.1	Annual evaluation of the risks facing the Company and the effectiveness of the system of internal controls	Internal Auditors have been entrusted to periodically review the adequacy and effectiveness of internal controls of the company a feedback of which is given to the higher level Audit Committee. Statement on Internal Controls provided on page 128 complies with content of Annexure K of the code.	<input checked="" type="checkbox"/>
D.2.2	Internal audit function	Abans PLC's Internal Audit division which is centrally located provides independent and objective assurance in respect of the adequacy of the design and operating effectiveness of internal controls and governance process across the company.	<input checked="" type="checkbox"/>
D.2.3	Review of the process and effectiveness of risk management and internal controls by the Audit Committee	Audit Committee continuously reviewed the effectiveness of risk management process and internal controls and ensured the soundness of the risk management process and internal controls and managed to report any deficiencies and matters to Board with recommendations.	<input checked="" type="checkbox"/>
D.2.4	Responsibilities of Directors in maintaining a sound system of internal control	The Board Statement on Internal Controls given on page 123 complies with the contents in Annexure K of the code.	<input checked="" type="checkbox"/>
D.3	Audit Committee	The Board of Abans PLC has established an Audit Committee that operates independently under specified terms of reference covering review of financial reporting aspects, internal controls and maintaining relationship with company auditors internal and external in accordance with the provisions of this Code and other regulatory requirements	<input checked="" type="checkbox"/>
D.3.1	Composition of the Audit Committee	The Committee met 04 times during the year. The names of members forming the Audit Committee, their participation level, secretary, and invitees of the Committee are disclosed on page 99.	<input checked="" type="checkbox"/>
D.3.2	Review of Objectivity of the External Auditor	As disclosed in Audit Committee Report, the Audit Committee in keeping to its terms of reference monitors the objectivity, effectiveness and independence of the External Auditor of the company	<input checked="" type="checkbox"/>
D.3.3	Terms of Reference of the Audit Committee	The Board approved written terms of reference governs all activities of Audit Committee. The Terms of Reference have been drawn after giving due reference to the "Code of Best Practices on Audit Committee"	<input checked="" type="checkbox"/>
D.3.4	Disclosures of the Audit Committee	Please refer page 127 for the Audit Committee Report.	
		The External Auditor has provided a Confirmation of Independence in compliance with the "Guidelines for Appointment of Auditors of Listed Companies" issued by SEC.	<input checked="" type="checkbox"/>

Code Ref		Compliance and implementations	Compliance
D.4	Code of Business Conduct and Ethics	High standards in business conduct and ethics is an integral part of Abans PLC's culture. In keeping to Abans PLC's practiced value system, an organization wide human resource policy document is in place which defines clear HR policies and procedures to employee.	<input checked="" type="checkbox"/>
D.4.1	Code of Business Conduct and Ethics	The HR division has devised a formal document incorporating human resources procedures including aspects on employee conduct.	<input checked="" type="checkbox"/>
D.4.2	Affirmation by the Chairman that there is no violation of the Code of Conduct and Ethics	The Chairperson's affirmation that she is not aware of any violations to requirements of the company on specified business conduct and ethics is given in the "Chairperson's review" on pages 16 to 19.	<input checked="" type="checkbox"/>
D.5	Corporate Governance Disclosures	Abans PLC Board of Directors upholds adopting sound corporate governance practices, while improving the overall governance year on year.	<input checked="" type="checkbox"/>
D.5.1	Disclosure of Corporate Governance	Abans PLC's Corporate Governance report of FY 2020/21 provides a comprehensive disclosure on the company's corporate governance framework and practices indicating Code of best practices on corporate governance issued in 2017	<input checked="" type="checkbox"/>
E. Institutional Investors			
E.1	Shareholders voting	Institutional shareholders are required to make considered use of their votes and encouraged to ensure their voting intentions are translated into practice.	<input checked="" type="checkbox"/>
E.1.1	Institutional shareholders	The Company obtained Debt listing status in Colombo Stock Exchange, Main Board since 2013.	<input checked="" type="checkbox"/>
E.2	Evaluation of Corporate Governance initiatives	Matters relating to governance are communicated effectively to all shareholders via the Annual Report and through AGM. Views and other material matters of shareholders are subsequently taken up at Board meetings as necessary.	<input checked="" type="checkbox"/>
F. Other Investors			
F.1	Investing/ Divesting decision		<input checked="" type="checkbox"/>
F.1	Individual shareholders	Individual shareholders are encouraged to carry out adequate analysis and seek the independent advice prior to make investing or divesting directly in shares of the Company.	N/A
F.2	Individual shareholders voting	Individual shareholders are encouraged to participate at the AnnualGeneral Meeting and to exercise their voting rights.	N/A

Corporate Governance

CSE Rule Reference	Corporate Governance Principles	Compliance Status
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H. Environment, Society and Governance

H.1 Principles of Sustainability Reporting	Please refer Capitals Reports on pages 46 to 99 and GRI Index on page 239.	<input checked="" type="checkbox"/>
H.1.1 Economic sustainability	Please refer "Financial Capital" on page 46	<input checked="" type="checkbox"/>
H.1.2 The Environment	Please refer "Natural Capital" on pages 86 to 95	<input checked="" type="checkbox"/>
H.1.3 Social practice	Please refer "Social & Relationship Capital" on pages 74 to 85	<input checked="" type="checkbox"/>
H.1.4 Governance	Please refer "Corporate Governance" on pages 96 to 108	<input checked="" type="checkbox"/>
H.1.5 Reporting and Disclosure	Please refer "GRI Index" on page 239	<input checked="" type="checkbox"/>

Compliance with Colombo Stock Exchange Continuing Listing Rules

CSE Rule Reference	Corporate Governance Principles	Compliance Status
7.10.1(a)	Non-Executive Directors (NED)	Two NED out of total of Seven directors
7.10.2(a)	Independent Directors (ID)	All NED are Independent
7.10.2(b)	Independent Directors	NEDs have submitted the declaration in the prescribed format
7.10.3(a)	Disclosure relating to Directors	<input checked="" type="checkbox"/>
7.10.3(b)	Disclosure relating to Directors	The Board has determined that criteria for independence is met for IDs
7.10.3(c)	Disclosure relating to Directors	<input checked="" type="checkbox"/>
7.10.3(d)	Disclosure relating to Directors	<input checked="" type="checkbox"/>
7.10.5 (a)	Composition of Remuneration Committee	<input checked="" type="checkbox"/>
7.10.5(b)	Functions of Remuneration Committee	<input checked="" type="checkbox"/>
7.10.5(c)	Disclosure in the Annual Report relating to Remuneration Committee	<input checked="" type="checkbox"/>
7.10.6(a)	Composition of Audit Committee	<input checked="" type="checkbox"/>
7.10.6(b)	Audit Committee Functions	<input checked="" type="checkbox"/>
7.10.6 (c)	Disclosure in the Annual Report relating to Audit Committee	<input checked="" type="checkbox"/>

Risk Management

Managing risk is a key aspect of the Board's stewardship obligations. Almost all the business decisions contain an element of risk. Therefore, understanding and Managing risk is a critically important function of an organization.

Abans Group has a robust risk management framework through which it carries out its risk management strategy and ensures a culture of proactive identification and mitigation of key risks relevant to its business operations.

With regards to the current year, COVID- 19 pandemic affected the lives and livelihood of individuals and organizations in a deprived manner. Island wide Lockdowns, Demand and supply shocks, exchange fluctuations, Price variations in the market, Effect on disposable income, volatility in government policy decision changes were directly resulted from the COVID- 19 pandemic.

In light of volatile and evolving circumstances associated with the

COVID-19 pandemic, the Group conducted a comprehensive review of the risk management framework and mitigation strategies were implemented for risks attributable to the Hire Purchase/ Lease portfolios and strategies were implemented to manage Group working capital cycle effectively.

The Group has further ensured operations continue unhindered, while ensuring all health and safety aspects have been adhered to according to related government health and safety guidelines. Given the volatile and evolving landscape, the Group will continue to monitor the impacts to its operations and proactively take measures to ensure business continues as seamlessly as possible.

Current risk management function of the Group is based on following strategic objectives.

- To identify, analyze, evaluate, treat, monitor and manage significant risks of the group

- Define Company's risk appetite and align company's business strategy according to the defined risk strategy to reduce and eliminate harmful threats.
- Support efficient management of resource to ensure business growth backed by effective risk management
- To develop a well-defined risk management culture within the group with better communication within the group

Approach to Risk Management

The Board is in the process of strengthening the risk Management function of the Group. As a result, during the year under review, risk management function was formalized with more defined risk functions and enhanced risk management related policies and procedures. Further, the Board has overall responsibility of defining the risk appetite, setting the risk objectives, approving risk management framework & approving policies for effective risk management.

Risk Management Structure



Risk Management

Risk Governance Committees

Board Level Committees

- Board Audit Committee
- Remuneration Committee

Executive Level Committees

- Management Committee
- Hire Purchase Committee

Three Lines of Defense

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

Three Lines of defense Model helps organizations for better identify and structure interactions and responsibilities of key players towards achieving more effective alignment, collaboration and accountability. Accordingly, different groups within organizations play a distinct role within the three lines of defense model, from business units to finance, inventory, supervision, audit, and other risk management personnel.

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

Risk Assessment Matrix







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




Likelihood	Certain	Medium 15	High 21	High 22	Extreme 24	Extreme 25
	Likely	Medium 13	Medium 14	High 19	High 20	Extreme 23
	Possible	Low 6	Medium 11	Medium 12	High 17	High 18
	Unlikely	Low 4	Low 5	Medium 9	Medium 10	High 16
	Rare	Low 1	Low 2	Low 3	Medium 7	Medium 8
		Negligible	Marginal	Moderate	Significant	Critical
Significance/Impact						

High ● Medium ● Low ●

Risk Exposure	Potential Impact	Developments in 2020/21	Mitigation	Net Risk Assessment		
				2018/19	2019/20	2020/21
Economic & Business Risk National Policy Instability/ Volatility in import regulations	<p>Policy instability leads to a lack of clarity and consistency in national policies which in turn make financial planning and resource allocation difficult and could lead to delays in decision making. This in turn results in reduced operational efficiency and productivity. Lack of predictability in the political environment also leads to the company's inability to plan and invest in future value creation, which ultimately affects the profitability of the company</p>	<p>The financial year under review saw significant business interruptions due to regulations and curfew situations imposed due to COVID-19. We commenced 2020/21 under lockdown, recording an unprecedented 6 weeks of business closures which resulted in lost sales, lower productivity for corporates.</p> <p>With regards to the above described pandemic situation, the Government temporarily curtailed imports by imposing certain regulations, where importation of consumer electronics and few other commodities were temporary suspended up to June 2020. Subsequently certain goods in Abans Portfolio were allowed to import under defined supplier credit periods. These restrictions had a direct impact to the business.</p>	<p>The issue was identified well in advance and addressed through an effective inventory planning process. Accordingly, based on the early signs, buffer stocks were maintained while adhering to the government import regulations. discussion with suppliers was done immediately after government notification requesting for supplier credit. Most suppliers agreed unconditionally to support our request due to the long relationship and the strong financials of the company.</p> <p>Carefully evaluated the long-term vision of the government and developed strategies on the long-term value creation to Rationalize product portfolio based on macro-economic trends.</p>	●	●	●
Increase in cost of consumption	<p>Increase in cost of consumption will adversely impact both consumer and business confidence and purchasing power resulting in fewer opportunities for growth in established business lines, which could have a direct impact on the prices of consumer durables and thereby affect the demand for electronic items in the market</p>	<p>Amidst exceptional uncertainty, the global economy is projected to grow 5.5 percent in 2021 and 4.2 percent in 2022. The 2021 forecast is revised up 0.3 percentage points relative to the previous forecast as per IMF.</p> <p>Additionally, the World bank declared that Sri Lanka's economic growth is expected to recover to 3.3 percent in 2021, and 2.2 percent in 2022 after contracting 6.7 percent in 2020.</p>	<p>Additionally, Invest further in technology and cost cutting technologies and Enter into cooperative purchase agreements to gain buying muscle</p> <p>Invest in productivity and cost cutting technologies</p> <p>Negotiation with suppliers on prices</p> <p>Direct purchases from Manufacturers</p>	●	●	●

Risk Management

Risk Exposure	Potential Impact	Developments in 2020/21	Mitigation	Net Risk Assessment		
				2018/19	2019/20	2020/21
Market Place Risk Competition	Increasing competition in the consumer electronics and retail industry invariably reduces the market share of the company and may reduce profit margins as well.	<p>Started investing heavily on Abans Brand specially regarding our virtual presence which aided the Abans Brand to be available island wide throughout the pandemic time via BuyAbans.com.</p> <p>Initiated new developments to Abans Service Division via a new Business Plan and implemented a customer survey to ensure a Customer Centric Culture.</p> <p>Despite the tough market conditions, we Increased our locations with 12 new Abans Elite locations while increasing the availability of our substantive portfolio of consumer durables available in almost all main cities around the island.</p>	<p>Ensured that prices remain competitive based on the industry average.</p> <p>Shared resources among channels and upgraded showroom outlook with supplier participation.</p> <p>Expand and improve after sales customer services.</p> <p>Develop strong international Branding.</p> <p>Maintain good relationships with suppliers, both local and international</p>			
Seasonality	A substantial amount of the Group's revenue and operating profit is generated during peak seasons, being Christmas and New Year. Adverse impacts on trading during these seasonal periods is likely to impact the overall results and bottom line for the current accounting period	During the year under review, amidst Covid-19 pandemic period, especially during April 2020 which is the starting month of the Sinhala-Tamil new year season and December 2020 when the second wave of COVID-19 was at its peak, company managed to carryout online campaigns and discounts via BuyAbans.com and offered discounts to corporate and other dealers in order to minimize the seasonal effect of sales.	<p>Improved virtual presence and customer centric after sale services culture to reduce impact of any possible seasonal fluctuations of sales while capitalizing on the customer trend to buy consumer durables online.</p> <p>Proper financial and operational planning was done to ensure that the business performance is not impacted.</p> <p>Carried out promotions, discounts and offers to maintain a regular inflow of income over the course of the financial year</p>			




Risk Exposure	Potential Impact	Developments in 2020/21	Mitigation	Net Risk Assessment		
				2018/19	2019/20	2020/21
Fast Changing Technology and Customer Preferences	This risk entails the failure to capitalize on new technology or emerging trends. The failure to meet customer expectations could also have a negative impact on the revenue and bottom line of the company	<p>Changes in web strategy positively impacting the overall performance of the business</p> <ul style="list-style-type: none"> – BuyAbans team formulated a systematic web marketing and development strategy accompanied by structured marketing campaigns • Revamped e-commerce website with back - end improvement and standardized pricing; 80% mobile responsive • More product offerings in the e-Commerce space • Convenient and secure payment gateways for customer and business banking • Digital marketing campaigns are done inhouse to minimize costs and increase social media awareness amongst customer base. • Improved customer interaction and feedback – cleaner customer database and quicker responses to customer queries by introducing a chatbot. • Introduction of commercial TVs to cater to growing demand in digital signage and interactive solutions by various institutions. • Changes in product lines or new products that have been introduced to the market to keep up with customer trends and preferences • Re-evaluating the Strategy of After Sales Service to direct it towards current trends to improve the alignment of customer expectations with our strategy. 	<p>Showroom renovations to take into account emerging trends in showroom layouts.</p> <ul style="list-style-type: none"> • New and exciting product launches to ensure that Abans showrooms consist of the latest technology • Product knowledge is improved by providing adequate training to customer service representatives and sales consultants • Introducing loyalty programs that encourage the existing customer base to stay with the brand and its products, but to also attract new customers on board • Clearance sales and other promotions to minimize slow moving stocks 			







Risk Management

Risk Exposure	Potential Impact	Developments in 2020/21	Mitigation	Net Risk Assessment		
				2018/19	2019/20	2020/21
Operational Risk Inventory Management	<p>Adhering to the supervision of the flow of inventory from suppliers to warehouses and thereafter to the point of sale. Poor inventory management can ultimately lead to the buildup of slow-moving stock and inefficiencies in achieving the targeted bottom line</p> <p>Most of our Inventory items run the risk of being obsolete mainly due to technical obsolesces. The excess inventory will lead to increase the stock holding cost and space. It is essential to maintain sufficient inventory by identifying proper reorder levels and quantities.</p>	<p>Inventory Management is a vital function at Abans PLC. As such during the year under review, the company implement the Inventory Management policy with the collaboration of all relevant parties including marketing, sales and finance teams. In order to support the policy, management took actions to strengthen the Centralized Warehouse operation AND LOGISTICS, WHICH significantly reduced the inventory number of days.</p> <p>Additionally, our inventory management process became more crucial than ever before due to the prevailing conditions of the world which has resulted in several barriers to our import process which was rather challenging as our operations are heavily dependent on imports</p>	<p>Changes in inventory management processes such as -</p> <ul style="list-style-type: none"> • Introduction of more efficient methods of reducing slow moving stock • Promotional offers, discounts and sales introduced to reduce excess levels of inventory. <p>Further, the Marketing and Inventory Control Department of Abans pro -actively engage in reviewing the inventory age analysis and take swift decisions.</p> <p>Import planning meetings are carried out with the involvement of marketing, Sales, and inventory control division on frequent basis. This will support to reduce the excess inventory holding within the warehouses.</p>	●	●	●
Risk on fraudulent and dishonest activities	<p>Due to the current business environment, the likelihood of potential fraudulent and dishonest activities by customers and employees have shown an increasing trend.</p> <p>Shoplifting is one of the common challenges face by the retailers</p>	<p>Internal control strategies of our operations are being looked at often by the management to minimize business interruptions in terms of fraudulent activities</p> <ul style="list-style-type: none"> • Frequency of internal audits • Security measures that are in place to reduce the loss of sensitive information to competitors • Improved IT security and infrastructure 	<p>Frequent internal audits of Showrooms, use of data analytic techniques for audit purposes, strengthening the internal controls and monitoring system and implementation of audits from Second Line of Defense was able to mitigate the fraud risk to an acceptable level.</p> <p>With the implementation of whistle blowing policy and adequate guidance to employees, company expects to manage the fraud risk.</p> <p>Effective management of inventory at showroom level with the implementation of centralized delivery system will able to reduce the stock levels maintain at the individual showrooms.</p>	●	●	●

Risk Exposure	Potential Impact	Developments in 2020/21	Mitigation	Net Risk Assessment		
				2018/19	2019/20	2020/21
Employee health and safety issues	Employee Health and Safety concerns are elevated due to the pandemic and we have implemented several safety measures under the advisement of local health authorities to provide a safe working environment for our employees in addition to the regular health and safety protocols in place.	<p>The world of work is profoundly affected by the COVID-19 pandemic. Widespread workplace closures due to the lockdown have resulted in significant loss of labour income through higher levels of inactivity and unemployment. According to the latest ILO Monitor, the estimated working-hour loss was 17.3 percent in the second quarter of 2020. Despite the gradual lift of the quarantine measures, the disruption of labour supply has continued in the third quarter due to the second wave.</p> <p>“Therefore, ensuring health and safety at workplace should constitute a crucial policy to revive the labour market”</p>	<p>At Abans, Health and Safety takes priority over everything else. To stand against the Covid – 19, our Human Resource Department implemented the Risk Control Policy for Managing Threat of Covid 19 in April 2020, to ensure a safe workplace is provided not only for employees but also for customers.</p> <p>Accordingly, IT and other infrastructure facilities were provided to employees to Work from Home and strengthen the e commerce facility via “buy Abans” to enhance sales while keeping social distance.</p> <p>All operational locations of the company have implemented measures to counter spread of the pandemic with many entities incurring additional costs in this regard for Personal Protective Equipment and social distancing measures.</p> <p>.</p>	●	●	●







Risk Management

Risk Exposure	Potential Impact	Developments in 2020/21	Mitigation	Net Risk Assessment		
				2018/19	2019/20	2020/21
People Risk and Labour Shortages	It is essential to ensure that adequate and right human resources are available within the group in order meet the strategic goals. Failure to maintain capable employees for the right task, will result in failure in achieving the set goals on time.	<p>Due to the prevailing economic condition in the world, the job market has been heavily affected as most employers have been on a hiring freeze. Accordingly, Abans paused its hiring as well. However, In the meantime we focused on managing the available human resources and attracting future prospects have been till the complete revival of the labour market occurs eventually.</p> <p>Sri Lanka's Labour force participation rate recorded and all-time low of 50.2% in June 2020 while the unemployment rate increased to 5.8% in September 2020</p> <p>Please refer for more information on the developments in 2020/21 in the Human Capital report on page 61</p>	<p>Initiatives taken to join the 'great place to work' movement with the intention of retention of valuable human resources and to attract and develop the best talents in the country.</p> <p>Continuous development programs for sales consultants to ensure that they are all aligned to similar standards of customer service</p> <p>PERF LEAD – Performance Management System in place to ensure that performance is driven from within</p> <p>Talent Management is a key functional area of Human Resource Management of Abans PLC. Policy on Key Talent, Critical Positions and Succession Planning was introduced during this financial year.</p> <p>Human Resource department plan for Manpower requirements annually. Employee orientation programs, employee awareness programs are organized on timely manner.</p> <p>Grievances Handling Procedure was implemented, and it will help to strengthen the grievances handling mechanism of the company</p>			

Risk Exposure	Potential Impact	Developments in 2020/21	Mitigation	Net Risk Assessment		
				2018/19	2019/20	2020/21
Strategic Risk Risk of losing data, disruptions to operations due to break down in the IT systems and security breaches.	<p>The company possesses significant amount of confidential information and security breaches/ system break down may lead to a loss of confidential information. Further, system break downs also has a major impact on business continuance.</p>	<p>Introduction of a new dynamic ERP system – currently under way</p> <ul style="list-style-type: none"> Physical server infrastructure is being moved to cloud based platforms - higher transparency and more secure database Better internal controls in place to safeguard sensitive information Improved IT infrastructure 	<p>Key controls to overcome the information security risk include; obtain regular verified data backups, storing data backups in offsite locations, implementation of Disaster Recovery Plans including Disaster Recovery Sites activation and continuous education to staff on the importance of information security.</p>			
Negative impact on Reputation arises from unaccepted corporate behavior	<p>The Company have secured a positive image in the trading industry and expanded across the country in multiple industries. Any hindrance to the reputation could therefore have a negative impact on their earnings and lead to loss in competitive advantage</p>	<p>Measures in place to deal with negative publicity regarding the company's conduct & business practices, should it occur.</p> <ul style="list-style-type: none"> Business ethics, integrity and quality of products and services Codes of conduct – governance practices and risk management programs, policies, procedures and training Re-evaluation being done regarding strategy of after sales services of Abans. <p>For more information, please refer social and relationship capital report on page 74</p>	<p>Management at Abans, always promote integrity and good business practices among employees to maintain a socially acceptable behavior.</p> <p>Also, company always, adhere with the applicable laws and regulation.</p> <p>To maintain a competitive edge, the BOD and their senior management continuously review their strategic initiatives.</p> <p>All products sold into local market are randomly tested at a testing lab to ensure product quality in each and every shipment.</p>			




Risk Management

Risk Exposure	Potential Impact	Developments in 2020/21	Mitigation	Net Risk Assessment		
				2018/19	2019/20	2020/21
Incapability to meet the customer preferences and fast technological changes	Due to rapid change in technology, new products and trends arrive to the market at an alarming rate. Simultaneously, the customer preferences also change. Therefore, to sustain in the market, it is essential to identify and capitalize on new technology and emerging trends.	Introducing a digital wallet - improved payment gateways that reduce costs and enable business banking. For more information, please refer Intellectual capital Report on Page 66	Abans is backed by reputed brands who are technological leaders. All products category heads have constant meeting with brand principles and get updates on product road maps for a 6 to 12 months period which helps to launch globally leading technologies /trends to the local market a head of competition. Abans PLC has always been the trendsetter with the introduction of world leading technologies into the market. Product category heads are able to constantly identify and avoid technological obsolescence due to the constant update received by the brand principals. During the current period company has introduce number of new varieties of products/versions to the market. Staff are continuously exposed to new technology and trained to use new products.	●	●	●

Risk Exposure	Potential Impact	Developments in 2020/21	Mitigation	Net Risk Assessment		
				2018/19	2019/20	2020/21
Financial Risk Forex rate Risk	<p>Government approach to foreign relationships have a direct impact on the Group impacting operating margins and profitability. Government policy determines the interest rate and exchange rate trends. Abans PLC has several supplier contracts that are denominated in foreign currency. Therefore, the transactional risk of unanticipated changes in exchange rates based on economic conditions, has a significant impact on the cost of goods sold</p>	<p>In order to avoid the excess volatility in Foreign Exchange Market, the Central Bank of Sri Lanka has issued directives to Commercial Banks to refrain enter into Forward Contracts of Foreign Exchange. During the year up to 31st March 2021, the Sri Lankan rupee has depreciated against the US dollar by 11.38%</p>	<p>Due to unpredictable fluctuations in the foreign exchange rates, the Company entered into Forward Contracts, prior to government imposing restrictions on exchange hedging on 25th January 2021.</p> <p>Transaction risk of unanticipated changes in exchange rates are mitigated by considering exchange rate fluctuations in costing and pricing</p>			
Interest Rate Risk	<p>Rising interest rates result in an increased cost of borrowing and a higher return on investments. However, the risk associated with the business is due to the former, which is an increase in the cost of fund. This will invariably delay the re-investment in profitable ventures and ultimately impact the profit that is available to shareholders due to the high borrowing costs. Significant component of the interest rates is variable in nature. Therefore, this invariably leads to uncertainty in the current market</p>	<p>Company was able to manage the Debt & Interest cost by obtaining supplier credit and competitive interest rates.</p> <p>Amidst the pandemic, company managed its working capital effectively while maintaining a stable Credit rating to ensure competitive interest rates were offered by lenders.</p> <p>Maintained a mix of fixed and variable interest rates in the current loan portfolio.</p> <p>Effective Interest Rates of Abans PLC:</p> <ul style="list-style-type: none"> • 2019/20: 9.8% • 2020/21: 7% 	<p>Maintaining a feasible mix of Fixed & Variable interest rates in the loan portfolio.</p> <ul style="list-style-type: none"> • Locking the interest rate by borrowing from fixed interest rate funding sources. • Maintain right mix of borrowing to reduce maturity mismatch. • Strong business relationships with lenders and brand strength help to ensure better negotiation on terms of credit • Maintained a stable Credit rating to ensure competitive interest rates were offered by lenders 			

Risk Management

Risk Exposure	Potential Impact	Developments in 2020/21	Mitigation	Net Risk Assessment		
				2018/19	2019/20	2020/21
Liquidity Risk	Liquidity risk is when the Group does not have sufficient financial resources to meet financial obligations when due or will need to do so at an excessive cost. The liquidity risk of the company is assessed based on the current ratio and the quick asset ratio of the company which is calculated on a (add in frequency) basis. The objective of liquidity risk management is to ensure that sufficient funding is available at all times irrespective of cyclical fluctuations	<p>Due to the Pandemic situation, strategies were implemented to improve working capital management.</p> <ul style="list-style-type: none"> Current ratio at the end of 2020/21 stood at 1.4 compared to 1.1 at the beginning due to effective management of working capital amidst the pandemic. 	<ul style="list-style-type: none"> To manage the Working Capital risk effectively, obtained extensions for the current import loans of the company. Obtained Short Term Loans to maintain the liquidity. Maintain unutilized bank facilities as a safety cushion to meet immediate commitments Group treasury division is entrusted with monitoring borrowings, payments and maintaining good relationships with banks Liquidity position of the company is regularly reviewed 	●	●	●
Credit Risk	The clientele of Abans consists of corporate clients, government and general public. While corporate and government institutions are provided with adequate credit, the general public usually utilizes hire purchase schemes. Therefore, the credit risk for Abans arises from multiple revenue channels across different divisions	<p>Hire Purchase cash collections were effectively managed through different strategies implemented during the year amidst the pandemic.</p> <ul style="list-style-type: none"> Similarly, Dealer, Corporate etc. collections were smoothened even at the blink of this global pandemic as a result of the healthy & long-term relationships maintained by the company 	<p>An effective credit policy is implemented across all client segments and credit worthiness is reviewed regularly</p> <ul style="list-style-type: none"> Contractual agreements are drawn with clients and material payments are backed by guarantees Debtor age analysis is regularly reviewed and continuously monitored Credit supervision team is available to monitor risks on a regular basis <p>A call center was established to effectively follow up on HP debtors.</p>	●	●	●

Risk Exposure	Potential Impact	Developments in 2020/21	Mitigation	Net Risk Assessment		
				2018/19	2019/20	2020/21
Investment Risk	<p>Investment risk refers to the uncertainty of expected returns on any new investment.</p> <p>This includes the risk taken when investing in new products, expanding into new markets, capital projects and mergers & acquisitions.</p> <p>This often is interrelated with interest rate risk and foreign currency risk as well as the general business climate and buying power of consumers.</p> <p>Due to the competitive market that Abans operates in, new investments are often needed in showroom expansions, partnering with new brands, digitalization and backward and forward integration</p>	<p>Slowed down expansion plans in order to accommodate the general economic downturn post Covid-19.</p> <p>Moved towards larger Elite showrooms which enhance customer experience and thereby taking a long-term view.</p> <p>Invested in improving customer centric service</p>	<p>Management generally carries out extensive appraisals before going ahead with any investment projects.</p> <ul style="list-style-type: none"> • Continuous evaluation of market and identifying product development / market expansion opportunities. • A due diligence study ensures that hurdle rate expectations are met by each capital investment. <p>Sensitive variables in the feasibility studies are continuously monitored and hedged wherever possible.</p> <ul style="list-style-type: none"> • Post investments analysis and performance tracking are in place. 			

Risk Management

Risk Exposure	Potential Impact	Developments in 2020/21	Mitigation	Net Risk Assessment		
				2018/19	2019/20	2020/21
Caveat	Although the key sources of risk and the measures taken by the company to mitigate risks have been discussed in this document, no assurance can be given that the company is fully protected against all possible risks. Further, the best the company can ensure is the reasonable management of risks through a sound operational framework which identifies, evaluates, and mitigates the impact of mentioned risks in a timely manner across the company	N/A	The Company is confident that all identified risk areas have been adequately assessed and managed to ensure the uninterrupted and efficient continuance of the business.	N/A	N/A	N/A

Annual Report of the Board of Directors

The Board of Directors of Abans PLC takes pleasure in presenting the Integrated Annual Report and the Audited Financial Statements of the Company and its subsidiaries for the financial year ended 31st March 2021.

Principal Activities

The principal activities of Abans PLC are importing and retailing of consumer electronics, home appliances, IT products and mobile phones, crockery and cookware, sanitary and light fittings, a host of other household items and life style products.

The Group has the Company (Abans PLC), three Subsidiaries and two Associate Companies and their activities are given on page 172 of this Annual Report.

Business Review

A review of the financial and operational performance and future business developments of the group, sectors, and its business units are described in the Chairperson's Message and Financial Review of this Annual Report. These Reports together with the Audited Financial Statements reflect the state of affairs of the Group. Segment wise contribution to Group Revenue, Results, Assets and Liabilities are provided in Note 172 to the Financial Statements.

Results and Appropriations

Revenue generated by the Group for the year under review amounted to Rs. 37.8 Bn which was derived almost entirely by Abans PLC due to Abans Finance PLC being reclassified as held for sale during the year.

Financial Statements and the Report of the Auditors

The Financial Statements of the Group for the year ended 31st March 2021 as approved by the Board of Directors on 31st May 2021 are given on pages 136 to 233. The Auditors' Report on the Financial Statements of the Group is given on pages 131 to 135..

Accounting Policies

The Accounting Policies adopted in the preparation and presentation of the

Financial Statements are given on pages 136 to 233. There were no material changes in the Accounting Policies adopted by the Group during the year other than disclosed in the Note no 2.1.2 to the Financial Statements.

Investments

Total investments of the Company in its Subsidiaries, Associates, Joint Venture and Equity investments amounted to Rs. 2,829,892,351/-. The details of the investments are given in Pages 191 and 195 to the Financial Statements.

Property, Plant and Equipment

The Net Book Value of Property, Plant and Equipment as at year end amounted to Rs. 1,455,581,295 /- for the Company and the Group. Total capital expenditure during the year for acquisition of property, Plant and Equipment by the Company and the Group amounted to Rs. 151,800,178 /- and 156,226,303 respectively. Details of Property, Plant and Equipment are given in Note 08 to the Financial Statements.

Stated Capital and Reserves

The Stated Capital of the Company as at 31st March 2021 was Rs. 218,500,000/- consisting of Rs. 216,000,000/- ordinary voting shares and Rs. 2,500,000/- ordinary non-voting shares. The total Group equity was Rs. 9,471,148,442 /- as at 31st March 2021.

Internal Control and Risk Management

The Directors acknowledge their responsibility for the Group's system of internal control. The systems are designed to provide reasonable assurance that the assets of the Group are safeguarded and to ensure that proper accounting records are maintained. The Board of Directors having reviewed the system of internal

control is satisfied with the systems and measures in effect at the date of signing this Annual Report.

Human Resources

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

Board of Directors

The Board of Directors of the Company as at 31st March 2021 and their brief

Annual Report of the Board of Directors

profiles are given on pages 24 to 25. The following persons were the Directors of the Company as at 31st March 2021.

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

Mrs Chandrika Perera was appointed as an Executive Director of the Company with effect from 25th June 2020.

Re-Election of Directors

A Resolution will be tabled at the forthcoming Annual General Meeting to re-elect Mrs. Aban Pestonjee, the Director who is above the age of 70 years and who is due to retire at the end of the Annual General Meeting in terms of Section 210 of the Companies Act No. 7 of 2007.

Board Committees

The Board has appointed two Sub-Committees i.e. the Audit Committee and the Remuneration Committee. The composition and responsibilities of the said Committees are detailed in the respective reports.

Interest Register

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

Directors' interest in Contracts

Directors' interests in contracts are disclosed in the related party transactions under Note 31.7 to the Financial Statements.

Directors' Shareholding

The shareholding of the Directors of the Company as at 31st March 2021 and as defined under the Listing Rules of the Colombo Stock Exchange is NIL.

Directors' Remuneration

Directors' remuneration is established within a framework approved by the Remuneration Committee. Directors' remuneration in respect of the Company for the year is given in Note 31.7 to the Financial Statements.

Share Information

Information relating to earnings, dividends and net assets is given on pages 234 to 235. The distribution and the composition of shareholding are given on pages 234 to 235 of this Annual Report.

Listed Debt

Information relating to the listed debentures is given on page 235.

Corporate Governance

The Board of Directors has endeavored to ensure that the Company has complied with the Listing Rules of

the Colombo Stock Exchange and the Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka. Directors are committed towards the furtherance of Corporate Governance principles of the Company. The measures taken in this regard are set out in the Corporate Governance Report on pages 96 to 108 of this Annual Report. Further, the Directors declare that the Company has not engaged in any activity which contravenes laws and regulations. All material interests in contracts involving the Company have been declared by the Directors and they have refrained from voting on matters in which they were materially interested.

The Company has made all endeavors to ensure the equitable treatment of shareholders. The business is a going concern and a review of internal controls covering financial, operational and compliance controls and risk management has been conducted. The Directors have obtained reasonable assurance of the controls' effectiveness and successful adherence.

Statutory Payments

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

Auditors

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

Total audit fees paid to Messrs. Ernst & Young by the Company and its

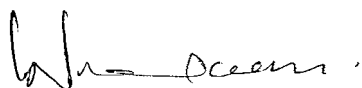
Subsidiaries are disclosed in Note 12 the Financial Statements. The Auditors of the Company and its Subsidiaries have confirmed that they do not have any relationship with the Company or its subsidiaries (other than being the Auditor) that would have an impact on their independence.

Annual General Meeting

The Annual General Meeting will be held at Head Office, Abans PLC, on 30th of June 2021 at 10 a.m. The Notice of

Meeting appears in the supplementary information section of the comprehensive Annual Report. This Annual Report is signed for and on behalf of the Board of Directors.

By Order of the Board



Varners International (Pvt.) Ltd.

Company Secretaries,

31st May 2021

Statement of Directors' Responsibility

The following statement sets out the responsibility of Directors in relation to the financial statements of the Company and Group. The responsibility of independent auditors in relation to the financial statements prepared in accordance with the provision of Companies Act No. 07 of 2007 ("the Act") and SLFRS is set out in the independent auditors' report.

Statement of profit and loss and other comprehensive income, which presents a true and fair view of the profit and loss of the Company and the Group for the financial year; and Statement of financial position, which presents a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and which comply with the requirements of The Companies' Act and SLFRS.

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

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

The Directors are also required to ensure that the Company and the Group

have adequate resources to continue in operation to justify applying the going concern basis in preparing these financial statements.

Further, the Directors have a responsibility to ensure that the Company maintains sufficient accounting records to disclose with reasonable accuracy the financial position of the Company and of the Group and also to ensure that the financial statements presented comply with the requirements of the Act.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and of the Group and in this regard, to give proper consideration to the establishment of appropriate internal control systems with a view of preventing and detecting fraud and other irregularities.

The internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognized in weighing the assurance provided by any system of internal controls and accounting.

The Audit Committee of the Company meets periodically with the internal auditors and the independent external auditors to review the manner in which these auditors are performing their responsibilities and to discuss auditing, internal control and financial reporting issues. To ensure complete

independence, the independent auditors and the internal auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

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

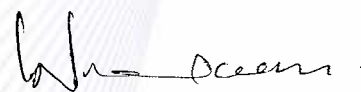
The Directors are of the view that they have discharged their responsibilities as set out in this statement.

Compliance Report

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its subsidiaries, all contributions, levies and

taxes payable on behalf of and in respect of employees of the Company and its subsidiaries and all other known statutory dues as were due and payable by the Company and its subsidiaries as at the reporting date have been paid or where relevant provided for.

By order of the Board,



Varners International (Pvt.) Ltd.

Company Secretaries

31st May 2021

Audit Committee Report

The Board Audit Committee assists the Board in the discharge of its responsibilities by providing necessary oversight to the Company's financial reporting, internal controls and internal and external audit practices.

Roles and Responsibilities

The role of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities in relation to the integrity of; The financial statements of the Company and the Group, The Internal Control and Risk Management systems of the Group, Compliance with Legal and Regulatory Requirements, the External Auditors' Performance, Qualifications and Independence, and the adequacy and performance of the Internal Audit function undertaken by the Group Internal Audit division. The scope of functions and responsibilities are adequately set out in the terms of reference of the Committee which has been approved by the Board and is reviewed annually. The key responsibilities of the Committee include:

- Reviewing Financial information of the Group, in order to monitor the integrity of the Financial Statements of the Group, Accounts and Quarterly Reports prepared for disclosure.
- Reporting to the Board on the quality and acceptability of the Group's Accounting Policies.
- Assessing the reasonability of the underlying assumptions for estimates and judgement made in preparing the Financial Statements.
- Reviewing Risk Management Processes and Regulatory Compliance.

- Reviewing of the Financial Statements (including quarterly interim statements) to ensure compliance with Accounting Standards and Accounting Policies
- Reviewing Internal Audit results and liaising with Senior Management of the Company in taking precautionary measures to minimize and control weaknesses, procedure violations, frauds, and errors.
- Assessing the independence and monitoring the performance and functions of the Internal Audit including overseeing the appointment or termination of the Group Chief Internal Auditor.
- Overseeing the appointment, compensation, resignation, and dismissal of the External Auditor, including review of the External Audit function, its cost-effectiveness and monitoring of the External Auditor's independence.

Composition

During the year, the Board Audit Committee (the Committee) consisted of the following members:

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

Mr. Rajaratnam Selvaskandan - Independent Non-Executive Director

The Committee comprises solely of 2 independent Non-Executive Directors.

Brief profiles of the members of the Committee are given on page 24 to 25 of the Annual Report.

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

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

All Non-Executive directors satisfy the criteria of Independence as specified within the standards on Corporate Governance for Listed Companies, issued by the Securities and Exchange Commission of Sri Lanka.

Meetings

The Committee met on 4 occasions (by physical presence and/or via video conferencing) during the year. The proceedings of these meetings with adequate details of matters discussed were regularly reported to the Board of Directors (the Board). The attendance of the members at these meetings were as follows;

Mr. Dinesh Weerakkody (Chairman)
4/4

Mr. Rajaratnam Selvaskandan
4/4

The Executive Directors including the Group Chief Financial Officer, Group

Audit Committee Report

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

Reporting of Financial Statements

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

Internal Controls and Risk Management Procedure

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

Internal Audit

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

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

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

During the year under review, showroom related audits were carried out and Committee received the attention of significant findings on operating and design effectiveness.

External Audit

Key functions of the Committee in respect to the External Audit include:

- Monitored and evaluated the independence and objectivity of the External Auditor and the effectiveness of the audit process.
- Discussed with the External Auditor on their audit approach and procedure, including matters relating to the scope of the audit and the Auditor's independence.
- Reviewed the audited Financial Statements with the External Auditor who is responsible for expressing an opinion on its conformity with the Sri Lanka Accounting Standards.
- Reviewed non-audit services provided by the Auditors to ensure

such services will not impair the External Auditor's independence and objectivity.

- Due to the changes of the economic environment as a result of the Pandemic, conducted a special review of processes in order to mitigate associated risk.

The Committee has recommended to the Board that Messrs. Ernst and Young, Chartered Accountants, be reappointed for the financial year ending 31st March 2022, subject to the approval of shareholders at the next Annual General Meeting.

Ethics and Governance

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

Evaluation of the Committee

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



Dinesh S. Weerakkody

Chairman – Board Audit Committee

31st May 2021

Board Remuneration Committee Report

“The main purpose of the Remuneration Committee is to ensure that Abans PLC is adopting a fair and a transparency remuneration policy, to facilitate the organization’s Human Capital management Strategy, enabling the organization to attract, retain and grow the required capabilities”

The Role of the Committee

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

Members

The Board Remuneration Committee comprises of the following members:

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

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

The attendance of the members at these meetings were as follows: Mr. Rajaratnam Selvaskandan 3/3

Mr. Dinesh S. Weerakkody 3/3

Remuneration and Benefits provided:

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

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

The Company launched a Succession Planning Framework backed by the Policy on Key Talent, Critical Positions and Succession Planning in September 2020. This process is being introduced to provide a systematic method to identify Key Talent and Critical Positions within the organization, determine a clear succession to key leadership roles, build a pipeline of future business leaders thereby to augment the leadership capacity at Abans, which is vital for the success of the organization.

Further the committee regularly reviewed the employee productivity vs

employee cost to ensure that employee productivity is maintained above the industry norms.

Conclusion

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



Rajaratnam Selvaskandan
Chairman - Remuneration Committee

31st May 2021



Independent Auditors' Report



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Chartered Accountants
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Tax : +94 11 5578180
eysl@lk.ey.com
ey.com

TO THE SHAREHOLDERS OF ABANS PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Abans PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2021 and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2021, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company

in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

Key audit matter	How our audit addressed the key audit matter
<p>Existence and valuation of trading stock</p> <p>As at 31 March 2021, the carrying value of inventories amounted to Rs. 8,903 million after considering a provision of Rs. 402 (Note 16) million for slow moving inventory.</p> <p>Existence and valuation of trading stock was a key audit matter due to:</p> <ul style="list-style-type: none"> materiality of the reported amount, which represents 27% of the Group's total assets; trading stock being held at multiple locations comprising warehouses and showrooms island wide, the existence of which being verified through a combination of cycle counts and year end physical verifications; and continuing effects the COVID-19 pandemic may have on the purchasing power of consumers and valuation of trading stock at lower of cost and net realizable value, thereby. 	<p>Our audit procedures, among others, included the following:</p> <ul style="list-style-type: none"> Evaluated management's process for inventory management and internal controls over the existence and valuation of trading stock, including management's procedures for identifying possible effects of Covid-19- pandemic in the determination of carrying value of inventory. Attended inventory counts at selected locations and reconciled the count results to the inventory listings compiled by management to support reported amounts as at the reporting date. Tested, on a sample basis, whether inventories were stated at the lower of cost and net realizable value at the reporting date, by comparing with subsequent selling prices of inventories. <p>We also evaluated the adequacy of the disclosures in Note 2.3.17 and 16 to the financial statements.</p>

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

A member firm of Ernst & Young Global Limited

Independent Auditors' Report

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>For the year ended 31 March 2021, the group reported revenue amounting to Rs. 37,809 million (Note 5.1). The group derives its revenue primarily from the sale of consumer durable goods through showroom sales and other distribution channels. It has varied contractual arrangements with customers, which include arrangements such as hire purchase.</p> <p>Recognition of revenue was considered a key audit matter due to:</p> <ul style="list-style-type: none"> the significance of the amount coupled with the increase (18%) reported by the Group; high volume of revenue transactions during the year, particularly those relating to showroom sales; and complexity due to various contractual arrangements with customers including those related to hire purchase. 	<p>Our audit procedures, among others, included the following:</p> <ul style="list-style-type: none"> Evaluated the design and tested the operating effectiveness of financial controls relevant to revenue recognition, including whether revenue transactions are recorded and reported accurately in the appropriate period. Performed substantive analytical procedures to understand and evaluate reasons contributing to the increase in revenue reported for the year. Tested revenue transactions, on a sample basis, to relevant supporting documents. Our considerations included whether revenue is recognised in the appropriate period. Assessed whether finance income recognised over the period from hire purchase contracts, is in line with the group's accounting policy for interest revenue recognition. <p>We also assessed the adequacy of related disclosures in Note 2.3.6 and 5 to the financial statements.</p>
<p>Impairment of Trade & Other Receivables</p> <p>As at 31 March 2021, Trade and Other Receivable (net of allowance for impairment) amounted to Rs. 5,852 Million (Note 15) which contributed 18% to the Group's total assets. The allowance for impairment was Rs. 1,376 Million.</p> <p>Assessment of the allowance for impairment of Trade and other Receivables was a key audit matter due to:</p> <ul style="list-style-type: none"> materiality of amount reported; significance of judgements and assumptions applied by management and the complexity of manual calculations involved; and probable impacts of COVID-19 pandemic on the economically impacted customers and the higher level of estimation uncertainties. <p>Note 2.3.15 to the financial statements describes assumptions and judgements applied including the sensitivity to changes in key assumptions.</p>	<p>To assess the reasonableness of the allowance for impairment, Our audit procedures, among others, included the following:</p> <ul style="list-style-type: none"> Evaluated the management's process over estimation of impairment for Trade and Other Receivables, which included assessing the level of oversight, review and approval of impairment policies by the management. Tested the underlying calculations and data used in those calculations, on a sample basis; In addition to the above, focused procedures were performed as follows: <p>Trade and Other Receivables individually assessed for impairment:</p> <ul style="list-style-type: none"> Assessed the main criteria used by the management for determining whether an individual credit exposure is impaired. <p>Trade and Other Receivables collectively assessed for impairment:</p> <ul style="list-style-type: none"> Tested the completeness of the underlying information used in the impairment calculations by agreeing details to the source documents. Considered the reasonableness of macro-economic factors used by comparing them with available data in public information sources. <p>We assessed the adequacy of the related financial statement disclosures as set out in notes 2.3.15.11 and 15.</p>

Key audit matter	How our audit addressed the key audit matter
<p>Assets and Liabilities Held for Sale and Discontinued Operations</p> <p>During the year, the Group approved and committed itself to a plan involving disposal of one of its subsidiaries, Abans Finance PLC as disclosed in Note 28 to the financial statements.</p> <p>As such, the Group classified all assets and related liabilities of the subsidiary as held for sale and its results as discontinued operations.</p> <p>As at 31 March 2021, net assets of the subsidiary held for sale amounted to Rs. 1,993 Mn and profit after tax from the discontinued operation for the year then ended amounted to Rs. 290 Mn.</p> <p>This was a key audit matter due to the:</p> <ul style="list-style-type: none"> significance of the amounts reported, which represent 19% of the Group's total net assets and 15% of the Group's profit for the year; judgements applied by management in determining whether the criteria for classifying the subsidiary's assets and related liabilities as held for sale, and results of its operations as discontinued operation, have been satisfied as at the reporting date; and management's assessment that the assets and related liabilities of the subsidiary are measured at lower of carrying amount and fair value less costs to sell. 	<p>Our audit procedures, among others, included the following:</p> <ul style="list-style-type: none"> Understood the process and steps undertaken by management for the disposal of the subsidiary, including securing a buyer. Assessed the reasonableness of management's judgements when ascertaining the requirements for classifying assets and related liabilities as held for sale and results as discontinued operations. Assessed that the assets and related liabilities of the subsidiary are measured at lower of carrying amount and fair value less costs to sell. <p>We also assessed the adequacy of related disclosures in the financial statements and Notes 2.3.24 and 28 to the financial statements.</p>

Other Information included in the 2021 Annual Report

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other

information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the management and those charged with governance

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate

Independent Auditors' Report

the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

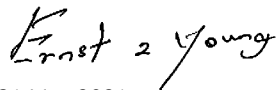
We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and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

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

Report on other legal and regulatory requirements

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

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



31 May 2021

Colombo

Statement of Profit or Loss

Year Ended 31 March		Group		Company	
		2021	2020	2021	2020
	Notes	LKR	LKR	LKR	LKR
Continuing Operations					
Revenue	5.1	37,805,391,199	31,960,379,613	37,809,532,938	31,960,878,935
Cost of Sales		(27,878,664,567)	(22,699,209,110)	(27,878,354,219)	(22,689,728,637)
Gross Profit		9,926,726,632	9,261,170,503	9,931,178,719	9,271,150,298
Other Operating Income	5.2	173,930,113	251,619,160	264,138,062	254,904,045
Selling & Distribution Expenses		(4,015,404,932)	(4,104,606,530)	(4,018,224,007)	(4,109,820,496)
Administrative Expenses		(2,975,281,362)	(3,132,002,382)	(2,974,482,576)	(3,127,057,783)
Results from Operating Activities		3,109,970,451	2,276,180,751	3,202,610,198	2,289,176,064
Finance Cost	5.3	(745,133,060)	(1,467,442,057)	(745,133,060)	(1,467,442,057)
Finance Income	5.4	49,009,154	15,289,681	49,009,154	15,334,913
Change in Fair Value of Investment Properties	9.1	12,819,088	49,704,300	12,819,088	49,704,300
Share of Results of Equity Accounted Investee (Net of Tax)	13.4	(32,949,660)	(5,925,918)	-	-
Profit before Income Tax and Value Added Tax on Financial Services from Continuing Operations	5.5	2,393,715,973	867,806,757	2,519,305,380	886,773,220
Value Added Tax on Financial Services		(9,690,296)	(18,603,252)	(9,690,296)	(18,269,380)
Income Tax Expense	6.1	(688,527,048)	(397,729,759)	(672,247,025)	(392,683,426)
Profit for the year from Continuing Operation		1,695,498,629	451,473,746	1,837,368,059	475,820,414
Discontinued Operations					
Profit for the Year from Discontinued Operations	28	290,182,557	103,287,635	-	-
Profit for the Year		1,985,681,186	554,761,381	1,837,368,059	475,820,414
Attributable to:					
Equity Holders of the Parent		1,841,267,407	502,770,936	1,837,368,059	475,820,414
Non-Controlling Interests		144,413,779	51,990,445	-	-
		1,985,681,186	554,761,381	1,837,368,059	475,820,414
Earnings Per Share -Basic / Diluted					
- From Continuing Activities	7.1	775.97	206.62	840.90	217.77
- From Discounted Activities	7.1	66.71	23.48	-	-
Dividend Per Share	7.2	171.27	-	171.27	-

Note - Figures in brackets indicate deductions

The Accounting Policies and notes on pages 144 to 233 form an integral part of these financial statements.

Statement of Comprehensive Income

Year Ended 31 March	Notes	Group		Company	
		2021	2020	2021	2020
		LKR	LKR	LKR	LKR
Profit for the Year		1,985,681,186	554,761,381	1,837,368,059	475,820,414
Other Comprehensive Income					
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods:					
Revaluation Gains from Land and Buildings	8	141,340,186	-	141,340,186	-
Actuarial Gain/(Loss) on Employee Benefits Liabilities	23.2	(14,063,783)	5,450,849	(14,063,783)	5,450,849
Tax Effect on above	6.2	(11,746,667)	(1,460,377)	(11,746,667)	(1,526,238)
Revaluation Gain from Equity Accounted Investee- Associate (Net of Tax)	13.4	30,619,406	-	-	-
Actuarial Gain/(Loss) from Equity Accounted Investee- Associate	13.4	(1,254,393)	4,545,030	-	-
Net Other Comprehensive Income for the Year from Discontinued Operations		28,359,546	(235,216)	-	-
Net Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods		173,254,295	8,300,286	115,529,736	3,924,611
Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods:		-	-	-	-
Other Comprehensive Income for the Year, Net of Tax		173,254,295	8,300,286	115,529,736	3,924,611
Total Comprehensive Income for the Year, Net of Tax		2,158,935,481	563,061,667	1,952,897,795	479,745,025
Attributable to:					
Equity Holders of the Parent		2,000,249,511	511,156,452	1,952,897,795	479,745,025
Non-Controlling Interests		158,685,970	51,905,215	-	-
		2,158,935,481	563,061,667	1,952,897,795	479,745,025

Note - Figures in brackets indicate deductions

The Accounting Policies and notes on pages 144 to 233 form an integral part of these financial statements.

Statement of Financial Position

As at 31 March	Notes	Group		Company	
		2021	2020	2021	2020
		LKR	LKR	LKR	LKR
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	8	1,455,581,294	1,314,896,935	1,455,581,294	1,187,236,005
Investment Properties	9	338,010,500	461,000,000	338,010,500	461,000,000
Intangible Assets	11	7,470,214	47,417,467	7,470,214	18,069,265
Investments in Subsidiaries	12	-	-	2,751,680,000	3,218,824,336
Investment In Equity Accounted Investee	13	3,076,082,955	3,568,823,184	78,212,351	30,752,197
Right of Use Assets	27.1	1,899,244,138	1,860,545,338	1,899,244,138	1,779,295,005
Deferred Tax Assets	6.5	262,364,347	296,110,025	262,364,347	267,530,039
Other Non Current Financial Assets	14	15,000,000	15,080,400	15,000,000	15,000,000
Lease Rentals Receivable	10.1	-	2,293,476,122	-	-
Loans and Advances	10.2	-	936,030,271	-	-
		7,053,753,448	10,793,379,742	6,807,562,844	6,977,706,847
Current Assets					
Inventories	16	8,902,843,065	7,601,581,458	8,902,843,065	7,561,868,842
Trade and Other Receivables	15	5,851,560,792	8,407,261,614	5,944,121,964	8,232,407,631
Lease Rentals Receivable	10.1	-	3,560,851,491	-	-
Loans and Advances	10.2	-	934,551,986	-	-
Income Tax Receivables		-	268,459,983	-	203,219,297
Other Current Financial Assets	14	1,420,214,564	434,257,742	1,420,214,564	4,482,445
Securities Purchased under Repurchase Agreement	17	-	279,143,141	-	-
Cash and Short Term Deposits	18	577,920,718	1,303,771,796	571,200,865	1,136,369,151
		16,752,539,139	22,789,879,211	16,838,380,458	17,138,347,366
Assets held for Sale	28.2	9,228,413,602	-	361,144,336	-
Total Assets		33,034,706,189	33,583,258,953	24,007,087,638	24,116,054,213
EQUITY AND LIABILITIES					
Equity					
Stated Capital	19	218,500,000	218,500,000	218,500,000	218,500,000
Other Components of Equity	20	639,360,133	673,470,899	464,612,254	338,394,043
Retained Earnings		8,613,288,309	7,214,664,329	8,429,809,895	5,730,278,834
Equity Attributable to Equity Holders of the Parent		9,471,148,442	8,106,635,228	9,112,922,149	6,287,172,877
Reserves of a disposal group held for sale		261,511,347	-	-	-
Non-Controlling Interests		1,001,373,172	896,175,032	-	-
Total Equity		10,734,032,961	9,002,810,260	9,112,922,149	6,287,172,877

		Group		Company	
As at 31 March		2021	2020	2021	2020
	Notes	LKR	LKR	LKR	LKR
Non-Current Liabilities					
Interest Bearing Borrowings	21	1,164,400,000	1,622,636,667	1,164,400,000	1,378,520,000
Lease liabilities	27.1	1,594,535,258	1,195,970,867	1,594,535,258	1,153,156,365
Deferred Tax Liabilities	6.5	66,307,821	50,027,798	-	-
Employee Benefits Liabilities	23	305,802,093	275,826,149	305,802,093	256,391,000
Trade and Other Payables	24	-	893,671,851	-	-
		3,131,045,172	4,038,133,332	3,064,737,351	2,788,067,365
Current Liabilities					
Warranty Provision	22	348,548,930	255,039,076	348,548,931	254,243,094
Trade and Other Payables	24	9,027,569,492	9,569,415,185	8,922,784,939	5,369,675,578
Income Tax Liabilities		349,317,200	47,853,948	349,315,276	-
Lease liabilities	27.1	598,008,253	915,158,234	598,008,253	877,439,759
Interest Bearing Borrowings	21	1,610,770,739	9,754,848,918	1,610,770,739	8,539,455,540
		11,934,214,614	20,542,315,361	11,829,428,138	15,040,813,971
Liabilities directly associated with assets held for sale	28.2	7,235,413,442	-	-	-
Total Equity and Liabilities		33,034,706,189	33,583,258,953	24,007,087,638	24,116,054,213

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

Chandrika Perera

Chandrika Perera
Chief Financial Officer

The Board of Directors is responsible for the Financial Statements. Signed for and on behalf of the Board By.

Aban Pestonjee
Aban Pestonjee
Chairperson

Behman Pestonjee
Behman Pestonjee
Managing Director

The Accounting Policies and notes on pages 144 to 233 form an integral part of these financial statements.

31st May 2021
Colombo

Statement of Changes in Equity

Attributable to the Equity Holders of the Parent												
Group	Stated Capital	Revaluation Reserve	Other Reserves	Retained Earnings	Total	Non-Controlling Interest	Reserves of disposal Held for Sale	Total Equity				
									LKR	LKR	LKR	LKR
Balance as at 31 March 2019	218,500,000	539,801,649	112,983,832	7,165,059,899	8,036,345,380	844,269,817	-	8,880,615,197				
Effect of adopting SLFRS 16 Net of Tax (27.1.3)	-	-	-	(440,866,604)	(440,866,604)	-	-	(440,866,604)				
Adjusted Balance as at 1 April 2019	218,500,000	539,801,649	112,983,832	6,724,193,295	7,595,478,776	844,269,817	-	8,439,748,593				
Net Profit for the Year	-	-	-	502,770,936	502,770,936	51,990,445	-	554,761,381				
Other Comprehensive Income	-	-	-	8,385,516	8,385,516	(85,230)	-	8,300,286				
Total Comprehensive Income	-	-	-	511,156,452	511,156,452	51,905,215	-	563,061,667				
Transfers to/(from) during the year	-	-	20,685,418	(20,685,418)	-	-	-	-				
Balance as at 31 March 2020	218,500,000	539,801,649	133,669,250	7,214,664,329	8,106,635,228	896,175,032	-	9,002,810,260				
Net Profit for the Year	-	-	-	1,841,267,407	1,841,267,407	144,413,779	-	1,985,681,186				
Other Comprehensive Income	-	169,962,391	-	(10,980,287)	158,982,104	14,272,191	-	173,254,295				
Total Comprehensive Income	-	169,962,391	-	1,830,287,120	2,000,249,511	158,685,970	-	2,158,935,481				
Transfers to/(from) during the year	-	-	57,438,190	(57,438,190)	-	-	-	-				
Disposal of Subsidiary	-	-	-	-	-	(53,487,830)	-	(53,487,830)				
Dividend Paid	-	-	-	(374,224,950)	(374,224,950)	-	-	(374,224,950)				
Reserves of disposal group held for sale	-	(70,403,907)	(191,107,440)	-	(261,511,347)	-	261,511,347	-				
Balance as at 31 March 2021	218,500,000	639,360,133	-	8,613,288,309	9,471,148,442	1,001,373,172	261,511,347	10,734,032,961				

Company	Stated Capital	Revaluation Reserve	Retained Earnings	Total Equity
	LKR	LKR	LKR	LKR
Balance as at 31 March 2019	218,500,000	338,394,043	5,691,400,413	6,248,294,456
Effect of adopting SLFRS 16 Net of Tax (27.1.3)	-	-	(440,866,604)	(440,866,604)
Adjusted Balance as at 1 April 2019	218,500,000	338,394,043	5,250,533,809	5,807,427,852
Net Profit for the Year	-	-	475,820,414	475,820,414
Other Comprehensive Income	-	-	3,924,611	3,924,611
Total Comprehensive Income	-	-	479,745,025	479,745,025
Balance as at 31 March 2020	218,500,000	338,394,043	5,730,278,834	6,287,172,877
Net Profit for the Year	-	-	1,837,368,059	1,837,368,059
Other Comprehensive Income	-	126,218,211	(10,688,475)	115,529,736
Total Comprehensive Income	-	126,218,211	1,826,679,584	1,952,897,795
Dividend Paid	-	-	(374,224,950)	(374,224,950)
Merger Reserves Transferred From Abans Retail (Pvt) Ltd	-	-	1,247,076,427	1,247,076,427
Balance as at 31 March 2021	218,500,000	464,612,254	8,429,809,895	9,112,922,149

Note - Figures in brackets indicate deductions

The Accounting Policies and notes on pages 144 to 233 form an integral part of these financial statements.

Statement of Cash Flows

Year Ended 31 March	Notes	Group		Company	
		2021	2020	2021	2020
		LKR	LKR	LKR	LKR
Cash Flows From/(Used in) Operating Activities					
Profit before Tax from Continuing Operation		2,393,715,973	867,806,757	2,519,305,380	886,773,220
Profit before Tax from Discontinued Operation	28.1	525,871,064	235,594,934	-	-
		2,919,587,036	1,103,401,691	2,519,305,380	886,773,220
Adjustments for:					
Depreciation - Property Plant & Equipment	8	162,650,335	180,779,497	150,080,495	159,027,218
Change in Fair Value of Investment Properties	9.1	(12,819,088)	(49,704,300)	(12,819,088)	(49,704,300)
Amortization of Intangible Assets & Prepaid Rent	11.1	20,533,643	19,655,725	12,635,591	15,000,914
Change in Fair Value of Quoted Shares		174,045	47,299	174,045	47,299
Income from Investments		(573,132)	(23,583)	(3,433,012)	(5,686,645)
Profit on Disposal of Assets		(2,473,403)	(1,923,918)	1,072,529	(2,087,841)
Depreciation of right-of-use assets	27.1	564,234,881	617,170,763	523,146,089	574,369,034
Gain/ (Loss) on Investment Diposal		(78,150)	-	(79,895,988)	-
NCI of Disposed Subsidiaries		(53,487,830)	-	-	-
Finance Costs	5.3	755,825,282	1,467,442,057	745,133,060	1,467,442,057
Share of results from Associate	13.4	(122,214,346)	(37,183,186)	-	-
Share of results from Joint Venture	13.4	155,164,006	43,109,104	-	-
Provision for Warranty	22	219,017,200	196,266,703	219,813,184	196,266,703
Short term Leases and Variable Lease payments	27	1,200,785	21,960,095	1,200,785	19,933,929
Impairment provision for Trade & Other Receivables	15	(324,944,197)	(228,965,055)	(336,707,560)	(240,917,096)
Impairment provision for Inventories	16	3,459,893	(65,131,209)	2,563,167	(64,957,974)
Employee Benefit Obligation Transferred	23	835,571	(6,879,149)	835,571	14,162,991
Provision for Employee Benefits Liabilities	23	59,535,592	56,592,033	52,953,932	51,102,309
Operating Profit before Working Capital Changes		4,345,628,123	3,316,614,567	3,796,058,180	3,020,771,818
(Increase)/Decrease in Inventories		(1,335,788,226)	946,857,619	(1,343,537,390)	933,586,224
Decrease in Trade and Other Receivables		2,926,832,210	1,240,719,657	2,505,463,596	1,542,639,570
Decrease in Trade and Other Payables		3,971,460,469	(621,776,443)	4,906,185,788	(444,126,828)
Cash Generated from Operations		9,908,132,576	4,882,415,400	9,864,170,174	5,052,870,784
Finance Cost Paid		(516,804,431)	(1,143,089,837)	(518,005,215)	(1,143,089,837)
Lease Rentals Paid	27.1	(696,919,812)	(787,426,417)	(645,472,784)	(738,023,135)
Employee Benefits Liabilities Paid	23	(19,960,782)	(36,748,059)	(18,442,193)	(32,987,084)
Warranty Charges Paid	22	(125,507,346)	(242,550,877)	(125,507,347)	(242,550,877)
Income Tax Paid		(186,906,165)	(284,879,655)	(74,874,279)	(188,614,081)
Net Cash Flows Generated/ (Used in) Operating Activities		8,362,034,039	2,387,720,555	8,481,868,356	2,707,605,770

Year Ended 31 March		Group		Company	
		2021	2020	2021	2020
	Notes	LKR	LKR	LKR	LKR
Cash Flows from / (Used in) Investing Activities					
Acquisition of Property, Plant and Equipment	8	(156,226,303)	(143,655,809)	(151,800,178)	(136,428,658)
Acquisition of Intangible Assets	11	(14,452,809)	(6,911,871)	(2,036,540)	(5,680,374)
Proceeds from Sale of Property, Plant and Equipment		19,306,656	24,833,866	9,450,639	24,537,868
Proceeds from/ Investment in Other Investments		(1,207,080,031)	55,798,059	(1,415,906,164)	-
Dividend Received		573,132	23,583	3,433,012	5,686,645
Proceeds From disposal of Subsidiaries	28	70,620,000	-	70,620,000	-
Proceeds From disposal of Associates	13.4	19,201,603	-	19,201,603	-
Investments in Associates	13.4	(51,371,462)	-	(51,371,462)	-
Disposal proceeds/ (Investments) In Joint Ventures	13.4	518,000,000	(352,000,000)	-	-
Securities Purchased under Repurchase Agreement		(663,092,535)	2,394,083	-	-
Net Cash Flows Generated/ (Used in) Investing Activities		(1,464,521,749)	(419,518,089)	(1,518,409,090)	(111,884,519)
Cash Flows from (Used in) Financing Activities					
Proceeds from Import Financing Loans	21	17,228,070,740	17,147,235,026	17,228,070,740	17,147,235,026
Repayment of Import Financing Loans	21	(22,934,650,717)	(17,453,226,407)	(22,934,650,717)	(17,453,226,407)
Proceeds from Bank Loans	21	2,523,799,000	2,982,913,999	2,523,799,000	2,474,999,999
Repayment of Bank Loans	21	(4,217,532,581)	(3,680,559,705)	(3,931,733,322)	(3,324,622,800)
Proceeds from Commercial Papers	21	549,318,868	140,178,001	502,970,629	140,178,001
Repayment of Commercial Papers	21	(521,505,259)	(124,110,925)	(521,505,259)	(124,110,925)
Proceeds from Debentures - Listed - Unsecured	21	-	256,310,000	-	256,310,000
Repayment of Debentures - Listed - Unsecured	21	(9,071,466)	(783,177,790)	(9,071,466)	(783,177,790)
Proceeds from Securitization	21	514,446,883	229,243,511	-	-
Dividends Paid	7.2	(374,224,950)	-	(374,224,950)	-
Net Cash Flows Used in Financing Activities		(7,241,349,482)	(1,285,194,290)	(7,516,345,345)	(1,666,414,896)
Net Increase/(Decrease) in Cash and Short Term Deposits		(343,837,192)	683,008,176	(552,886,079)	929,306,355
Cash and Short Term Deposits at the beginning of the Year		984,336,406	301,328,230	1,091,290,523	161,984,168
Cash and Short Term Deposits at the end of the Year	18	640,499,214	984,336,406	538,404,444	1,091,290,523
Analysis of cash and cash equivalents					
Cash in hand and at bank	18.1	577,920,718	1,303,771,796	571,200,865	1,136,369,151
Bank Overdraft	18.2	(32,796,421)	(319,435,390)	(32,796,421)	(45,078,628)
Cash & Cash equivalents attributable to Continuing Operations		545,124,297	984,336,406	538,404,444	1,091,290,523
Cash & Cash equivalents attributable to Discontinued Operations		95,374,917	-	-	-
Cash and cash equivalents at the end for the purpose of statement of cash flow		640,499,214	984,336,406	538,404,444	1,091,290,523

Note - Figures in brackets indicate deductions

The Accounting Policies and notes on pages 144 to 233 form an integral part of these financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 Reporting Entity

Abans PLC is a Limited Liability Company incorporated and domiciled in Sri Lanka and listed in Colombo Stock Exchange. The registered office of the Company and the principal place of business are situated at No. 498, Galle Road, Colombo 03. The staff strength of the Company as at 31st March 2021 was 1,945 (2020 - 1,769)

1.2 Consolidated Financial Statements

The consolidated financial statements of Abans PLC, as at and for the year ended 31 March 2021, encompasses the Company, its subsidiaries (together referred to as the "Group") and the Group's interests in Equity Accounted investees (Associates and Joint Ventures).

1.3 Parent Entity and Ultimate Parent Entity

The Company's parent entity as at 31 March 2021 is Abans Retail Holdings (Pvt) Ltd and the ultimate parent of the Company is Abans International (Pvt) Ltd. On 29 March 2018 Abans Retail Holdings (Pvt) Ltd acquired entire shares of Abans PLC. and became a wholly owned Subsidiary of Abans Retail Holdings (Pvt) Ltd.

1.4 Approvals of Financial Statements

The Financial Statements of Abans PLC and Its Subsidiaries for the year ended 31 March 2021 were authorized for issue in accordance with a resolution of the board of directors on the 31 May 2021.

1.5 Directors' Responsibility Statement

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

1.6 Principal Activities & Nature of Operations

Parent Company- Abans PLC

During the year, the principal activities of the Company were importing and marketing of electrical

and electronic home appliances, crockery and cookware, sanitary and light fittings, a host of other household items, footwear and textile and carrying out electromechanical contract work.

Subsidiary - Abans Finance PLC

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

Other Subsidiaries

Apart to the Abans Finance PLC other subsidiaries are AB Technologies (Pvt) Ltd, and A.B. Suncity (Pvt) Ltd which are less operating companies in the group. During the year Company has divested its share of Abans Lanka (Pvt) Ltd to Abans Retail Holdings (Pvt) Ltd and Abans Retail (Pvt) Ltd was merged with its parent Abans PLC.

Associate - Abans Electricals PLC

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

Associate - Colombo City Centre Partners (Pvt) Limited

The principle activity of the Company is to carry out mix development project. The project consists mall, residency and a hotel. During the year A.B. Suncity (Pvt) Ltd sold 8% of its share of Colombo City Centre (Pvt) Ltd to Abans Land (Pvt) Ltd. This transaction brings the Colombo City Centre to Associate status from Joint Venture status.

2. GENERAL ACCOUNTING POLICIES

2.1 Basis of Preparation and Measurement

The Financial Statements have been prepared on the historical cost basis, except for Land and Buildings,

Fair value through profit or loss financial assets, As per SLFRS 9- Financial Assets FVOCI and defined benefit plans which are measured at present value of retirement benefits obligation as explained in the respective notes in the financial statement.

2.1.1 Statement of Compliance

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

2.1.2 Changes in Accounting Policies

The accounting policies adopted by the Group are consistent with those used in the previous financial year except for below. The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.1.2.1 Amendments to SLFRS 3: Definition of a Business

The amendment to SLFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group enter into any business combinations.

2.1.2.2 Amendments to LKAS 1 and LKAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting,

misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the

basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

2.1.2.3 Amendments to SLFRS 16 - COVID - 19 Related Rent Concessions

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 Pandemic.

As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from Covid-19 related rent concession the same way it would account for the change under SLFRS16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 01 June 2020 with early application permitted. However, the group has elected not to apply the practical expedient given above and continued to assess such lease concession for lease modification.

2.1.3 Comparative Information

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

2.1.4 Going Concern

In determining the basis of preparing the financial statements for the year ended 31 March 2021, based on available information, the management has assessed the existing and anticipated effects of COVID-19 on the Group Companies and the appropriateness of the use of the going concern basis.

Notes to the Financial Statements

While the immediate impact of the COVID-19 was adverse, the swift strategic actions taken by the Abans Group has enabled the business to be more resilient during these difficult market conditions.

Diversity of our portfolio, cost management, profitability, the ability to defer non-essential capital expenditure, debt repayment schedules and the relationship with our principals are likely to enable resilience. The post COVID era will open new market opportunities, which the Group is setting plans to cater through diverse product and service solutions.

Management is confident of getting our trade debt collected within the credit period without being overdue whilst inventory levels are closely monitored. Capital Expenditure on projects have been limited and only operational capital expenditure is incurred which are essential for the core business.

Abans Group do not anticipate any significant change or impairment in fair-values of the assets in the Balance Sheet due to COVID-19 related impacts.

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

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

2.1.5 Presentation and Functional Currency

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

2.1.6 Materiality and Aggregation

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

2.2 Basis of Consolidation

The Consolidated Financial Statements comprise the Financial Statements of the Group and its Subsidiaries as at 31 March 2021. Control is achieved when the Group is exposed or has right, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the Subsidiary.

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

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

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

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

2.3 Summary of Significant Accounting Policies

2.3.1 Investment in an Associate and Joint Venture

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

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

The considerations made in determining significant influence or joint control are similar to those

necessary to determine control over subsidiaries.

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

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The Statement of Profit or Loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

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

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

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then

Notes to the Financial Statements

recognises the loss as 'Share of profit of an associate and a joint venture' in the Statement of Profit or Loss.

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

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

2.3.2 Transactions with Non-Controlling Interests

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

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

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

2.3.3 Consolidation of Entities with Different Accounting Periods

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

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

2.3.4 Current Versus Non-Current Classification

The Group presents assets and liabilities in the

Statement of Financial Position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

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

The Group classifies all other liabilities as non-current.

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

2.3.5 Fair Value Measurement

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

- Disclosures for valuation methods, significant estimates and assumptions (Notes 8.14, 9.2 & 25.3)
- Quantitative disclosures of fair value measurement hierarchy (Note 25.2)
- Property, plant and equipment under revaluation model (Note 08)
- Financial instruments (including those carried at amortised cost) (Note 25.1)

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

- In the principal market for the asset or liability

Or

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

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

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

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

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

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

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

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

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

2.3.6 Revenue Recognition

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

2.3.6.1 Sale of Goods and Services

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

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

(a) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange

Notes to the Financial Statements

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

(b) Warranty Obligation

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

(c) Loyalty points programme

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

(d) Free services/maintenance

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

2.3.6.2 Interest income and Interest Expense

Interest income and interest expense is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. Interest income on interest bearing financial assets measured at FVOCI under SLFRS 9, similarly to interest bearing financial assets classified as available-for-sale or held to maturity under LKAS 39

is also recorded by using the EIR method. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

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

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

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

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

2.3.6.3 Fee and Commission Income and Expenses

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

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

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

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

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

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

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

2.3.6.5 Dividend

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

2.3.6.6 Gains and losses

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

2.3.6.7 Other income

Other income is recognized on an accrual basis.

2.3.7 Expenditure Recognition

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

2.3.8 Finance Costs

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

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

2.3.9 Taxes

2.3.9.1 Current Income Tax

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

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

Notes to the Financial Statements

The Ministry of Finance has instructed on January 31, 2020 and March 05, 2020, that the revised income tax rates proposed to the Inland Revenue Act, No. 24 of 2017 by Circular No. PN/IT/2020-03 (Revised), be implemented with effect from January 01, 2020. The Bill introducing the change was placed on the Order Paper of the Parliament for the First Reading on March 26, 2021. Subsequently, the Bill along with amendments proposed at Committee stage was passed in Parliament and is awaiting certification by the Hon. Speaker.

2.3.9.2 Deferred Taxation

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

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

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination

and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

The Group has computed deferred tax at the rates based on substantively enacted rates, which is the rates specified in the amendment bill gazetted and issued on 18 March 2021 to the Inland Revenue Act No. 24 of 2017. On April 23, 2021 The Institute of Chartered Accountants of Sri Lanka issued a guideline to provide an interpretation on the application of tax rates which is "substantively enacted" in the

measurement of current tax and deferred tax for the financial reporting period ended after March 26, 2021 by replacing the guideline issued in 2015 on Application of Tax Rates in Measurement of Deferred Tax. According to the said guidance 'Substantively enacted' means the Bill introducing the change being taken up at the Parliament for the First Reading.

2.3.9.3 Sales Tax

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

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

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

2.3.9.4 VAT on Financial Services

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

2.3.10 Foreign Currencies

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

Transactions and Balances

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

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated

using the exchange rates as at the dates of the initial transactions.

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

2.3.11 Property, Plant and Equipment

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

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

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

A revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Profit

Notes to the Financial Statements

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

A transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

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

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

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

2.3.12 Leases

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

Group as a lessee

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

payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

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

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

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

ii) Lease liabilities

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

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at

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

The Group's lease liabilities are disclosed in Note No 27.1.2.

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

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

Group as a lessor

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

Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in

a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). The weighted average incremental borrowing rate as at the 1st April 2020 for the Group was 10.92%.

2.3.13 Investment Properties

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

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

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

Where Group companies occupy a significant portion of the investment property of a subsidiary,

Notes to the Financial Statements

such investment properties are treated as property, plant and equipment in the consolidated financial statements, and accounted using Group accounting policy for property, plant and equipment.

2.3.14 Intangible Assets

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

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

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

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference

between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of Profit or Loss when the asset is derecognised.

2.3.15 Financial Instruments-Initial Recognition, Classification and Subsequent Measurement

2.3.15.1 Date of Recognition

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

2.3.15.2 Initial measurement of Financial Instruments

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

2.3.15.3 ‘Day 1’ profit or loss

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

2.3.15.4 Measurement categories of Financial Assets and Financial Liabilities

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

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

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

2.3.15.4 (i). Financial Assets at Amortised cost:

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

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

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

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

Business model assessment

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

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

- How the performance of the business model and the financial assets held within that business

model are evaluated and reported to the entity's key management personnel

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

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

The SPPI test

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

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

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

In contrast, contractual terms that introduce a more than de minimise exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of

Notes to the Financial Statements

principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

2.3.15.5 (ii) Equity instruments at FVOCI

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

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

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

2.3.15.6 (iii) Debt issued and other borrowed funds

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

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

2.3.15.7 Classification and Subsequent Measurement of Financial Liabilities

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

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

The subsequent measurement of financial liabilities depends on their classification.

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

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

- ii. Financial Liabilities at Amortised Cost

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

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

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

2.3.15.8 Reclassifications of Financial assets and Financial Liabilities

From 01 April 2020, the Group did not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Group did not reclassify any of its financial assets or liabilities in 2019/2020.

2.3.15.9 Derecognition of Financial Assets and Financial Liabilities

2.3.15.9 (a) Derecognition of Financial Assets

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

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

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

Or

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

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

- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to

full recovery of the amount lent plus accrued interest at market rates.

- The Group cannot sell or pledge the original asset other than as security to the eventual recipients
- The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

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

Or

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

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

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

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured

Notes to the Financial Statements

at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

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

2.3.15.9 (b) Derecognition - Financial Liabilities

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

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

2.3.15.10 Determination of Fair Value

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

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

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

The fair value of an asset or a liability is measured

using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

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

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

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

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

2.3.15.11 Impairment of Financial Assets

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

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

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

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

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

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

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

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

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

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

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

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

b. The Calculation of Expected Credit Loss (ECL)

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

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

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

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

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

Notes to the Financial Statements

The mechanism of the ECL method are summarised below.

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

Stage2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

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

Loan

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

Financial Guarantee contracts:

The Group's liability under each guarantee is measured at the higher of the initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose,

the Group estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the four scenarios. The ECLs related to financial guarantee contracts are recognised within provisions.

c. Debt instruments measured at fair value through OCI

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

d. Forward looking information

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

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

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

2.3.15.11 Reversals of impairment

If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment

was recognised, the excess is written back by reducing the loan impairment allowance account accordingly. The write-back is recognised in the income statement.

2.3.15.12 Renegotiated Loans

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

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

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

2.3.15.13 Write-off of Financial Assets at Amortised Cost

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

2.3.15.14 Collateral Valuation

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

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

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

2.3.15.15 Collateral repossessed

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

2.3.15.16 Offsetting Financial Assets and Liabilities

Financial assets and financial liabilities are off set and the net amount reported in the Statement of Financial

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

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

Notes to the Financial Statements

2.3.15.17 Other Financial Assets

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

2.3.15.18 Other Financial Liabilities

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

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

a) Renegotiated Loans

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

2.3.16 Repurchase Agreement

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

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

2.3.17 Inventories

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

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

Trading Stock - At Actual Cost, based on specific identification

Work-in-Progress - At the cost of direct materials, direct labor and an appropriate proportion of fixed production overheads based on normal operating capacity.

Goods in Transits - At Purchase Price

2.3.18 Real Estate Stock

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

Purchase Cost - Land Cost with legal charges

Cost of Conversion - Actual Development Cost

2.3.19 Impairment of Non-Financial Assets

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

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

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

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

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

2.3.20 Cash and Short-Term Deposits

Cash and short-term deposits in the Statement of Financial Position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the Consolidated Statement of Cash Flows, cash and short-term deposits consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

2.3.21 Provisions

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

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

2.3.22 Employee Benefits

2.3.22.1 Defined Benefit Plan – Gratuity

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

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related liability. The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis

Notes to the Financial Statements

using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 23.3. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

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

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

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

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

This is not an externally funded defined benefit plan.

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

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

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

Provident Fund and Employees' Trust Fund respectively.

2.3.23 Statement of Cash Flows

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

Regulatory provisions

a Statutory Reserve Fund

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

b Deposit Insurance and Liquidity Support Scheme

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

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

a) Deposit liabilities to member institutions

b) Deposit liabilities to Government of Sri Lanka

c) Deposit liabilities to Directors, key management personnel and other related parties as defined in Banking Act Direction No 11 of 2007 on Corporate Governance of Licensed Commercial Banks

d) Deposit liabilities held as collateral against any accommodation granted

e) Deposit liabilities falling within the meaning of abandoned property in terms of the Banking Act and dormant deposits in terms of the Finance Companies Act funds of which have been transferred to Central Bank of Sri Lanka

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

c Crop Insurance Levy (CIL)

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

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

2.3.24) Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

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

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

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

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

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

Or

- Is a subsidiary acquired exclusively with a view to resale?

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

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

2.4 EFFECT OF ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE:

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

SLFRS 17 - Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace IFRS 4 Insurance Contracts (SLFRS 4). SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities

Notes to the Financial Statements

that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

However, SLFRS 17 will be neither affected nor applied to the Group since Group has not been engaged in Insurance contracts.

Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 – Interest Rate Benchmark Reform (Phase 1 & 2)

The amendments to SLFRS 9 & LKAS 39 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

IBOR reforms Phase 2 include number of reliefs and additional disclosures. Amendments supports companies in applying SLFRS when changes are made to contractual cashflows or hedging relationships because of the reform.

These amendments to various standards are effective for the annual reporting periods beginning on or after 01 January 2021. However, the amendment is not expected to have a material impact on the consolidated financial statements of the group in the foreseeable future.

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

In March 2021, ICASL adopted amendments to paragraphs 69 to 76 of LKAS 1 which 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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. However, the amendment is not expected to have a material impact on the consolidated financial statements of the group in the foreseeable future.

Reference to the Conceptual Framework – Amendments to SLFRS 3

The amendments update SLFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They 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. However, the amendment is not expected to have a material impact on the consolidated financial statements of the group in the foreseeable future.

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. However, the amendment is not expected to have a material impact on the consolidated financial statements of the group in the foreseeable future.

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. However, the amendment is not expected to have a material impact on the consolidated financial statements of the group in the foreseeable future.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

In the process of applying the accounting policies, management has made following judgements,

estimates and assumptions which have the most significant effect on the amounts recognised in these financial statements.

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

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

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

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

Further details about revaluation of property, plant and equipment are given in Note 8.14 and investment properties in Note 9.2.

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

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

Notes to the Financial Statements

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

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

c) Impairment of Non-Financial Assets

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

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

d) Defined Benefit Plans

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

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

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

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

e) Deferred Tax

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

timing and the level of future taxable profits together with future tax planning strategies.

f) Transfer Pricing

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

g) Warranty Provision

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

h) Consolidation of a subsidiary with less than 50% ownership

As at 31 March 2021, the Company held 49.67% in its subsidiary, Abans Finance PLC, which is a Public company listed in the Colombo Stock Exchange since June 2011. Prior to the right issue of shares of Abans Finance PLC in April 2017 and share disposal in July 2017, the Company held 71.6% in Abans Finance PLC and accounted it as a subsidiary. Subsequent to the right issue of shares and disposal of shares, the Company's equity ownership in Abans Finance PLC decreased to 49.67% as at 31 March 2019, which was less than 50% ownership.

The Company continued to consolidate Abans Finance PLC for the year ended 31 March 2021. Management exercised judgement and determined that Abans Finance PLC remains as a subsidiary on the basis of De Facto Control. De Facto Control is established after due consideration of the written consent with another share holder.

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

The Group uses its judgment to determine whether an operating lease contract qualifies for recognition

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

4. SEGMENT REPORTING

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

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

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

Notes to the Financial Statements

4. SEGMENT INFORMATION

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

Trading

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

Financial Services

The Financial Services segment provide services such as, acceptance of Deposits, granting Lease facilities, Hire Purchase, Mortgage Loans and other credit facilities, Real Estate Development and related services. During the year Financial Service Segment is classified as Held for Sale, hence the results from financial services are disclosed as Discounted operations

	Trading		Financial Services		Total	
Year Ended 31 March	2021	2020	2021	2020	2021	2020
	LKR	LKR	LKR	LKR	LKR	LKR
Revenue	37,805,391,199	31,960,379,613	1,816,547,581	2,024,846,339	39,621,938,780	33,985,225,952
Operating Profit	3,109,697,816	2,276,041,293	533,571,678	222,862,749	3,643,269,494	2,498,904,042
Finance Costs	(745,133,060)	(1,467,442,057)	(10,692,222)	12,871,643	(755,825,282)	(1,454,570,414)
Finance Income	49,009,154	15,289,681	-	-	49,009,154	15,289,681
Change in Fair Value of Investment Properties	12,819,088	49,704,300	-	-	12,819,088	49,704,300
Profit before Income Tax & VAT	2,426,392,998	873,593,217	522,879,456	235,734,392	2,949,272,454	1,109,327,609
VAT on Financial Services	(9,690,296)	(18,603,252)	(95,713,451)	(81,785,541)	(105,403,747)	(100,388,793)
Income Tax Expense	(688,527,048)	(397,729,759)	(139,975,056)	(50,521,758)	(828,502,104)	(448,251,517)
	1,728,175,654	457,260,206	287,190,949	103,427,093	2,015,366,603	560,687,299
Consolidation Adjustment	92,457	-	3,171,786	-	3,264,243	-
Share of Profit of Equity Accounted Investee (Net of Tax)	-	-	-	-	(32,949,660)	(5,925,918)
Profit for the year	1,728,268,111	457,260,206	290,362,735	103,427,093	1,985,681,186	554,761,381

	Trading		Financial Services		Total	
Year Ended 31 March	2021	2020	2021	2020	2021	2020
	LKR	LKR	LKR	LKR	LKR	LKR
Assets and Liabilities						
Non Current Assets	7,053,753,448	7,337,796,643	-	3,455,583,099	7,053,753,448	10,793,379,742
Current Assets	16,752,539,139	17,189,348,431	9,228,413,602	5,600,530,780	25,980,952,741	22,789,879,211
Total Assets	23,806,292,587	24,527,145,074	9,228,413,602	9,056,113,879	33,034,706,189	33,583,258,953
Non-Current Liabilities	3,131,045,172	2,800,376,690	-	1,237,756,642	3,131,045,172	4,038,133,332
Current Liabilities	11,934,214,614	14,361,276,125	7,235,413,442	6,181,039,236	19,169,628,056	20,542,315,361
Total Liabilities	15,065,259,786	17,161,652,815	7,235,413,442	7,418,795,878	22,300,673,228	24,580,448,693
Other Disclosures						
Amortization of Intangible Assets	12,537,644	15,004,813	7,996,000	4,650,912	20,533,644	19,655,725
Depreciation for the Year	144,646,175	119,140,120	18,004,160	64,265,640	162,650,335	183,405,760
Purchase of Property, Plant and Equipment	151,800,178	136,686,764	4,426,125	6,969,045	156,226,303	143,655,809
Purchase of Intangible Assets	1,929,808	5,680,374	12,523,001	1,231,497	14,452,809	6,911,871
Expenses on Employee Benefit Liability	52,953,933	51,102,309	6,581,662	5,489,724	59,535,595	56,592,033
Deferred Tax Assets	262,364,347	251,036,378	-	45,073,647	262,364,347	296,110,025
Deferred Tax Liabilities	66,307,821	50,027,798	-	-	66,307,821	50,027,798
Summarised Statement of Cash Flows						
Net Cash flow from operating activities	8,125,271,865	3,034,639,464	236,762,174	(646,918,909)	8,362,034,039	2,387,720,555
Net Cash flow from investing activities	(1,663,555,064)	(621,163,781)	199,033,315	201,645,692	(1,464,521,749)	(419,518,089)
Net Cash flow from financing activities	(7,490,628,941)	(1,619,037,779)	249,279,459	333,843,489	(7,241,349,482)	(1,285,194,290)
Net Increase/(Decrease) in Cash and Cash Equivalents	(1,028,912,140)	794,437,904	685,074,948	(111,429,728)	(343,837,192)	683,008,176

5. REVENUE/OTHER INCOME AND EXPENSES

Revenue

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

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

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

Notes to the Financial Statements

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

Year Ended 31 March	Group		Company	
	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
5.1 Revenue from Contract with customers				
Gross Revenue	37,805,391,199	32,154,751,911	37,809,532,938	32,155,251,233
Less: Nation Building Tax	-	(194,372,298)	-	(194,372,298)
Net Revenue	37,805,391,199	31,960,379,613	37,809,532,938	31,960,878,935
5.1.1 Segmental Revenue				
Revenue from Contract with customers	37,805,391,199	31,960,379,613	37,809,532,938	31,960,878,935
	37,805,391,199	31,960,379,613	37,809,532,938	31,960,878,935

5.2 Other Operating Income

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

Rental income is recognised on an accrual basis.

Commission income is recognised as the related services are performed.

Sundry income is recognised on an accrual basis.

Year Ended 31 March	Group		Company	
	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Dividend Income	573,132	23,583	3,433,012	5,686,645
Commission Income	54,978,275	77,868,871	58,719,191	77,868,871
Rent Income	17,636,169	10,789,179	17,636,169	10,789,179
Sundry Income	83,763,597	135,822,122	87,460,455	133,443,945
Gain/ (Loss) on Investment Diposal*	(14,307)	-	79,895,988	-
Profit from Disposal of Assets	(1,072,529)	2,087,841	(1,072,529)	2,087,841
Fines and Surcharges	18,065,776	25,027,564	18,065,776	25,027,564
	173,930,113	251,619,160	264,138,062	254,904,045

* Gain/(Loss) from Investment disposal comprise the disposal of Abans Lanka (Pvt) Ltd (Note 28) & Disposal of shares in Abans Electricals PLC (Note 13)

5.3 Finance Cost

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. No borrowing cost has been incurred by the Group and the Company on qualifying assets during the current financial year and year 2020/21.

	Group		Company	
Year Ended 31 March	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Interest Expense on Overdrafts	1,095,006	9,001,195	1,095,006	9,001,195
Interest Expense on Borrowings	497,259,988	1,116,214,431	497,259,988	1,116,214,431
Interest Expenses on Lease Liabilities	215,530,044	281,391,195	215,530,044	281,391,195
Debenture Interest	31,248,022	60,835,236	31,248,022	60,835,236
	745,133,060	1,467,442,057	745,133,060	1,467,442,057

5.4 Finance Income

Interest Income on Debtors	3,740,303	4,701,197	3,740,303	4,701,197
Interest Income on Staff Loans	1,519,096	2,270,534	1,519,096	2,270,534
Interest Income on Bank Deposits	43,749,755	8,317,950	43,749,755	8,363,182
	49,009,154	15,289,681	49,009,154	15,334,913

5.5 Profit Before Tax

Group classifying expenses by "function".

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

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

	Group		Company	
Year Ended 31 March	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Employees Benefits including the following				
- Defined Benefit Plan Costs - Gratuity	52,953,933	51,102,309	52,953,933	51,102,309
- Defined Contribution Plan Costs - EPF & ETF	316,165,490	346,718,184	316,165,490	346,729,017
Amortization of Intangible Assets	12,635,591	15,004,813	12,635,591	15,000,914
Director's Emoluments	58,646,700	25,138,130	58,646,700	25,138,130
Legal Fees	3,640,034	6,754,522	3,640,034	6,754,522
Donation	823,990	6,002,709	823,990	6,002,709
Staff Cost	1,244,792,057	1,329,303,381	1,244,792,057	1,328,842,697
Amortisation of Right of use Assets	523,146,089	574,369,033	523,146,089	574,369,034
Depreciation	150,080,495	159,315,586	150,080,495	159,027,218
Exchange (Gains)/Loss	122,619,689	(12,560,003)	122,619,689	(12,560,003)
Auditors' Fees	2,008,857	2,488,833	1,819,555	1,816,739
Transport Costs	13,779,007	13,383,196	13,779,007	13,383,196
Advertising Costs	441,150,574	447,636,722	441,150,574	447,636,722

* Group 2020 figures have been reclassified to exclude Abans Finance PLC balances since it has been reclassified as held for sale

Notes to the Financial Statements

		Group		Company	
Year Ended 31 March		2021	2020	2021	2020
		LKR	LKR	LKR	LKR
6. INCOME TAX					
6.1 Statement of Profit or Loss					
Current Income Tax:					
Current Tax Expense for the Year (Note 6.3)	640,527,611	303,620,198	640,527,611	303,620,198	
Under Provision of Taxes in respect of Prior Year	38,300,389	149,378	38,300,389	149,378	
Deferred Tax:					
Deferred Taxation Charge/(Reversal)	9,699,048	93,960,183	(6,580,975)	88,913,850	
Income Tax Expense Reported in the Statement of Profit or Loss	688,527,048	397,729,759	672,247,025	392,683,426	
6.2 Statement of Other Comprehensive Income					
Deferred Tax Related to Items Charged or Credited to Other Comprehensive Income:					
Revaluation Gains from Land and Buildings	15,121,975	-	15,121,975	-	
Actuarial (Gain)/Loss on Employee Benefits Liabilities	(3,375,308)	1,460,377	(3,375,308)	1,526,238	
Income Tax Charged Directly to Other Comprehensive Income	11,746,667	1,460,377	11,746,667	1,526,238	
6.3 Reconciliation of Accounting Profit to Current Tax Expense/(Income)					
		Group		Company	
Year Ended 31 March		2021	2020	2021	2020
		LKR	LKR	LKR	LKR
Accounting Profit (Profit before Tax) from Continuing Operations	2,393,715,973	867,806,757	2,519,305,380	886,773,220	
Share of results of equity accounted investees (net of tax)	32,949,660	5,925,918	-	-	
Other consolidation adjustments	92,639,747	13,180,004	-	-	
Income not Subject to Tax	(140,651,701)	(64,295,081)	(140,651,701)	(64,295,081)	
Adjusted accounting profit chargeable to income taxes from Continuing Operations	2,378,653,679	822,617,598	2,378,653,679	822,478,139	
Accounting Profit (Profit before Tax) from Discontinued Operations	522,879,456	235,594,934	-	-	
Other consolidation adjustments	(95,713,451)	-	-	-	
Adjusted accounting profit chargeable to income taxes from Discontinued Operations	427,166,005	235,594,934	-	-	
Adjusted accounting profit chargeable to income taxes	2,805,819,684	1,058,212,532	2,378,653,679	822,478,139	

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

	Group		Company	
Year Ended 31 March	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Aggregate Disallowed Items	1,950,834,191	2,658,467,932	1,152,356,342	1,430,709,106
Aggregate Allowable Expenses	(1,653,019,802)	(2,387,087,615)	(944,444,125)	(1,137,031,176)
Taxable income	3,103,634,073	1,329,592,849	2,586,565,896	1,116,156,069
Other Sources of Income Liable for Tax	125,039,213	8,363,182	128,905,145	8,363,182
Business Profit/(Loss)	3,228,673,286	1,337,956,031	2,715,471,041	1,124,519,251
Taxable Income	3,228,673,286	1,337,956,031	2,715,471,041	1,124,519,251
Tax Loss Utilized	-	-	-	-
Total Assessable Income	3,228,673,286	1,337,956,031	2,715,471,041	1,124,519,251
Tax Rates at -				
24%	755,706,551	67,471,155	632,538,012	67,471,155
10%	7,989,599	-	7,989,599	-
28%	-	295,911,341	-	236,149,043
	763,696,150	363,382,496	640,527,611	303,620,198
Current Tax Expense for the Year from Continuing Operations	640,527,611	303,620,198	640,527,611	303,620,198
Current Tax Expense for the Year from Discontinued Operations	123,168,539	59,762,298	-	-
	763,696,150	363,382,496	640,527,611	303,620,198

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

	Group		Company	
Year Ended 31 March	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Adjusted accounting profit chargeable to income taxes from Continuing Operations	2,378,653,679	822,617,598	2,378,653,679	822,478,139
Adjusted accounting profit chargeable to income taxes from Discontinued Operations	427,166,005	235,594,934	-	-
	2,805,819,684	1,058,212,532	2,378,653,679	822,478,139
Tax effect on chargeable profits	673,396,724	288,074,728	570,876,883	222,069,098
Tax effect on non deductible expenses	468,200,206	730,063,930	276,565,522	386,291,459
Tax effect on deductions claimed	(396,724,752)	(657,014,221)	(226,666,590)	(306,998,417)
Tax effect on Other sources of income	18,823,973	2,258,059	19,751,796	2,258,059
Under/(over) provision for previous years	38,300,389	149,378	38,300,389	149,378
Net tax effect of unrecognised deferred tax assets for the year	26,505,565	84,719,643	(6,580,975)	88,913,850
Tax expense	828,502,104	448,251,517	672,247,025	392,683,426
Income Tax Expense Reported in the Statement of Profit or Loss	688,527,048	397,729,763	672,247,025	392,683,426
Income tax attributable to Discontinued Operations	139,975,056	50,521,754	-	-
	828,502,104	448,251,517	672,247,025	392,683,426

Notes to the Financial Statements

6 INCOME TAX (CONTD..)

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

6.5.1 Reconciliation of Deferred Tax Asset

	Group		Company	
Year Ended 31 March	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Balance as at 01 April	(296,110,025)	(205,795,592)	(267,530,039)	(186,522,004)
Impact of Adoption of SLFRS 16/ SLFRS 09	-	(171,448,123)	-	(171,448,123)
Charge/(Release) Made during the Year	5,165,692	81,133,690	5,165,692	90,440,088
(-) Assets Held for Sales	28,579,986	-	-	-
Balance as at 31 March	(262,364,347)	(296,110,025)	(262,364,347)	(267,530,039)

6.5.2 Reconciliation of Deferred Tax Liability

Balance as at 01 April	50,027,798	44,981,468	-	-
Charge Made during the Year	16,280,023	5,046,330	-	-
Balance as at 31 March	66,307,821	50,027,798	-	-
Net Deferred Tax Asset	(196,056,526)	(246,082,227)	(262,364,347)	(267,530,039)

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

Group	Statements of Financial Position		Statement of Other Comprehensive Income		Statement of Profit or Loss		Recognised in Statement of Changes in Equity	
Year Ended 31 March	2021	2020	2021	2020	2021	2020	2021	2020
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Deferred Tax Liability								
Capital Allowances for Tax Purposes								
- Property, Plant and Equipment & Investment Property	56,032,867	69,404,625	-	-	(13,371,758)	(32,258,467)	-	-
- Intangible Assets	1,792,851	5,059,394	-	-	(3,266,543)	(2,609,751)	-	-
Revaluation of Land								
-Property Plant & Equipment	142,373,640	120,749,389	29,206,773	-	(7,582,522)	-	-	-
-Investment Property	60,707,634	75,815,313	-	-	(15,107,679)	13,746,740	-	-
Revaluation of Building								
-Property Plant & Equipment	32,417,918	26,647,576	4,971,202	-	799,140	-	-	-
-Investment Property	14,689,783	18,361,400	-	-	(3,671,617)	170,464	-	-
Undistributed share of profit of Associate	66,307,821	50,027,798	-	-	16,280,023	5,046,330	-	-
Deferred Tax Liabilities from Discontinued Operations	(32,777,005)	-	(19,056,000)	-	10,162,052	-	-	-
	341,545,509	366,065,495	15,121,975	-	(15,758,904)	(15,904,684)	-	-

Group	Statements of Financial Position		Statement of Other Comprehensive Income		Statement of Profit or Loss		Recognised in Statement of Changes in Equity	
Year Ended 31 March	2021	2020	2021	2020	2021	2020	2021	2020
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Deferred Tax Assets								
Employee Benefits Liabilities	(79,876,084)	(77,231,321)	(3,979,318)	1,460,377	1,334,555	(9,521,950)	-	-
Warranty Provision	(83,651,743)	(71,188,066)	-	-	(12,463,677)	12,959,569	-	-
Inventory Provision	(96,535,180)	(113,342,063)	-	-	16,806,883	(18,188,233)	-	-
Impact of Adoption of SLFRS 09	-	-	-	-	-	27,925,255	-	-
ROU Assets & Lease Liabilities	(129,010,030)	(141,118,499)	-	-	12,108,469	30,329,624	-	(171,448,123)
Provision for Impairment on Trade Receivables	(191,121,143)	(209,962,151)	-	-	18,841,008	57,120,062	-	-
Deferred Tax Assets from Discontinued Operation	42,592,145	-	604,010	-	(11,169,286)		-	-
	(537,602,035)	(612,842,100)	(3,375,308)	1,460,377	25,457,952	100,624,327	-	(171,448,123)
Carried forward Tax Loss	-	694,379	(694,379)	-	-	-	-	-
Deferred Tax Charge/(Reversal)			11,052,288	1,460,377	9,699,048	84,719,643	-	(171,448,123)
Net Deferred Tax Liability/(Asset)	(196,056,526)	(246,082,226)						

6.5.2.2 Company

	Statements of Financial Position		Statement of Other Comprehensive Income		Statement of Profit or Loss		Recognised in Statement of Changes in Equity	
Year Ended 31 March	2021	2020	2021	2020	2021	2020	2021	2020
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Deferred Tax Liability								
Capital Allowances for Tax Purposes								
- Property, Plant and Equipment & Investment Property	42,311,862	61,320,850	-	-	(19,008,988)	(1,925,227)	-	-
- Intangible Assets	1,792,851	5,059,394	-	-	(3,266,543)	(2,609,751)	-	-
Revaluation of Land								
-Property Plant & Equipment	123,317,640	104,950,107	10,150,773	-	8,216,760	-	-	-
-Investment Property	60,707,634	75,815,313	-	-	(15,107,679)	13,746,740	-	-
Revaluation of Building								
-Property Plant & Equipment	32,417,918	26,647,576	4,971,202	-	799,140	-	-	-
-Investment Property	14,689,783	18,361,400	-	-	(3,671,617)	170,464	-	-
	275,237,688	292,154,640	15,121,975	-	(32,038,927)	9,382,226	-	-
Deferred Tax Assets								
Employee Benefits Liabilities	(73,392,502)	(71,789,480)	(3,375,308)	1,526,238	1,772,286	(9,037,901)	-	-
Warranty Provision	(83,651,743)	(71,188,066)	-	-	(12,463,677)	12,959,569	-	-
Inventory Provision	(96,535,180)	(113,342,063)	-	-	16,806,883	(18,188,233)	-	-
Impact of Adoption of SLFRS 09	-	-	-	-	-	4,717,549	-	-
ROU Assets & Lease Liabilities	(129,010,030)	(139,487,544)	-	-	10,477,514	31,960,579	-	(171,448,123)
Provision for Impairment on Trade Receivables	(155,012,580)	(163,877,526)	-	-	8,864,946	57,120,061	-	-
	(537,602,035)	(559,684,679)	(3,375,308)	1,526,238	25,457,952	79,531,624	-	(171,448,123)
Deferred Tax Charge/(Reversal)			11,746,667	1,526,238	(6,580,975)	88,913,850	-	(171,448,123)
Net Deferred Tax Liability/(Asset)	(262,364,347)	(267,530,039)						

Notes to the Financial Statements

6 INCOME TAX (CONTD..)

6.5.3 Change in Income Tax Rate - Group/ Company

	Statements of Financial Position		Impact to OCI	Impact to P&L
	2020 @ 24%	2020 @ 28%		
	LKR	LKR	LKR	LKR
Deferred Tax Liability				
Capital Allowances for Tax Purposes				
- Property, Plant and Equipment & Investment Property	52,560,729	61,320,850	-	(8,760,121)
- Intangible Assets	4,336,623	5,059,394	-	(722,771)
Revaluation of Land				
-Property Plant & Equipment	89,957,235	104,950,107	(14,992,872)	-
-Investment Property	64,984,554	75,815,313	-	(10,830,759)
Revaluation of Building				
-Property Plant & Equipment	22,840,779	26,647,576	(3,806,797)	-
-Investment Property	15,738,343	18,361,400	-	(2,623,057)
	250,418,263	292,154,640	(18,799,669)	(22,936,708)
Deferred Tax Assets				
Employee Benefits Liabilities	(61,533,840)	(71,789,480)	-	10,255,640
Warranty Provision	(61,018,342)	(71,188,066)	-	10,169,724
Inventory Provision	(97,150,340)	(113,342,063)	-	16,191,723
ROU Assets & Lease Liabilities	(119,560,752)	(139,487,544)	-	19,926,792
Provision for Impairment on Trade Receivables	(140,466,451)	(163,877,526)	-	23,411,075
	(479,729,725)	(559,684,679)	-	79,954,954
Deferred Tax Charge/(Reversal)			(18,799,669)	57,018,246
Net Deferred Tax Liability/(Asset)	(229,311,462)	(267,530,039)		

7. EARNINGS PER SHARE & DIVIDEND PAID

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

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

Year Ended 31 March	Group		Company	
	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Net Profit Attributable to Ordinary Equity Holders of the Parent				
- From Continuing Activities	1,695,498,629	451,473,746	1,837,368,059	475,820,414
- From Discontinued Activities	145,768,778	51,297,190	-	-
	1,841,267,407	502,770,936	1,837,368,059	475,820,414
	Number	Number	Number	Number
Ordinary Shares	2,160,000	2,160,000	2,160,000	2,160,000
Non Voting Ordinary Shares	25,000	25,000	25,000	25,000
	2,185,000	2,185,000	2,185,000	2,185,000
Earnings Per Share -Basic / Diluted				
- From Continuing Activities	775.97	206.62	840.90	217.77
- From Discontinued Activities	66.71	23.48	-	-

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

Year Ended 31 March	2021		2020	
	Per Share	LKR	Per Share	LKR
Interim Dividend for 20/21 - March 21	55.00	120,175,000	-	-
Interim Dividend for 20/21 - February 21	52.17	113,991,450	-	-
Interim Dividend for 20/21 - September 20	64.10	140,058,500	-	-
	171.27	374,224,950	-	-

The board of directors of the company neither paid any final dividend nor recommended a final dividend for the previous year & Current Year.

Notes to the Financial Statements

8. PROPERTY, PLANT & EQUIPMENT

8.1 Gross Carrying Amounts

Group	Balance As at 01 April 2020	Additions	Disposals	Revaluation	Disposal of Subsidiary	Assets Held for Sale	Transfers	Balance As at 31 March 2021
At Cost or Valuation	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Land	588,252,000	-	-	104,765,191	-	(87,000,000)	108,816,249	714,833,440
Buildings	90,134,446	-	-	23,133,150	-	-	29,553,698	142,821,294
Buildings Improvements	111,301,319	20,078,598	(3,204,888)	-	-	-	(2,160,000)	126,015,029
Furniture and Fittings	550,819,483	42,584,822	(4,735,173)	-	(4,219,987)	(78,224,267)	(953,845)	505,271,033
Office Equipment	233,976,337	23,235,582	(1,051,885)	-	(2,332,268)	(26,503,378)	(1,026,598)	226,297,790
Motor Vehicles	224,259,093	12,414,000	(19,955,630)	-	-	(124,001)	-	216,593,462
Computer Equipment	296,044,505	39,760,214	(10,473,876)	-	(6,960,997)	(70,798,832)	(985,215)	246,585,799
Telephone	4,473,275	1,126,159	(584,524)	-	-	-	(892,922)	4,121,988
Service Equipment	23,196,056	8,000	-	-	(8,695,330)	-	-	14,508,726
Fixtures & Fittings	3,152,557	17,003,029	(341,556)	-	-	-	-	19,814,030
Generators	5,621,924	15,899	-	-	-	-	-	5,637,823
Plant and Machinery	2,046,115	-	-	-	(2,046,115)	-	-	-
Total Gross Carrying Amount	2,133,277,110	156,226,303	(40,347,532)	127,898,341	(24,254,697)	(262,650,478)	132,351,367	2,222,500,414

8.2 Depreciation & Impairment

At Cost or Valuation	Balance As at 01 April 2020	Charge for the Year	Disposals	Revaluation	Disposal of Subsidiary	Assets Held for Sale	Transfers	Balance As at 31 March 2021
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Land	-	-	-	-	-	-	-	-
Buildings	9,360,055	4,484,312	-	(13,441,845)	-	-	-	402,522
Buildings Improvements	12,172,774	15,135,101	(1,200,592)	-	-	-	(66,458)	26,040,825
Furniture and Fittings	308,660,023	52,117,000	(1,769,034)	-	(4,219,987)	(62,973,714)	(738,342)	291,075,946
Office Equipment	103,130,843	25,035,961	(551,895)	-	(2,332,268)	(18,537,699)	(164,513)	106,580,429
Motor Vehicles	125,842,992	29,692,322	(19,104,910)	-	-	(6,459)	-	136,423,945
Computer Equipment	230,690,869	32,335,400	(7,654,708)	-	(6,960,997)	(62,490,891)	(343,062)	185,576,611
Telephone	2,309,545	762,167	(150,963)	-	-	-	(230,407)	2,690,342
Service Equipment	18,447,602	1,490,675	-	-	(8,695,330)	-	-	11,242,947
Fixtures & Fittings	441,202	1,536,775	(128,631)	-	-	-	(302,570)	1,546,776
Generators	5,278,155	60,622	-	-	-	-	-	5,338,777
Plant and Machinery	2,046,115	-	-	-	(2,046,115)	-	-	-
Total Depreciation	818,380,175	162,650,335	(30,560,733)	(13,441,845)	(24,254,697)	(144,008,763)	(1,845,352)	766,919,120

8.3 Net Book Values

As at 31 March	2021	2020
	LKR	LKR
At Cost or Valuation		
Land	714,833,441	588,252,000
Buildings	142,418,772	80,774,391
Buildings Improvements	99,974,204	99,128,545
Furniture and Fittings	214,195,087	242,159,460
Office Equipment	119,717,361	130,845,494
Motor Vehicles	80,169,517	98,416,101
Computer Equipment	61,009,188	65,353,636
Telephone	1,431,646	2,163,730
Service Equipment	3,265,779	4,748,454
Fixtures & Fittings	18,267,254	2,711,355
Generators	299,046	343,769
Total Carrying Amount of Property, Plant and Equipment	1,455,581,295	1,314,896,935

8.4 Gross Carrying Amounts

Company	Balance As at 01 April 2020	Additions	Disposals	Revaluation	Transfers	Balance As at 31 March 2021
	LKR	LKR	LKR	LKR	LKR	LKR
At Cost or Valuation						
Land	501,252,001	-	-	104,765,191	108,816,250	714,833,442
Buildings	89,730,201	-	-	23,133,150	29,553,698	142,417,049
Buildings Improvements	111,301,319	20,078,598	(3,204,888)	-	(2,160,000)	126,015,029
Furniture and Fittings	464,687,435	41,722,868	(4,735,173)	-	(953,845)	500,721,285
Office Equipment	201,883,837	23,007,432	(504,314)	-	(1,026,598)	223,360,357
Motor Vehicles	212,948,883	12,290,000	(16,630,018)	-	-	208,608,865
Computer Equipment	200,400,874	36,548,193	(8,149,686)	-	(985,215)	227,814,166
Telephone	4,470,417	1,126,159	(581,667)	-	(892,922)	4,121,987
Service Equipment	6,999,559	8,000	-	-	-	7,007,559
Fixtures & Fittings	3,152,557	17,003,029	(341,556)	-	-	19,814,030
Generators	5,621,924	15,899	-	-	-	5,637,823
Total Gross Carrying Amount	1,802,449,007	151,800,178	(34,147,302)	127,898,341	132,351,368	2,180,351,592

Notes to the Financial Statements

8. PROPERTY, PLANT & EQUIPMENT (Contd.)

8.5 Depreciation & Impairment

At Cost or Valuation	Balance As at 1 April 2020	Charge for the Year	Disposals	Revaluation	Transfers	Balance As at 31 March 2021
	LKR	LKR	LKR	LKR	LKR	LKR
Buildings	8,961,230	4,484,312	-	(13,441,845)	-	3,697
Buildings Improvements	12,172,774	15,135,101	(1,200,592)	-	(66,458)	26,040,825
Furniture and Fittings	244,966,262	44,200,946	(1,769,034)	-	(738,342)	286,659,832
Office Equipment	81,321,070	22,594,563	(305,005)	-	(164,513)	103,446,115
Motor Vehicles	109,099,426	35,120,183	(15,779,298)	-	-	128,440,311
Computer Equipment	148,357,945	24,695,151	(5,905,059)	-	(343,062)	166,804,975
Telephone	2,306,965	762,167	(148,383)	-	(230,407)	2,690,342
Service Equipment	2,307,973	1,490,675	-	-	-	3,798,648
Fixtures & Fittings	441,202	1,536,775	(128,631)	-	(302,570)	1,546,776
Generators	5,278,155	60,622	-	-	-	5,338,777
Total Depreciation	615,213,002	150,080,495	(25,236,002)	(13,441,845)	(1,845,352)	724,770,298

8.6 Net Book Values

As at 31 March	2021	2020
At Cost or Valuation	LKR	LKR
Land	714,833,442	501,252,001
Buildings	142,413,352	80,768,971
Buildings Improvements	99,974,204	99,128,545
Furniture and Fittings	214,061,453	219,721,173
Office Equipment	119,914,242	120,562,767
Motor Vehicles	80,168,554	103,849,457
Computer Equipment	61,009,191	52,042,929
Telephone	1,431,645	2,163,452
Service Equipment	3,208,911	4,691,586
Fixtures & Fittings	18,267,254	2,711,355
Generators	299,046	343,769
Total Carrying Amount of Property, Plant and Equipment	1,455,581,294	1,187,236,005

- 8.7 The Lands & Buildings of the Group were revalued on 31 March 2021 and such assets were valued on an open market value for existing use basis. The result of the revaluation have been incorporated in to the prior year financial statements. The surplus arising from the revaluation was transferred to a revaluation reserve. Land and Buildings have been revalued by Mr.S Upali Silva (Chartered Independent Valuer).

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

	Cost	Accumulated Depreciation If assets were carried at cost	Net Carrying Amount	Net Carrying Amount
Class of Asset	LKR	LKR	LKR	LKR
Land	185,801,451	-	185,801,451	185,801,451
Buildings	62,808,397	(52,282,371)	10,526,026	16,806,866

8.8 During the year Fixed Assets Addition & Cash Payment

	Group		Company	
Year Ended 31 March	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Addition	156,226,303	353,970,438	151,800,178	335,115,185
Cash Payment	156,226,303	353,970,438	151,800,178	335,115,185

8.9 The amount of borrowing costs capitalised with property, plant and equipment during the year ended 31 March 2021 was Nil. (2020 - Nil)

8.10 The Cost of Fully Depreciated Property, plant and equipment of the Group and the Company which are still in use respectively amount of LKR 138,029,988/- and LKR 127,133,705/- (2020 -LKR 217,087,123/- and LKR 109,999,139/-).

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

	2021	2020
At Cost or Valuation	LKR	LKR
Buildings	20 Years	20 Years
Buildings Improvements	5-10 Years	5-10 Years
Service Equipment	8 Years	8 Years
Office Equipment	8 Years	8 Years
Furniture and Fittings	8 Years	8 Years
Motor Vehicles	4-10 Years	4-10 Years
Computer Equipment	4 Years	4 Years
Telephone	4 Years	4 Years
Generators	4 Years	4 Years
Plant, Machinery and Equipment	5-10 Years	5-10 Years
Fixtures & Fittings	8 Years	8 Years

8.12 Impairment (Group & Company)

Based on the assessment of potential Impairment Carried out Internally by the board of Directors as at 31 March 2021, No Provision was Required to be made in Financial Statements (2020/2021)

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

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

Notes to the Financial Statements

8. PROPERTY, PLANT & EQUIPMENT (Contd.)

8.14 Details of Land & Buildings Revaluation

Name of the Company	Location	Extent	Number	Method of Valuation and Significant Unobservable Inputs	Range of Estimate for Unobservable Inputs	Valued in 31/03/2021 Valuation
					LKR	LKR
Abans PLC	Freehold Property at Rathmalana			Cost method		
	Land	14.9 P	01	Value per perch of Land	1,200,000	17,880,000
	Building	5,162 sq.ft	01	Value per sq.ft for Building	2,025	10,453,044
Abans PLC	Freehold Property at Liberty Plaza			Income method		
	Shopping Block at Liberty Plaza Colombo	435 sq.ft	01	Gross monthly rental Per Sq ft.	250	18,500,000
				Estimated Outgoing Expenses	30.00%	
Abans PLC	Freehold Property at Kandy			Cost method		
	Land	11.094 P	01	Value per perch of Land	13,800,000	153,097,200
	Building	4,415 sq.ft	01	Value per sq.ft for Building	3,600	15,894,000
Abans PLC	Freehold Property at Kalutara			Cost method		
	Land	24.46 P	01	Value per perch of Land	1,115,372	27,282,000
	Building	9,403 sq.ft	01	Value per sq.ft for Building	3,450	32,440,350
Abans PLC	Freehold Property at Gampaha			Cost method		
	Land	17.52 P	01	Value per perch of Land	3,650,000	63,948,000
	Building	724 sq.ft	01	Value per sq.ft for Building	4,615	3,341,250
Abans PLC	Freehold Property at Kurunegala			Cost method		
	Land	50 P	01	Value per perch of Land	2,275,800	113,790,000
	Building	4,300 sq.ft	01	Value per sq.ft for Building	760	3,267,000
Abans PLC	Freehold Property at Rajagiriya			Cost method		
	Land	22 P	01	Value per perch of Land	2,875,000	63,250,000
	Building	3,687 sq.ft	01	Value per sq.ft for Building	1,650	6,083,550
Abans PLC	Freehold Property at Wellawatta			Cost method		
	Land	25.65 P	01	Value per perch of Land	5,000,000	128,250,000
Abans PLC	Freehold Property at Rathmalana			Cost method		
	Land	15.00 P	01	Value per perch of Land	1,200,000	18,000,000
	Building	3,157 sq.ft	01	Value per sq.ft for Building	3,450	10,891,650
Abans PLC	Freehold Property at Rathmalana			Cost method		
	Land	17.1 P	01	Value per perch of Land	1,200,000	20,520,000
	Building	3,690 sq.ft	01	Value per sq.ft for Building	3,250	11,992,500
Abans PLC	Freehold Property at Nawala Road, Nugegoda			Cost method		
	Land	17.45 P	01	Value per perch of Land	6,235,888	108,816,250
	Building	4,925 sq.ft	01	Value per sq.ft for Building	6,000	29,550,000

9 INVESTMENT PROPERTIES

Group/ Company

	Balance As at 01 April 2020	Additions \Transfers	Change in Fair Value during the year	Balance As at 31 March 2021
	LKR	LKR	LKR	LKR
9.1 Carrying Amounts				
Land	360,025,250	(108,816,250)	16,416,000	267,625,000
Buildings	100,974,750	(26,992,338)	(3,596,912)	70,385,500
	461,000,000	(135,808,588)	12,819,088	338,010,500

9.2 Details of Investment Properties Fair Valuation

2021					Range of Estimate for				
Location	Valuer Detail	Valuation Technique	Land (P)	Building (sq.ft)	Unobservable Inputs		Value of Building	Value of Land	Total
					Land	Building			
							LKR		
Investment Property at Kirula Road, Nawala	S Upali Silva Chartered Valuer	Cost method	31	18,164	8,633,065	3,875.00	70,385,500	267,625,000	338,010,500
							70,385,500	267,625,000	338,010,500
2020					Range of Estimate for				
Location	Valuer Detail	Valuation Technique	Land (P)	Building (sq.ft)	Unobservable Inputs		Value of Building	Value of Land	Total
					Land	Building			
							LKR		
Investment Property at Kirula Road, Nawala	S Upali Silva Chartered Valuer	Cost method	31	18,164	8,204,645	4,000.00	72,656,000	254,344,000	327,000,000
Investment Property at Nawala Road, Nugegoda	S Upali Silva Chartered Valuer	Cost method	17.45	4,925	6,056,232	5,750.00	28,318,750	105,681,250	134,000,000
							100,974,750	360,025,250	461,000,000

Fair Value Hierarchy

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

- 9.3** The Valuation of group's investment properties were carried out by S Upali Silva independent professional valuer as at 31 March 2021. S Upali Silva. is a specialist in valuing these types of investment properties.
- 9.4** No direct operating expenses incurred for the investment properties at Kirula Road and Nawala. Rental income earned from investment property at Kirula Road and Nawala Road, Nugegoda is disclosed in Note 27.2.

Notes to the Financial Statements

10. LEASE RENTALS RECEIVABLE AND LOANS AND ADVANCES

Lease Rentals Receivable and Loans and Advances Were Derived from Abans Finance Plc. as At Reporting Date Company Is Reclassified as Held For Sale.

10.1 Lease rentals Receivable Group

	Within One Year		1-5 Years		Over 5 years		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Gross Receivable								
- Lease Rentals	-	4,699,549,478	-	3,610,935,902	-	-	-	8,310,485,380
- Amounts receivable from Hirers	-	22,160,281	-	550,000	-	-	-	22,710,281
	-	4,721,709,759	-	3,611,485,902	-	-	-	8,333,195,661
Less: Unearned Income	-	(758,802,650)	-	(1,062,002,102)	-	-	-	(1,820,804,752)
Net Investment	-	3,962,907,109	-	2,549,483,800	-	-	-	6,512,390,909
Less:								
- Allowances For Impairment Losses (Note 10.1.2)	-	(397,937,280)	-	(256,007,678)	-	-	-	(653,944,958)
- Rentals received in advance	-	-	-	-	-	-	-	-
- Suspended VAT	-	(4,118,338)	-	-	-	-	-	(4,118,338)
	-	3,560,851,491	-	2,293,476,122	-	-	-	5,854,327,613

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

10.1.1 Analysis of Lease Rental Receivable & Stock Out on Hire on Maximum Exposure to credit Risk as at 31 March 2021

	Stage 01	Stage 02	Stage 03	Total
	LKR	LKR	LKR	LKR
Individually Impaired Lease Receivables	-	-	-	-
Lease Rental Receivable & Stock out of Hire subject to Collective Impairment	-	-	-	-
Allowances for Expected Credit Losses	-	-	-	-
	-	-	-	-

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

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

10.1.2 Allowance for Impairment

	2021	2020
	LKR	LKR
As at 01 April	653,944,958	581,988,296
Charge for the year	-	71,956,662
Discontinued Subsidiaries	(653,944,958)	-
As at 31 March	-	653,944,958

10.1.3 Movement in Allowance for Expected Credit Loss (ECL) -2021

	Stage 01	Stage 02	Stage 03	Total
	LKR	LKR	LKR	LKR
Balance as at 01 April 2020	139,007,604	99,255,300	415,682,055	653,944,958
Assets Held for Sale	(139,007,604)	(99,255,300)	(415,682,055)	(653,944,958)
Balance as at 31 March 2021	-	-	-	-

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

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

10.2 Loans and Advances

Group

	Within One Year		Over One Year		Total	
	2021	2020	2021	2020	2021	2020
	LKR	LKR	LKR	LKR	LKR	LKR
Loans and Advances	-	1,090,198,367	-	1,084,079,114	-	2,174,277,481
Less : Allowance for Impairment Losses (Note 10.2.1)	-	(155,646,381)	-	(148,048,843)	-	(303,695,224)
	-	934,551,986	-	936,030,271	-	1,870,582,257

10.2.1 Analysis of Loans and Advances on Maximum Exposure to credit Risk as at 31 March 2021

	Stage 01	Stage 02	Stage 03	Total
	LKR	LKR	LKR	LKR
Individually Impaired Loans and Advances	-	-	-	-
Loans and Advances subject to Collective Impairment	-	-	-	-
Allowances for Expected Credit Losses	-	-	-	-
Staff Loans - Classified under Trade & Other Receivable	-	-	-	-
	-	-	-	-

Notes to the Financial Statements

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

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

10.2.2 Allowance for Impairment

	2021	2020
	LKR	LKR
As at 01 April	303,695,225	212,053,804
Charge for the year	-	91,641,421
Assets Held for Sale	(303,695,225)	-
As at 31 March	-	303,695,225
Individual Impairment	-	173,253,788
Collective Impairment	-	130,441,437
	-	303,695,224

10.2.3 Movement in Allowance for Expected Credit Loss (ECL) -2021

	Stage 01	Stage 02	Stage 03	Total
	LKR	LKR	LKR	LKR
Balance as at 01 April 2020	8,751,044	33,192,482	261,751,697	303,695,223
Assets Held for Sale	(8,751,044)	(33,192,482)	(261,751,697)	(303,695,223)
Balance as at 31 March 2021	-	-	-	-

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

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

11. INTANGIBLE ASSETS

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

	Group		Company	
Year Ended 31 March	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
As at 01 April	47,417,467	60,161,321	18,069,265	27,389,805
Acquired during the year	14,452,809	6,911,871	2,036,540	5,680,374
Charge for the year	(20,533,644)	(19,655,725)	(12,635,591)	(15,000,914)
Discontinued Subsidiaries	(33,866,418)	-	-	-
As at 31 March	7,470,214	47,417,467	7,470,214	18,069,265

11.2 Intangible Assets

	Useful Life	Type
Human Resources Information Systems	4 years	Acquired
Mobile App	4 years	Acquired
Backup Application	4 years	Acquired
Hsenid License	4 years	Acquired

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

12. INVESTMENTS IN SUBSIDIARIES

12.1 Quoted

	Effect Holding - %		Number of Shares		Cost	
	2021	2020	2021	2020	2021	2020
	%	%			LKR	LKR
Cost						
Abans Finance PLC	49.67	49.67	33,063,877	33,063,877	361,144,336	361,144,336
Assets Held for Sale	-	-	(33,063,877)	-	(361,144,336)	-
	-	-	-	33,063,877	-	361,144,336

12.2 Non-Quoted

AB Technologies (Pvt) Ltd.*	100.00	100.00	500,000	500,000	5,000,000	5,000,000
Abans Lanka (Pvt) Ltd.	-	56.87	-	600,000	-	6,000,000
Abans Retail (Pvt) Ltd	-	100.00	-	10,000,000	-	100,000,000
A.B. Sun City (Pvt) Ltd.	100.00	100.00	275,168,000	275,168,000	2,751,680,000	2,751,680,000
Less: Impairment*	-	-	-	-	(5,000,000)	(5,000,000)
	-	-	275,668,000	286,268,000	2,751,680,000	2,857,680,000
Total Carrying Value of Investments in Subsidiaries	-	-	275,668,000	319,331,877	2,751,680,000	3,218,824,336

* The company (AB Technologies (Pvt) Ltd) is a Non-operating as of the reporting date. Hence the net assets of the company as at 31 March 2021 is amounting to 8,669,060/-

Notes to the Financial Statements

12.3 Market Value

	Market Valuation	Market Valuation
	2021	2020
At Cost or Valuation	LKR	LKR
Abans Finance PLC	909,256,618	525,715,644
	909,256,618	525,715,644

13. INVESTMENT IN EQUITY ACCOUNTED INVESTEE

13.1 Investment Details

		Holding - %		Cost		Market Valuation	
		2021	2020	2021	2020	2021	2020
Investor	Investee/Relationship	%	%	LKR	LKR	LKR	LKR
Abans PLC	Abans Electricals PLC -Associate	48.00%	42.95%	78,212,351	30,752,197	391,264,187	132,369,294
A.B. Sun City (Pvt) Ltd.	Colombo City Centre Partners (Private) Limited - Associate	42.31%	50.00%	2,280,824,062	2,953,988,068	Not a Listed Company	Not a Listed Company
				2,359,036,413	2,984,740,265	391,264,187	132,369,294

13.2 Investment in an Associate - Abans Electrical PLC

The Company has 48.% (2020 - 42.95%) interest in Abans Electricals PLC, which is involved in the manufacturing and assembling household electrical and electronic appliances and providing repairs, maintenance and technical services of similar type of appliances. The principal places of business are situated at No. 126, Airport Road, Ratmalana, and No. 506/B, Galle Road, Colombo 06.

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

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

13.3.1 The Group has a 42.31% interest in Colombo City Centre Partners (Private) Limited, an Associate carries out mix development project. The principal place of business of the Company is located at No 137, Sir James Pieris Mawatha, Colombo 02..

13.3.2 The Group's interest in Colombo City Centre Partners (Private) Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the Associate and reconciliation with the carrying amount of the investment in the financial statements are set out below:

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

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

	2021	2020
	LKR	LKR
Cash and cash equivalents	927,774,937	332,179,104
Current liabilities (excluding trade & other payable)	1,354,220,822	95,519,189
Non-current liabilities (excluding trade & other payable)	9,335,529,341	10,724,250,646
Finance Cost	370,088,922	291,339,515

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

13.4.1 Summarised Statement of Profit or Loss

Group

	Colombo City Centre Partners		Abans Electricals		Total	
	2021	2020	2021	2020	2021	2020
	LKR	LKR	LKR	LKR	LKR	LKR
Revenue	306,379,343	765,444,952	3,129,717,820	2,986,136,172	3,436,097,163	3,751,581,124
Operating Expenses	(400,767,346)	(560,323,644)	(2,896,984,366)	(2,786,025,617)	(3,297,751,712)	(3,346,349,261)
Finance Income	-	-	-	-	-	-
Finance Cost	(370,088,922)	(291,339,515)	(69,118,331)	(74,849,249)	(439,207,253)	(366,188,764)
Profit before tax for the Year	(464,476,925)	(86,218,207)	163,615,123	125,261,306	(300,861,802)	39,043,099
Tax	-	-	1,672,634	(38,688,114)	1,672,634	(38,688,114)
Profit after Tax	(464,476,925)	(86,218,207)	165,287,757	86,573,192	(299,189,168)	354,985
Group's Share of Profit/(Loss) for the Year	(232,160,814)	(43,109,104)	71,701,829	37,183,186	(160,458,985)	(5,925,918)
Other Comprehensive Income						
Revaluation Gain from Land and Buildings Net	-	-	70,584,154	-	70,584,154	-
Actuarial Gains on Employee Benefits Liabilities Net	-	-	(2,891,640)	10,582,141	(2,891,640)	10,582,141
Total Other Comprehensive Income for the Year, Net of Tax	-	-	67,692,514	10,582,141	67,692,514	10,582,141
Group's Share of Comprehensive Income for the Year, Net of Tax	-	-	29,365,013	4,545,030	29,365,013	4,545,030

Notes to the Financial Statements

13. INVESTMENT IN EQUITY ACCOUNTED INVESTEE (CONTD....)

13.4.2 Summarised Statement of Financial Position

Group

	Colombo City Centre Partners		Abans Electricals		Total	
	2021	2020	2021	2020	2021	2020
	LKR	LKR	LKR	LKR	LKR	LKR
Non Current Assets	13,084,075,037	12,400,178,601	1,749,962,392	1,719,805,426	14,834,037,429	14,119,984,027
Current Assets	14,063,666,144	12,336,891,018	2,048,787,545	1,476,781,710	16,112,453,689	13,813,672,728
Non Current Liabilities	(9,335,529,341)	(9,283,143,676)	(333,170,538)	(421,835,946)	(9,668,699,879)	(9,704,979,622)
Current Liabilities	(12,421,377,305)	(9,545,949,807)	(1,808,790,039)	(1,343,237,531)	(14,230,167,344)	(10,889,187,338)
Equity	5,390,834,535	5,907,976,136	1,656,789,360	1,431,513,658	7,047,623,895	7,339,489,794
Group's Carrying Amount of the Investment	2,280,824,062	2,953,988,068	795,258,310	614,835,116	3,076,082,372	3,568,823,184

Summarised Statement of Cash Flows

Net Cash flow from operating activities	509,429,268	1,133,331,017	(125,531,298)	227,986,451	383,897,970	1,361,317,468
Net Cash flow from investing activities	(631,029,611)	(525,598,753)	(25,735,862)	(215,614,548)	(656,765,473)	(741,213,301)
Net Cash flow from financing activities	(165,750,000)	503,827,528	205,089,607	(36,506,630)	39,339,607	467,320,898
Net Increase/ (Decrease) in Cash and Cash Equivalents	(287,350,343)	1,111,559,792	53,822,447	(24,134,726)	(233,527,896)	1,087,425,066

13.4.3 Equity Reconciliation

Group

	Colombo City Centre Partners		Abans Electricals		Total	
	2021	2020	2021	2020	2021	2020
	LKR	LKR	LKR	LKR	LKR	LKR
Carrying Value as at 01 April	2,953,988,068	2,645,097,172	614,835,116	579,691,857	3,568,823,184	3,224,789,029
Investment Made during the Year	-	352,000,000	122,451,727	-	122,451,727	352,000,000
Disposal Made during the Year	(441,003,192)	-	(39,769,351)	-	(480,772,543)	-
Share of Profits/(Loss) Net of Tax	(232,160,814)	(43,109,104)	71,701,829	37,183,186	(160,458,985)	(5,925,918)
Revaluation Gain Net of Tax	-	-	30,619,406	-	30,619,406	-
Actuarial Gain /(Loss)	-	-	(1,254,393)	4,545,030	(1,254,393)	4,545,030
Dividend Received	-	-	(3,325,441)	(6,584,957)	(3,325,441)	(6,584,957)
Carrying Value as at 31 March	2,280,824,062	2,953,988,068	795,258,893	614,835,116	3,076,082,955	3,568,823,184
Acquisition of Investment						
Cost of Acquisition	-	-	51,371,462	-	51,371,462	-
Gain on Acquisition	-	-	71,080,265	-	71,080,265	-
Equity value of accquition	-	-	122,451,727	-	122,451,727	-
Disposal of Investment						
Cost of Disposal	(441,003,192)	-	(39,769,351)	-	(480,772,543)	-
Sale Proceed	518,000,000	-	19,201,603	-	537,201,603	-
Disposal Gain / (Loss)	76,996,808	-	(20,567,748)	-	56,429,060	-
Share of results from investment in associates to recognize to the profit and Loss						
Share of Profits/(Loss) Net of Tax	(232,160,814)	(43,109,104)	71,701,829	37,183,186	(160,458,985)	(5,925,918)
Gain on Acquisition	-	-	71,080,265	-	71,080,265	-
Disposal Gain / (Loss)	76,996,808	-	(20,567,748)	-	56,429,060	-
	(155,164,006)	(43,109,104)	122,214,346	37,183,186	(32,949,660)	(5,925,918)

Notes to the Financial Statements

14. OTHER FINANCIAL ASSETS

	Group		Company	
As at 31 March	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Non Current				
Measured at Fair Value through Other Comprehensive Income (14.2 & 14.4)	15,000,000	15,080,400	15,000,000	15,000,000
	15,000,000	15,080,400	15,000,000	15,000,000
Current				
"Measured at Fair Value Through Profit or Loss (Note 14.1)"	308,400	482,445	308,400	482,445
Measured at Amortized Cost (Note 14.3)	1,419,906,164	433,775,297	1,419,906,164	4,000,000
	1,420,214,564	434,257,742	1,420,214,564	4,482,445

14.1 Fair Value Through Profit or Loss

Group & Company

	Value	Value
As at 31 March	2021	2020
At Cost or Valuation	LKR	LKR
Diversified Holdings	-	-
Hayleys PLC	-	8,405
Power & Energy	-	-
Lanka IOC PLC	-	395,000
Manufacturing	-	-
Royal Ceramic Lanka PLC	308,400	67,080
Regnis (Lanka) PLC	-	11,960
	308,400	79,040
	308,400	482,445

14.2 Measured at Fair Value through Other Comprehensive Income

Group	No of Shares		Carrying Value	Carrying Value
	2021	2020	2021	2020
As at 31 March			LKR	LKR
Investment in Ordinary Shares				
Abans Restaurant Systems (Pvt) Ltd.	500,000	500,000	5,000,000	5,000,000
			5,000,000	5,000,000
Investment in Preference Shares				
Abans Investment (Pvt) Ltd.	1,000,000	1,000,000	10,000,000	10,000,000
AB Leisure (Pvt) Ltd.	500,000	500,000	5,000,000	5,000,000
Credit Information Bureau of Sri Lanka	1,000	1,000	-	80,400
Less : Impairment - AB Leisure (Pvt) Limited			(5,000,000)	(5,000,000)
			10,000,000	10,080,400
			15,000,000	15,080,400

14.3 Measured at Amortized Cost

Group	Company	
	2021	2020
As at 31 March	LKR	LKR
Current		
Treasury Bills*	-	203,891,322
Treasury Bonds*	-	21,529,821
Fixed Deposits	1,419,906,164	208,354,154
	1,419,906,164	433,775,297
Total Measured at Amortized Cost	1,419,906,164	433,775,297

* Government of Sri Lanka

14.4 Measured at Fair Value through Other Comprehensive Income

Company	No of Shares		Carrying Value	Carrying Value
	2021	2020	2021	2020
As at 31 March			LKR	LKR
Investment in Ordinary Shares				
Abans Restaurant Systems (Pvt) Ltd.	500,000	500,000	5,000,000	5,000,000
			5,000,000	5,000,000
Investment in Preference Shares				
Abans Investment (Pvt) Ltd.	1,000,000	1,000,000	10,000,000	10,000,000
AB Leisure (Pvt) Ltd.	500,000	500,000	5,000,000	5,000,000
Less : Impairment - AB Leisure (Pvt) Limited			(5,000,000)	(5,000,000)
			10,000,000	10,000,000
			15,000,000	15,000,000

Notes to the Financial Statements

15. TRADE AND OTHER RECEIVABLES

15.1 Group

	Group		Company	
As at 31 March	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Trade Receivables - Related Party	979,864	141,748,472	979,864	186,654,141
- Others	4,160,367,836	6,762,541,488	4,160,366,871	6,758,076,007
Less: Provision for Impairment	(645,885,751)	(589,742,358)	(645,885,751)	(585,276,877)
	3,515,461,949	6,314,547,602	3,515,460,984	6,359,453,271
Other Debtors - Related Party	1,399,287,910	1,794,875,410	1,492,228,918	1,767,919,178
- Others	1,337,147,149	1,130,760,718	1,337,019,639	993,584,211
Less: Provision for Impairment	(730,709,102)	(1,078,350,729)	(730,581,592)	(1,030,537,422)
	5,521,187,906	8,161,833,001	5,614,127,949	8,090,419,238
Staff Loans	13,575,482	91,418,761	13,575,482	18,086,033
	5,534,763,388	8,253,251,762	5,627,703,431	8,108,505,271
Advances and Prepayments	316,797,404	154,009,852	316,418,533	123,902,360
	5,851,560,792	8,407,261,614	5,944,121,964	8,232,407,631

15.2 Provision for Impairment

	Group		Company	
As at 31 March	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
At the Beginning of the Year	1,668,093,087	1,439,128,032	1,615,814,299	1,374,897,203
Write-off during the year	(576,054,516)	-	(576,054,516)	-
Provision Made During the Period	324,944,197	228,965,055	336,707,560	240,917,096
Assets Held For Sale	(40,387,915)	-	-	-
At the End of the Year	1,376,594,853	1,668,093,087	1,376,467,343	1,615,814,299

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

Management has taken the appropriate measures to reflect the correct ECL due to the Covid 19 pandemic, as the consequent unexpected deterioration on in credit quality of trade receivables on the end of March 2021 will have a significant impact on the ECL measurement. Economic Factor Adjustment (EFA) updated to reflect the impact of COVID-19 was incorporated in measuring ECL while information used for Probability of Default (PD) and Loss Given Default (LGD) were used without modification due to insufficiency of updated information relating to borrowers repayment ability, resource constraints and various government relief measures as a result of the outbreak.

15.3 Analysis of Trade and Other Receivables on Maximum Exposure to credit Risk as at 31 March 2021

	Stage 01	Stage 02	Stage 03	Total
	LKR	LKR	LKR	LKR
Individually Impaired Trade Receivables	-	-	3,387,637,796	3,387,637,796
Lease Tade Receivable Collective Impairment	2,840,277,895	354,157,126	408,522,476	3,602,957,496
Allowances for Expected Credit Losses	(73,732,304)	(68,232,575)	(1,234,502,463)	(1,376,467,343)
	2,766,545,591	285,924,551	2,561,657,809	5,614,127,949

15.4 Terms & Conditions of Related Party Balances

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

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

16. INVENTORIES

	Group		Company	
As at 31 March	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Work in Progress	35,622,282	-	35,622,282	-
Trading Stock	9,269,450,698	7,967,958,053	9,269,450,698	7,966,661,924
Real Estate Stock	-	39,313,213	-	-
Less: Provision for Slow Moving Inventory (Note 16.1)	(402,229,915)	(405,689,808)	(402,229,915)	(404,793,082)
Total Inventories at the Lower of Cost and Net Realisable Value	8,902,843,065	7,601,581,458	8,902,843,065	7,561,868,842

16.1 Provision for Slow Moving Inventory

	Group		Company	
As at 31 March	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
At the Beginning of the Year	405,689,808	340,558,599	404,793,082	339,835,108
Charge / (Reversal) for the year	(3,459,893)	65,131,209	(2,563,167)	64,957,974
At the End of the Year	402,229,915	405,689,808	402,229,915	404,793,082

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

Notes to the Financial Statements

17. SECURITIES PURCHASED UNDER REPURCHASE AGREEMENT

As at 31 March	2021	2020
	LKR	LKR
Group	-	-
Repurchase Agreements	-	279,143,141
	-	279,143,141

* As at the reporting date Repurchase Agreement Value of Rs. 942,235,676/- was Disclosed under Assets Held for Sale

18. CASH AND SHORT TERM DEPOSITS

	Group		Company	
As at 31 March	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
18.1 Favourable Cash and Short Term Deposits				
Cash and Bank Balances	577,920,718	1,303,771,796	571,200,865	1,136,369,151
	577,920,718	1,303,771,796	571,200,865	1,136,369,151
18.2 Unfavourable Cash and Short Term Deposits				
Bank Overdraft (Note 21.1)	(32,796,421)	(319,435,390)	(32,796,421)	(45,078,628)
Total Cash and Short Term Deposits For the purpose of Cash flow Statement	545,124,297	984,336,406	538,404,444	1,091,290,523

19. STATED CAPITAL

As at 31 March	2021		2020	
	No of Share	LKR	No of Share	LKR
Ordinary Shares *	2,160,000	216,000,000	2,160,000	216,000,000
Non Voting Ordinary Shares **	25,000	2,500,000	25,000	2,500,000
	2,185,000	218,500,000	2,185,000	218,500,000

19.1 Rights Preference and restrictions of Classes of Capital

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

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

19.2 There were no new Shares Issued During the Financial Year

20. OTHER COMPONENTS OF EQUITY

	Group		Company	
	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
As at 31 March				
Revaluation Reserve (Note 20.1)	639,360,133	539,801,649	464,612,254	338,394,043
Other Reserves (Note 20.2)	-	133,669,250	-	-
	639,360,133	673,470,899	464,612,254	338,394,043
20.1 Revaluation Reserve				
On: Land and Buildings				
Balance as at the Beginning of the Year	539,801,649	539,801,649	338,394,043	338,394,043
Increase in Revaluation Reserve Net of Tax	99,558,484	-	126,218,211	-
Balance as at the End of the Year	639,360,133	539,801,649	464,612,254	338,394,043
20.2 Other Reserves				
Statutory Reserve & Investment Fund Reserve (Note 20.2.1)	-	133,669,250	-	-
	-	133,669,250	-	-

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

As at the reporting the date Other Reserves were transferred to Reserves held for disposal.

	Group		Company	
	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
As at 31 March				
20.2.1 Statutory Reserve & Investment Fund Reserve				
Balance as at the beginning of the year	133,669,250	112,983,832	-	-
Transfers during the year	(133,669,250)	20,685,418	-	-
	-	133,669,250	-	-

Notes to the Financial Statements

21. INTEREST BEARING BORROWINGS

21.1 Group

	Amount Repayable Within 1 Year	Amount Repayable After 1 Year	2021 Total	Amount Repayable Within 1 Year	Amount Repayable After 1 Year	2020 Total
	LKR	LKR	LKR	LKR	LKR	LKR
Import Financing Loans	364,841,863	-	364,841,863	6,071,330,345	-	6,071,330,345
Bank Loans	1,147,363,822	914,400,000	2,061,763,822	2,648,371,582	1,356,636,667	4,005,008,249
Bank Overdrafts (Note 18.2)	32,796,421	-	32,796,421	319,435,390	-	319,435,390
Commercial Papers	56,835,763	-	56,835,763	72,802,779	-	72,802,779
Debentures - Listed - Unsecured	8,932,870	250,000,000	258,932,870	9,071,466	250,000,000	259,071,466
Securitization	-	-	-	633,837,356	16,000,000	649,837,356
	1,610,770,739	1,164,400,000	2,775,170,739	9,754,848,918	1,622,636,667	11,377,485,585

21.1.1 Changes in Interest Bearing Borrowings - Current Year

	As at 01.04.2020	Obtained during the year	Repayments during the year	Discontinued Subsidiaries	Accrued Interest	As at 31.03.2021
	LKR	LKR	LKR	LKR	LKR	LKR
Import Financing Loans	6,071,330,345	17,228,070,740	(22,934,650,717)	-	91,495	364,841,863
Bank Loans	4,005,008,249	2,523,799,000	(4,217,532,581)	(249,516,667)	5,821	2,061,763,822
Commercial Papers	72,802,779	549,318,868	(521,505,259)	(46,348,239)	2,567,614	56,835,763
Debentures - Listed - Unsecured	259,071,466	-	(9,071,466)	-	8,932,870	258,932,870
Securitization	649,837,356	1,195,250,974	(680,804,034)	(1,164,284,296)	-	-
	11,058,050,195	21,496,439,582	(28,363,564,057)	(1,460,149,202)	11,597,800	2,742,374,318

21.1.2 Changes in Interest Bearing Borrowings - Previous Year

	As at 01.04.2019	Obtained during the year	Repayments during the year	Discontinued Subsidiaries	Accrued Interest	As at 31.03.2020
	LKR	LKR	LKR	LKR	LKR	LKR
Import Financing Loans	6,348,664,594	17,147,235,026	(17,453,226,407)	-	28,657,132	6,071,330,345
Bank Loans	4,698,661,633	2,982,913,999	(3,680,559,705)	-	3,992,322	4,005,008,249
Commercial Papers	55,495,598	140,178,001	(124,110,925)	-	1,240,105	72,802,779
Debentures - Listed - Unsecured	776,867,790	256,310,000	(783,177,790)	-	9,071,466	259,071,466
Securitization	420,593,845	229,243,511	-	-	-	649,837,356
	12,300,283,460	20,755,880,537	(22,041,074,827)	-	42,961,025	11,058,050,195

21.2 Company

	Amount Repayable Within 1 Year	Amount Repayable After 1 Year	2021 Total	Amount Repayable Within 1 Year	Amount Repayable After 1 Year	2020 Total
	LKR	LKR	LKR	LKR	LKR	LKR
Import Financing Loans	364,841,863	-	364,841,863	6,071,330,345	-	6,071,330,345
Bank Loans	1,147,363,822	914,400,000	2,061,763,822	2,341,172,322	1,128,520,000	3,469,692,322
Bank Overdrafts (Note 18.2)	32,796,421	-	32,796,421	45,078,628	-	45,078,628
Commercial Papers	56,835,763	-	56,835,763	72,802,779	-	72,802,779
Debentures - Listed - Unsecured	8,932,870	250,000,000	258,932,870	9,071,466	250,000,000	259,071,466
	1,610,770,739	1,164,400,000	2,775,170,739	8,539,455,540	1,378,520,000	9,917,975,540

21.2.1 Changes in Interest Bearing Borrowings - Current Year

	As at 01.04.2020	Obtained during the year	Repayments during the year	Accrued Interest	As at 31.03.2021
	LKR	LKR	LKR	LKR	LKR
Import Financing Loans	6,071,330,345	17,228,070,740	(22,934,650,717)	91,495	364,841,863
Bank Loans	3,469,692,322	2,523,799,000	(3,931,733,322)	5,822	2,061,763,822
Commercial Papers	72,802,779	502,970,629	(521,505,259)	2,567,614	56,835,763
Debentures - Listed - Unsecured	259,071,466	-	(9,071,466)	8,932,870	258,932,870
	9,872,896,912	20,254,840,369	(27,396,960,764)	11,597,801	2,742,374,318

Notes to the Financial Statements

21.2.2 Changes in Interest Bearing Borrowings - Previous Year

	As at 01.04.2019	Obtained during the year	Repayments during the year	Accrued Interest	As at 31.03.2020
	LKR	LKR	LKR	LKR	LKR
Import Financing Loans	6,348,664,594	17,147,235,026	(17,453,226,407)	28,657,132	6,071,330,345
Bank Loans	4,315,322,801	2,474,999,999	(3,324,622,800)	3,992,322	3,469,692,322
Commercial Papers	55,495,598	140,178,001	(124,110,925)	1,240,105	72,802,779
Debentures - Listed - Unsecured	776,867,790	256,310,000	(783,177,790)	9,071,466	259,071,466
	11,496,350,783	20,018,723,026	(21,685,137,922)	42,961,025	9,872,896,912

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

	Loan Outstanding	Tenor	Interest Rate	Collateral
Import Financing Loans	364,841,863	3-6 Months	AWPLR -.25%-0.50%	Stocks and Book Debtors
Term Loan HNB PLC	31,250,000	2 Months	AWPLR+1.75%	Credit Card Receivables
Term Loan Sampath Bank PLC	1,765,600,000	4 Years	AWPLR+1.25%-2%	Hire Purchase Receivable
Term Loan Peoples' Bank	228,920,000	11 Months	AWPLR + 1.25%	Hire Purchase Receivable
Short Term Loans Seylan Bank PLC	35,993,821	4 Months	AWPLR-0.25%	No Collateral
Commercial Papers	56,835,763	3 - 12 Months	4.50% - 11.00%	No Collateral

21.4 Debentures

Year of Issue	Term LKR	Issue Date LKR	Maturity Date LKR	Interest Rate LKR	2021 LKR	2020 LKR
2019	5 Years	12/19/19	12/19/24	12.50%	258,932,870	259,071,466

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

22. WARRANTY PROVISION

	Group		Company	
As at 31 March	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Balance as at the beginning of the Year	255,039,076	301,323,250	254,243,094	300,527,268
Provision for the Year	219,017,200	196,266,703	219,813,184	196,266,703
Utilised during the Year	(125,507,346)	(242,550,877)	(125,507,347)	(242,550,877)
Balance as at the end of the Year	348,548,930	255,039,076	348,548,931	254,243,094

23. EMPLOYEE BENEFITS LIABILITIES

		Group		Company	
As at 31 March		2021	2020	2021	2020
		LKR	LKR	LKR	LKR
23.1	Employee Benefits Liability				
	Balance as at 01 April	275,826,149	268,076,957	256,391,000	229,563,633
	Provision for the Year	59,535,595	56,592,033	52,953,932	51,102,309
	Net Actuarial (Gain)/Loss	16,580,489	(5,215,633)	14,063,783	(5,450,849)
	Benefit Paid	(19,960,782)	(36,748,059)	(18,442,193)	(32,987,084)
	Transferred from/(to) Intercompany (Note 23.6)	835,571	(6,879,149)	835,571	14,162,991
	Transferred/(Discontinued Subsidiaries)	(27,014,929)	-	-	-
	Balance as at 31 March	305,802,093	275,826,149	305,802,093	256,391,000
23.2	Expense on Benefits Plan				
	Current Service Cost	29,878,742	28,039,646	29,878,742	24,471,752
	Interest Cost on Benefit Obligation	23,075,191	28,552,387	23,075,190	26,630,557
	Discontinued Operation	6,581,662	-	-	-
	The Total Amount Charged to Statement of Profit or Loss	59,535,595	56,592,033	52,953,932	51,102,309
	Actuarial (Gain)/Loss	14,063,783	(5,450,849)	14,063,783	(5,450,849)
	Discontinued Operation	2,516,706	235,216	-	-
	Other Comprehensive Income charge	16,580,489	(5,215,633)	14,063,783	(5,450,849)

- 23.3** Actuarial & Management Consultants (Private) Limited Carried out an Actuarial Valuation of the Employed Benefit Plan - Gratuity on 31 March 2021. Appropiable and Compatible Assumptions were used in determining the cost of Retirement Benefit. The Principle Assumptions used as at 31 March 2021 are as Follows,

		Group		Company	
As at 31 March		2021	2020	2021	2020
		Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)
Method of Actuarial Valuation					
Financial Assumption					
Discount Rate		6.75%	9% -9.59%	6.75%	9%
Salary Increment Rate		5% -8%	5% - 8%	5% -8%	8%
Staff Turnover Rate		20%	17% - 27%	20%	27%
Retirement Age ¹ - Female		60 Years	60 Years	60 Years	60 Years
- Male		60 Years	60 Years	60 Years	60 Years

23.4 Sensitivity of Assumptions Employed in Actuarial Valuation

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

Notes to the Financial Statements

23. EMPLOYEE BENEFITS LIABILITIES (CONTD....)

As at 31 March	2021		2020	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Group				
Discount rate	293,105,020	319,684,587	267,559,247	284,674,326
Salary Increment Rate	320,511,680	292,099,669	284,703,546	269,430,390
Company				
Discount rate	293,105,020	319,684,587	249,014,617	264,257,816
Salary Increment Rate	320,511,680	292,099,669	263,032,010	250,050,260

23.5 Maturity profile of defined benefit liabilities

	Group		Company	
	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
23.5.1 Weighted average future working life time	4.42 - 6.18	3.22 - 5.25	4.42	3.22
23.5.2 Maturity analysis of defined benefit payments				
Within the next 12 month	52,622,079	65,557,619	52,622,079	62,249,215
Between 1-2 Years	87,577,357	94,796,503	87,577,357	90,555,894
Between 3-5 Years	78,742,516	71,947,970	78,742,516	67,707,361
Between 6-10 Years	62,127,513	33,230,459	62,127,513	28,501,700
Beyond 10 Years	24,732,627	10,293,598	24,732,627	7,376,830
	305,802,092	275,826,149	305,802,092	256,391,000

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

As at 31 March	Group		Company	
	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Abans Retail (Private) Limited	-	-	-	21,042,140
Abans Auto (Private) Limited	-	(307,244)	-	(307,244)
Abans Environmental Services (Pvt) Ltd	835,571	(835,571)	835,571	(835,571)
Abans Restaurant Systems (Pvt) Ltd	-	(705,068)	-	(705,068)
Abans Information Systems (Pvt) Ltd	-	1,630,654	-	1,630,654
Crown City Developers (Pvt) Ltd	-	(6,661,920)	-	(6,661,920)
	835,571	(6,879,149)	835,571	14,162,991

24. TRADE AND OTHER PAYABLES

24.1 Group

As at 31 March		2021			2020		
		Current LKR	Non-Current LKR	Total LKR	Current LKR	Non-Current LKR	Total LKR
Trade Payable	- Related Parties	467,875,644	-	467,875,644	434,549,234	-	434,549,234
	- Other	5,611,373,939	-	5,611,373,939	5,726,943,681	893,671,851	6,620,615,532
Other Payable	- Related Parties	243,070,709	-	243,070,709	744,260,455	-	744,260,455
	- Other	362,445,134	-	362,445,134	416,384,463	-	416,384,463
		6,684,765,426	-	6,684,765,426	7,322,137,833	893,671,851	8,215,809,684
Advances and Deposits		714,983,280	-	714,983,280	755,913,274	-	755,913,274
		7,399,748,706	-	7,399,748,706	8,078,051,107	893,671,851	8,971,722,958
Sundry Creditors Including Accrued Expenses		1,627,820,786	-	1,627,820,786	1,491,364,078	-	1,491,364,078
		9,027,569,492	-	9,027,569,492	9,569,415,185	893,671,851	10,463,087,036

24.2 Company

As at 31 March		2021	2020
		Current LKR	Current LKR
Trade Payable	- Related Parties	467,875,644	433,973,257
	- Other	5,611,373,939	1,248,930,876
Other Payable	- Related Parties	138,763,115	1,430,668,432
	- Other	362,073,557	190,284,272
		6,580,086,255	3,303,856,837
Advances and Deposits		714,983,280	754,550,428
		7,295,069,535	4,058,407,265
Sundry Creditors Including Accrued Expenses		1,627,715,404	1,311,268,313
		8,922,784,939	5,369,675,578

24.3 Terms & Conditions of Related Party Balances

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

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

Notes to the Financial Statements

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

25.1 Financial Assets and Liabilities by Categories

Group

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

Financial Assets by Categories		At Amortized Cost		Measured at Fair Value Through Profit or Loss		Measured at Fair Value Through Other Comprehensive Income	
	Notes	2021	2020	2021	2020	2021	2020
		LKR	LKR	LKR	LKR	LKR	LKR
Financial instruments in non-current assets							
Other Financial Assets	14.	-	-	-	-	15,000,000	15,080,400
Lease Rentals Receivable	10.1	-	2,293,476,122	-	-	-	-
Loans and Advances	10.2	-	936,030,271	-	-	-	-
Financial instruments in current assets							
Lease Rentals Receivable	10.1	-	3,560,851,491	-	-	-	-
Loans and Advances	10.2	-	934,551,986	-	-	-	-
Trade and Other Receivables Excluding Pre-payments	15.1	5,534,763,388	8,253,251,762	-	-	-	-
Other Financial Assets	14.	1,419,906,164	433,775,297	308,400	482,445	-	-
Cash and Short Term Deposits	18.1	577,920,718	1,303,771,796	-	-	-	-
Securities Purchased under Repurchase Agreement	17.	-	279,143,141	-	-	-	-
Total		7,532,590,270	17,994,851,866	308,400	482,445	15,000,000	15,080,400

Financial Liabilities by Categories		Measured at Fair Value Through Profit or Loss		Measured at Fair Value Through Other Comprehensive Income	
	Notes	2021	2020	2021	2020
		LKR	LKR	LKR	LKR
Financial instruments in non-current liabilities					
Interest Bearing Borrowings	21.1	-	-	1,164,400,000	1,622,636,667
Trade and Other Payables	24.1	-	-	-	893,671,851
Financial instruments in current liabilities					
Interest Bearing Borrowings	21.1	-	-	1,610,770,739	9,754,848,918
Trade and Other Payables	24.1	-	-	9,027,569,492	9,569,415,185
Total		-	-	11,802,740,231	21,840,572,621

Company

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

Financial Assets by Categories	Notes	At Amortized Cost		Measured at Fair Value Through Profit or Loss		Measured at Fair Value Through Other Comprehensive Income	
		2021	2020	2021	2020	2021	2020
		LKR	LKR	LKR	LKR	LKR	LKR
Financial instruments in non-current assets							
Other Financial Assets	14.	-	-	-	-	15,000,000	15,000,000
Financial instruments in current assets							
Trade and Other Receivables Excluding Pre-payments	15.1	5,627,703,431	8,108,505,271	-	-	-	-
Other Financial Assets	14.	1,419,906,164	4,000,000	308,400	482,445	-	-
Cash and Short Term Deposits	18.1	571,200,865	1,136,369,151	-	-	-	-
Total		7,618,810,460	9,248,874,422	308,400	482,445	15,000,000	15,000,000

Financial Liabilities by Categories	Notes	Financial Liabilities Measured at Fair Value		Financial Liabilities Measured at Amortized Cost	
		2021	2020	2021	2020
		LKR	LKR	LKR	LKR
Financial instruments in non-current liabilities					
Interest Bearing Borrowings	21.2	-	-	1,164,400,000	1,378,520,000
Financial instruments in current liabilities					
Trade and Other Payables	24.2	-	-	8,922,784,939	5,369,675,578
Interest Bearing Borrowings	21.2	-	-	1,610,770,739	8,539,455,540
Total		-	-	11,697,955,678	15,287,651,118

25.2 Fair Value Hierarchy

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

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

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

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

The following tables sets out the group's and Company's asset and liabilities that are measured and recognised at fair value as at 31 March 2021.

Notes to the Financial Statements

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

25.2 Fair Value Hierarchy (Contd....)

	Level 1	Level 2	Level 3	Total
Financial Assets - Group	LKR	LKR	LKR	LKR

Recurring Fair Value Measurements

Financial Assets:

Measured at Fair Value Through Profit or Loss	308,400	-	-	308,400
Measured at Fair Value Through Other Comprehensive Income	-	-	15,000,000	15,000,000
Total Recurring Financial Assets	308,400	-	15,000,000	15,308,400

Non Financial Assets:

Land and Buildings	-	-	857,252,212	857,252,212
Investment Properties	-	-	338,010,500	338,010,500
Total Recurring Non-Financial Assets	-	-	1,195,262,712	1,195,262,712

	Level 1	Level 2	Level 3	Total
Financial Assets - Company	LKR	LKR	LKR	LKR

Recurring Fair Value Measurements

Financial Assets:

Measured at Fair Value Through Profit or Loss	308,400	-	-	308,400
Measured at Fair Value Through Other Comprehensive Income	-	-	15,000,000	15,000,000
Total Recurring Financial Assets	308,400	-	15,000,000	15,308,400

Non Financial Assets:

Land and Buildings	-	-	857,246,794	857,246,794
Investment Properties	-	-	338,010,500	338,010,500
Total Recurring Non-Financial Assets	-	-	1,195,257,294	1,195,257,294

The Group/Company does not have any financial liability which is carried at fair value in the statement of financial position.

During the reporting period ended 31 March 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

The group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

Item and Valuation Approach	Key Comparable Data	Relationship Between Comparable Inputs to Fair Value
Unlisted Equity Securities		
Fair value is determined by Net Assets basis	Market value of assets, recoverable value of trade & other receivable, book value of liability	The Company's Adjusted Net Assets Value (ANAV) less than cost of investment immediately recognise as an impairment to the investment
Land and Buildings		
Fair value is determined by Cost Method	The fair values of land are derived using the Cost approach. Sale prices of comparable land in similar location are adjusted for differences in key attributes such as land size. The valuation model is based on value per square meter.	The higher the value per perch/square feet, higher fair value and higher the Estimated Outgoing Expenses, lower the fair value.

25.3 Fair Value of Financial Instruments

As at 31 March		2021		2020	
	Note	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Group					
Financial Assets					
Lease Rentals Receivable		-	-	5,854,327,613	5,686,854,987
Other Financial Assets		1,435,214,564	1,435,214,564	449,338,142	440,091,675
Loans and Advances		-	-	1,920,095,538	1,806,713,994
Trade and Other Receivables Excluding Pre-payments	A	5,534,763,388	5,534,763,388	8,253,251,762	8,253,251,762
Securities Purchased under Repurchase Agreement	A	-	-	279,143,141	279,143,141
Cash and Short Term Deposits	A	577,920,718	577,920,718	1,303,771,796	1,303,771,796
Financial Liabilities					
Interest Bearing Borrowings (Non Current)	B	1,164,400,000	1,164,400,000	1,622,636,667	1,622,636,667
Interest Bearing Borrowings (Current)	A	1,610,770,739	1,610,770,739	9,754,848,918	9,754,848,918
Trade and Other Payables (Non Current)	B	-	-	893,671,851	893,671,851
Trade and Other Payables (Current)	A	9,027,569,492	9,027,569,492	9,569,415,185	9,569,415,185

Notes to the Financial Statements

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

25.3 Fair Value of Financial Instruments (Contd....)

As At 31 March		2021		2020	
Note		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		LKR	LKR	LKR	LKR
Company					
Financial Assets					
Financial Assets					
Other Financial Assets		1,435,214,564	1,435,214,564	19,482,445	19,482,445
Trade and Other Receivables Excluding Pre-payments	A	5,627,703,431	5,627,703,431	8,108,505,271	8,108,505,271
Cash and Short Term Deposits	A	571,200,865	571,200,865	1,136,369,151	1,136,369,151
Financial Liabilities					
Interest Bearing Borrowings (Non Current)		1,164,400,000	1,164,400,000	1,378,520,000	1,378,520,000
Interest Bearing Borrowings (Current)	A	1,610,770,739	1,610,770,739	8,539,455,540	8,539,455,540
Trade and Other Payables	A	8,922,784,939	8,922,784,939	5,369,675,578	5,369,675,578

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

Fair Value Hierarchy

Other Financial Assets

Other Financial Assets include investments in Fixed Deposit with the carrying value of LKR 1,435,214,564/- and fair value of LKR 1,435,214,564/- that are valued under Level 2.

- A. Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- B. Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group/Company based on parameters such as interest rates, specific counting risk factors, and risk characteristics of the financed project etc. As at 31 March 2021, the carrying amounts of such receivables/borrowings are not materially different from their calculated fair values.

Reclassification of financial assets

There have been no reclassifications during 2021 & 2020.

25.4 Financial Risk Management - Objective And Policies

Group's risk management is overseen by the Company, in close co-operation with the board of directors and focuses on actively securing the group's short to medium term cash flows by minimizing the exposure to financial markets. Long term financial investments are managed to generate lasting returns. The group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the group is exposed are described below.

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

25.4.1 Credit Risk

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

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

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

25.4.1.1 Trade & Other Receivables

Customers credit risk is managed by each business unit subject to the Group's established policies and procedures relating to customer credit risk management. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letter of credit or other forms of credit insurance.

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

Group	Past Due Not Impaired						
	Total	Neither Past Due nor Impaired	< 30 days	30-60 days	61-90 days	91-120 days	> 120 days
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
2021	3,515,461,949	1,880,778,396	441,976,432	211,947,104	200,413,976	107,688,839	672,657,203
2020	6,314,547,602	5,243,193,421	580,354,268	85,441,195	39,794,598	28,041,463	337,722,657

Company	Past Due Not Impaired						
	Total	Neither Past Due nor Impaired	< 30 days	30-60 days	61-90 days	91-120 days	> 120 days
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
2021	3,515,460,984	1,880,777,431	441,976,432	211,947,104	200,413,976	107,688,839	672,657,203
2020	6,359,453,271	5,288,099,090	580,354,268	85,441,195	39,794,598	28,041,463	337,722,657

Notes to the Financial Statements

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

25.4.1.2 Lease Rental Receivable - Group

	Total	Neither Past Due nor Individually Impaired	Past Due Not Individually Impaired	Individually Impaired
	LKR	LKR	LKR	LKR
2021	-	-	-	-
2020	6,508,272,571	1,361,877,949	4,782,171,544	364,223,078

Past Due but Not Individually Impaired

	Total	1 to 30 Days	31 to 60 Days	61 to 90 Days	More than 91 Days
	LKR	LKR	LKR	LKR	LKR
2021	-	-	-	-	-
2020	4,782,171,544	2,307,528,461	882,016,617	404,598,595	1,188,027,871

25.4.1.3 Cash in hand and at bank

In order to mitigate concentration, settlement and operational risks related to cash and cash equivalents, the group limits the maximum cash amount that can be deposited with a single counterparty. The Group and Company held cash and cash equivalents of LKR 578 Mn and LKR 571 Mn at 31 March 2021 (2020 - LKR 1,304 Mn and 1,136 Mn).

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

If the loss rates used by the Group in determining collective impairment has increased / decreased by 1%, ECL provision of the company as at 31 March 2021 would have increased / decreased by Rs. 9,339,966/-. (2020 - 90,814,490 in group and 13,866,266 in Company)

25.4.2 Credit Exposure

Maximum Exposure to Credit risk

The following table shows the maximum exposure to credit risk by class of financial asset and the value of financial assets covered by the collateral.

Group	Fair Value of Collateral Held					
Type of Collateral	Maximum Exposure to Credit Risk	Cash / Near Cash	Property Mortgages	Moveable Assets *	Other **	Total Collateral Value
As at 31 March 2021	LKR	LKR	LKR	LKR	LKR	LKR
Cash and Bank Balances (Excluding cash in hand)	573,352,867	-	-	-	-	573,352,867
Measured at Fair Value through Other Comprehensive Income	15,000,000	-	-	-	-	15,000,000
Measured at Fair Value Through Profit or Loss	308,400	-	-	-	-	308,400
Measured at Amortized Cost	1,419,906,164	-	-	-	-	1,419,906,164
Trade and Other Receivables excluding Prepayments	5,534,763,388	-	-	-	-	5,534,763,388
	7,543,330,819	-	-	-	-	7,543,330,819

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

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

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

Company	Fair Value of Collateral Held						
Type of Collateral	Maximum Exposure to Credit Risk	Cash / Near Cash	Property Mortgages	Moveable Assets *	Other **	Total Collateral Value	Net Exposure to Credit Risk
As at 31 March 2021	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Cash and Bank Balances (Excluding cash in hand)	566,633,014	-	-	-	-	-	566,633,014
Measured at Fair Value through Other Comprehensive Income	15,000,000	-	-	-	-	-	15,000,000
Measured at Fair Value Through Profit or Loss	308,400	-	-	-	-	-	308,400
Measured at Amortized Cost	1,419,906,164	-	-	-	-	-	1,419,906,164
Trade and Other Receivables excluding Prepayments	5,627,703,431	-	-	-	-	-	5,627,703,431
	7,629,551,009	-	-	-	-	-	7,629,551,009

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

25.4.2.1 Liquidity Risk

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

Notes to the Financial Statements

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

25.4.2.1 Liquidity Risk (Contd....)

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

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

25.4.2.2 Liquidity risk management

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

Contractual maturity analysis

The below table summarizes the maturity periods of liabilities in due.

	Less than 1 year	1 to 2 years	2 to 5 years	Total
Group (As at 31 March 2021)	LKR	LKR	LKR	LKR
Interest Bearing Borrowings	1,610,770,739	651,400,000	513,000,000	2,775,170,739
Trade and Other Payables	9,027,569,492	-	-	9,027,569,492
	10,638,340,231	651,400,000	513,000,000	11,802,740,231

	Less than 1 year	1 to 2 years	2 to 5 years	Total
Group (As at 31 March 2020)	LKR	LKR	LKR	LKR
Interest Bearing Borrowings	9,754,848,918	1,292,836,667	329,800,000	11,377,485,585
Trade and Other Payables	9,569,462,537	808,052,576	85,619,275	10,463,134,388
	19,324,311,455	2,100,889,243	415,419,275	21,840,619,973

	Less than 1 year	1 to 2 years	2 to 5 years	Total
Company (As at 31 March 2021)	LKR	LKR	LKR	LKR
Interest Bearing Borrowings	1,610,770,739	651,400,000	513,000,000	2,775,170,739
Trade and Other Payables	8,922,784,939	-	-	8,922,784,939
	10,533,555,678	651,400,000	513,000,000	11,697,955,678

	Less than 1 year	1 to 2 years	2 to 5 years	Total
Company (As at 31 March 2020)	LKR	LKR	LKR	LKR
Interest Bearing Borrowings	8,539,455,540	1,128,520,000	250,000,000	9,917,975,540
Trade and Other Payables	5,369,675,578	-	-	5,369,675,578
	13,909,131,118	1,128,520,000	250,000,000	15,287,651,118

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

25.4.2.3 Capital Management

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

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

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2021.

25.4.3 Market Risk

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

Foreign Currency Risk

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

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

	Group		Company	
As at 31 March	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Foreign Currency Denominated Payable	5,020,694,329	1,065,600,180	5,020,694,329	1,065,600,180

Foreign Currency Denominator payable maturity analysis Risk as at 31 March 2021 - Group/ Company

As at 31 March	2021	
	USD - \$	LKR
Within 01 Month	8,063,830	1,623,601,601
01 to 03 Month	7,362,321	1,482,429,862
03 to 06 Month	8,754,024	1,768,663,066
Total	24,180,175	4,874,694,529
Other Currencies - Maturity Within 2 Months	-	145,999,800
Total Foreign Currency Denominator payable	24,180,175	5,020,694,329

Notes to the Financial Statements

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

25.4.3 Market Risk (Contd....)

Exchange rate Sencitivity (Group/ Company)

Most of above foreign currency denominated balances are denominated in United States Dollars. If the closing exchange rate of Sri Lankan Rupee against 1 US dollar increase/decrease by 1 rupee per dollar, Group foreign currency denominated payables would have increased/decreased by Rs 24.1 Mn.

25.4.4 Interest Rate Risk

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

	Group		Company	
As at 31 March	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Long Term Loans @ Variable Interest Rates	914,400,000	1,356,636,667	914,400,000	1,128,520,000
Long Term Loans @ Fixed Interest Rates	258,932,870	259,071,466	258,932,870	259,071,466
Short Term Loans @ Variable Interest Rate	1,545,002,106	9,039,137,317	1,545,002,106	8,457,581,295
Short Term Loans @ Fixed Interest Rate	56,835,763	722,640,135	56,835,763	72,802,779

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

Other Price Risk

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

Interest Rate Sensitivity

All of Group's borrowings with variable interest rates are linked with AWPLR - LKR. If the AWLPR rate increase/decrease by 1% during the year, profit for the year would have decreased/increased by Rs 73.2 Mn. (2020 - Rs 75.2 Mn)..

26. FINANCIAL RISK MANAGEMENT

26.1 Analysis of Risk Concentration

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

As at 31 March 2021 - Group

Purpose wise Breakdown	Cash and Bank Balances	Securities Purchased under Repurchase Agreement	Loans and Advances	Lease rentals receivables	Equity instruments at fair value through OCI	Debt instruments at amortised cost	Equity instruments at fair value through P&L	Total Financial Assets
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Agriculture	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Financial Services	577,920,718	-	-	-	-	1,419,906,164	-	1,997,826,882
Trading	-	-	-	-	-	3,515,461,949	-	3,515,461,949
Government	-	-	-	-	-	-	-	-
Hotels	-	-	-	-	5,000,000	-	-	5,000,000
Services	-	-	-	-	10,000,000	-	-	10,000,000
Others	-	-	-	-	-	2,019,301,439	308,400	2,019,609,839
Total	577,920,718	-	-	-	15,000,000	6,954,669,552	308,400	7,547,898,670

As at 31 March 2020 - Group

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

As at 31 March 2021 - Company

Purpose wise Breakdown	Cash and Bank Balances	Securities Purchased under Repurchase Agreement	Loans and Advances	Lease rentals receivables	Equity instruments at fair value through OCI	Debt instruments at amortised cost	Equity instruments at fair value through P&L	Total Financial Assets
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Financial Services	571,200,865	-	-	-	-	1,419,906,164	-	1,991,107,029
Trading	-	-	-	-	-	3,515,460,984	-	3,515,460,984
Hotels	-	-	-	-	5,000,000	-	-	5,000,000
Services	-	-	-	-	10,000,000	-	-	10,000,000
Others	-	-	-	-	-	2,112,242,447	308,400	2,112,550,847
Total	571,200,865	-	-	-	15,000,000	7,047,609,595	308,400	7,634,118,860

Notes to the Financial Statements

As at 31 March 2020 - Company

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

27. LEASES

27.1 Group as a lessee

Amounts recognised in the statement of financial position and income statement

Set out below, are the carrying amounts of the Group's right of use assets and the lease liability and the movements for the period ended 31 March 2021.

27.1.1 Right of use assets

Lease hold Lands

	Group		Company	
As at 31 March	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
As at 1 April				
Transfers - (SLFRS 16 Initial Recognition)	246,868,685	249,494,948	246,868,685	249,494,948
Depreciation expense	(2,626,263)	(2,626,263)	(2,626,263)	(2,626,263)
As at 31 March	244,242,422	246,868,685	244,242,422	246,868,685

Lease hold Buildings

	Group		Company	
As at 31 March	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
As at 1 April	1,613,676,653	1,968,939,717	1,532,426,320	1,854,653,512
Additions	532,721,432	259,281,436	508,636,440	249,515,579
Lease Modifications	134,458,782	-	134,458,782	-
Depreciation expense	(563,364,280)	(614,544,500)	(520,519,826)	(571,742,771)
Disposal group Held for Sale	(62,490,871)	-	-	-
As at 31 March	1,655,001,716	1,613,676,653	1,655,001,716	1,532,426,320
Total Rou Assets as at 31 March	1,899,244,138	1,860,545,338	1,899,244,138	1,779,295,005

Lease rentals paid in advance

	Group		Company	
As at 31 March	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
At the beginning of the year	-	249,494,948	-	249,494,948
Transfers - (SLFRS 16 Initial Recognition)	-	(249,494,948)	-	(249,494,948)
As at 31 March	-	-	-	-

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

27.1.2 Lease liability

Set out below are the carrying amounts of lease liabilities and the movements for the period ended 31 March 2021

	Group		Company	
As at 31 March	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
As at 1 April	2,111,129,101	2,370,866,386	2,030,596,124	2,263,805,268
Additions	478,559,889	211,466,198	456,230,560	203,488,868
Lease Modifications	134,458,782	-	134,458,782	-
Accretion of interest	226,222,266	294,262,839	215,530,044	281,391,195
Payments	(694,518,243)	(765,466,322)	(644,271,999)	(718,089,206)
Disposal group Held for Sale	(63,308,284)	-	-	-
As at 31 March	2,192,543,511	2,111,129,101	2,192,543,511	2,030,596,124
Current	598,008,253	915,158,234	598,008,253	877,439,759
1 to 5 years	1,214,880,640	818,346,669	1,214,880,640	775,532,167
More than 5 years	379,654,618	377,624,198	379,654,618	377,624,198
Total lease liability as at 31 March	2,192,543,511	2,111,129,101	2,192,543,511	2,030,596,124

The maturity analysis of gross lease liabilities as at 31 March 2021

	2021	2020
	LKR	LKR
Within 01 Year	754,905,633	754,905,633
01 to 05 Years	1,969,809,463	1,969,809,463
More Than 05 Years	447,000,031	447,000,031
Total	3,171,715,127	3,171,715,127

Notes to the Financial Statements

27. LEASES (CONTD....)

27.1.2 Lease liability (Contd...)

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

	Group		Company	
As at 31 March	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Depreciation of right-of-use assets	565,990,543	617,170,763	523,146,089	574,369,034
Interest expense on lease liabilities	226,222,266	281,391,195	215,530,044	281,391,195
Interest expense on lease liabilities -Finance	-	12,871,643	-	-
Expense relating to short-term leases (included in Administrative Expenses)	440,000	4,889,389	440,000	2,863,223
Variable lease payments (included in Administrative Expenses)	760,785	17,070,706	760,785	17,070,706
Total amount recognised in profit or loss	793,413,594	933,393,696	739,876,918	875,694,158

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

	Fixed Payments		Variable Payments		Total	
	2021	2020	2021	2020	2021	2020
	LKR	LKR	LKR	LKR	LKR	LKR
Group						
Rent Payments	694,518,243	765,466,322	760,785	17,070,706	695,279,028	782,537,028
	694,518,243	765,466,322	760,785	17,070,706	695,279,028	782,537,028
Company						
Rent Payments	644,271,999	718,089,206	760,785	17,070,706	645,032,784	735,159,912
	644,271,999	718,089,206	760,785	17,070,706	645,032,784	735,159,912

Sensitivity of Right-of use Assets /Lease Liability to Discount Rate -2021

	Group		Company	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
ROU Assets as at 31 March 2021	1,789,780,113	2,010,648,380	1,788,776,210	2,009,644,477
Lease Liability as at 31 March 2021	2,133,847,844	2,254,108,038	2,132,843,941	2,253,104,135
Impact to Profit or Loss for the year ended 31 March 2021	25,881,022	(24,441,860)	25,643,066	(24,203,904)

Sensitivity of Right-of use Assets /Lease Liability to Discount Rate -2020

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

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

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

27.2 Group as a lessor

Group/Company

The Group has entered into operating leases on its investment property portfolio consisting of certain Lands & office buildings (see Note 9). These leases have lease terms of 2 years.

Rental income recognised by the Group/Company during the year is Rs. 7,827,000/- (2020: Rs 5,148,000)

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

	2021	2020
	LKR	LKR
Within one year	7,831,800	5,148,000
After one year but not more than five years	5,171,040	-
Total	13,002,840	5,148,000

Notes to the Financial Statements

28. DISCONTINUED OPERATIONS

The shareholders of the Company approved in principle to dispose the 49.67% shares of Abans Finance PLC, The disposal of Abans Finance PLC is expected to be completed within a year from the reporting date. As at 31 March 2021 Abans Finance PLC has been classified as a held for sale and discontinued operation. The business of Abans Finance PLC represented the Group's Financial Services segment note as discontinued operation. The results of Abans Finance PLC for the year are presented below:

On 01 March 2021, Company disposed its investment in subsidiary, Abans Lanka (Pvt) Ltd to Abans Retail Holding (Pvt) Ltd. Following the Disposal, operation of Abans Lanka (Pvt) Ltd was classified as discontinued Operations of the group.

28.1 Revenue and Expenses from Discontinued Operations

	Mar-21	Related Party Transaciton Elimination Mar-21	After Related Party Transaciton Elimination Mar-21	Mar-20	Related Party Transaciton Elimination Mar-20	After Related Party Transaciton Elimination Mar-20
	LKR	LKR	LKR	LKR	LKR	LKR
Revenue	1,816,547,581	-	1,816,547,581	2,024,846,339	-	2,024,846,339
Cost of Sales	(666,257,556)	3,171,786	(663,085,770)	(877,494,392)	-	(877,494,392)
Gross Profit	1,150,290,025	3,171,786	1,153,461,811	1,147,351,947	-	1,147,351,947
Other Operating Income	24,510,242	-	24,510,242	12,865,260	-	12,865,260
Selling and Distribution Expenses	(109,544,130)	52,933,264	(56,610,866)	(58,625,817)	-	(58,625,817)
Administrative Expenses	(584,890,358)	-	(584,890,358)	(853,124,813)	-	(853,124,813)
Operating Profit	480,365,779	56,105,050	536,470,829	248,466,577	-	248,466,577
Finance Cost	(10,692,222)	-	(10,692,222)	(12,871,643)	-	(12,871,643)
Finance Income	-	-	-	-	-	-
Profit/(Loss) Before Tax	469,673,557	56,105,050	525,778,607	235,594,934	-	235,594,934
Group Disposal Profit /Loss	92,457	-	92,457	-	-	-
	469,766,014	56,105,050	525,871,064	235,594,934	-	235,594,934
Value Added Tax on Financial Services	(95,713,451)	-	(95,713,451)	(81,785,541)	-	(81,785,541)
Income Tax Expense	(139,975,056)	-	(139,975,056)	(50,521,758)	-	(50,521,758)
Profit / (Loss) for the year from discontinued operations	234,077,507	56,105,050	290,182,557	103,287,635	-	103,287,635

	Mar-21	Related Party Transacion Elimination Mar-21	After Related Party Transacion Elimination Mar-21	Mar-20	Related Party Transacion Elimination Mar-20	After Related Party Transacion Elimination Mar-20
	LKR	LKR	LKR	LKR	LKR	LKR
Other Comprehensive Income						
Revaluation Gain from Land and Buildings	89,459,907	(56,625,323)	32,834,584	-	-	-
Actuarial Gains on Employee Benefits Liabilities	(2,516,706)		(2,516,706)	235,216	-	235,216
Tax Effect on above	(18,451,990)	16,493,659	(1,958,331)	-	-	-
Total Other Comprehensive Income for the Year, Net of Tax	68,491,211	(40,131,664)	28,359,547	235,216	-	235,216
Total Comprehensive Income for the Year, Net of Tax	302,568,718	15,973,386	318,542,104	103,522,851	-	103,522,851

28.2 The major class of assets and liabilities classified as held for sales and disposed subsidiaries are, as follows

	Disposal Group Held for Sale Abans Finance PLC 31 March 2021	Disposed Sub- sidiary during the Year Abans Lanka (Pvt) Ltd 01 March 2021
	LKR	LKR
Assets		
Property, Plant and Equipment	146,041,714	-
Intangible Assets	33,866,419	-
Lease Rentals Receivable & Stock Out on Hire	6,027,133,949	-
Right of Use Assets - Leasehold Properties	62,490,871	-
Loans and Advances	1,326,058,077	-
Deferred Tax Assets	9,815,140	-
Inventories	31,066,726	-
Trade and Other Receivables	202,582,923	114,171,524
Securities Purchased under Repurchase Agreement	942,235,676	-
Other Financial Assets	221,029,564	-
Income Tax Receivable	-	4,584,793
Cash and Cash Equivalent	226,092,543	5,380,806
Total Assets held for Sale	9,228,413,602	124,137,123
Liabilities		
Employee Benefit Liabilities	27,014,926	-
Lease Creditor	63,308,285	-
Interest Bearing Loans and Borrowings	1,590,866,771	-
Trade and Other Payables	5,406,978,013	121,750
Income Tax Payable	147,245,447	-
Liabilities directly associated with assets held for sale	7,235,413,442	121,750
Net assets	1,993,000,160	124,015,373
Net assets directly associated with disposal group	1,993,000,160	70,527,543

Notes to the Financial Statements

28.3 The net cash flows analysis for the Year ended 31 March 2021 are, as follows

Year Ended 31st March	Abans Finance PLC 2021	Abans Lanka (Pvt) Ltd 2021
	LKR	LKR
Operating Activates	236,762,174	5,338,041
Investing Activates	199,033,315	-
Financing Activates	249,279,459	-
Net cash generated/ (used)	685,074,947	5,338,041

28.4 Net gain/Loss from disposal of Abans Lanka (pvt)Ltd

	Group LKR	Company LKR
Sales Proceeds	70,620,000	70,620,000
Abans PLC Investment	-	(6,000,000)
Net assets as at 01 March 2021	(70,527,543)	-
Profit/ (Loss)	92,457	64,620,000

29. ASSETS PLEDGED

The following assets have been pledged as security for Liabilities.

29.1 Assets Pledged by Abans PLC

			Carrying Amount Pledged	
			2021	2020
Nature of Assets	Nature of Liability	Purpose	LKR	LKR
Finished Goods	Primary Mortgage Bond over Stock For LKR 5,845.5 Mn	Import Loans	8,902,843,065	7,561,868,842
Trade Debtors - Other	Primary Mortgage Bond over Debtors For LKR 5,845.5 Mn	Import Loans	3,515,460,984	6,359,453,271
Trade Debtors - H.P Debtors	Hire Purchased Receivable Securitization Loan-LKR 2,397 Mn	Term Loan	2,820,949,929	4,572,262,599
Finished Goods and Trade Debtors	Primary Mortgage Bond over Stock and Receivables of 520 Mn	Term Loan	12,418,304,049	13,921,322,113

29.2 Assets Pledged by Abans Finance PLC

Included Under Assets Held for Sale				
Lease & Hire Purchase Receivables	Bank Overdraft	356,000,000	356,000,000	
Lease & Hire Purchase Receivables	Term Loan	2,085,848,146	1,460,494,004	
Placement with Bank	Bank Overdraft	53,365,669	53,290,344	

30. COMMITMENTS AND CONTINGENCIES

30.1 Financial Contingencies

Abans PLC -Company

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

	2021	2020
	LKR	LKR
Letters of Credit opened with Banks Favoring Suppliers	4,302,931,240	2,159,301,867
Stand by Letter of Credits	200,000,000	539,437,000
Guarantees Issued by Banks	1,473,683,234	1,539,905,061

30.2 Tax Contingencies

Abans PLC -Company

Income tax assessment relating to year of assessment 2017/18

1. Commissioner General of Inland Revenue (CGIR) has issued assessment notices on Abans PLC pertaining to an additional income tax of Rs. 711,504,154/- for the year of assessment 2017/18. The company has appealed to the CGIR against the assessment issued.
2. CGIR has issued assessment notices on Abans PLC pertaining to VAT for periods between January 2014 to March 2014 amounting to Rs. 287,756,061/-. The Company has appealed to the Tax Appeal Commission against the determination made by the CGIR.

Based on the advice of tax consultants, the management of the company is of the opinion that there is no basis for above assessments. Hence, no provision has been made in the Financial Statements as at 31 March 2021 with respect to above assessments.

Abans Finance PLC - Subsidiary held for Sale

1. As per the notice of assessment issued by the Department of Inland Revenue, the Company has to make an additional tax payment for the years of assessment 2012/13, 2013/14, 2015/16 and 2017/18 amounting to Rs. 18,260,106, Rs. 55,865,256, Rs. 63,635,962.63 and Rs. 130,215,620.71 respectively. The company has already appealed in this regard.
2. The Department of Inland Revenue has issued the determination of appeal dated on 12 January 2018 & 25 June 2018 for the Y/A 2012/2013 and 2013/2014 respectively. The Company has made an appeal to the Tax Appeal Commission on the same.

Based on the advice of tax consultants, the management of the company is of the opinion that there is no basis for above assessments. Hence, no provision has been made in the Financial Statements as at 31 March 2021 with respect to above assessments.

30.3 Litigations

There were no material litigations against the Group as at reporting date which require adjustments to or disclosure in the financial statements.

30.4 Commitments

There were no significant capital commitments which have been approved or contracted for by the Company/Subsidiaries as at reporting date except for following

Notes to the Financial Statements

30. COMMITMENTS AND CONTINGENCIES (CONTD....)

Future Operating Lease commitments as at 31st March 2021 was as follows:

	Group	Company
	LKR	LKR
Within 01 Year	754,905,633	754,905,633
01 to 05 Years	1,969,809,463	1,969,809,463
More Than 05 Years	447,000,031	447,000,031
Total	3,171,715,127	3,171,715,127

31. RELATED PARTY DISCLOSURES

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

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

	Group		Company	
As at 31 March	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Balance as at 01 April	7,316,172	5,446,872	7,316,172	5,446,872
Rendering of Services	33,516,900	-	33,516,900	-
Dividend Paid	374,233,500	1,869,300	374,233,500	1,869,300
Payments Received for Services	(59,401,622)	-	(59,401,622)	-
Dividend Declared	(374,224,950)	-	(374,224,950)	-
Abans Lanka (Pvt) Ltd Disposal	70,620,000	-	70,620,000	-
Balance as at 31 March	52,060,000	7,316,172	52,060,000	7,316,172

31.2 Transaction with /between Subsidiaries

As at 31 March	2021	2020
	LKR	LKR
Balance as at 01 April	(1,104,063,808)	(1,147,655,876)
Nature of Transaction		
Sale of goods	3,171,786	1,880,620
Purchase of Goods	-	(778,903)
Rendering of Services	1,194,173	7,847,549
Receipts of Services	(811,178)	(20,499,164)
Funds collected on behalf of Abans Finance PLC	1,871,350	(851,549,451)
Balance Transferred from Merger*	1,187,648,446	-
Rental Income	-	822,465
Net Payments for Purchase of Goods and Receipts of Services	2,156,562	896,450,382
Others	434,090	9,418,568
Balance as at 31 March	91,601,421	(1,104,063,808)

* Subsidiaries including

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

During the Financial Year, the Company (Abans PLC) Disposed its share of Abans Lanka (Pvt) Ltd to Abans Retail Holdings (Pvt) Ltd & Company merged with its fully owned subsidiary of Abans Retail (Pvt) Ltd

31.3 Transaction with /between Associate -Abans Electricals PLC & Colombo City Centre Partners (Private) Limited

	Group		Company	
As at 31 March	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Balance as at 01 April	(314,628,153)	(336,007,131)	(409,404,471)	(430,783,449)
Nature of Transaction				
Sale of goods	4,347,166	13,116,919	4,347,166	13,116,919
Purchase of Goods	(1,284,245,486)	(1,285,260,875)	(1,284,245,486)	(1,285,260,875)
Receipt of Services	(1,836,694,384)	(1,252,439,285)	(1,836,694,384)	(1,252,439,285)
Rendering of Services	20,926,347	27,240,823	20,926,347	27,240,823
Dividend	-	-	3,325,441	5,663,063
Net Payments for Purchase of Goods and Receipts of Services	3,294,545,483	2,893,320,355	3,291,220,042	2,887,657,292
Balance Transferred from Abans Retail Merger	-	-	94,776,318	-
Balance Transferred from Joint Venture	729,260	-	729,260	-
VAT Portion of Purchase of Goods	(247,806,757)	(374,598,959)	(247,806,757)	(374,598,959)
Balance as at 31 March	(362,826,524)	(314,628,153)	(362,826,524)	(409,404,471)

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

	Group		Company	
As at 31 March	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Balance as at 01 April	(10,295,526)	2,724,898	(10,295,526)	2,724,898
Sale of goods	5,764,421	1,576,918	5,764,421	1,576,918
Receipt of Services	(20,841,291)	(55,681,969)	(20,841,291)	(55,681,969)
Rendering of Services	3,091,733	1,189,687	3,091,733	1,189,687
Net Payments for Purchase of Goods and Receipts of Services	26,959,822	399,832,245	26,959,822	47,832,245
Investment	-	(352,000,000)	-	-
Balance Transferred to Associates	(729,260)	-	(729,260)	-
VAT Portion of the Service & Sale of goods	(3,949,899)	(7,937,305)	(3,949,899)	(7,937,305)
Balance as at 31 March	-	(10,295,526)	-	(10,295,526)

Notes to the Financial Statements

31. RELATED PARTY DISCLOSURES (CONTD....)

31.5 Transaction with Others

	Group		Company	
As at 31 March	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Balance as at 01 April	1,075,421,700	1,261,679,491	1,606,379,263	1,518,804,149
Nature of Transaction				
Sale of goods	34,511,737	166,262,059	34,511,737	166,262,059
Purchase of Goods	(4,935,171)	(416,227,051)	(4,935,171)	(15,394,460)
Balance Transferred from Subsidiaries	(80,092,839)	-	-	-
Write-off balance	(572,694,958)	-	(572,694,958)	-
Share Disposal to Abans Land (Pvt) Ltd	(518,000,000)	-	-	-
Cash received from Share Disposal	518,000,000	-	-	-
Rendering of Services	3,573,047	33,967,679	3,573,047	46,465,276
Receipts of Services	(1,767,508,832)	(1,015,959,578)	(1,763,767,916)	(1,015,959,578)
Rent Expenses	(88,349,781)	(88,237,626)	(88,349,781)	(88,237,626)
Net Payments for Purchase of Goods and Receipts of Services	2,539,079,446	1,108,950,393	2,027,528,705	970,454,232
Other	(138,916,404)	24,986,333	(136,509,800)	23,985,212
Balance as at 31 March	1,000,087,945	1,075,421,700	1,105,735,126	1,606,379,263

* Other related parties including

Abans Office Automation (Pvt) Ltd, Abans Warehousing (Pvt) Ltd, ABS Gardner Diken Hall International (Pvt) Ltd, Abans Investments (Pvt) Ltd, Crown City Developers (Pvt) Ltd, Abans Environmental Services (Pvt) Ltd, AB Leisure (Pvt) Ltd, Abans Constructions & Engineering (Pvt) Ltd, Cleantech (Pvt) Ltd, Abans Tourist Hotels (Pvt) Ltd, Abans Development (Pvt) Ltd, Abans Consolidated (Pvt) Ltd, A-Z Electronics (Pvt) Ltd, Sirius Technologies Services (Pvt) Ltd, A-Z Lanka (Pvt) Ltd, Abans Restaurant Systems (Pvt) Ltd, AB securities (Pvt) Ltd, S.A. Electricals (Pvt) Ltd, Aban Pestonjee Trust, Abans Courier (Pvt) Ltd., AB Logistics Ltd, Abans Auto (Pvt) Ltd, AB Transport (Pvt) Ltd, Abans Marketing (Pvt) Ltd, Absgro (Pvt) Ltd, Logirite (Pvt) Ltd, Abans Resorts (Pvt) Limited, Abstract Lanka (Pvt) Ltd, Abans International (Pvt) Ltd, Abans Logistic (Pvt) Ltd, Abans Partnership, Ironwood Investment Holding (Pvt) Ltd, Abans Engineering (Pvt) Ltd, Abans Lands (Pvt) Ltd and Abans Information System (Pvt) Ltd.

* On 22nd March 2021 Abans PLC entered into a Shareholders' Agreement with Abans Land (Private) Limited, who acquired the Colombo City Centre (Private) Limited's shares previously owned by Argyle Holdings Pvt Ltd. In the Agreement, the Company agreed to dispose 8% shares in Colombo City Centre (Private) Limited owned by its fully owned Subsidiary AB Suncity (Pvt) Ltd to Abans Land (Pvt) Ltd in lieu of settling its' liabilities amounting to LKR 518Mn. Further, Abans Land (Private) Limited, as the Controlling Shareholder of Colombo City Centre (Private) Limited, agreed that it would facilitate any funding requirement in its entirety, if required to be funded by the shareholders to complete the Project, without requiring Abans PLC to inject any further capital into the project

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

Recurrent related party transactions

Nature of the transaction	Aggregate value of related party transactions entered into during the year	Aggregate value of related party transactions as % of Net revenue	Terms and conditions of the related party transaction
Rendering of Services	27,591,127	0.07%	Settlement on demand
Receipts of Services	(3,529,276,852)	-9.34%	Settlement on demand
Sale of goods	44,623,324	0.12%	Settlement on demand
Purchase of Goods	(1,289,180,657)	-3.41%	Settlement on demand
Rent Expenses	(89,341,118)	-0.24%	Settlement on demand
Fund Transfers	6,233,528,423	16.49%	Settlement on demand
Fund Receipts	(69,338,722)	-0.18%	Settlement on demand
Others	(318,486,907)	-0.84%	Settlement on demand
VAT Portion of Purchase of Goods	(247,806,757)	-0.66%	Settlement on demand

Non-recurrent related party transactions

Nature of the transaction	Aggregate value of related party transactions entered into during the year	Aggregate value of related party transactions as % of Equity	Aggregate value of related party transactions as % of Assets	Terms and conditions of the related party transaction
Dividend Received	3,679,601	0.03%	0.01%	Board Resolution
Dividend Paid	(374,224,950)	3.49%	1.13%	Board Resolution
Abans Lanka (Pvt) Ltd Sale Proceed from Disposal	70,620,000	-0.66%	-0.21%	Board Resolution
Share Disposal to Abans Land (Pvt) Ltd	(518,000,000)	4.83%	1.57%	Board Resolution
Balance write-off	(572,694,958)	5.34%	1.73%	Board Resolution

31.7 Transactions with Key Management Personnel of the Company

The key management personnel include members of the Board of Directors of Abans PLC and its Subsidiary Companies including Abans Finance PLC

Notes to the Financial Statements

31. RELATED PARTY DISCLOSURES (CONTD....)

31.7.1 Key Management Personnel Compensation

	Group		Company	
	2021	2020	2021	2020
	LKR	LKR	LKR	LKR
Short-term employee benefits	71,560,257	46,355,057	57,170,700	24,418,130
Post-employment benefits	2,277,950	2,313,135	1,476,000	720,000
	73,838,207	48,668,192	58,646,700	25,138,130

31.7.2 Other Transactions with Key Management Personnel

Fixed Deposits accepted during the year	3,440,810	11,350,000	-	-
Fixed Deposits held at the end of the year	15,700,210	520,302,897	-	-
Rent paid for the properties leased out	25,469,774	27,193,264	25,469,774	27,193,264

32. EVENTS OCCURRING AFTER THE REPORTING DATE

Events after the reporting period are those events, favorable and unfavorable, that occur between the reporting date and the date of the financial statements are authorised for issue.

There are no events occurring after the reporting date which require adjustments to or disclosure in the financial statements as at 31 March 2021.

33. RECLASSIFICATION OF COMPARATIVES

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

	Previously Reported	Discontinued Adjustment	Impact of Adjustment	Reclassified Amount
	LKR	LKR	LKR	LKR
Group				
Revenue	33,985,225,952	(2,024,846,339)	-	31,960,379,613
Cost of Sales	(23,576,703,502)	877,494,392	-	(22,699,209,110)
Gross Profit / (Loss)	10,408,522,450	(1,147,351,947)	-	9,261,170,503
Other Operating Income	264,484,420	(12,865,260)	-	251,619,160
Selling & Distribution Expenses	(4,163,232,347)	58,625,817	-	(4,104,606,530)
Administration Expenses	(3,985,127,195)	853,124,813	-	(3,132,002,382)
Finance Cost	(1,480,313,700)	12,871,643	-	(1,467,442,057)
Finance Income	15,289,681	-	-	15,289,681
Value Added Tax on Financial Services	(100,388,793)	81,785,541	-	(18,603,252)
Income Tax Expense	(448,251,517)	50,521,758	-	(397,729,759)
Profit / (Loss) for the year from discontinued operations	-	103,287,635	-	103,287,635

33.2 Other Comprehensive Income

Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods :

	Previously Reported	Discontinued Adjustment	Impact of Adjustment	Reclassified Amount
	LKR	LKR	LKR	LKR
Revaluation Gain from Land and Buildings	-	-	-	-
Actuarial Gains/(Loss) on Employee Benefits Liabilities	5,215,633	(235,216)	-	4,980,417
Tax Effect on above	(1,460,377)	-	-	(1,460,377)
Net Other Comprehensive Income Year from Discontinued Operations	-	235,216	-	235,216

The above reclassification did not have any impact on other comprehensive income, statement of financial position, earnings per share, operating, investing and financing cash flows for the year ended 31 March 2020..

Investor Information

1 STATED CAPITAL

	31st March 2021		31st March 2020	
	No. of Shares	LKR	No. of Shares	LKR
Class of Shares				
Ordinary Voting Shares	2,160,000	216,000,000	2,160,000	216,000,000
Class B Ordinary Management Non-Voting	25,000	2,500,000	25,000	2,500,000
Total Ordinary Shares (Voting & Non-Voting)	2,185,000	218,500,000	2,185,000	218,500,000

- 2 Stock Exchange Listing Issued Shares of the Company are not listed with the Colombo stock Exchange of Sri Lanka. Only the Debentures (LKR 250 Million) of the Company are listed with Colombo stock exchange with effect from 27th December 2019.

3 DISTRIBUTION OF SHAREHOLDING

Total Ordinary Shares (Voting & Non-Voting)	31st March 2021			31st March 2020		
	No of Share Holders	No of Shares	per Centum	No of Share Holders	No of Shares	per Centum
1-1,000	-	-	-	-	-	-
1,001-10,000	-	-	-	-	-	-
over 1,000,000	1	2,185,000	100	1	2,185,000	100
	1	2,185,000	100	1	2,185,000	100

4 TWENTY LARGEST SHAREHOLDERS

Ordinary Voting Shares		31st March 2021		31st March 2020	
Class - A		No. of Shares	%	No. of Shares	%
Abans Retail Holdings (Private) Limited		2,160,000	100	2,160,000	100
		2,160,000	100	2,160,000	100
Ordinary Non Voting Shares		Voting as at 31st March 2021		31st March 2020	
Class - B		No. of Shares	%	No. of Shares	%
Abans Retail Holdings (Private) Limited		25,000	100	25,000	100
		25,000	100	25,000	100

5 PUBLIC HOLDING

As at 31st March	2021	2020
Total number of shares Issued	2,185,000	2,185,000
No of Shares held by the Public	Nil	Nil
Percentage of Shares held by the Public	Nil	Nil

6 MARKET VALUE PER SHARE

Market value is not available since the shares of the company is not Publicly traded

7 NET ASSETS PER SHARE

As at 31st March	2021	2020
	LKR	LKR
Group	4,335	3,710
Company	4,171	2,877

8 DEBT SECURITIES RELATED DETAILS

	Group		Company	
	2021	2020	2021	2020
Gearing Ratio	0.21	0.56	0.23	0.61
Quick Assets Ratio	0.89	0.74	0.67	0.66
Interest Coverage Ratio	4.17	1.55	4.30	1.56
Debt to Equity Ratio	0.26	1.26	0.30	1.58

9 INTEREST RATE OF COMPARABLE GOVERNMENT SECURITY

Debenture Issue 2019	Category
	5 Years
	LKR
Abans PLC	12.50%
Government	9.87%

10 MARKET VALUE PER DEBENTURE

Debenture Issue 2019	Category
	5 Years
	LKR
Highest Price	N/T
Lowest Price	N/T
Last Traded Price	N/T
N/T - Not Traded	

Five Years Summary - Statement of Financial Position

	Group					Company				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
ASSETS				Restated						Restated
Non Current Assets										
Property, Plant and Equipment	1,455,581,294	1,314,896,935	1,374,930,571	1,289,794,534	1,272,803,764	1,455,581,294	1,187,236,005	1,232,284,592	1,028,267,905	1,085,395,851
Leasehold Land Payments	-	-	249,494,948	252,121,211	254,747,474	-	-	249,494,948	252,121,211	254,747,474
Investment Properties	338,010,500	461,000,000	411,295,700	368,483,400	249,278,000	338,010,500	461,000,000	411,295,700	368,483,400	249,278,000
Intangible Assets	7,470,214	47,417,467	60,161,321	62,321,966	64,141,499	7,470,214	18,069,265	27,389,805	39,392,067	38,638,379
Investments in Subsidiaries	-	-	-	-	-	2,751,680,000	3,218,824,336	3,218,824,336	3,350,205,286	1,108,486,711
Investment In Equity Accounted Investee	3,076,082,955	3,568,823,184	3,224,789,029	2,565,517,038	2,562,443,541	78,212,351	30,752,197	30,752,197	30,752,197	2,454,346,067
Right of Use Assets	1,899,244,138	1,860,545,338	-	-	-	1,899,244,138	1,779,295,005	-	-	-
Deferred Tax Assets	262,364,347	296,110,025	205,795,592	339,604,149	379,017,557	262,364,347	267,530,039	186,522,004	166,190,844	266,405,868
Other Non Current Financial Assets	15,000,000	15,080,400	15,080,400	15,180,400	91,492,900	15,000,000	15,000,000	15,000,000	15,100,000	15,600,000
Lease Rentals Receivable	-	2,293,476,122	2,164,843,153	1,902,247,599	1,682,242,799	-	-	-	-	-
Loans and Advances	-	936,030,271	738,430,688	699,362,751	814,450,214	-	-	-	-	-
	7,053,753,448	10,793,379,742	8,444,821,402	7,494,233,047	7,370,617,748	6,807,562,844	6,977,706,847	5,371,563,582	5,250,512,910	5,472,898,350
Current Assets										
Inventories	8,902,843,065	7,601,581,458	8,483,307,868	9,643,842,076	11,176,796,937	8,902,843,065	7,561,868,842	8,430,497,092	8,421,261,747	9,756,245,885
Trade and Other Receivables	5,851,560,792	8,407,261,614	10,047,608,157	11,641,390,353	9,813,823,786	5,944,121,964	8,232,407,631	9,783,319,788	11,511,575,105	8,096,571,399
Lease Rentals Receivable	-	3,560,851,491	3,090,169,126	2,590,048,596	1,997,722,847	-	-	-	-	-
Loans and Advances	-	934,551,986	1,348,206,614	1,694,617,561	1,321,875,827	-	-	-	-	-
Income Tax Receivables	-	268,459,983	401,884,337	378,301,672	205,911,260	-	203,219,297	336,644,172	279,569,503	142,859,183
Other Current Financial Assets	1,420,214,564	434,257,742	490,103,100	795,143,892	644,935,463	1,420,214,564	4,482,445	4,529,744	4,912,668	14,637,321
Securities Purchased under Repurchase Agreement	-	279,143,141	281,537,224	362,248,075	250,809,890	-	-	-	-	-
Cash and Short Term Deposits	577,920,718	1,303,771,796	685,625,260	998,411,077	1,086,871,510	571,200,865	1,136,369,151	417,580,012	581,890,941	620,115,220
	16,752,539,139	22,789,879,211	24,828,441,686	28,104,003,302	26,498,747,520	16,838,380,458	17,138,347,366	18,972,570,808	20,799,209,964	18,630,429,008
Assets held for Sale	9,228,413,602	-	-	-	-	361,144,336	-	-	-	-
Total Assets	33,034,706,189	33,583,258,953	33,273,263,088	35,598,636,349	33,869,365,268	24,007,087,638	24,116,054,213	24,344,134,390	26,049,722,874	24,103,327,358
EQUITY AND LIABILITIES										
Capital and Reserves										
Stated Capital	218,500,000	218,500,000	218,500,000	218,500,000	218,500,000	218,500,000	218,500,000	218,500,000	218,500,000	218,500,000
Other Components of Equity	639,360,133	673,470,899	652,785,481	614,474,187	492,546,166	464,612,254	338,394,043	338,394,043	345,809,043	399,048,767
Retained Earnings	8,613,288,309	7,214,664,329	7,165,059,899	6,660,402,634	6,494,341,561	8,429,809,895	5,730,278,834	5,691,400,413	5,171,954,708	4,753,819,860
	9,471,148,442	8,106,635,228	8,036,345,380	7,493,376,821	7,205,387,727	9,112,922,149	6,287,172,877	6,248,294,456	5,736,263,751	5,371,368,627
Reserves of a disposal group held for sale	261,511,347	-	-	-	-	-	-	-	-	-
Non-Controlling Interests	1,001,373,172	896,175,032	844,269,817	880,906,220	422,416,867	-	-	-	-	-
Total Equity	10,734,032,961	9,002,810,260	8,880,615,197	8,374,283,041	7,627,804,594	9,112,922,149	6,287,172,877	6,248,294,456	5,736,263,751	5,371,368,627
Non Current Liabilities										
Interest Bearing Borrowings	1,164,400,000	1,622,636,667	2,858,832,738	4,089,711,740	2,974,720,444	1,164,400,000	1,378,520,000	2,465,700,000	3,979,655,003	2,847,908,218
Lease liabilities	1,594,535,258	1,195,970,867	-	-	-	1,594,535,258	1,153,156,365	-	-	-
Deferred Tax Liabilities	66,307,821	50,027,798	44,981,468	40,922,077	-	-	-	-	-	-
Employee Benefits Liabilities	305,802,093	275,826,149	268,076,957	299,810,447	258,678,913	305,802,093	256,391,000	229,563,633	226,271,787	159,343,346
Trade and Other Payables	-	893,671,851	1,099,094,047	1,297,219,575	1,184,978,711	-	-	-	-	-
	3,131,045,172	4,038,133,332	4,270,985,210	5,727,663,839	4,418,378,068	3,064,737,351	2,788,067,365	2,695,263,633	4,205,926,790	3,007,251,564
Current Liabilities										
Warranty Provision	348,548,930	255,039,076	301,323,250	384,590,022	345,253,875	348,548,931	254,243,094	300,527,268	375,330,434	279,267,881
Trade and Other Payables	9,027,569,492	9,569,415,185	9,985,769,432	11,859,325,355	11,298,577,152	8,922,784,939	5,369,675,578	5,813,802,406	7,518,991,712	6,207,064,073
Income Tax Liabilities	349,317,200	47,853,948	8,822,247	-	630,730	349,315,276	-	-	-	-
Lease liabilities	598,008,253	915,158,234	-	-	-	598,008,253	877,439,759	-	-	-
Interest Bearing Borrowings	1,610,770,739	9,754,848,918	9,825,747,752	9,252,774,092	10,178,720,849	1,610,770,739	8,539,455,540	9,286,246,627	8,213,210,187	9,238,375,213
	11,934,214,614	20,542,315,361	20,121,662,681	21,496,689,469	21,823,182,606	11,829,428,138	15,040,813,971	15,400,576,301	16,107,532,333	15,724,707,167
Liabilities directly associated with assets held for sale	7,235,413,442	-	-	-	-	-	-	-	-	-
Total Equity and Liabilities	33,034,706,189	33,583,258,953	33,273,263,088	35,598,636,349	33,869,365,268	24,007,087,638	24,116,054,213	24,344,134,390	26,049,722,874	24,103,327,358

Five Years Summary - Statement of Profit or Loss

	Group					Company				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
	Restated					Restated				
Revenue	37,805,391,199	31,960,379,613	35,260,655,869	40,215,826,231	35,731,859,725	37,809,532,938	31,960,878,935	33,291,479,651	37,527,175,974	27,864,044,571
Cost of Sales	(27,878,664,567)	(22,699,209,110)	(24,663,692,004)	(29,327,293,359)	(25,270,116,817)	(27,878,354,219)	(22,689,728,637)	(23,782,151,253)	(28,129,729,269)	(20,062,868,597)
Gross Profit	9,926,726,632	9,261,170,503	10,596,963,865	10,888,532,872	10,461,742,908	9,931,178,719	9,271,150,298	9,509,328,398	9,397,446,705	7,801,175,974
Other Operating Income & Gain	173,930,113	251,619,160	944,560,358	906,765,853	543,297,182	264,138,062	254,904,045	777,555,102	910,932,697	529,451,757
Selling & Distribution Expenses	(4,015,404,932)	(4,104,606,530)	(4,909,179,144)	(5,814,994,813)	(4,681,170,157)	(4,018,224,007)	(4,109,820,496)	(4,749,884,515)	(5,507,950,119)	(3,643,271,938)
Administrative Expenses	(2,975,281,362)	(3,132,002,382)	(3,960,875,507)	(3,786,449,734)	(4,540,668,717)	(2,974,482,576)	(3,127,057,783)	(3,162,658,028)	(2,818,591,732)	(3,107,791,851)
Operating Profit	3,109,970,451	2,276,180,751	2,671,469,572	2,193,854,178	1,783,201,216	3,202,610,198	2,289,176,064	2,374,340,957	1,981,837,551	1,579,563,942
Impairment of Related Party Non Trade Receivables	-	-	-	-	(240,688,084)	-	-	-	-	(240,688,084)
Finance Cost	(745,133,060)	(1,467,442,057)	(1,458,371,720)	(1,593,793,025)	(1,421,099,550)	(745,133,060)	(1,467,442,057)	(1,458,371,720)	(1,588,949,872)	(1,348,956,829)
Finance income	49,009,154	15,289,681	27,947,369	59,320,957	72,099,819	49,009,154	15,334,913	28,520,194	58,050,637	63,920,516
Change in Fair Value of Investment Properties	12,819,088	49,704,300	42,812,300	18,405,400	41,278,000	12,819,088	49,704,300	42,812,300	18,405,400	41,278,000
Share of Profit of Equity Accounted Investee (Net of Tax)	(32,949,660)	(5,925,918)	(70,385,763)	(123,881,345)	(58,910,073)	-	-	-	-	-
Profit/(Loss) Before Income Tax and Value Added Tax on Financial Services	2,393,715,973	867,806,757	1,213,471,758	553,906,165	175,881,328	2,519,305,380	886,773,220	987,301,731	469,343,716	95,117,545
Value Added Tax on Financial Services	(9,690,296)	(18,603,252)	(77,948,458)	(63,086,673)	(58,317,560)	(9,690,296)	(18,269,380)	(7,501,184)	(2,843,347)	(2,262,622)
Income Tax Expense	(688,527,048)	(397,729,759)	(212,283,926)	(154,927,224)	(160,164,992)	(672,247,025)	(392,683,426)	(105,621,010)	(44,402,671)	(85,946,806)
Profit / (Loss) for the year from continuing operations	1,695,498,629	451,473,746	923,239,374	335,892,268	(42,601,224)	1,837,368,059	475,820,414	874,179,537	422,097,698	6,908,117
Discontinued Operations :										
Profit for the year from discontinued operations	290,182,557	103,287,635	(18,223,987)	(160,532,128)	-	-	-	-	-	-
Profit for the year/ Comprehensive Income for the year, net tax	1,985,681,186	554,761,381	905,015,387	175,360,140	(42,601,224)	1,837,368,059	475,820,414	874,179,537	422,097,698	6,908,117
Profit/(Loss) attributable to;										
Equity holders of the parent	1,841,267,407	502,770,936	893,929,641	137,774,100	(60,856,295)	1,837,368,059	475,820,414	874,179,537	422,097,698	6,908,117
Non-Controlling Interest	144,413,779	51,990,445	11,085,746	37,586,040	18,255,071	-	-	-	-	-
	1,985,681,186	554,761,381	905,015,387	175,360,140	(42,601,224)	1,837,368,059	475,820,414	874,179,537	422,097,698	6,908,117
Earnings Per Share -Basic	775.97	206.62	409.12	63.05	(27.85)	840.90	217.77	400.08	193.18	3.16

Real Estate Portfolio

Location	Extent		Number	Range of Estimate for Unobservable Inputs	Valued in 31/03/2021 Valuation
				LKR	LKR
Freehold Property at Rathmalana					
Land	14.9 P		01	1,200,000	17,880,000
Building	5,162 sq.ft		01	2,025	10,453,044
Freehold Property at Liberty Plaza					
			01		
Shopping Block at Liberty Plaza Colombo	435 sq.ft		01	250	18,500,000
				30.00%	
Freehold Property at Kandy					
Land	11.094 P		01	13,800,000	153,097,200
Building	4,415 sq.ft		01	3,600	15,894,000
Freehold Property at Kalutara					
Land	24.46 P		01	1,115,372	27,282,000
Building	9,403 sq.ft		01	3,450	32,440,350
Freehold Property at Gampaha					
Land	17.52 P		01	3,650,000	63,948,000
Building	724 sq.ft		01	4,615	3,341,250
Freehold Property at Kurunegala					
Land	50 P		01	2,275,800	113,790,000
Building	4,300 sq.ft		01	760	3,267,000
Freehold Property at Rajagiriya					
Land	22 P		01	2,875,000	63,250,000
Building	3,687 sq.ft		01	1,650	6,083,550
Freehold Property at Wellawatta					
Land	25.65 P		01	5,000,000	128,250,000
Freehold Property at Rathmalana					
Land	15.00 P		01	1,200,000	18,000,000
Building	3,157 sq.ft		01	3,450	10,891,650
Freehold Property at Rathmalana					
Land	17.1 P		01	1,200,000	20,520,000
Building	3,690 sq.ft		01	3,250	11,992,500
Freehold Property at Nawala Road, Nugegoda					
Land	17.45 P		01	6,235,888	108,816,250
Building	4,925 sq.ft		01	6,000	29,550,000

Gri Index

Disclosure		Page Number	External Assurance
GRI 102: General Disclosures			
Organizational Profile			
102-1	Name of the organization	8	Yes
102-2	Activities, brands, products, and services	8, 9 & 51	Yes
102-3	Location of headquarters	4	Yes
102-4	Location of operations	8, 9	Yes
102-5	Ownership and legal form	146	Yes
102-6	Markets served	8 & 9	Yes
102-7	Scale of the organization	14 & 15	Yes
102-8	Information on employees and other workers	58	Yes
102-9	Supply chain	75, 79, 80	Yes
102-10	Significant changes to the organization and its supply chain	5, 54	Yes
102-11	Precautionary Principle or approach	111 to 122	Yes
102-12	External initiatives	4	Yes
102-13	Membership of associations	85	Yes
Strategy			
102-14	Statement from senior decision-maker	20 to 22	Yes
102-15	Key impacts, risks, and opportunities	111 to 122	Yes
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behavior	2,3 & 107	Yes
Governance			
102-18	Governance structure	97	Yes
Stakeholder Engagement			
102-40	List of stakeholder groups	35	Yes
102-41	Collective bargaining agreements	62	Yes
102-42	Identifying and selecting stakeholders	35	Yes
102-43	Approach to stakeholder engagement	36 to 38	Yes
102-44	Key topics and concerns raised	36 to 38	Yes
Reporting Practice			
102-45	Entities included in the consolidated financial statements	7	Yes
102-46	Defining report content and topic Boundaries	5, 29 to 34	Yes
102-47	List of material topics	29 to 34	Yes
102-48	Restatements of information	5	Yes
102-49	Changes in reporting	5	Yes
102-50	Reporting period	4	Yes
102-51	Date of most recent report	104	Yes
102-52	Reporting cycle	4	Yes
102-53	Contact point for questions regarding the report	4	Yes
102-54	Claims of reporting in accordance with the GRI Standards	5	Yes
102-55	GRI content index	239 to 241	Yes

Gri Index

Disclosure		Page Number	External Assurance
102-56	External assurance	5, 242, 243	Yes
GRI 103: Management Approach			
103-1	Explanation of the material topic and its Boundary	29 to 34	Yes
103-2	The management approach and its components	29 to 34	Yes
103 - 3	Evaluation of the management approach	29 to 34	Yes
TOPIC SPECIFIC DISCLOSURES			
GRI 201: Economic Performance			
201-1	Direct economic value generated and distributed	49	Yes
201-3	Defined benefit plan obligations and other retirement plans	205, 6	Yes
GRI 203: Indirect Economic Impacts			
203-1	Infrastructure investments and services supported	82, 83	Yes
GRI 204: Procurement Practices			
204-1	Proportion of spending on local suppliers	80, 75	Yes
GRI 205: Anti-corruption			
205-3	Confirmed incidents of corruption and actions taken	78	Yes
GRI 207: Tax			
207-1	Approach to Tax	151 to 153	Yes
207 - 2	Tax Governance Control and Risk Management	151 to 153	Yes
207 -3	Stakeholder engagement and management of concerns related to tax	151 to 153	Yes
207 -4	Country by Country Reporting	N/A	N/A
GRI 301: Materials			
301-2	Recycled input materials used	94	Yes
GRI 302: Energy			
302-1	Energy consumption within the organization	90	Yes
302-4	Reduction of energy consumption	90	Yes
GRI 303: Water			
303-1	Water withdrawal by source	91	Yes
GRI 304: Biodiversity			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	95	Yes
304-2	Significant impacts of activities, products, and services on biodiversity	94	Yes
GRI 305: Emissions			
305-1	Direct (Scope 1) GHG emissions	91	Yes
305-2	Energy indirect (Scope 2) GHG emissions	91	Yes
305-3	Other indirect (Scope 3) GHG emissions	91	Yes
GRI 307: Environmental Compliance			
307-1	Non-compliance with environmental laws and regulations	86	Yes
GRI 401: Employment			
401-1	New employee hires and employee turnover	59, 63, 65	Yes

Disclosure		Page Number	External Assurance
GRI 403: Occupational Health and Safety			
403-1	Occupational health and safety management system	65	Yes
403-2	Hazard identification, risk assessment and incident investigation	65	Yes
403-3	Occupational health services	65	Yes
403-4	Worker participation, consultation, and communication on occupational health and safety	65	Yes
403-5	Worker training on occupational health and safety	65	Yes
403-6	Promotion of worker health	65	Yes
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	65	Yes
403-8	Workers covered by an occupational health and safety management system	65	Yes
GRI 404: Training and Education			
404-2	Programs for upgrading employee skills and transition assistance programs	61	Yes
GRI 408: Child Labour			
408-1	Operations and suppliers at significant risk for incidents of child labor	64	Yes
GRI 409: Forced or Compulsory Labor			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	64	Yes
GRI 413: Local Communities			
413-1	Operations with local community engagement, impact assessments, and development programs	75, 82, 83	Yes
GRI 416: Customer Health and Safety			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	78	Yes
GRI 417: Marketing and Labeling			
417 - 2	Incidents of non-compliance concerning product and service information and labelling.	78	Yes
GRI 418: Customer Privacy			
418 - 1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	78	Yes
GRI 419: Socioeconomic Compliance			
419-1	Non-compliance with laws and regulations in the social and economic area	78	Yes

Independent Assurance Report on Sustainability Reporting



Ernst & Young
Chartered Accountants
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Sri Lanka

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eysl@lk.ey.com
ey.com

Independent Assurance Report to Abans PLC on the Sustainability Reporting Criteria Presented in the Integrated Annual Report- 2020/21

Introduction and scope of the engagement

The management of Abans PLC ("the Company") engaged us to provide an independent assurance on the following elements of the sustainability reporting criteria presented in the annual report- 2020/21 ("the Report").

- Reasonable assurance on the information on financial performance as specified on page 49 of the Report.
- Limited assurance on other information presented in the Report, prepared in accordance with the requirements of the Global Reporting Initiative GRI Standards: 'In accordance' – Core guidelines.

Basis of our work and level of assurance

We performed our procedures to provide limited assurance in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE 3000): 'Assurance Engagements Other than Audits or Reviews of Historical Financial

Information', issued by the Institute of Chartered Accountants of Sri Lanka ("ICASL").

The evaluation criteria used for this limited assurance engagement are based on the Sustainability Reporting Guidelines ("GRI Guidelines") and related information in particular, the requirements to achieve GRI Standards 'In accordance' – Core guideline publication, publicly available at GRI's global website at "www.globalreporting.org".

Our engagement provides limited assurance as well as reasonable assurance. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with SLSAE-3000 and consequently does not enable to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an opinion providing reasonable assurance.

Management of the Company's responsibility for the Report

The management of the Company is responsible for the preparation of the self-declaration, the information and

statements contained within the Report, and for maintaining adequate records and internal controls that are designed to support the sustainability reporting process in line with the GRI Sustainability Reporting Guidelines.

Ernst & Young's responsibility

Our responsibility is to express a conclusion as to whether we have become aware of any matter that causes us to believe that the Report is not prepared in accordance with the requirements of the Global Reporting Initiative, GRI Standards: 'In accordance' – Core guidelines. This report is made solely to the Company in accordance with our engagement letter dated 05th May 2021. We disclaim any assumption of responsibility for any reliance on this report to any person other than the Company or for any purpose other than that for which it was prepared. In conducting our engagement, we have complied with the independence requirements of the Code for Ethics for Professional Accountants issued by the ICASL.

Key assurance procedures

We planned and performed our procedures to obtain the information and explanations considered necessary to provide sufficient evidence to support

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

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our limited assurance conclusions. Key assurance procedures included:

- Interviewing relevant the company's personnel to understand the process for collection, analysis, aggregation and presentation of data.
- Reviewing and validation of the information contained in the Report.
- Checking the calculations performed by the Company on a sample basis through recalculation.
- Reconciling and agreeing the data on financial performance are properly derived from the Company's audited financial statements for the year ended 31 March 2021.

Comparison of the content of the Report against the criteria for a Global Reporting Initiative, GRI Standards: 'In accordance' – Core guidelines.

Our procedures did not include testing electronic systems used to collect and aggregate the information.

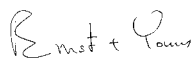
Limitations and considerations

Environmental and social performance data are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

Conclusion

Based on the procedures performed, as described above, we conclude that;

- The information on financial performance as specified on page 49 of the Report are properly derived from the audited financial statements of the Company for the year ended 31 March 2021.
- Nothing has come to our attention that causes us to believe that other information presented in the Report are not fairly presented, in all material respects, in accordance with the Company's sustainability practices and policies some of which are derived from Sustainability Reporting Guideline, GRI Standards- 'In accordance' Core.



Ernst & Young

31st May 2021
Colombo

Glossary

ACCOUNTING POLICIES

Specific principles, bases and procedures adopted by an organization in preparation and presentation of financial statements.

ACCOUNTS PAYABLE

A record of all short-term (less than 12 months) invoices, bills and other liabilities yet to be paid.

ACCOUNTS RECEIVABLE

A record of all short-term (less than 12 months) expected payments, from customers that have already received the goods/services but are yet to pay. These types of customers are called debtors and are generally invoiced by a business.

ACCRUAL ACCOUNTING

An accounting system that records transactions at the time they occur, whether the payment is made now or in the future.

ACCIDENT

An unexpected and unplanned occurrence, including acts of violence, arising out of or in connection with work which results in one or more workers incurring a personal injury, disease or death. As occupational accidents are to be considered travel, transport or road traffic accidents in which workers are injured and which arise out of or in the course of work, i.e. while engaged in an economic activity, or at work, or carrying on the business of the employer.

AMORTISATION

The process of expensing for intangible assets such as goodwill and intellectual property over a period of time.

AVAILABLE-FOR-SALE

All assets not in any of the 3 categories namely held to maturity, fair value through profit/loss and receivables. It is a residual category and does not mean that the entity stands ready sell these all the time.

AWPLR

Average Weighted Prime Lending Rate.

BENCHMARK

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

BOTTOM LINE

See Net Profit.

BORROWINGS

All interest bearing liabilities such as Overdraft, Bank Loans, etc.

BRAINSTORMING

Group creativity technique by which efforts are made to find a conclusion for a specific problem by gathering a list of ideas spontaneously contributed by its members.

CAPITAL

Wealth in the form of money or property owned by a business.

CASH EQUIVALENT

Liquid investment which is having a maturity of three months or less.

CASH FLOW

The measure of actual cash flowing in and out of a business.

COLLATERAL

See Security.

COMPETITIVE ADVANTAGE

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

CONTINGENT LIABILITY

A liability that only needs to be paid if a particular event or circumstance occurs.

CURRENT RATIO

Current assets divided by Current Liabilities. This measures the ability of a business to repay Current Liabilities with its Current Assets.

DEFERRED TAX

A liability that results from income that has already been earned for accounting purposes but not for tax purposes.

DISPOSABLE INCOME

Also known as disposable personal income (DPI) is the amount of money that households have available for spending and saving after income taxes have been accounted for.

EARNINGS PER SHARE

Profits distributable to Ordinary shareholders divided by the weighted average number of ordinary shares in issue.

ECO-FRIENDLY

Not harmful to the environment.

EFFECTIVE TAX RATE

Average rate at which an individual or corporation is taxed.

EQUITY

The value of ownership interest in the business, calculated by deducting liabilities from assets. Or owner's interest in the company's Assets. See Net Assets also.

ERP SYSTEM

Enterprise Resource Planning is business process management software that allows an organisation to use a system of integrated applications to manage the business and automate many back office functions related to technology, services and human resources.

FACTORING

(Also known as debtors finance and accounts receivable finance) — is when a factor company buys a business' outstanding invoices at a discount. The factor company then chases up the debtors. Factoring is a way to get quick access to cash, but can be quite expensive compared to traditional financing options.

FAIR VALUE

Fair value is the amount for which an asset could be exchanged between knowledgeable and willing parties in an arm's length transaction.

FISCAL POLICY

This is the Government spending and Taxation that influence on economy.

GEARING RATIO

Proportion of a Company's borrowed funds to its Equity.

GROSS PROFIT

The difference between sales and the direct cost of making the sales.

GUARANTOR

A person who promises to pay a loan in the event the borrower cannot meet the repayments. The guarantor is legally responsible for the debt.

HELD-TO-MATURITY

Assets acquired by the entity with the intention of holding till maturity.

HIRE-PURCHASE

A type of finance contract where a good is purchased through an initial deposit and then rented while the good is paid off in installments plus interest charges. Once the good is fully paid the ownership of the good transfers to the purchaser.

IMPAIRMENT

This occurs when the recoverable amount of an asset is less than its carrying value.

INCIDENT

The occurrence of an event that interrupts the completion of an activity. It may be a minor event or result in a crisis such as an accident.

INTANGIBLE ASSETS

Non-physical assets with no fixed value, such as goodwill and intellectual property rights.

NASDAQ

An American Stock Exchange.

NET ASSETS

(Also known as net worth, owner's equity or shareholder's equity) is the total assets minus total liabilities.

NET PROFIT

(Also known as bottom line) is the total gross profit minus all business expenses.

NICHE OPPORTUNITIES

Opportunities arise which are focusing on need for a product or service that has not been addressed by mainstream producers or try to satisfy specific market need.

NON-CONTROLLING INTEREST

Equity in a subsidiary not attributable, directly or indirectly, to parent.

OCCUPATIONAL DISEASE

Any disease or disorder that occurs as a result of work or working conditions.

P/E RATIO

Price of a share divided by earnings of a share.

PLANT AND EQUIPMENT

A group of fixed assets used in the operation of a business such as furniture, machinery, fit-out, vehicles, computers and tools.

QUICK ASSETS RATIO

Measures ability to meet its short term obligations with its most liquid assets.
$$\frac{[(\text{Current Assets} - \text{Inventory}) / \text{Current Liabilities}]}$$

RELATED PARTIES

Parties who can control or significantly influence the financial and operating politics of the entity.

SECURITY

(Also known as Collateral) is property or assets that a lender can take possession of, in the event that a loan cannot be repaid.

TURNOVER

The amount of money taken by a business in a particular period.

WORKING CAPITAL

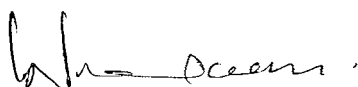
The cash available to a business for day-to-day expense

Notice of Meeting

Notice is hereby given that the ANNUAL GENERAL MEETING of the Company will be held at Head Office of Abans PLC on 30th June 2021 at 10.00 a.m for the following purposes.

1. To receive and adopt the Report of the Directors, the Audited Statement of Accounts of the Company for the year ended 31st March 2021 and Report of the Auditors thereon.
2. To re-elect Mrs. Aban Pestonjee, Director of the Company who being over seventy years of age retires in accordance with Section 210 of the Companies Act No.07 of 2007. The Directors recommend the re-election of Mrs. Aban Pestonjee as a Director of the Company.
3. To re-appoint M/s. Ernst & Young, Chartered Accountants, as the Auditors of the Company for the ensuing year and to authorize the Directors to determine their remuneration.

By order of the Board



Varners International (Private) Limited

Secretaries

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

31st May 2021

Form of Proxy

I/We *

..... being a member/members of Abans PLC, hereby appoint;

Ms. Aban Pestonjee	of Colombo or failing her
Ms. Saroshi Dubash	of Colombo or failing her
Mr. Behman Pestonjee	of Colombo or failing him
Mr. Rusi Pestonjee	of Colombo or failing him
Mr. Rajaratnam Selvaskandan	of Colombo or failing him
Mr. Dinesh Stephan Weerakkody	of Colombo or failing him
Ms. D A R C Perera	of Colombo or failing her

..... of

(National Identity Card Number) as my/our* proxy to represent me/us* and to vote as indicated hereunder for me/us* and on my/our* behalf at the Annual General Meeting of the Company to be held on 30th June 2021 and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

	For	Against
To receive and adopt the Report of the Directors and the Audited Financial Statements for the year ended 31st March 2021 and the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
To re-elect Mrs. Aban Pestonjee, as a Director of the Company in terms of Article 4.1 of Part II of the Articles of Association and Section 210 and 211 of the Companies Act No.07 of 2007.	<input type="checkbox"/>	<input type="checkbox"/>
To re-appoint Messrs. Ernst & Young, Chartered Accountants, as the Auditors for the ensuing year and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

Signature :

Signed this day of 2021

Witness :

(*Please delete the inappropriate words)

Instructions on Completing the Form of Proxy

1. Please perfect the Form of Proxy after filling in legibly your name and address and by signing in the space provided and inserting the date of signatures.
2. Please return the completed Form of Proxy to the office of the Secretaries, Varners International (Private) Limited at Level 14, West Tower, World Trade Center, Echelon Square, Colombo 01 after crossing out one or the other of the alternate words indicated by the asterisks on the body of the Form. The Form of Proxy shall be lodged with the Company Secretaries not less than forty-eight hours before the time appointed for holding the meeting.
3. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should accompany the completed Form of Proxy for registration, if a Power of Attorney has not been already registered with the Company.
4. If the shareholder is a Company or a body corporate, the Form of Proxy should be under its Common Seal in accordance with its Articles of Association or Constitution.
5. If there is any doubt as to the manner in which the proxy should vote by reason of the manner in which instructions in 2 above have been carried out, the proxy holder will vote as she/he thinks fit.

Corporate Information

Company Name

Abans PLC

Legal Form

The Company was incorporated in Sri Lanka on 17th December 1981 as a Private Limited Liability Company under the provisions of the Companies ordinance of 1938 and re-registered under the Companies Act No. 07 of 2007, as Abans (Pvt) Ltd. The Company changed its name in accordance with the provisions of Section 8 of the Companies Act No. 07 of 2007 to Abans Limited on 17th December 2012. Consequent to being listed on the Colombo Stock Exchange pursuant to its debenture issue, the Company name was changed to Abans PLC on 16th January 2014.

Registration Number

Old – PVS 8006

New – PV 5301 PB/PQ

Stock Exchange Listing

Debentures of the Company were listed on the Colombo Stock Exchange on 27th December 2019

Registered Office

498, Galle Road, Colombo 03.

Website

www.abansgroup.com

Auditors

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

Internal Auditors

Chief Internal Auditor, Abans Group of Companies, Abans PLC, 498, Galle Road, Colombo 03.

Secretaries

Varners International (Pvt) Ltd,
Level 14, West Tower, World Trade Center, Echelon Square, Colombo 01.

Lawyers

Varners International (Pvt) Ltd,
Level 14, West Tower, World Trade Center, Echelon Square, Colombo 01.

Bankers

Amana Bank Ltd. Bank of Ceylon
Cargills Bank Ltd.
Commercial Bank of Ceylon PLC DFCC Bank PLC
Hatton National Bank PLC ICICI Bank Ltd.
MCB Bank Ltd.
National Development Bank PLC
Nations Trust Bank PLC
Pan Asia Banking Corporation PLC
People's Bank
Sampath Bank PLC Seylan Bank PLC
The Hongkong & Shanghai Banking Corporation Ltd.
(HSBC) Union Bank of Colombo PLC

VAT Registered No.

104080065 - 7000

Tax Payer Identification Number

104080065

Board of Directors

Mrs. Aban Pestonjee - Chairperson / Executive Director
Mr. Behman Pestonjee - Managing Director / Executive Director
Dr. Saroshi Dubash - Executive Director
Mrs. Chandrika Perera - Executive Director
Mr. Rusi Pestonjee - Executive Director
Mr. Dinesh S. Weerakkody - Independent Non-Executive Director
Mr. R Selvaskandan - Independent Non-Executive Director

Contact Number

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