

# **UNISYST ENGINEERING PLC**

# **ANNUAL REPORT**

## **2020 / 2021**

**THE MOST RELIABLE, TRUSTED AND INNOVATIVE  
ARCHITECTURAL ALUMINIUM JOINERY SYSTEMS SOLUTION  
PROVIDER IN SRI LANKA AND THE SOUTH ASIAN REGION**



# Hayleys UNISYST

## about UNISYST Engineering PLC

Unisyst Engineering PLC is a leading manufacturer and supplier of high quality architectural aluminum joinery systems in Sri Lanka, specializing in custom-made manufacture and professional installation of aluminum windows and doors, enclosures, shop fronts, facades, louvers and awnings.







A low-angle, upward-looking perspective of several modern skyscrapers with glass facades, creating a sense of height and architectural grandeur. The buildings are rendered in a cool blue and white color palette, with the sky visible in the background.

## **VISION**

To be the most reliable and innovative aluminum system solutions provider in Sri Lanka.

## **MISSION**

To surpass expectations of all our customers by creating value through innovative and sustainable architectural aluminum and glazing system solutions, whilst empowering our staff to deliver the highest levels of quality and maximizing shareholder wealth.



Hayleys  
UNISYST



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Mohan Pandithage  
Chairman





Ruwan Waidyaratne  
Deputy Chairman

Dear Shareholder,

We take pleasure in presenting the Annual report and audited financial statements of Unisyst Engineering PLC for the year ended 31<sup>st</sup> March 2021.

### **Financial Performance**

During the period under review the Company recorded a revenue of Rs.451 million which is an increase of 42% compared to the previous year amidst many challenges faced during the year. The Company recorded a loss before tax of Rs.115 million thereby reporting a loss after tax of Rs. 79 million owing to a deferred tax change to asset arising as a result of the temporary difference from carried forward tax losses. The said loss was against the loss of Rs. 47 million in the previous year.

The Company's financial results were below budget in terms of both turnover and profits due to non-realisation of several anticipated projects during the last financial year due to the pandemic. This is largely contributed by the delayed execution of projects namely; Luna Towers, Colombo City Hotel, Park Inn by Radisson Hotel and the refurbishment of National Development Bank's head office.

The Company suffered a significant set back owing to the COVID-19 pandemic where most of the site operations were halted at several occasions during the year.

During the period under review, Chairman and the Board of Directors decided to change the management of Unisyst Engineering PLC to Hayleys Advantis Limited from Fentons Limited. This decision was made with the intention that the company could benefit from the strong domestic and international market presence of Hayleys Advantis Limited and the strong synergies that exist between Unisyst and Advantis Projects and Engineering (Pvt) Ltd.

Advantis Projects & Engineering (Pvt) Ltd is a major player in construction and engineering sectors in Sri Lanka. The company specializes in turnkey construction, civil construction, modular construction and facilitating project logistics solutions to cater to various construction, engineering and project logistics requirements that arise in and around the nation. The company has been a part of projects of national significance such as construction of the largest warehouse in Sri Lanka in Katunayake, engineered logistics for the New Kelani Bridge Project, ongoing expansion of Coal Yard in Lakwijaya Power Plant Norochcholai, to name a few.

### **Operational Review**

During the period under review the company was successful in completing installations and handing over several projects such as the refurbishment of Taprobane restaurant at Cinnamon Lakeside, expansion of St. Bridget's Convent and a residential project.

There are also some large, medium and small scale project work ongoing at varied stages of completion; namely Luna Tower, Colombo City Hotel (Amari) and the Radisson Park Inn, NDB refurbishment, Cambridge apartment project.

UNISYST ENGINEERING PLC was successful in securing contracts in excess of Rs. 400Mn during the financial year - Hospital project in the Northern Province, Vision care building expansion, Durdans Hospital expansion project, St. Bridget's Convent, Capitol Twin Peak, Cambridge Apartment project and several residential projects to name a few.

The company was given a face lift in terms of rebranding as "Hayleys Unisyst" with the primary purpose of improving the creditability and prominence within the target audience. The marketing and business development teams are working on establishing the new brand on Social media platforms such as Facebook, Instagram and LinkedIn.

### **Future Outlook**

The company through the expertise and patronage of Hayleys Advantis Limited will focus on achieving its target performance by placing its emphasis on the short and medium term strategic objectives. As the key initiative the management has decided to relocate its Factory and office premises in close proximity to Colombo where most of the projects are in effect. This move will further improve productivity and efficiency of the factory whilst adopting new advanced technologies to provide superior service to their customers.

The company has participated in the tender process for several large and medium scale projects which is expected to materialise in the upcoming financial years.

Company is driving strongly towards enhancing their top line mainly through three channels namely project sales, standard products -Ladders, fences, mirrors to name a few and related trading products.



### **Change of Directorate**

Mr. L. R. V. Waidyaratne was appointed as the Managing Director of the company with effect from 1<sup>st</sup> July 2020 and subsequently as Deputy Chairman with effect from 1<sup>st</sup> October 2020. Mr. Waidyaratne is also the Managing Director of Hayleys Advantis Limited and a Director of Hayleys PLC.

Mr. H.C. Prematillake relinquishes his duties as the Managing Director with effect from 30<sup>th</sup> June 2020. We are thankful for the service rendered to the Company during his tenure and wish him well in all his future endeavours.

Mr. P. J. Jayanetti was appointed to the board with effect from 1<sup>st</sup> August 2020 as an Executive Director. Mr. Jayanetti also serves as an Executive Director at Advantis Projects and Engineering Pvt Ltd and a member of the Group Management committee of Hayleys Advantis Limited.

In conclusion, we would like to note our appreciation to the Board of Directors, to our esteemed customers and to all staff of the Company for their loyalty and dedication during this challenging year and look forward to their continued commitment to steer Unisyst Engineering PLC to be the preferred Engineering service provider in Sri Lanka.



**Mohan Pandithage**  
**Chairman**

05<sup>th</sup> May 2021  
Colombo



**Ruwan Waidyaratne**  
**Deputy Chairman**

# DIRECTORS' PROFILES



**A.M.PANDITHAGE**  
**CHAIRMAN**

Joined the Hayleys Group in 1969. Appointed to the Hayleys PLC Board in 1998 and to the Unisyst board in November 2014.

Chairman and Chief Executive of Hayleys PLC since July 2009. Fellow of the Chartered Institute of Logistics & Transport (UK). Honorary Consul of the United Mexican States (Mexico) to Sri Lanka. Council Member of the Employers' Federation of Ceylon. Member of the Advisory Council of the Ceylon Association of Shipping Agents. Recipient of the Best Shipping Personality Award by the Institute of Chartered Shipbrokers; Leadership Excellence Recognition – Institute of Chartered Accountants of Sri Lanka; Honored with Lifetime Achievement Award at the Seatrade – Sri Lanka Ports, Trade and Logistics; Lifetime Award for the Most Outstanding Logistics and Transport Personality of the Year – Chartered Institute of Logistics & Transport. Member of the Advisory Council, Ministry of Ports and Shipping.



**L.R.V.WAIDYARATNE**  
**DEPUTY CHAIRMAN**

Joined the Hayleys Group in 1985. Has a wide range of expertise in the business of shipping, freight forwarding, logistics and aviation. He has grown through the ranks to become the Managing Director of Hayleys Advantis Limited whilst being appointed as an Executive Director of the Board of Hayleys PLC in April 2013 and the Deputy Chairman of Unisyst Engineering PLC in 2020. Currently he holds overall responsibility for the Transportation, Logistics and Engineering Sectors of the Hayleys Group. Former Chairman of the Ceylon Association of Shipping Agents (CASA). Former Chairman of the Sri Lanka Logistics and Freight Forwarders' Association (SLFFA). He is a Chartered Member of the Chartered Institute of Logistics & Transport of Sri Lanka. He is a Member of the Steering Committee on Ports, Shipping, Aviation and Logistics affiliated to the Ceylon Chamber of Commerce and a Member of the National Agenda Committee on Logistics & Transport of the Ceylon Chamber of Commerce. He holds an MBA from the Edith Cowan University of Western Australia and has undergone executive development programmes with the National University of Singapore, Indian School of Business and INSEAD.





**P.J. JAYANETTI**  
**EXECUTIVE DIRECTOR**

Joined the Hayleys Advantis Group in 1998. Appointed as a Director to a subsidiary company in 2011 and was appointed the Group Management Committee of Hayleys Advantis in January 2015.

Currently serves as the Director of the Advantis Projects & Engineering Cluster of Hayleys Advantis. Appointed to the Board of Unisyst Engineering PLC from August 2020. Holds a BSc. in Mechanical Engineering from the University of Moratuwa. Holds a Post Graduate Diploma in Business Administration specializing in Management Technology from the University of Moratuwa.



**J. SHERIFF**  
**EXECUTIVE DIRECTOR**

Appointed to the Board on 1st April 2019. Mr. Sheriff is a pioneer in the Aluminium fabrication industry in Sri Lanka. He holds over 35 years of experience in this business and has designed his own Aluminium window and door systems. He is responsible for glazing works of many iconic buildings in Sri Lanka. Mr. Sheriff is also a founding member of Agstar Fertiliser which was incorporated in May 2002 which is now established as a public quoted company. He holds a Diploma in Engineering from the University of Ceylon, Katubedda Campus.



**S. KARUNARATNE**  
**EXECUTIVE DIRECTOR**

Appointed to the Board on 1<sup>st</sup> April 2019. Mr. Karunaratne is a pioneer in the Aluminium fabrication industry in Sri Lanka. He holds over 35 years of experience in the Aluminium Industry. Mr. Karunaratne has been responsible in the introduction of several international propriety systems to the Sri Lankan market. He is a product of Ananda College, Colombo and is also a founding member of Agstar Fertiliser which was incorporated in May 2002 which is now established as a public quoted company.

# DIRECTORS' PROFILES



## **S.C. GANEGODA** **NON EXECUTIVE DIRECTOR**

Rejoined Hayleys in March 2007. Appointed to the Hayleys Group Management Committee in July 2007 and to the Board in September 2009. Appointed to the Board of Unisyst Engineering PLC in 2014. Fellow Member of CA Sri Lanka and Member of Institute of Certified Management Accountants of Australia. Holds an MBA from the Postgraduate Institute of Management, University of Sri Jaywardenepura.

Worked for Hayleys Group between 1987 and 2002, ultimately as an Executive Director.

Subsequently, held several senior management positions in large private sector entities in Sri Lanka and overseas. Has responsibility for the Strategic Business Development Unit, Group Information Technology of Hayleys PLC and appointed as the Deputy Chairman of Alumex PLC in October 2020. He serves on the Boards of Dipped Products PLC, Haycarb PLC, Hayleys Fabric PLC, Hayleys Fibre PLC, Kelani Valley Plantations PLC, Regnis (Lanka) PLC, Singer (Sri Lanka) PLC, Singer Industries (Ceylon) PLC, The Kingsbury PLC, Horana Plantations PLC.



## **S. J. WIJESINGHE** **NON EXECUTIVE DIRECTOR**

Mr. Wijesinghe was employed at Hayleys PLC from 2008 to 2019, during which time he served as a member of the Group Management Committee and as the Managing Director of Hayleys Aviation & Projects (Private) Limited, as well as of Unisyst Engineering PLC.

He currently serves as a Non-Executive Director on the Boards of Hayleys Aviation & Projects (Private) Limited, Unisyst Engineering PLC The Kingsbury PLC, S&T Interiors (Private) Limited, Amaya PLC, Summer Seasons Limited and Greener Water (Private) Limited.

Mr. Wijesinghe formerly served as a Non-Executive Director on the Board of Sri Lankan Airlines Limited, as well as on the Board of Sri Lankan Catering Limited. Prior to joining Hayleys, Mr. Wijesinghe held several senior positions at Sri Lankan Airlines, including management positions in Europe, the Middle East, the Far East, as well as in the Head Office in Colombo, Sri Lanka. During his tenure at the airline, Mr. Wijesinghe was a member of its Group Senior Management Team. He also served as a Committee Member on the Pacific Asia Travel Association's (PATA) Education Authority. Overall, Mr. Wijesinghe holds over 35 years of experience in the aviation industry.

Mr. Wijesinghe holds an MBA from the University of Leicester (UK) and is a Member of the Chartered Institute of Marketing (UK).

Additionally, Mr. Wijesinghe has served as the Chairman of Litro Gas Lanka Limited. He also has in excess of 5 years of senior management experience in the hospitality industry.





**A.S. JAYATILLEKA**  
**INDEPENDENT NON-EXECUTIVE DIRECTOR**

Mr. Ananda Jayatilleka is a specialist in Rubber Technology and Industrial Engineering, a Licentiate of the Institute of Plastics and Rubber Industry (L.P.R.I-(London)) and a Fellow of the Institute of the Work Study and Organization and Methods (F.M.S. (UK)).

Mr. Jayatilleka was a main Board Director of Richard Pieris & Co. Ltd with a long service of 27 years in the group. He was instrumental in setting up of Richard Pieris Exports PLC and served as its Managing Director for over 15 years. Mr. Jayatilleka also served on the Boards of Kegalle & Maskelliya Plantations PLC, Aviva Global Services Pvt Ltd. His vast experience also includes work in Zambia Consolidated Copper Mines & General Tire – South Africa. He founded Latex Green Pvt Ltd and served as Chairman for 12 years. Presently he serves as a Non-Executive Director of Tea Small Holder Factories PLC under the John Keells Group and of Hayleys Fabric PLC.

Mr. Jayatilleka has been a recipient of the merit certificate awarded by the Plastics and Rubber Institute (PRI) of Sri Lanka for the outstanding contribution made to the Rubber Industry of Sri Lanka.



**S. MUNAWEERA**  
**INDEPENDENT NON-EXECUTIVE DIRECTOR**

Appointed to the Board in March 2015. Mr. Munaweera is the Precedent Partner of S. Munaweera & Company, Chartered Accountants and also serves as the Managing Director of Southern Management and Corporate Services (Pvt) Ltd, Director of SM Bentley Corporate Services (Pvt) Ltd and Independent Non-Executive Director of Alumex Plc. He holds a Bachelor of Commerce (Special) Degree from the University of Colombo and a Master of Business Administration Degree from the University of Sri Jayewardenepura.

Mr. Munaweera is a Fellow Member of The Institute of Chartered Accountants of Sri Lanka (FCA) and the Institute of Certified Management Accountants of Sri Lanka (FCMA). He counts over 30 years of experience in mercantile and audit sector.

# ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Directors of Unisyst Engineering PLC have pleasure in presenting to the Shareholders their report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2021.

## **PRINCIPAL ACTIVITIES**

The principal activities of the Company are manufacturing and supplying of architectural aluminium joinery systems. This includes manufacture and installation of aluminium windows and doors, enclosures, shop fronts, facades, louvers and awnings.

## **BUSINESS REVIEW**

The Chairman's review and the Managing Director's review describes briefly the Company's activities during the year under review. The results for the year are set out in the statement of the Profit and Loss and other Comprehensive income.

The directors, to the best of their knowledge and belief, confirm that the Company has not engaged in any activities that contravene laws and regulations.

## **FINANCIAL STATEMENTS**

The Financial Statements of the Company during the year under review are given on page 36 to 75 in the Annual Report.

## **ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of financial statements are given on pages 40 to 57. There were no changes in the accounting policies adopted of the Company.

## **INTERESTS REGISTER**

The Company, in compliance with the Companies Act No.7 of 2007, maintains an Interests Register. Particulars of entries in the Interests Register are detailed below.

### **Director's Interest in Transactions**

The Directors of the Company have made the general disclosures provided for in Section 192(2) of the Companies Act No.7 of 2007. Note 28 to the Financial Statements dealing with related party disclosures.

# ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

## Director's interest in Shares

Directors of the Company, who have relevant interest in the shares have disclosed their shareholdings and any acquisitions / disposals in compliance with section 200 of the Companies Act.

2,000 shares were disposed and 2,000 shares were purchased by Mr. S. Munaweera, an Independent Non-executive Director during the year.

2,000 shares were purchased and 2,000 shares were disposed by Mrs. R.D. Jayawardana, spouse of Mr. S. Munaweera, an Independent Non-executive Director during the year.

The details of the Directors' shareholdings in the Company are given later in this report.

## Director's Remuneration

The total remuneration of Non Executive Directors for the year ended 31<sup>st</sup> March 2021 is Rs. 2,138,000/- determined according to scales of payment decided upon by the Board. The Board is satisfied that the payment of this remuneration is fair to the company.

## RELATED PARTY TRANSACTIONS

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

The Committee met Four (04) times during the financial year 2020/21. The Report of the related party transactions Review Committee is given on pages 26 -27 in the annual report.

## DIRECTORS' INDEMNITY AND INSURANCE

The ultimate parent of the Company, Hayleys PLC has obtained a Directors' and Officers' Liability insurance from a reputed insurance company in Sri Lanka providing worldwide cover to indemnify all past, present and future Directors and Officers of the Group.

## CORPORATE DONATIONS

At the last Annual General Meeting, shareholders approved a sum not exceeding Rs.100,000/- in respect of donations. Donation made during the year was NIL. (2019/2020 – Rs.27,571/-)

## DIRECTORATE

The names of the Directors who held office during the financial year are given below and their brief profiles appear on pages 10-13.

1. Mr. A. M. Pandithage
2. Mr. L. R. V. Waidyaratne
3. Mr. S. C. Ganegoda \*
4. Mr. S. J. Wijesinghe \*
5. Mr. A. S. Jayatilleka \*\*
6. Mr. S. Munaweera \*\*
7. Mr. J. Sheriff
8. Mr. S. Karunaratne
9. Mr. P. J. Jayanetti

Key \* Non – Executive Director

\*\* Independent Non – Executive Director



# ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Mr. H. C. Prematillake who served as a Director of the Company resigned w.e.f. from 30<sup>th</sup> June 2020.

Mr. L. R. V. Waidyaratne was appointed to the Board as an Executive Director on 01<sup>st</sup> July 2020. In terms of Article No.24 (2) of the Article of Association of the Company shareholders will be requested to re-elect him at the Annual General Meeting.

Mr. P. J. Jayanetti was appointed to the Board as an Executive Director on 01<sup>st</sup> August 2020. In terms of Article No.24 (2) of the Article of Association of the Company shareholders will be requested to re-elect him at the Annual General Meeting.

Notice has been given pursuant to Section 211 of the Companies Act No 07 of 2007, of the intention to propose an ordinary resolution for the re-appointment of Mr. A. M. Pandithage, who is 70 years of age, Mr. J. Sheriff, who is 74 years of age Mr. S. Karunaratne, who is 71 years of age and Mr. A. S. Jayatilleka, 70 years of age as Directors, notwithstanding the age limit of 70 years stipulated by Section 210 of the Companies Act No. 07 of 2007.

Mr. S. J. Wijesinghe retire by rotation and being eligible offer himself for re-election in terms of Article 24(6) of the Article of Association of the Company.

## DIRECTORS' SHAREHOLDINGS

	As at 31/03/2021	As at 01/04/2020
Mr. A. M. Pandithage	NIL	NIL
Mr. L. R. V. Waidyaratne (Appointed w.e.f. 01 <sup>st</sup> July 2020)	NIL	NIL
Mr. S. C. Ganegoda	31,310	15,655
Mr. S. J. Wijesinghe	NIL	NIL
Mr. A. S. Jayatilleka	NIL	NIL
Mr. S. Munaweera	18,292	9,146
Mr. J. Sheriff	NIL	NIL
Mr. S. Karunaratne	NIL	NIL
Mr. P. J. Jayanetti (Appointed w.e.f. 01 <sup>st</sup> August 2020)	NIL	NIL
Mr. H. C. Prematillake (Resigned w.e.f. 30 <sup>th</sup> June 2020)	NIL	NIL

- The Directors' shareholding increased as a result of the Sub-division of ordinary shares by splitting each ordinary share into two (02) ordinary shares held as at 04<sup>th</sup> March 2021.

## AUDITORS

The financial statements for the year have been audited by Messrs. Ernst & Young, Chartered Accountants.

The Auditors, Messrs. Ernst & Young, Chartered Accountants, were paid Rs. 592,750/- by the Company .

In addition, they were paid Rs. 87,000/- by the Company for non- audit related work, which consisted mainly of tax consultancy services.

# ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

As far as the Directors are aware, the Auditor does not have any relationships (other than that of an Auditor) with the Company other than those disclosed above. The auditors also do not have any interests in the company.

Messrs. Ernst & Young, Chartered Accountants, are deemed re- appointed as Auditors of the Company for the year 2021/2022, in terms of section 158 of the Companies Act No.7 of 2007. A resolution proposing the directors be authorized to determine their remuneration will be submitted at the AGM.

## RESULTS OF OPERATIONS

The Company's loss before taxation amounted to Rs. 114,961,323/- after crediting Rs 35,742,582/- for taxation, company attributed a net loss of Rs 79,218,741/- to equity holders of the company.

The Shareholders of the Company were notified at an EGM held on 22<sup>nd</sup> December 2020 of the Serious Loss of Capital position of the Company in terms of Section 220 of the Companies Act No 7 of 2007 and presented the Report by the Board of Directors of the Company giving the forecasted figures for next 5 years.

## CAPITAL EXPENDITURE

Purchase and construction of property, plant and equipment during the year amounted to Rs. 3,963,767/-.  
The movement in property plant, plant and equipment is set out in Note 5 to the Financial Statements.

## SHARE CAPITAL AND RESERVES

In accordance with Section 58 of the Companies Act No. 7 of 2007, Share Capital and Share Premium were classified as Stated Capital. The Stated Capital of the Company as at 31<sup>st</sup> March 2021 was Rs. 446,672,723/- comprising 44,116,400 Ordinary Shares (31<sup>st</sup> March 2020: Rs. 446,672,723/- comprising 22,058,200 Ordinary Shares).

## TAXATION

It is the policy to provide for deferred taxation on all temporary differences on the liability method.  
The tax liability on profits derived on business is explained under Note 23 to the financial Statements.

## SHARE INFORMATION

Information relating to earnings, per share and share trading is given in the Financial Statements on the page 63.

## EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No circumstances have arisen since the reporting date which would require adjustment to, or disclosure to the Financial Statements.

## KEY INDICATORS

Market Value	2020/21		2019/20	
	PRICE	DATE	PRICE	DATE
	Rs.		Rs.	
Highest Price	22.90	22.01.2021	16.50	01.08.2019
Lowest Price	05.60	05.12.2020	06.50	20.03.2020
Closing Price	07.00	31.03.2021	06.90	20.03.2020

# ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

## SHAREHOLDERS

It is the policy to endeavor to ensure equitable treatment of its shareholders.

## STATUTORY PAYMENTS

The directors to the best of their knowledge and belief are satisfied that all statutory payments in relation to employees and the Government Institutions have been made up to-date.

## CORPORATE GOVERNANCE/INTERNAL CONTROL

Adoption of good governance practices has become an essential requirement in today's corporate culture. The practice carried out by the company is explained in the Corporate Governance Statement on pages 19 to 25.

## GOING CONCERN

The Directors, after making necessary inquiries and reviews including reviews of the Company budget for the ensuing year, capital expenditure requirements, future prospects and risks, cash flows and borrowing facilities, have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Therefore the going concern basis has been adopted in the preparation of the Financial Statements.

## ANNUAL GENERAL MEETING

The Annual General Meeting will be held at the Registered Office of the Company, No. 400, Deans Road, Colombo 10, Sri Lanka at 4.30 p.m. on Friday, 25<sup>th</sup> June, 2021. The Notice of the Annual General Meeting appears on page 80.

For and on behalf of the board



**A.M. Pandithage**  
Chairman



**L. R. V. Waidyaratne**  
Deputy Chairman



**Hayleys Group Services (Private) Limited**  
Secretaries  
Colombo

05<sup>th</sup> May 2021



# CORPORATE GOVERNANCE

Set out below are the Corporate Governance Practices adopted and practiced by Unisyst Engineering PLC against the background of the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

## The Board of Directors

The Board of Directors of Unisyst Engineering PLC acts in the best interests of the Company, its shareholders and other stakeholders on a basis of responsibility, transparency and accountability. The Board ensures that the objectives of the Company are achieved lawfully and ethically.

### 1. Composition of the Board

The Board comprises of Nine Directors, of whom five are Executive Directors (including the Deputy Chairman), two are Non-Independent Non-Executive Directors and two are Independent Non-Executive Directors.

### 2. Responsibilities of the Board

The Board is responsible for the formulation of overall business policy and strategy, agreeing on priorities and setting standards for the management and the conduct of the business. It reviews exposure to key business risks, the strategic direction and annual budget, their progress towards achieving such budget and capital expenditure. The Board, in the furtherance of its duties, takes independent professional advice, if necessary, at Company expense. The Board is ultimately responsible for the Company's performance. It is in control of the Company's affairs and is mindful of its obligations to all stakeholders.

### 3. Meetings and Attendance

The Board had four scheduled meetings for the year ended 31<sup>st</sup> March 2021 and scheduled four meetings a year from 2020/21, and would meet further if necessary to consider specific matters which it has reserved to itself for decision.

The following table shows the number of Board meetings held during the year and the attendance of individual Directors.

## CORPORATE GOVERNANCE

### BOARD MEETING ATTENDANCE

Number of meetings	Attendance
A.M. Pandithage Executive Chairman /Executive Director	4/4
S. J. Wijesinghe Non- Executive Director	4/4
S. C. Ganegoda Non - Executive Director	4/4
A. S. Jayatilleka Independent Non-Executive Director	4/4
S. Munaweera Independent Non-Executive Director	4/4
J. Sheriff Executive Director	4/4
S. Karunaratne Executive Director	4/4
L. R. V. Waidyaratne Executive Director (Appointed w.e.f. 01 <sup>st</sup> July 2020)	3/3
P. J. Jayanetti Non - Executive Director (Appointed w.e.f. 01 <sup>st</sup> August 2020)	2/2
H.C. Prematillake Managing Director- Executive Director (Resigned w.e.f. 30 <sup>th</sup> June 2020)	—

### AUDIT COMMITTEE ATTENDANCE

Number of meetings	Attendance
A. S. Jayatilleka **	4/4
S. Munaweera **	4/4
**Independent Non-Executive Director	

## CORPORATE GOVERNANCE

### 4. Board Balance

The blend and balance between Executive Directors, Non-Independent Non-Executive Directors and Independent Non-Executive Directors on the Board ensures that no individual Director or small group of Directors dominates Board discussions and decision-making. Two of the Non-Executive Directors are considered independent, having no material relationship with the Company. The Independent Directors' Profiles reflect their caliber and the weight their views carry in Board deliberations. Each is independent of management and free from any relationship that can interfere with independent judgment.

### 5. Financial Acumen

The Non-Executive Directors are from varied business and professional backgrounds. Their rich experience enables them to exercise independent judgment on the Board and their views carry substantial weight in decision-making. The Board includes senior finance professionals, who possess the necessary knowledge to offer the Board guidance on matters of finance.

### 6. Company Secretary

The services and advice of the Company Secretaries are available to Directors when necessary. The Company Secretaries keep the Board informed of new laws, regulations and requirements coming into effect which are relevant to them as individual Directors and collectively to the Board.

### 7. Supply of Information

Prior to each meeting, the Directors are provided with all management information and background material relevant to the agenda to enable informed decision-making. Board papers are submitted in advance on Company performance, new investments, capital projects and other matters that require Board approval. Directors receive quarterly reports of performance and minutes of Board meetings.

### 8. Appointments to the Board

The Board as a whole decides on the appointment of Directors. And also responsible for succession planning for the Board as well as reviewing its structure, size and composition.

### 9. Re-election of Directors

The Company's Articles of Association require a Director appointed by the Board to hold office until the next Annual General Meeting and to seek re-appointment by the shareholders at that meeting. The Articles call for one Director in office to retire at each Annual General Meeting. The Director who retires is the longest in office since his appointment (or re-appointment). Retiring Directors are eligible for re-election by the shareholders.



## CORPORATE GOVERNANCE

### 10. Remuneration Procedure

The Remuneration Committee of Hayleys PLC who is the ultimate parent of Unisyst Engineering PLC acts as the Remuneration Committee of the Company.

Remuneration Committee of Hayleys PLC Consists of:

Dr. H. Cabraal - Chairman (IND/NED)  
Mr. K.D.D. Perera (NED)  
Mr. M.H. Jamaldeen (IND/NED)  
Mr. M.Y.A. Perera (IND/NED)  
(IND- Independent Director, NED- Non-Executive Director)

Remuneration Committee met once during the financial year and all 4 members were present at the meeting.

The Remuneration Committee recommends the remuneration payable to Managing Director & Executive Director(s) and sets guidelines for the remuneration of the management staff within the Company. The Board makes the final determination after consideration of such recommendation and performance of the senior management staff.

### 11. Audit Committee

The Audit Committee consists entirely of Independent Non-Executive Directors. It is chaired by Mr. S. Munaweera, a Chartered Accountant, who possesses a wealth of knowledge and experience with respect to financial accounting. The Audit Committee is empowered to examine any matter relating to the financial affairs of the Company and its internal and external audits.

### 12. Related Party Transactions Review Committee

Hayleys PLC, the parent Company established the Related Party Transaction Review Committee in terms of the Section 9 of the Listing Rules of the Colombo Stock Exchange which functions as the Committee of the Company.

#### Management Structure

The Board has delegated to management the authority to implement the policy and achieve the strategic objectives it has laid down. This ensures greater focus on strategy and planning and empowers managers to run their businesses effectively.

#### Internal Controls

The Directors are responsible for the Company's system of internal controls. The system in place is designed to safeguard Company assets against unauthorised use or disposal, to ensure that proper records are maintained and that reliable financial information is generated. However, no system can provide absolute assurance that errors and irregularities are prevented or detected in time. Key control procedures in place are as follows:

## CORPORATE GOVERNANCE

- **Financial Reporting & Disclosures**

The Board places great emphasis on complete disclosure of financial and non-financial information within the bounds of commercial reality, and on the adoption of sound reporting practices. Financial information is disclosed in accordance with the Sri Lanka Accounting Standards. Revisions to existing accounting standards and adoption of new standards are carefully monitored.

The Annual Report includes descriptive, non-financial content through which an attempt is made to provide stakeholders with information to assist them make more informed decisions. The Statement of Directors' Responsibilities for the financial statements is given in page 26 of this report.

- **Monitoring**

The Audit Committee reviews the plans and activities of Internal Audit and the management letters of the External Auditors. In addition to considering and recommending to the Board any remedial action required in respect of control issues raised by the Auditors, the Audit Committee also monitors the process by which all major risks to which the business is exposed are identified.

- **Investment Appraisal**

The Board has established policies in areas of investment and treasury management. Beyond agreed authorisation levels, expenditure is subject to detailed written proposals submitted to the Board for approval.

- **Quality and Integrity of Personnel**

The Company carefully selects and trains employees and provides appropriate channels of communication to foster a control-conscious environment.

- **Ethical Conduct**

To ensure the well-being of all stakeholders, the Company requires the application of acceptable business and industry practices and encourages its employees to be aware of and adhere to relevant rules and regulations. The Board has reviewed the effectiveness of the system of financial control for the period up to the date of signing the accounts.

### **Shareholder Value and Return**

The Board constantly strives to enhance shareholder value. It has been the policy of the Board to maintain a dividend rate in line with the expectations of shareholders, considering its level of performance and profit.

### **Going Concern**

The Directors believe, after reviewing the financial position and the cash flow of the Company, that the Company has adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Financial Statements.

## CORPORATE GOVERNANCE

<b>Corporate Governance Principles</b>	<b>CSE Rule Reference</b>	<b>Compliance Status</b>	<b>Details</b>
Non-Executive Directors	7.10.1 (a)	Compliant	Four of the Nine directors are Non-Executive Directors.
Independent Directors	7.10.2 (a)	Compliant	Two of the Four Non-Executive Directors are Independent.
	7.10.2 (b)	Compliant	Non-Executive Directors have submitted the declaration of their independence/non-independence.
Disclosures relating to Directors	7.10.3 (a)	Compliant	Names of the Independent Directors are disclosed on page 15.
	7.10.3 (b)	Compliant	Criteria for independence have been met by the Independent Directors.
	7.10.3 (c)	Compliant	Brief resumes of the Directors are given on pages 10 to 13.
Remuneration Committee	7.10.5 (a)	Compliant	The Remuneration Committee of Hayleys PLC who is the parent of Unisyst Engineering PLC acts as the Remuneration Committee of the Company.
	7.10.5 (b)	Compliant	The Committee has recommended the remuneration for Executive Directors and sets guidelines for the remuneration of the management staff within the Company.
	7.10.5 (c)	Compliant	Please refer page 22 for names of the committee members, and for the statement of remuneration policy. The aggregate remuneration paid to Executive and Non-Executive Directors is given under Note 22 to the Financial Statements on page 69.
Audit Committee	7.10.6 (a)	Compliant	The Audit Committee comprises two Non-Executive Directors, all of whom are independent. The Chairman of the Committee is a Member of a recognized professional accounting Body. The Chairman, MD and other Executive Directors attended Committee meetings by invitation.



## CORPORATE GOVERNANCE

Corporate Governance Principles	CSE Rule Reference	Compliance Status	Details
	7.10.6 (b)	Compliant	Please refer pages 29 to 30 for the functions of the Audit Committee.
	7.10.6 (c)	Compliant	The names of the Audit Committee members and the basis of determination of the independence of the auditor are given in the Audit Committee report on pages 29 to 30.
Share and Investor Information	7.13.1	Compliant	As a listed Company in the main board, the Company maintained the minimum public holding under specified criteria in page 79.
Related Party Transactions Review Committee	9.2.1 & 9.2.3	Compliant	The Functions of the Committee are stated in the Report of the Related Party Transaction Review Committee in pages 26 to 27.
Composition	9.2.2	Complaint	Please refer the Report of the Related Party Transaction Review Committee in pages 26 to 27.
Related Party Transactions Review Committee Meetings	9.2.4	Complaint	Met 04 times during the Financial year 2020/21.
Immediate Disclosures	9.3.1	Complaint	Please refer Note 28.2 of the Notes to the Accounts in page 71.
Disclosure of Non-Recurrent and Recurrent Related Party Transactions	9.3.2(a) & (b)	Compliant	Please refer Note 28.2 of the Notes to the Accounts in page 71.
The Report by the Related Party Transaction Review Committee	9.3.2(C )	Compliant	Please refer the Report of the Related Party Transaction Review Committee in pages 26 to 27.
A Declaration by the Board of Directors	9.3.2(d)	Compliant	Please refer the Annual Report of Board of Directors for an affirmative statement of compliance of the Board on pages 14 to 18.

# REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transaction review Committee of Hayleys PLC, the parent Company functions as the Committee of the Company in terms of the Code of Best Practice on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka and the Section 9 of the Listing Rules of the Colombo Stock Exchange.

## **Composition of the Committee**

The Related Party Transactions Review Committee comprises two Independent Non-Executive Directors and one Executive Director.

The Committee comprises the following members.

Dr. H. Cabral, PC\*\* – Chairman  
Mr. M.Y.A. Perera\*\*  
Mr. S. C. Ganegoda \*

\*\* Independent Non-Executive  
\*Executive

## **Attendance**

Committee met – 04 times in the Financial Year 2020/2021.

Meetings held on 15<sup>th</sup> June 2020, 11<sup>th</sup> August 2020, 6<sup>th</sup> November 2020 and 10<sup>th</sup> February 2021.

### **Meetings**

Dr. H. Cabral, PC	4/4
Mr. M.Y.A. Perera	4/4
Mr. S. C. Ganegoda	4/4

## **The duties of the Committee**

- To review in advance all proposed related party transactions of the group either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- Seek any information the Committee requires from management, employees or external parties to with regard to any transaction entered into with a related party.

## REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

- Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary including obtaining appropriate professional and expert advice from suitably qualified persons.
- To recommend, where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.
- To monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.
- Meet with the management, Internal Auditors/External Auditors as necessary to carry out the assigned duties.
- To review the transfer of resources, services or obligations between related parties regardless of whether a price is charged.
- To review the economic and commercial substance of both recurrent/non recurrent related party transactions.
- To monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining 'competent independent advice' from independent professional experts with regard to the value of the substantial asset of the related party transaction.

### Task of the Committee

The Committee reviewed the related party transactions and their compliances of Unisyst Engineering PLC and communicated the same to the Board.

The Committee in its review process recognized the adequacy of the content and quality of the information forwarded to its members by the management.



**Dr. Harsha Cabral, PC.**

Chairman

Related Party Transactions Review Committee of Hayleys PLC

15<sup>th</sup> May 2021



# STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible, under Sections 150 & 151 of the Companies Act No. 07 of 2007, to ensure compliance with the requirements set out therein to prepare Financial Statements for each financial year giving 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 of the profit & loss of the Company for the financial year. The Directors are also responsible, under Section 148 for ensuring that proper accounting records are kept to disclose, with reasonable accuracy, the financial position and enable preparation of the Financial Statements.

The Board accepts responsibility for the integrity and objectivity of the Financial Statements presented. The Directors confirm that in preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent judgments have been made so that the form and substance of transactions are properly reflected.

They also confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Financial Reporting Standards/Sri Lanka Accounting Standards(SLFRS/LKAS). The Financial Statements provide the information required by the Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors have taken reasonable measures to safeguard the assets of the Company, and in that context, have instituted appropriate systems of internal control with a view to preventing and detecting fraud and other irregularities.

The External Auditors, Messrs Ernst & Young., are deemed re-appointed in terms of Section 158 of the Companies ACT No. 7 of 2007 were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The Report of the Auditors, shown on page 31 sets out their responsibilities in relation to the Financial Statements.

## COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and the Government that were due in respect of the Company and its Subsidiaries as at the Balance Sheet date have been paid or where relevant, provided for.

By Order of the Board,  
**Hayleys Group Services (Pvt) Ltd.**  
Secretaries  
05<sup>th</sup> May 2021

# REPORT OF THE AUDIT COMMITTEE

## COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee is appointed by and responsible to the Board of Directors, comprises Two Non-Executive Directors. The Chairman of the Audit Committee is a senior Chartered Accountant. The Committee Comprised of the following members.

Mr. S. Munaweera - Chairman (IND/NED)  
Mr. A.S. Jayatilleka (IND/NED)  
(IND- Independent Director, NED- Non-Executive Director)

## MEETINGS

The committee met four times during the year. The attendance of the members at these meetings is as follows:

Mr. S. Munaweera	4/4
Mr. A.S. Jayatilleka	4/4

Managing Director, GM - Marketing & Operations, Group Chief Financial Officer and Finance Manager as well as the external auditors when required will present at discussions where appropriate. The proceedings of the Audit Committee are regularly reported to the Board of Directors.

## TASKS OF THE AUDIT COMMITTEE

### FINANCIAL REPORTING SYSTEM

The Committee reviewed the financial reporting system adopted by the Company in the preparation of its quarterly and annual Financial Statements to ensure reliability of the processes and consistency of the accounting policies and methods adopted and their compliance with the Sri Lanka Accounting Standards. The methodology included obtaining statements of compliance from Finance Manager and Directors-in-charge of operations. The Committee recommended the Financial Statements to the Board for its deliberations and issuance. The Committee, in its evaluation of the financial reporting system also recognized the adequacy of the content and quality of routine management information reports forwarded to its members.

### INTERNAL AUDIT

The Committee reviewed the process to assess the effectiveness of the Internal Financial Controls that have been designed to provide reasonable assurance to the Directors that assets are safeguarded and presentation of Financial Statements. The Committee also reviewed the adequacy of provisions made for possible liabilities and compliance with relevant statutory requirements. The Group Management Audit & Systems Review Department reports on key control elements and procedure in Group companies selected according to the annual plan were reviewed.

## REPORT OF THE AUDIT COMMITTEE

### EXTERNAL AUDIT

The queries issued by the external auditors and actions taken by the management in response to issues raised by external auditors were also examined. The Committee discussed the effectiveness of the internal controls in place and recommended remedial action where necessary.

The Audit committee has reviewed the other services provided by the External Auditors to the Group and the company to ensure that their independence as Auditors has not been compromised.

### APPOINTMENT OF EXTERNAL AUDITORS

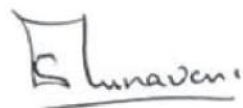
The audit committee has recommended to the board that Messers. Ernst & Young continue as auditors for the year ending 31<sup>st</sup> March 2022.

### SUPPORT TO THE COMMITTEE

The Committee received information and support from management during the period to enable it to carry out its duties and responsibilities effectively.

### CONCLUSION

The audit Committee is satisfied that the Company's accounting policies and operational controls provide reasonable assurance that the affairs of the Company is in accordance with Company policies and that Company assets are properly accounted for and adequately safeguarded.



Chairman  
**Audit Committee**  
05<sup>th</sup> May 2021

# INDEPENDENT AUDITOR'S REPORT



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

Tel : +94 11 2463500  
Fax Gen : +94 11 2697369  
Tax : +94 11 5578180  
eysl@lk.ey.com  
ey.com

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNISYST ENGINEERING PLC

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Unisyst Engineering PLC, which comprise the statement of financial position as at 31<sup>st</sup> March 2021, and the 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 give a true and fair view of the financial position of the Company as at 31<sup>st</sup> March 2021 and of its financial performance and its 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.

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 FCMA Ms. L K H L Fonseka FCA A P A Gunsekera 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 Sanjeevani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA

Principals: G B Goudian ACMA T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited



## INDEPENDENT AUDITOR'S REPORT

### 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 the auditor's 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 KAM
<p><b>Recoverability of Deferred Tax Asset</b></p> <p>As at 31<sup>st</sup> March 2021, the Company has recognised net deferred tax assets of Rs. 46 million, of which the main contribution is from carried forward tax losses.</p> <p>Recognition and measurement of DTA was considered as a KAM due to followings:</p> <ul style="list-style-type: none"> <li>• It involves significant management judgement and is based on assumptions that are affected by future market or economic conditions.</li> <li>• The Company has recorded continuous losses over last three years</li> <li>• A negative operating cash flows over the years.</li> </ul> <p>The key assumptions in the taxable profit forecast among include revenue growth rates, overhead expense growth rates and gross margins.</p> <p>The Company's disclosures relating to deferred tax and sources of estimation uncertainty are included in Note 14 to the financial statements.</p>	<p>Our audit procedures focused on the Company's assessment on the recoverability of the deferred tax asset included the following;</p> <ul style="list-style-type: none"> <li>• Assessing the reasonableness of deferred tax assets recognised, by comparing it to the taxable income forecast;</li> <li>• Testing the key assumptions used in estimating the taxable income forecast such as revenue growth rates, gross margins and increments in expenses against available market information, management plans, historical performance and industry/market outlook in light of current market and economic conditions;</li> <li>• Comparing the consistency of management's taxable income forecasts with those included in the budget approved by the Board of Directors; and</li> <li>• Engaging our internal specialists to assist us in reviewing the deductibility of the temporary differences and in reviewing key market assumptions.</li> </ul> <p>We also assessed the adequacy of related disclosures given in Note 14.</p>

## INDEPENDENT AUDITOR'S REPORT

### **Other information included in The Company's 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. The Management is responsible for the other information.

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

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

### **Responsibilities of management and those charged with governance for the financial statements**

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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:

## INDEPENDENT AUDITOR'S REPORT

- 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 Company's internal control.
- 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 Company'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 Company 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.

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

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

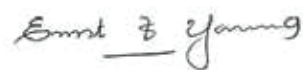
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation 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.

## INDEPENDENT AUDITOR'S REPORT

### **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 2965.



05<sup>th</sup> May 2021  
Colombo



# STATEMENT OF FINANCIAL POSITION

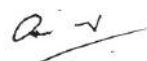
As at 31 <sup>st</sup> March	Note	2021 Rs.	2020 Rs.
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	5	131,543,187	141,714,697
Intangible Assets	5.4	2,364,744	-
Right of use Assets	5.5	-	3,282,648
Deferred Tax Assets	14	46,049,829	2,563,982
		<b>179,957,760</b>	<b>147,561,327</b>
<b>Current Assets</b>			
Inventories	6	73,218,192	77,087,222
Construction Work-in-Progress	7	62,787,985	223,281,427
Trade and Other Receivables	8	120,570,694	98,429,813
Contract Assets	8.1	58,104,942	74,823,790
Amount Due from related parties	9	10,556,746	329,111
Cash and Bank Balance	10.1	3,344,916	78,037,646
		<b>328,583,475</b>	<b>551,989,009</b>
<b>Total Assets</b>		<b>508,541,235</b>	<b>699,550,336</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Stated Capital	11	446,672,723	446,672,723
Revenue Reserves		(356,988,548)	(278,563,751)
Revaluation Surplus		68,010,548	60,093,003
<b>Total Equity</b>		<b>157,694,723</b>	<b>228,201,975</b>
<b>Non-Current Liabilities</b>			
Interest Bearing Loans and Borrowings	13	25,000,000	690,957
Employee Benefit Obligations	15	5,919,997	5,204,025
		<b>30,919,997</b>	<b>5,894,982</b>
<b>Current Liabilities</b>			
Interest Bearing Loans and Borrowings	13	116,762,141	75,183,305
Trade and Other Payables	16.1	66,442,734	87,589,036
Contract Liabilities	16.2	76,018,272	119,158,301
Amounts Due to Related Parties	17	49,199,149	109,454,901
Bank Overdraft	10.2	11,504,219	74,067,835
		<b>319,926,515</b>	<b>465,453,379</b>
<b>Total Liabilities</b>		<b>350,846,512</b>	<b>471,348,361</b>
<b>Total Equity and Liabilities</b>		<b>508,541,235</b>	<b>699,550,336</b>

These Financial Statements are in compliance with the requirements of the Companies Act No 7 of 2007.



**Devin Idippily**  
Finance Manager

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



**Mohan Pandithage**  
Chairman



**Ruwan Waidyaratne**  
Deputy Chairman

The Accounting Policies and Notes on pages 40 through 75 form an integral part of the Financial Statements.

05<sup>th</sup> May 2021  
Colombo

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 <sup>st</sup> March	Note	2021 Rs.	2020 Rs.
<b>Revenue from contracts with customers</b>	<b>18</b>	<b>451,544,201</b>	<b>317,216,664</b>
Cost of Sales		(416,220,785)	(224,647,876)
<b>Gross Profit</b>		<b>35,323,416</b>	<b>92,568,788</b>
Other Operating Income	19	6,730,002	2,381,892
Selling and Distribution Expenses		(35,705,186)	(3,524,849)
Administrative Expenses		(102,381,729)	(110,442,740)
<b>Operating Profit/(Loss)</b>		<b>(96,033,497)</b>	<b>(19,016,910)</b>
Finance Costs	20	(23,965,431)	(36,475,609)
Finance Income	21	5,037,605	7,665,197
<b>Profit/(Loss) Before Tax</b>		<b>(114,961,323)</b>	<b>(47,827,321)</b>
Income Tax Expenses	23.1	35,742,582	781,185
<b>Profit/(Loss) for the year</b>		<b>(79,218,741)</b>	<b>(47,046,136)</b>
<b>Other Comprehensive Income</b>			
<b>Other Comprehensive Income not be reconciled to profit or loss in subsequent periods</b>			
Income tax on Revaluation	14.2	7,917,545	-
Actuarial gains/ (losses) on Employee Benefit Obligations	15.1	968,224	(3,539)
Income Tax on Actuarial gains/ (losses)	14.2	(174,280)	991
<b>Other Comprehensive Income for the year, net of tax</b>		<b>8,711,489</b>	<b>(2,548)</b>
<b>Total Comprehensive Income for the year, net of tax</b>		<b>(70,507,252)</b>	<b>(47,048,684)</b>
Earning /(Loss) Per Share - Basic/Diluted	12.3	(1.80)	(1.07)

The Accounting Policies and Notes on pages 40 through 75 form an Integral part of the Financial Statements.

# STATEMENT OF CHANGES IN EQUITY

## For the Year Ended 31<sup>st</sup> March

	Stated Capital Rs.	Revaluation Reserve Rs.	Revenue Reserves Rs.	Total Rs.
<b>Balance as at 01<sup>st</sup> April 2019</b>	<b>346,672,723</b>	<b>60,093,003</b>	<b>(231,514,831)</b>	<b>175,250,895</b>
Right issue of ordinary shares during the year	100,000,000	-	-	100,000,000
Loss for the Year	-	-	(47,046,136)	(47,046,136)
<b>Other Comprehensive Income</b>				
Actuarial gains/ (losses) on Employee benefit obligations	-	-	(3,539)	(3,539)
Income Tax on Other Comprehensive Income	-	-	991	991
Total Other Comprehensive Income	-	-	(2,548)	(2,548)
Total Comprehensive Income	-	-	(47,048,684)	(47,048,684)
<b>Balance As at 31<sup>st</sup> March 2020</b>	<b>446,672,723</b>	<b>60,093,003</b>	<b>(278,563,751)</b>	<b>228,201,975</b>
<b>Balance as at 01<sup>st</sup> April 2020</b>	<b>446,672,723</b>	<b>60,093,003</b>	<b>(278,563,751)</b>	<b>228,201,975</b>
Loss for the Year	-	-	(79,218,741)	(79,218,741)
<b>Other Comprehensive Income</b>				
Actuarial gains/ (losses) on Employee benefit obligations	-	-	968,224	968,224
Income Tax on Other Comprehensive Income	-	7,917,545	(174,280)	7,743,265
Total Other Comprehensive Income	-	7,917,545	793,944	8,711,489
Total Comprehensive Income	-	7,917,545	(78,424,797)	(70,507,252)
<b>Balance As at 31<sup>st</sup> March 2021</b>	<b>446,672,723</b>	<b>68,010,548</b>	<b>(356,988,548)</b>	<b>157,694,723</b>

The Accounting Policies and Notes on pages 40 through 75 form an Integral part of the Financial Statements.

# STATEMENT OF CASH FLOWS

For the year Ended 31<sup>st</sup> March

	Note	2021 Rs.	2020 Rs.
<b>Operating Activities</b>			
Net Loss before Income Tax		(114,961,323)	(47,827,321)
<b>Adjustments for</b>			
Depreciation of Property Plant and Equipment and right of use assets	5	11,420,534	12,539,777
Derecognition of Right to use Asset		(790,344)	-
(Profit) / Loss on sale of Property, Plant and Equipment		3,418,170	(685,124)
Finance Income	21	(5,037,605)	(7,665,197)
Finance Cost	20	23,965,431	36,475,609
Provision for bad and doubtful debts	8.2	19,598,532	973,376
Write down/up of Inventories	6	(1,481,041)	(348,138)
Charge for Employee Benefit Obligations	15	1,793,695	1,715,089
<b>Operating Loss before Working Capital Changes</b>		<b>(62,073,951)</b>	<b>(4,821,929)</b>
Decrease / (Increase) in Inventories		5,350,071	(74,802,397)
Decrease / (Increase) in Contract Assets		177,212,288	(16,813,464)
Increase in Trade and Other Receivables		(41,739,415)	(16,680,252)
Increase / (Decrease) in Trade and Other Payables/ Contract Liabilities		(64,286,328)	87,014,416
Increase / (Decrease) in Amounts due to/ due from Related Parties		(45,483,387)	(27,867,484)
		(31,020,722)	(53,971,110)
Finance Income Received	21	5,037,605	7,665,197
Finance Costs Paid	20	(23,965,431)	(36,475,609)
Employee Benefit Obligations Paid	15	(109,500)	(265,960)
<b>Net Cash from/ (used in) Operating Activities</b>		<b>(50,058,048)</b>	<b>(83,047,182)</b>
<b>Investing Activities</b>			
Acquisition of Property, Plant and Equipment/ Intangible Assets	5	(6,328,511)	(8,916,861)
Proceeds from Sale of Property, Plant and Equipment	19	-	685,124
Proceeds from Right issue of Ordinary Shares	11	-	100,000,000
<b>Net Cash Flow used in Investing Activities</b>		<b>(6,328,511)</b>	<b>91,768,263</b>
<b>Financing Activities</b>			
Loans Obtained	13	428,741,462	206,440,606
Repayment of Interest Bearing Loans and Borrowings	13	(384,002,189)	(224,370,119)
Capital portion of Lease rentals paid	13.2	(481,827)	(1,776,002)
<b>Net Cash Flow From / (used in) Financing Activities</b>		<b>44,257,446</b>	<b>(19,705,515)</b>
Net Increase/(Decrease) in Cash and Cash Equivalents		(12,129,113)	(10,984,734)
<b>Cash and Cash Equivalents at the beginning of the year</b>		<b>3,969,810</b>	<b>14,954,545</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>10</b>	<b>(8,159,303)</b>	<b>3,969,810</b>

The Accounting Policies and Notes on pages 40 through 75 form an Integral part of the Financial Statements.



# NOTES TO THE FINANCIAL STATEMENTS

## **1. CORPORATE INFORMATION**

### **1.1 Reporting entity**

UNISYST ENGINEERING PLC (“Company”) is a Company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka. The address of the Company’s registered office and the principal place of business are given on inner back cover.

### **1.2 Nature of operations and principal activities of the Company**

During the year, the principal activities of the company were manufacturing and supplying of architectural aluminum joinery systems. This includes manufacture and installation of aluminum windows and doors, enclosures, shop fronts, facades, louvers and awnings.

### **1.3 Ultimate Parent Entity**

The Company’s parent entity is Hayleys PLC. In the opinion of the Directors the Company’s ultimate parent undertaking and controlling party is also Hayleys PLC, which is incorporated in Sri Lanka.

### **1.4 Approval of Financial Statements.**

The Financial Statements of UNISYST ENGINEERING PLC for the year ended 31<sup>st</sup> March 2021 were authorized for issue by the Directors on 05<sup>th</sup> May 2021.

### **1.5 Responsibility for Financial Statements.**

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

## **2. BASIS OF PREPARATION**

### **2.1 Statement of compliance**

The Financial Statements have been prepared in accordance with the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with Sri Lanka Accounting Standards promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and with the requirements of the Companies Act No. 7 of 2007.

## NOTES TO THE FINANCIAL STATEMENTS

### 2.2. Basis of measurement

The Financial Statements have been prepared on the historical cost basis, except for the following material items in the Statement of Financial Position.

- Land and building which are recognized as property plant and equipment are measured at cost at the time of the acquisition and subsequently land and building are carried at fair value.
- Financial instruments- fair value through profit or loss are measured at fair value.

Where appropriate, the specific policies are explained in the succeeding notes.

No adjustments have been made for inflationary factors in the Financial Statements.

### 2.3. Functional and presentation currency

The Financial Statements are presented in Sri Lankan Rupees (Rs), which is the Company's functional and presentation currency, except when otherwise indicated.

### 2.4 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.

### 2.5 Comparative Information

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

### 2.6 Critical accounting estimates and judgements

#### 2.6.1 Use of estimates and judgments

The preparation of Financial Statements in conformity with SLFRS/LKAS's requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgements and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence actual experience and results may differ from these judgements and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period and any future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes.

## NOTES TO THE FINANCIAL STATEMENTS

### 2.6.2 Going Concern

The Company has incurred a loss after tax of Rs. 79,218,741/- (2020 – Rs. 47,046,136/-) during the year with a negative operating cashflow of Rs. 50,058,048/- (2020 – Rs.83,047,182/-) and as at the reporting date the company's accumulated loss amounted to Rs. 356,988,548/- (2020 - Rs. 278,563,751/-). However, the directors have made an assessment and concluded of the Company's ability to continue its operation for a foreseeable future. The following measures and strategies have been identified:

- Restructuring of the organization where prominence is placed on revenue growth supported by stronger sales and marketing. The company's top management has realized that the top line should be driven to achieve the Rs. 1 Billion mark by 2021/22 financial year.
- Out of the 1 Billion forecasted the management has been able to capture confirmed projects for which agreements have been signed and for certain projects advances were received.
- The company is currently focusing on several new initiatives to secure a fixed line of income by sale of standard sized mirrors, fanlights, ladders, doors and windows. The company will place its primary emphasis on marketing and profile-raising activities to promote the said products to the end customer.
- The company has managed to obtain ISO 9001, 14001, and 45000 certifications and the 'SP1 grade' awarded by "The Construction Industry Development Authority" which will enable to bid for all upcoming government projects.
- Existence of unutilized loan facilities and the company is expecting for additional project specific and working capital facilities.

#### **Company's response to the impact of the COVID 19 Pandemic**

Further due to prevailing situation resulting from COVID 19 pandemic, the construction industry in the country has recorded a sharp decline towards the beginning of the financial year, as both residential and commercial projects have been halted / delayed due to lockdown measures (lack of man power due to travelling restriction imposed) and liquidity shortfalls. Being specialized in manufacturing and supplying architectural aluminum joinery systems the company's performance directly linked to the country's construction industry. Hence, the same factors had impacted the company during the financial year.

However, during the latter part of the year there was an improvement in the situation, the management believe that the impact from covid-19 is very short term and delays in the projects will be short term and the situation will get back to normal within a few months.

The Board believes the company resources including cash and short-term deposits, unutilized borrowing facilities as mentioned above are adequate to carry out the operations for foreseeable future.

Based on the above mentioned strategies and plans the directors of the Company are confident that the company will operate on a going concern basis.

## NOTES TO THE FINANCIAL STATEMENTS

### 2.6.3 Taxation

Deferred tax assets are recognized 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 on upon the likely timing and the level of future taxable profits together as with future tax planning strategies. Refer Note 14 and Note 2.6.2 for further strategies.

### 2.6.4 Measurement of the defined benefit obligations

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 15. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

### 2.6.5 Contract Accounting

Due to the contracting nature of the business, revenue recognition involves a significant degree of judgement, with estimates being made to assess, the total contract costs, attribute overheads to individual projects, forecast the profit margin and appropriately provide for loss making contracts.

#### **Identifying performance obligations in a bundled supply of architectural aluminum joinery systems and installation services**

The Company provides installation services that are bundled together with the supply of architectural aluminum joinery systems.

Revenue from such contracts is recognized over time, since the entity's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

The Company determined that the output method is the best method in measuring progress of the work since it provides a faithful depiction on value of the services transferred to the customer upon the satisfaction of the related performance obligations.

### 2.6.6 Revaluation of Land and Building

The Company measures land and building at revalued amount with change in value being recognized in the Statement of Other comprehensive income. In consultation with the valuer the management has concluded that there is no significant change from the last valued date.

### 2.6.7 Allowance for Doubtful Debts

Company reviews at each reporting date all receivables and assess whether an allowance should be recorded in the income statement. Management uses judgment in estimating such allowance considering the duration of outstanding and any other factors management is aware of that indicates uncertainty in recoverability. Refer Note 08 for more details.

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the Financial Statements.



## NOTES TO THE FINANCIAL STATEMENTS

### 3.1. Foreign Currency

#### 3.1.1 Transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in Statement of Profit or Loss. Non-monetary assets and liabilities which are measured in terms of historical cost in a foreign currency are translated using exchange rates 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 items measured at fair value is treated in line with the recognition of gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the entity determines the transaction date for each payment or receipt of advance consideration.

### 3.2 Current versus non-current classification

The Company presents assets and liabilities in Statement of Financial Position based on Current / non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in 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 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 Company classifies all other liabilities as non-current.

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

## NOTES TO THE FINANCIAL STATEMENTS

### 3.3 Assets and bases of their valuation

#### 3.3.1 Property, plant & equipment

The Company applies the requirements of LKAS 16 on 'Property Plant and Equipment' in accounting for its owned assets which are held for and use in the provision of the services, for rental to other or for administration purpose and are expected to be used for more than one year.

##### 3.3.1.1 Basis of Recognition

Property Plant and Equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Company and cost of the asset can be reliably measured.

##### 3.3.1.2 Basis of measurement

Items of property, plant & equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any, whilst land and building is measured at fair value less accumulated depreciation on buildings and impairment charge subsequent to the revaluation.

##### 3.3.1.3 Owned assets

The cost of property, plant & equipment includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

Revaluation of land and building is done with sufficient frequency to ensure that the fair value of the land and building dose not differ materially from its carrying amount, and is undertaken by professionally qualified valuers.

Any revaluation surplus is recorded in Other Comprehensive Income and credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of profit and loss and other comprehensive income in which case, the increase is recognised in the statement of profit and loss and other comprehensive income. A revaluation deficit is recognised in the statement of profit and loss and other comprehensive income, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

##### 3.3.1.4 Subsequent costs

The costs of the repair and maintenance of property, plant & equipment are recognised in statement of profit and loss and other comprehensive income as incurred.

##### 3.3.1.5 Derecognition

The carrying amount of an item of property, plant & equipment is derecognised on disposal; or when no future economic benefits are expected from its use. Any gains and losses on derecognition are recognised in statement of profit & loss and gains are not classified as revenue. When revalued assets are sold, any amount related to the particular asset included in the revaluation reserve is transferred to retained earnings.

## NOTES TO THE FINANCIAL STATEMENTS

### 3.3.1.6 Depreciation

Depreciation is recognised in statement of profit & loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant & equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	- 25 years
Plant & machinery	- 10 years
Motor vehicles	- 04 years
Furniture, fittings & office equipment	- 07 years

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognized.

The asset's residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end and adjusted prospectively, if appropriate.

### 3.4 Financial instruments – initial recognition and subsequent measurement

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

#### 3.4.1 Financial assets

##### 3.4.1.1 Initial recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

## NOTES TO THE FINANCIAL STATEMENTS

### 3.4.1.2 Subsequent measurement

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss
- Financial assets at amortised cost (debt instruments)

However, financial assets of the company are limited to the financial assets at amortized cost (debt instruments). The Company measures financial assets at amortised cost if both of the following conditions are met:

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

The Company's financial assets at amortised cost includes trade receivables.

### 3.4.1.3 Derecognition

A financial asset is primarily derecognised when:

The rights to receive cash flows from the asset have expired

Or

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

## NOTES TO THE FINANCIAL STATEMENTS

### 3.4.1.4 Impairment of Financial Assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### 3.4.2 Financial liabilities

#### 3.4.2.1 Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings.

#### 3.4.2.2 Subsequent measurement

##### Financial liabilities at fair value through profit or loss

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

Financial liabilities designated upon initial recognition at fair value through profit or loss so designated at the initial date of recognition, and only if criteria of SLFRS 9 are satisfied. The Company has not designated any financial liability at fair value through profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS

### Loans and borrowings

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

#### 3.4.2.3 Derecognition

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

#### 3.4.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if,

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

#### 3.4.4 Current Assets

##### 3.4.4.1 Inventories

Inventories are measured at the lower of cost and net realisable value, after making due allowances for obsolete and slow-moving items.

The cost incurred in bringing inventories are accounted at actual cost on weighted average basis.

##### 3.4.4.2 Construction work in progress

Construction work in progress are contract costs incurred for a future activity on a contract and are recognized as an asset if it is probable that they would be recovered. The cost comprises of material and other expenses directly attributable to the contract.

##### 3.4.4.3 Cash and cash equivalents

Cash in hand and at bank 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, which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts and short term borrowings as they are considered an integral part of the cash management.

## NOTES TO THE FINANCIAL STATEMENTS

### 3.5 Liabilities and Provisions

#### 3.5.1 Employee benefits

##### 3.5.1.1 Defined contribution plans

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.

The Company contributes 12% and 3% of gross emoluments to employees as Provident Fund and Trust Fund contribution respectively.

##### 3.5.1.2 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries using Projected Unit Credit (PUC) method as recommended by LKAS 19 on "Employee benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in note 15. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with LKAS 19 on employee benefit. 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.

The liability is not externally funded.

##### 3.5.2 Recognition of Actuarial Gains or losses

Actuarial gains or losses are recognised in full in the Other Comprehensive Income.

##### 3.5.3 Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

## NOTES TO THE FINANCIAL STATEMENTS

### 3.5.4 Provisions

Provisions are recognised when the Company 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 Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss and other comprehensive income net of any reimbursement.

### 3.5.5 Onerous contracts

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfill it.

### 3.5.6 Capital commitments and contingencies

Capital commitments and contingent liabilities of the Company are disclosed in the respective Note 25 to the Financial Statements.

### 3.5.7 Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

## 3.6 Statement of Profit and Loss and Other Comprehensive Income

For the purpose of presentation of the Statement of Profit & Loss, the function of expenses method is adopted.

### 3.6.1 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. The specific recognition criteria described below must also be met before revenue is recognized.

#### a) Revenue from contracts with Customer

The Company provides installation services that are bundled together with the supply of architectural aluminum joinery systems.

## NOTES TO THE FINANCIAL STATEMENTS

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims on account payment, to the extent that it is probable that they will result in revenue and can be measured reliably.

The company recognizes revenue from above contracts over time, using an output method to measure progress towards complete satisfaction of the performance obligation.

Contract expenses are recognized as incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognized immediately in profit or loss.

### **Contract Assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer.

If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

### **Contract Liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company executed performance obligations under the contract.

### **b) Interest**

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

### **c) 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 recognized net within “other operating income” in statement of profit & loss.

### **d) Other income**

Other income is recognized on an accrual basis.

### **3.6.2 Expenses**

Expenses are recognized in the statement of profit & loss on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year. Repairs and renewals are charged to profit and loss in the year in which the expenditure is incurred.

## NOTES TO THE FINANCIAL STATEMENTS

### 3.6.2.1 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalized as part of the cost of that asset.

### 3.6.2.2 Finance income and finance costs

Finance income comprises interest income on funds invested.

Interest income is recognised as it accrues in statement of profit and loss.

Finance costs comprise interest expense on borrowings are recognised in statement of profit and loss.

### 3.6.2.3 Leases

The Company 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.

#### Company as a lessee

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

#### (a) Right-of-use assets

The Company recognizes 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

#### (b) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term.

In calculating the present value of lease payments, the Company uses 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.

#### (c) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its office premises from 01<sup>st</sup> July 2020 (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).



## NOTES TO THE FINANCIAL STATEMENTS

### 3.6.3 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in statement of profit & loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

#### 3.6.3.1 Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date and any adjustments to tax payable in respect of previous years.

Current tax relating to items recognised directly in Other Comprehensive Income is recognised in Other Comprehensive Income and not in the statement of profit and loss and other comprehensive income. 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.

#### 3.6.3.2 Deferred tax

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

Deferred tax 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.

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 reassessed 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 that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside statement of profit and loss and other comprehensive income is recognised outside Statement of Profit & Loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

## NOTES TO THE FINANCIAL STATEMENTS

### 3.7 Events occurring after the Reporting date

All material post occurred after the reporting date events have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the Financial Statements.

### 3.8 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

### 3.9 Cash Flow Statement

The Cash Flow Statement has been prepared using the "indirect method". Interest paid is classified as financing cash flow. Grants received, which are related to purchase and construction of property, plant & equipment are classified as investing cash flows. Dividend is classified as cash flows from investing activities.

## 4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

### 4.1 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

#### **Amendments to SLFRS 16 - COVID – 19 Related Rent Concession**

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<sup>st</sup> June 2020.

## NOTES TO THE FINANCIAL STATEMENTS

### **Property, Plant and Equipment: Proceeds before Intended Use – Amendments to LKAS 16**

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

The amendment is effective for annual reporting periods beginning on or after 1<sup>st</sup> 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.

### **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<sup>st</sup> January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

## NOTES TO THE FINANCIAL STATEMENTS

### 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<sup>st</sup> January 2022 and must be applied retrospectively.

None of the new or amended pronouncements are expected to have a material impact on the financial statements of the company in the foreseeable future.

### 5. PROPERTY, PLANT AND EQUIPMENT

#### 5.1 Gross Carrying Amounts

	Balance As at 1/4/2020 Rs.	Additions Rs.	Disposals/ Transfers Rs.	Balance As at 31/3/2021 Rs.
Land	38,813,400	-	-	38,813,400
Building	71,299,387	-	-	71,299,387
Plant & Machinery	43,605,838	2,054,353	(1,261,020)	44,399,171
Furniture, Fittings and Equipment	29,301,839	1,909,414	(9,668,524)	21,542,729
Motor Vehicles	5,910,285	-	-	5,910,285
	<b>188,930,749</b>	<b>3,963,767</b>	<b>(10,929,544)</b>	<b>181,964,972</b>

#### 5.2 Depreciation

	Balance As at 1/4/2020 Rs.	Charge for the year Rs.	Disposals/ Transfers Rs.	Balance As at 31/3/2021 Rs.
Building	7,481,312	2,851,975	-	10,333,287
Plant and Machinery	15,939,725	5,101,624	(651,437)	20,389,911
Furniture, Fittings and Equipment	17,884,730	2,763,510	(6,859,937)	13,788,302
Motor Vehicles	5,910,285	-	-	5,910,285
	<b>47,216,052</b>	<b>10,717,109</b>	<b>(7,511,374)</b>	<b>50,421,785</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 5.3 Net Book Values

	Balance As at 31/3/2021 Rs.	Balance As at 31/3/2020 Rs.
Land	38,813,400	38,813,400
Building	60,966,100	63,818,075
Plant and Machinery	24,009,260	27,666,113
Furniture, Fittings and Equipment	7,754,427	11,417,110
Motor Vehicles	-	-
	<b>131,543,187</b>	<b>141,714,697</b>

### 5.4 Intangible Assets

	Balance As at 31/3/2021 Rs.	Balance As at 31/3/2020 Rs.
Work in Progress - Software	2,364,744	-
	<b>2,364,744</b>	-

### 5.5 Right of use assets

Cost	Balance As at 1/4/2020 Rs.	New Lease Rs.	De-Recognition Rs.	Closing balance Rs.
Building	5,627,397	-	(5,627,397)	-
<b>Total</b>	<b>5,627,397</b>	<b>-</b>	<b>(5,627,397)</b>	<b>-</b>

Depreciation	Balance As at 1/4/2020 Rs.	Charge for the period Rs.	De-Recognition Rs.	Closing balance Rs.
Building	2,344,749	703,425	(3,048,173)	-
<b>Total</b>	<b>2,344,749</b>	<b>703,425</b>	<b>(3,048,173)</b>	<b>-</b>

	Balance As at 31/3/2021 Rs.	Balance As at 31/3/2020 Rs.
Building	-	3,282,648
<b>Carrying Value</b>	<b>-</b>	<b>3,282,648</b>



## NOTES TO THE FINANCIAL STATEMENTS

- 5.6 During the financial year, the Company acquired Property, Plant and Equipment to an aggregate value of Rs.3,963,767/- (2019/20 - Rs. 8,916,861 and cash payment amounting to Rs. 3,963,767/- (2019/20 - Rs. 8,916,861/-).
- 5.7 Property, Plant and Equipment includes fully depreciated assets which are still in use during the year 2020/21 Rs. 21,229,432/- (2019/20 - Rs. 3,771,016/-).
- 5.8 The land and buildings belonging to Unisyst Engineering PLC, situated at 41B, Sasanathilaka Rd, Opatha, Kotugoda. were not revalued as at 31<sup>st</sup> March 2021.
- The following properties were revalued and recorded during 2018/19 under freehold land & Building. Fair Value measurement disclosure for revalued land based on un-observable input as follows.
- (a) Quoted Price (unadjusted) in active markets for identical assets or liabilities (Level -1).
- (b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices) (Level - 2).
- (c) Input for the assets or liability that are not based on observable market data (that is, unobservable inputs) (Level -3).

### Information on Freehold Land and Freehold Building of the company.

#### Non Financial Asset

Location	Date of Valuation	Extent	Valuation Technique	Unobservable Inputs	Significant Unobservable Input Price per Perch Inputs	Fair Value measurement using Significant unobservable inputs
Land	31 <sup>st</sup> Mar 2019	A2-R2-P31.26	Open Market Value	Price per Perch	Rs. 90,000/-	Rs. 38,813,400/-
	<b>Date of Valuation</b>	<b>Number of Buildings</b>	<b>Buildings In Sq.ft</b>	<b>Valuation Technique</b>		
Building	31 <sup>st</sup> Mar 2019	03	35,785	Open Market Value		

\* No Significant increases / (decreases) in fair value of land and building compared to the last revalued date.

## NOTES TO THE FINANCIAL STATEMENTS

- 5.9 The carrying amount of revalued assets that would have been included in the Financial Statements had the assets been carried at cost less depreciation is as follows :

Class of Asset	Cost	Cumulative Depreciation if Assets were Carried at Cost	Net carrying amount as at 31/3/2021 Rs.	Net carrying amount as at 31/3/2020 Rs.
Land	3,134,394	-	3,134,394	3,134,394
Buildings	28,317,192	(6,796,127)	21,521,065	22,087,409
	<b>31,451,586</b>	<b>(6,796,127)</b>	<b>24,655,459</b>	<b>25,221,803</b>

### 6. INVENTORIES

	As at 31/3/2021 Rs.	As at 31/3/2020 Rs.
Raw Materials	41,993,710	48,967,738
Projects Inventory	40,535,712	38,911,756
(-) Provision for Slow Moving & Obsolete Stocks	(9,329,925)	(10,810,966)
	73,199,497	77,068,527
Consumables	18,695	18,695
	<b>73,218,192</b>	<b>77,087,222</b>

- 6.1 Provision made for obsolete inventory was amounting to Rs. 2,850,759/- (reversal 2019/20- 348,138) which was recognized in Administration Expense.

### 6.2 Provision for Slow Moving & Obsolete Stocks

	As at 31/3/2021 Rs.	As at 31/3/2020 Rs.
Balance as at the beginning of the year	10,810,966	11,159,105
Provisions made during the year	2,850,760	-
Reversal of Provisions	(4,331,801)	(348,139)
<b>Balance at the end of the year</b>	<b>9,329,925</b>	<b>10,810,966</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 7. CONSTRUCTION WORK-IN-PROGRESS

	Balance as at 01/4/2020 Rs.	Cost incurred during the year Rs.	Cost of Sales recognized during the year Rs.	Balance as at 31/3/2021 Rs.
<b>Construction Work-in-Progress</b>	223,281,427	226,300,879	(386,794,322)	<b>62,787,985</b>

### 8. TRADE AND OTHER RECEIVABLES

	As at 31/3/2021 Rs.	As at 31/3/2020 Rs.
Trade Debtors	122,285,980	50,670,071
(-) Provision for Bad and Doubtful Debts	(27,870,056)	(8,271,523)
Net Trade Debtors	94,415,924	42,398,548
Advances, Deposits and Prepayments	16,449,877	44,648,255
Other Receivables (8.3)	9,704,893	11,383,010
	<b>120,570,694</b>	<b>98,429,813</b>

Year	Impaired	Neither Past due nor impaired	Past due not Impaired			Total
			31- 60 Days	61 -180 Days	> 180 days	
2021	27,870,056	33,909,274	22,898,431	28,439,090	9,169,129	122,285,980
2020	8,271,523	10,371,763	2,631,888	17,854,592	11,540,303	50,670,071

#### 8.1 Contract assets

	As at 31/3/2021 Rs.	As at 31/3/2020 Rs.
Retention Receivables	58,104,942	74,823,790
<b>Balance at the end of the year</b>	<b>58,104,942</b>	<b>74,823,790</b>

8.1.1 10% from each and every interim payment certificate upto maximum 5% of the initial contract sum is recognized as retention receivable.

#### 8.2 Provision for Bad and Doubtful Debts

	As at 31/3/2021 Rs.	As at 31/3/2020 Rs.
Balance as at the beginning of the year	8,271,523	7,298,147
Provisions during the year	19,598,532	973,376
<b>Balance at the end of the year</b>	<b>27,870,056</b>	<b>8,271,523</b>

## NOTES TO THE FINANCIAL STATEMENTS

<b>8.3 Other Receivables</b>	<b>As at 31/3/2021 Rs.</b>	<b>As at 31/3/2020 Rs.</b>
FD Interest Receivable	-	2,582,407
Tax Receivable	9,704,893	8,800,603
<b>Balance at the end of the year</b>	<b>9,704,893</b>	<b>11,383,010</b>
<hr/>		
<b>9. AMOUNTS DUE FROM RELATED PARTIES</b>	<b>As at 31/3/2021 Rs.</b>	<b>As at 31/3/2020 Rs.</b>
Alumex PLC	5,766,350	-
The Kingsbury PLC	1,973,221	-
Fentons Limited	-	329,111
Advantis Projects and Engineering (Pvt) Ltd	2,817,175	-
	<b>10,556,746</b>	<b>329,111</b>
<hr/>		
<b>10. CASH AND CASH EQUIVALENTS</b>	<b>As at 31/3/2021 Rs.</b>	<b>As at 31/3/2020 Rs.</b>
<b>Components of Cash and Cash Equivalents</b>		
<b>10.1 Favourable balance</b>		
Short Term Deposits	-	77,667,955
Bank Balances and Cash in hand	3,344,916	369,690
	<b>3,344,916</b>	<b>78,037,646</b>
<hr/>		
<b>10.2 Unfavourable Balances</b>		
Bank Overdrafts	(11,504,219)	(74,067,835)
<b>Total Cash and Cash Equivalents for the Purpose of Cash Flow Statements</b>	<b>(8,159,303)</b>	<b>3,969,810</b>
<hr/>		

## NOTES TO THE FINANCIAL STATEMENTS

### 11. STATED CAPITAL

#### Fully Paid Ordinary Shares

	As at 31/3/2021		As at 31/3/2020	
	Number of Shares	Rs.	Number of Shares	Rs.
At the beginning of the Year	22,058,200	446,672,723	12,058,200	346,672,723
Right issue of ordinary shares	-	-	10,000,000	100,000,000
Subdivision of Shares	22,058,200	-	-	-
<b>At the end of the Year</b>	<b>44,116,400</b>	<b>446,672,723</b>	<b>22,058,200</b>	<b>446,672,723</b>

The ordinary shares of the company were subdivided by splitting each issued ordinary share into 02 ordinary shares from 04<sup>th</sup> March 2021. Consequently the total number of existing issued Ordinary Shares were increased from 22,058,200 to 44,116,400 without changing the Stated Capital of the Company which will remain at Rs. 446,672,723/-.

### 12. EARNINGS /(LOSS) PER SHARE

**12.1** Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to Ordinary Shareholders 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.

**12.2** The following reflects the income and share data used in the basic Earning Per Share computation.

Amounts Used as the Numerators:	Year Ended 31/3/2021 Rs.	Year Ended 31/3/2020 Rs.
Net Profit/(Loss) attributable to Ordinary Shareholders for basic Earnings /(Loss) Per Share	(79,218,741)	(47,046,136)

#### Numbers of Ordinary Shares Used as Denominators:

Weighted Average number of Ordinary Shares in issue	44,116,400	44,116,400
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**12.3** **Earnings/(Loss) Per Share - Basic** **(1.80)** **(1.07)**

### 13. INTEREST-BEARING LOANS AND BORROWINGS

	As at 31/3/2021 Rs.	As at 31/3/2020 Rs.
<b>Current Interest-Bearing Loans and Borrowings</b>		
Import Loans (Unsecured) (13.1)	24,762,143	3,422,867
Short Term Loans (13.1)	91,999,998	68,600,000
Other Leases (13.3)	-	3,160,438
<b>Total current interest-bearing loans and borrowings</b>	<b>116,762,141</b>	<b>75,183,305</b>
<b>Non - Current Interest-Bearing Loans and Borrowings</b>	<b>25,000,000</b>	<b>690,957</b>
<b>Total interest bearing loans and borrowings</b>	<b>141,762,141</b>	<b>75,874,262</b>

The Non - Current Interest-Bearing Loans and Borrowing is a loan received from Hayleys Advantis Ltd.



## NOTES TO THE FINANCIAL STATEMENTS

### 13.1 Short Term and Import Loans

	As at 31/3/2021 Rs.	As at 31/3/2020 Rs.
Balance at the begining of the year	72,022,867	89,952,380
Loans obtained during the year	428,741,462	206,440,606
	500,764,329	296,392,986
Loans repaid during the year	(384,002,189)	(224,370,119)
Balance at the end of the year	116,762,140	72,022,867

#### 13.1.1 Details of the short term loan is as below;

Interest Rate: AWPLR+1.5%

Repayment Terms: 90 Days

Security: Letter of Comfort worth of Rs. 450 MN by Hayleys PLC (Ultimate Parent Company)

### 13.2 Other Leases

	2021 Rs.	2020 Rs.
Balance as at 01.04.2020	3,851,395	-
Additions	-	5,627,397
Accretion of Interest	114,060	505,824
Payments	(481,827)	(2,281,826)
Discontinuation of Lease	(3,965,455)	-
Balance as at 31.03.2021	-	3,851,395
Amount Repayable Within 1 year	-	3,160,438
Amount Repayable After 1 year	-	690,957
	-	3,851,395

This represents lease liability recognized together with the recognition of right of use assets.

During the year the lease liability was derecognised as the company shifted its premises and is exempt from SLFRS 16, as the new lease period is a period less than a year.

### 14. DEFERRED TAX ASSET

	As at 31/3/2021 Rs.	As at 31/3/2020 Rs.
14.1 Balance at the beginning of the period	2,563,982	1,781,806
(Origination)/reversal of temporary difference (14.2)	44,401,555	782,176
Effect on changes in tax rate (14.2)	(915,708)	-
Balance at the end of the period (14.4)	46,049,829	2,563,982

## NOTES TO THE FINANCIAL STATEMENTS

### 14.2 Reconciliation of Deferred Tax (Charge) / Reversal

Deferred Tax (Charge) /Reversal on other temporary differences recognised under Comprehensive Income	44,575,835	781,185
Deferred Tax effect from change in tax rate recognised under Comprehensive Income	(8,833,253)	-
Deferred Tax (Charge) /Reversal on other temporary differences recognised under Other Comprehensive Income	(174,280)	991
Deferred Tax effect from change in tax rate recognised under Other Comprehensive Income	7,917,545	-
	<b>43,485,847</b>	<b>782,176</b>

- 14.3 The Deferred Tax Asset arising from unused tax losses has been recognised only to the extent that the company has convincing other evidence that sufficient taxable profit will be available against which the unused tax losses can be utilised by the company. The company has recognized in full tax losses amounting to Rs. 322,919,117/- based on the 5 years forecasted taxable profits. Management expects profitable growth coming from revenue strategies and cost efficiencies in future.

### 14.4 Deferred Tax Asset / ( Liability ) arises due to

	As at 31/3/2021 Rs.	As at 31/3/2020 Rs.
Accelerated Depreciation for the Tax purposes	(5,730,222)	(11,330,226)
Tax Losses carried forward	58,125,442	29,120,000
Employee Benefit Obligations	1,065,599	1,457,043
Revaluation on land	(6,986,412)	(10,867,752)
Revaluation on building	(7,265,170)	(11,301,375)
Tax effect of provisions	6,840,592	5,327,043
Temporary difference on Right of use assets	-	159,249
	<b>46,049,829</b>	<b>2,563,982</b>

### 15. EMPLOYEE BENEFIT OBLIGATION

	As at 31/3/2021 Rs.	As at 31/3/2020 Rs.
Changes in the present value of the Defined benefit obligation is as follows		
Balance as at the beginning of the year	5,204,025	3,751,357
Current Service Cost	1,276,343	398,022
Interest Costs	517,353	1,317,067
Actuarial (gains)/ losses (15.1)	(968,224)	3,539
Benefits paid during the year	(109,500)	(265,960)
<b>Balance at the end of the year</b>	<b>5,919,997</b>	<b>5,204,025</b>

## NOTES TO THE FINANCIAL STATEMENTS

	As at 31/3/2021 Rs.	As at 31/3/2020 Rs.
15.1 The expenses recognised in the Statement of the Comprehensive Income	1,793,695	1,715,089
The (Income)/ Expenses recognized in the Statement of the Other Comprehensive Income	(968,224)	3,539
	<b>825,471</b>	<b>1,718,628</b>

15.2 Maturity Profile of the Defined Benefit Obligation Future working lifetime	2020/21 Rs.	2019/20 Rs.
Within the next 12 months	487,375	363,051
Between 1 to 5 years	2,152,369	1,872,700
Between 5 to 10 years	2,195,645	1,113,627
More than 10 years	1,084,608	1,854,647
	<b>5,919,997</b>	<b>5,204,025</b>

### 15.3 Sensitivity of the principal assumptions used

In order to illustrate the significance of the salary escalation rates and discount rates assumed in these valuations a sensitivity analysis for all employees of the company is carried as follows;

Discount Rate	2020/21 Rs.	2019/20 Rs.
Effect on DBO due to decrease in the discount rate by 1%	6,366,022	5,609,227
Effect on DBO due to increase in the discount rate by 1%	5,523,443	4,844,460
<b>Salary Escalation</b>		
Effect on DBO due to decrease in the salary escalation rate by 1%	5,490,603	4,816,510
Effect on DBO due to increase in the salary escalation rate by 1%	6,395,653	5,634,249

15.4 The average duration of the defined benefit plan obligation at the end of the reporting period is 7.63 years. (2020 - 8.02 years).

### 15.5 Principal assumptions used Company,

Messrs, NMG Consulting, Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity using the Project Unit Credit Method as at 31st March 2021. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows;

Assumptions regarding the future mortality are based on "A 1967/70" mortality table, issued by the Institute of Actuaries, London.

	2020/21	2019/20
Discount Rate Assumed	8%	10%
Future Salary Increase	7%	9%
Staff Turnover	6% -25%	6% -25%
Retiring Age	55	55
Expected Future Working Life	6.8 Years	6.8 Years

## NOTES TO THE FINANCIAL STATEMENTS

### 16. CONTRACT LIABILITIES AND OTHER PAYABLES

#### 16.1 Trade and other payables

	As at 31/3/2021 Rs.	As at 31/3/2020 Rs.
Trade and other payables	66,442,734	87,589,036
	<b>66,442,734</b>	<b>87,589,036</b>

#### 16.2 Contract Liabilities

	As at 31/3/2021 Rs.	As at 31/3/2020 Rs.
Contract Mobilization Advances	76,018,272	119,158,301
	<b>76,018,272</b>	<b>119,158,301</b>

### 17. AMOUNTS DUE TO RELATED PARTIES

	Relationship	As at 31/3/2021 Rs.	As at 31/3/2020 Rs.
Hayleys PLC	Parent Company	7,446,712	8,736,632
Hayleys Business Solutions International (Pvt) Ltd	Affiliate Company	23,814	129,715
Alumex PLC	Affiliate Company	-	13,158,766
Alco Industries (Pvt) Ltd	Affiliate Company	-	910,632
Advantis Freight (Pvt) Ltd	Affiliate Company	80,726	655,080
Hayleys Advantis Ltd	Affiliate Company	175,408	450,066
North South Lines (Pvt) Ltd	Affiliate Company	5,028,763	23,939,214
Hayleys Tours (Pvt) Ltd	Affiliate Company	-	52,328,291
Singer (Sri Lanka) PLC	Affiliate Company	1,386	10,556
Hayleys Aviation and Projects (Pvt) Ltd	Affiliate Company	3,017,199	3,644,425
Mountain Hawk	Affiliate Company	57,981	57,981
Hayleys Travels (Pvt) Ltd	Affiliate Company	30,894,553	-
Fentons Ltd	Affiliate Company	2,288,062	3,857,060
Advantis Projects & Engineering (Pvt) Ltd	Affiliate Company	184,545	-
Hayleys Lifescience (Pvt) Ltd	Affiliate Company	-	1,576,483
		<b>49,199,149</b>	<b>109,454,901</b>

## NOTES TO THE FINANCIAL STATEMENTS

18. REVENUE FROM CONTRACTS WITH CUSTOMERS	2021 Rs.	2020 Rs.
Contract Sales - Local	451,544,201	317,216,664
<b>Total Revenue</b>	<b>451,544,201</b>	<b>317,216,664</b>

18.1 Contract Balances	2021 Rs.	2020 Rs.
<b>Contract Assets</b>		
- Retention Receivables	58,104,942	74,823,790
<b>Contract Liabilities</b>		
- Contract Mobilization Advance (18.2)	76,018,272	119,158,301

18.2 Contract Liabilities	2021 Rs.	2020 Rs.
At the beginning of the year	119,158,301	93,075,153
Advance paid during the year	126,264,758	124,392,412
	<b>245,423,059</b>	<b>217,467,565</b>
Advance recovered during the year	(169,404,787)	(98,309,264)
<b>At the end of the year</b>	<b>76,018,272</b>	<b>119,158,301</b>

Contract assets are initially recognised for revenue earned from manufacturing and supplying of architectural aluminum joinery systems as receipt of consideration is conditional on successful completion of installation. Upon completion of installation and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

Contract liabilities include advances received in relation to projects. Those are recognised as the revenue through out the remaining period of project which are expected to be completed within next year.

As of 31st March 2021 the aggregate amount of the transaction price allocated to the remaining performance obligation is Rs. 76,018,272/- and the entity will recognize this revenue as the construction progresses based on interim payment certificates, which is expected to occur over the duration of the project.

## NOTES TO THE FINANCIAL STATEMENTS

<b>19. OTHER OPERATING INCOME</b>	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
Scrap Sales	6,066,510	1,696,768
Profit on Sale of Property, Plant and Equipment	-	685,124
De-recognition of Right of use assets	663,492	-
	<b>6,730,002</b>	<b>2,381,892</b>
<b>20. FINANCE COST</b>	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
Interest on Loans and Borrowings	16,655,660	28,736,250
Exchange Loss	924,115	673,716
Interest on Bank Overdraft	3,513,470	5,788,789
Guarantee Charge and Others	2,758,126	1,276,854
Lease Interest	114,060	-
	<b>23,965,431</b>	<b>36,475,609</b>
<b>21. FINANCE INCOME</b>	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
Interest Income Fixed Deposit	3,724,392	7,627,124
Interest Income Saving Account	87,786	38,074
Exchange gain	1,225,427	-
	<b>5,037,605</b>	<b>7,665,197</b>
<b>22. PROFIT / (LOSS) BEFORE TAX</b>	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>Stated after charging/(crediting)</b>		
Directors' emoluments	2,138,000	1,474,000
Auditors' remuneration - Statutory audit services	592,750	550,122
- Non audit related services	87,000	87,124
Depreciation (PPE and Right of use asset)	11,420,534	12,539,777
Personnel costs include		
Salaries and wages	62,024,993	70,977,553
Defined contribution plan costs	7,630,737	7,684,692
Defined benefit plan costs	1,793,695	1,715,089
Donations	-	27,571
Provision for Slow Moving Stocks	2,850,760	(348,138)
Impairment/(Reversal) for bad trade and other receivable	34,968,060	-
Short Term Leases	3,672,292	-



## NOTES TO THE FINANCIAL STATEMENTS

### 23. INCOME TAX EXPENSE

	2021 Rs.	2020 Rs.
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#### 23.1 Current tax expense

Current tax expense on ordinary activities for the year (23.2)	-	-
Deferred tax Charge /(Reversal) on the effect of changes in tax rate* (14.2)	(8,833,253)	-
Deferred tax Charge /(Reversal) on Other temporary differences (14.2)	44,575,835	781,185
	<b>35,742,582</b>	<b>781,185</b>

With the amendments to the Inland Revenue Act No. 24 of 2017 the tax rate of the company has changed to 18%, accordingly the deferred tax and income tax has been recognised considering this amended rate.

#### 23.2 Reconciliation between the tax expense/ (income) and the product of accounting profit/ (loss)

	For the Year Ended 31/3/2021 Rs.	For the Year Ended 31/3/2020 Rs.
Accounting Loss Before Tax	(114,961,323)	(47,827,321)
Adjustments relating to disallowances	56,366,335	24,828,373
Adjustments to allowable items	(27,223,443)	(15,653,677)
<b>Taxable income from trade - (a)</b>	<b>(85,818,431)</b>	<b>(38,652,625)</b>
Interest Income	3,812,178	7,665,197
Utilisation of tax losses	(3,812,178)	(7,665,197)
<b>Taxable income from other sources, net of utilisation of tax losses - (b)</b>	<b>-</b>	<b>-</b>
<b>Total taxable income (a) + (b)</b>	<b>(85,818,431)</b>	<b>(38,652,625)</b>
Statutory tax rate	18%	28%
<b>Current Income Tax Payable / (Receivable)</b>	<b>-</b>	<b>-</b>

#### 24. CAPITAL EXPENDITURE COMMITMENTS

There were no material commitments which require disclosure as at the reporting date.

#### 25. CONTINGENT LIABILITIES

The contingent liability as at 31<sup>st</sup> March 2021 are as follows,  
Bank Guarantees given to third parties Rs.88 Mn.

#### 26. EVENTS OCCURRING AFTER THE REPORTING DATE

No circumstances have arisen since the reporting date which require adjustment to or disclosure in the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 27. ASSETS PLEDGED

There are no Assets Pledged as at the reporting date.

### 28. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

28.1 Key management personnel comprise of Directors of the Company and the emoluments made on behalf of them has been disclosed in Note no 22 to the Financial Statements there were no other transactions with key management personnel during the year.

28.2 The following table provides the total transactions taken place during the year with related parties. The resulted closing balances are disclose in the Note no. 09 & 17.

Company	Relationship	Nature of the Transaction	Amount Paid / (Received)	
			For the Year Ended 31/3/2021 Rs.	For the Year Ended 31/3/2020 Rs.
Hayleys PLC	Parent Company	Services/Loans Obtained	1,289,920	35,804,809
Hayleys Business Solutions International (Pvt) Ltd	Affiliate Company	Services Obtained	105,901	(49,812)
Alumex PLC	Affiliate Company	Materials Purchased	15,820,329	2,130,304
Alco Industries (Pvt) Ltd	Affiliate Company	Materials Purchased	910,632	(227,251)
Hayleys Aviation and Projects (Pvt) Ltd	Affiliate Company	Reimburement of Expenses/Loans Obtained	184,545	(420,408)
Hayleys Advantis Ltd	Affiliate Company	Loans Obtained	25,755,437	50,460
The Kingsbury PLC	Affiliate Company	Contract Sales	1,973,221	(34,886,857)
Advantis Freight (Pvt) Ltd	Affiliate Company	Clearing services Obtained	574,354	(166,306)
North South Lines (Pvt) Ltd	Affiliate Company	Loans Obtained	18,910,451	(12,712,250)
Mabroc Teas (Pvt) Ltd	Affiliate Company	Services Obtained	21,826	-
Singer PLC	Affiliate Company	Services Obtained	9,170	33,034
Hayleys Travels (Pvt) Ltd	Affiliate Company	Loans Obtained	(30,894,553)	-
Hayleys Tours (Pvt) Ltd	Affiliate Company	Loans Obtained	-	11,578,563
Agility Logistics (Pvt) Ltd	Affiliate Company	Services Obtained	71,814	(71,814)
Hayleys Aventura (Pvt) Ltd	Affiliate Company	Services Obtained	1,149,476	990,000
Hayleys Lifesciences (Pvt) Ltd	Affiliate Company	Services Obtained	1,576,483	(1,576,483)
Fentons Ltd	Affiliate Company	Services Obtained	1,568,998	-
Advantis Project and Engineering (Pvt) Ltd	Affiliate Company	Services Obtained	184,545	-

There were non recurring related Party transactions which agreegate value exceeds 10% of Equity or 5% of total Assets and there were no recurring related Party transaction which agreegate value exceeds 10% of gross revenue.

## NOTES TO THE FINANCIAL STATEMENTS

**28.3** The loans obtained from Hayleys Advantis Ltd, North South Line (Pvt) Ltd, Hayleys Aviation and Projects (Pvt) Ltd and Hayleys Travels (Pvt) Ltd were utilized for the purpose of short term financing requirements. All the loans are repayable in three months except loan obtained from Hayleys Advantis Ltd which is repayable in one year and three months.

### **28.4 Terms and conditions of transactions with related parties**

The sales, interest and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31<sup>st</sup> March 2021, the Company has not recorded any impairment of receivables relating to amounts due from related parties (2019/20 - Nil). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

## **29. FINANCIAL RISK MANAGEMENT**

### **Overview**

The Company has exposure to the following risks arising from financial instruments.

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

### **Risk management framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company Audit Committee monitors the process through which business risks are identified for action by management and for the Board's attention and monitors the effectiveness of the Company's internal controls. The Company Audit Committee is assisted in its role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of controls and procedures, the results of which are reported to the Audit Committee.

## NOTES TO THE FINANCIAL STATEMENTS

### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

### Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

Each new customer is analysed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. Customers that fail to meet the Company's benchmark credit worthiness may transact with the Company only on a prepayment basis.

The Company establishes an allowance for impairment that represents its estimate of Expected Credit losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for companies of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

### Impairment losses

Trade and other receivables at the reporting date was as shown below and Impairment provision for debtors worth of Rs. 27,870,056/- for which full impairment provision has been made.

### The aging analysis of trade receivables is as follows

	Neither past due nor impaired Rs.	31-60 Days Rs.	61 -180 Days Rs.	>180 Days Rs.	Total Rs.	Impaired Rs.	Net Rs.
As at 31 <sup>st</sup> March 2021	33,909,274	22,898,431	28,439,090	37,039,184	122,285,979	(27,870,056)	94,415,924
As at 31 <sup>st</sup> March 2020	10,371,763	2,631,888	17,854,597	19,811,828	50,670,075	(8,271,523)	42,398,548

### Cash and cash equivalents

The Company held cash and cash equivalents of LKR 3 Mn at 31<sup>st</sup> March 2021 (2019/20 78Mn), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with Hatton National Bank PLC, Sampath Bank PLC and Union Bank of Colombo PLC.

## NOTES TO THE FINANCIAL STATEMENTS

### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company maintains the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the succeeding 60 days. The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

Year ended 31 <sup>st</sup> March 2021	on demand Rs.	less than 3 months Rs.	3 to 12 months Rs.	1 to 5 years Rs.	>5 years Rs.	Total Rs.
interest-bearing loans and Borrowings	-	116,762,141	-	25,000,000	-	141,762,141
trade and other payables	53,783,222	12,372,261	287,251	-	-	66,442,734
Contract Liabilities	76,018,272	-	-	-	-	76,018,272
Amounts Due to Related Parties	49,199,149	-	-	-	-	49,199,149
	179,000,643	129,134,402	287,251	25,000,000	-	333,422,296

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

### Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than Sri Lankan Rupees.

The Company uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. Such contracts generally are designated as cash flow hedges.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

## NOTES TO THE FINANCIAL STATEMENTS

### 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 Company mainly borrows in the short term to fund its working capital requirement which are linked to floating interest rates.

### Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, retained earnings and non-controlling interests of the Company. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company's net debt to adjusted equity ratio at the reporting date was as follows

	2021 Rs.	2020 Rs.
Total Liabilities	350,846,512	471,348,361
Less: Cash and cash equivalents	(3,344,916)	(3,969,811)
Net debt	347,501,596	467,378,550
Total Equity	157,694,723	228,201,975
Net debt to adjusted equity ratio at 31 March	2.20	2.05



# TEN YEARS FINANCIAL REVIEW

Year ended 31 st March	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12
<b>Results</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
Turnover	451,544,201	317,216,664	382,967,729	451,655,658	117,940,380	282,676,176	186,693,890	95,859,371	74,883,246	64,576,352
Profit / (Loss) before Taxation	(114,961,323)	(47,827,321)	59,222	(18,865,555)	(64,783,198)	42,939,205	7,177,993	(57,924,997)	(47,448,966)	840,772
Taxation	35,742,582	781,185	(7,076,151)	15,702,117	(2,066,457)	(2,229,184)	5,097,732	(3,486,070)	(4,137,488)	(345,194)
Profit / (Loss) after Taxation	(79,218,741)	(47,046,136)	(7,016,928)	(3,163,438)	(66,849,655)	40,710,021	12,275,725	(61,411,067)	(51,586,454)	495,578
<b>Statement of Financial Position</b>										
Stated Capital	446,672,723	446,672,723	346,672,723	346,672,723	346,672,723	346,672,723	346,672,723	346,672,723	346,672,723	346,672,723
Reserves	68,010,548	60,093,003	60,093,003	56,987,355	122,695,005	116,258,005	131,834,262	142,042,638	89,042,854	89,042,854
Retained Earnings	(356,988,548)	(278,563,752)	(231,514,831)	(225,182,002)	(221,920,280)	(154,492,694)	(210,571,874)	(222,847,599)	(158,648,836)	(106,969,290)
	<b>157,694,723</b>	<b>228,201,974</b>	<b>175,250,895</b>	<b>178,478,076</b>	<b>247,441,448</b>	<b>308,438,034</b>	<b>267,935,111</b>	<b>265,867,762</b>	<b>277,066,741</b>	<b>328,746,287</b>
Non-Current Assets	179,957,760	147,561,327	144,774,877	157,018,953	133,749,240	125,653,999	122,957,908	136,970,977	68,920,826	63,489,483
Current Assets	328,583,475	551,989,009	437,320,814	333,540,600	329,088,126	238,984,771	192,586,219	187,767,632	246,610,537	278,679,462
Current Liabilities	(319,426,515)	(465,453,379)	(403,093,439)	(308,094,361)	(212,505,742)	(54,389,585)	(35,280,758)	(31,090,914)	(33,785,595)	(10,686,603)
Long Term Liabilities	(30,919,996)	(5,894,982)	(3,751,357)	(3,987,117)	(2,890,176)	(1,811,151)	(12,328,258)	(27,779,933)	(4,679,027)	(2,736,055)
	<b>157,694,723</b>	<b>228,201,975</b>	<b>175,250,895</b>	<b>178,478,076</b>	<b>247,441,448</b>	<b>308,438,034</b>	<b>267,935,111</b>	<b>265,867,762</b>	<b>277,066,741</b>	<b>328,746,287</b>
<b>Cash Flow</b>										
Net Cash inflow/ (outflow ) from Operating Activities	(50,058,048)	(83,047,482)	(99,017,112)	(28,962,695)	28,056,147	(14,789,627)	17,466,877	(30,904,026)	(23,986,820)	(36,706,814)
Net Cash inflow/ (outflow ) from Investing Activities	(6,328,511)	91,768,262	(1,951,886)	(4,076,732)	(14,158,303)	479,067	(9,620,374)	(1,086,852)	(52,185,138)	(29,448,733)
Net Cash inflow/ (outflow ) from Financing Activities	44,257,446	(19,705,515)	79,805,922	(97,762,264)	33,285,646	(3,839,402)	(1,254,715)	(1,125,357)	(192,751)	305,474,400
Increase / (decrease) in Cash and Cash Equivalents	(12,129,113)	(10,984,734)	(21,163,077)	(130,801,691)	47,183,490	(18,149,961)	6,591,788	(33,116,235)	(76,364,709)	239,318,853
<b>Key Indicators</b>										
Annual growth in Turnover %	42.35	(17.17)	(15.21)	282.95	(58.28)	51.41	94.76	28.01	15.96	13.71
Net Profit / (Loss) before Tax to Turnover %	(25.46)	(15.08)	0.02	(4.18)	(54.93)	15.19	3.84	(60.43)	(63.36)	1.30
Property, Plant & Equipment to Shareholders Funds %	84.92	62.10	81.59	82.19	51.77	38.20	42.97	48.58	22.05	16.94
Earnings/ (Loss) per Share	(1.80)	(1.07)	(0.58)	(0.26)	(5.54)	3.38	1.04	(5.09)	(4.28)	0.04
Net Assets per Share at Year End	3.57	10.35	14.53	14.80	20.52	25.58	22.22	22.05	22.98	27.26
Current Ratio - (Times)	1.03	1.19	1.08	1.08	1.55	4.39	5.46	6.04	7.30	26.08
Quick Asset Ratio - (Times)	0.79	1.02	1.08	1.06	1.54	4.36	5.06	5.70	7.11	25.44

# SHARE INFORMATION

## STOCK EXCHANGE LISTING

The stated capital comprising of Twelve million fifty eight thousand two hundred of Unisyst Engineering PLC is listed with the Colombo Stock Exchange of Sri Lanka.

Interim Financial Statements of the 4th Quarter for the year ended 31<sup>st</sup> March, 2021 have been submitted to the Colombo Stock Exchange as require by the listing rules.

## ORDINARY SHAREHOLDERS AS AT 31<sup>st</sup> MARCH 2021

No of Share Holders - 1,682 (As at 31<sup>st</sup> March 2020 - 1,584)

## ORDINARY SHAREHOLDERS AS AT 31<sup>ST</sup> MARCH 2021

No. of shares held	RESIDENTS			NON RESIDENTS			TOTAL		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 1,000	948	259,487	0.59	8	2,186	0.00	956	261,673	0.59
1,001 - 10,000	502	2,042,837	4.63	6	17,660	0.04	508	2,060,497	4.67
10,001 - 100,000	185	5,341,352	12.11	1	57,000	0.13	186	5,398,352	12.24
100,001-1,000,000	29	6,119,622	13.87	0	0	0.00	29	6,119,622	13.87
Over 1,000,000	3	30,276,256	68.63	0	0	0.00	3	30,276,256	68.63
	1,667	44,039,554	99.83	15	76,846	0.17	1,682	44,116,400	100.00

CATEGORY									
Individuals	1,567	11,605,229	26.31	13	74,826	0.1696	1,580	11,680,055	26.4755
Institutions	100	32,434,325	73.52	2	2,020	0.0046	102	32,436,345	73.5245
	1,667	44,039,554	99.83	15	76,846	0.1742	1,682	44,116,400	100.0000

## SHARE INFORMATION

### SHARE TRADING INFORMATION

	<b>2021</b> Rs.	<b>Transaction</b> <b>Date</b>	<b>2020</b> Rs.	<b>Transaction</b> <b>Date</b>
Highest Price	22.90	22.01.2021	16.50	01.08.2019
Lowest Price	05.60	05.12.2020	06.50	20.03.2020
Closing Price	07.00	31.03.2021	06.90	20.03.2020

The Ordinary Shares of the company were subdivided by splitting each issued Ordinary Share into 02 Ordinary Shares from 4<sup>th</sup> March 2021.

No. of Transactions	10,025	5,780
No. of shares traded	14,767,305	6,698,739
Value of shares traded	Rs. 230,079,541.00	Rs. 86,752,127.90

## SHARE INFORMATION

### 20 MAJOR SHAREHOLDERS AS AT 31/03/2021

	Name of the Shareholder	No of Shares as at 31/03/2021	%	No of Shares as at 31/03/2020	%
1	HAYLEYS PLC	27,580,356	62.52	13,790,178	62.52
2	HATTON NATIONAL BANK PLC/SARAVANANTHARAJAH PARAMANATHAN	1,515,900	3.44	-	-
3	DR. D. JAYANNTHA	1,180,000	2.67	590,000	2.67
4	DR. M. A. M. S. COORAY	799,082	1.81	195,201	0.88
5	MRS. S. GAMAGE	401,412	0.91	-	-
6	CITIZENS DEVELOPMENT BUSINESS FINANCE PLC / T. K. FERNANDO	347,580	0.79	327,141	1.48
7	MR. M. S. R. SHAMSUDEEN	344,362	0.78	152,181	0.69
8	MR. S. N. C. W.M.B. C. KANDEGEDARA	287,440	0.65	-	0.00
9	MRS. I. N. DEEN	266,800	0.60	133,400	0.60
10	MR. C. R. NARANGODA	260,200	0.59	161,907	0.73
11	MR.T.N.DOLE	250,674	0.57	125,337	0.57
12	CITIZENS DEVELOPMENT BUSINESS FINANCE PLC / A. N. K. DE SILVA	225,980	0.51	128,293	0.58
13	MR. R. E. RAMBUKWELLA	222,400	0.50	117,200	0.53
14	MERCHANT BANK OF SRI LANKA & FINANCE PLC 01	215,000	0.49	50,000	0.23
15	MR. K. A. D. ANURADA PERERA	200,000	0.45	-	0.00
	MR. W. A. K. JAYASINGHE	200,000	0.45	-	0.00
16	MR.M.H.H.OSSMAN	180,000	0.41	90,000	0.41
17	HATTON NATIONAL BANK PLC / RUWAN PRASANNA SUGATHADASA	169,574	0.38	-	0.00
	SEYLAN BANK LIMITED / RUWAN PRASANNA SUGATHADASA	169,574	0.38	301,319	1.37
18	PEOPLE'S LEASING & FINANCE PLC/THAPROBAN PAVILION (PVT)LTD	162,364	0.37	-	0.00
19	CITIZENS DEVELOPMENT BUSINESS FINANCE PLC / W. G. J. BANDA	150,952	0.34	-	0.00
20	MERCHANT BANK OF SRI LAND & FINANCE PLC / P. K. KASTURIARACHCHI	147,624	0.33	52,835	0.24
	<b>Total</b>	<b>35,277,274</b>	<b>79.96</b>	<b>16,214,992</b>	<b>73.51</b>

### PUBLIC SHARE HOLDINGS

Percentage of Public Holding	37.37%
Total No. of Shareholders Representing Public Holding	1,682
Float-Adjusted Market Capitalization	115,404,090.76

The Company complies with option 5 of the Listing Rules 7.13.1 (a) – Less than Rs.2.5 Bn Float Adjusted Market Capitalization which requires 20% minimum Public Holding.

NOTICE IS HEREBY GIVEN that the 40th Annual General Meeting of Unisyst Engineering PLC, will be held at the Registered Office of the Company, No.400, Deans Road, Colombo 10, Sri Lanka on Friday, 25<sup>th</sup> June, 2021 at 4.30 p.m. Via Online Meeting Platform for the following purposes :

- 1) To consider and adopt the Annual Report of the Board of the Directors and the Statements of Accounts for the year ended 31<sup>st</sup> March, 2021, with the Report of the Auditors thereon.
- 2) To elect Mr. L. R. V. Waidyaratne, who has been appointed to the Board, since the last Annual General Meeting, a Director.
- 3) To elect Mr. P. J. Jayanetti, who has been appointed to the Board, since the last Annual General Meeting, a Director.
- 4) To re-elect Mr. S. J. Wijesinghe, who retires by rotation at the Annual General Meeting, a Director.
- 5) To propose the following resolution as an ordinary resolution for the re-appointment of Mr. A.M. Pandithage who retires having attained the age of Seventy years, in compliance with Section 211 of the Companies Act No.07 of 2007.

## Ordinary Resolution

“That Mr. Abeyakumar Mohan Pandithage, who has attained the age of Seventy years be and is hereby re-appointed a Director for a further period of one year and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to the appointment of the said Director’.

- 6) To propose the following resolution as an ordinary resolution for the re-appointment of Mr. J. Sheriff who retires having attained the age of Seventy Four years, in compliance with Section 211 of the Companies Act No.07 of 2007.

## Ordinary Resolution

“That Mr. Johore Sheriff, who has attained the age of Seventy Four years be and is hereby re-appointed a Director for a further period of one year and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to the appointment of the said Director’.

- 7) To propose the following resolution as an ordinary resolution for the re-appointment of Mr. S. Karunaratne who retires having attained the age of Seventy One years, in compliance with Section 211 of the Companies Act No.07 of 2007.

## Ordinary Resolution

“That Mr. Sarath Karunaratne, who has attained the age of Seventy One years be and is hereby re-appointed a Director for a further period of one year and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to the appointment of the said Director’.

- 8) To propose the following resolution as an ordinary resolution for the re-appointment of Mr. A. S. Jayatilleka who retires having attained the age of Seventy years, in compliance with Section 211 of the Companies Act No.07 of 2007.

## Ordinary Resolution

“That Mr. Ananda Sunil Jayatilleka, who has attained the age of Seventy years be and is hereby re-appointed a Director for a further period of one year and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to the appointment of the said Director’.

- 9) To authorize the Directors to determine contributions to charities for the financial year 2021/2022.
- 10) To authorize the Directors to determine the remuneration of the Auditors, Messrs Ernst & Young, who are deemed to have been re-appointed as Auditors in terms of Section 158 of the Companies Act No. 07 of 2007 for the financial year 2021/2022.
- 11) To consider any other business of which due notice has been given.

*Note : 1. A Shareholder is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Shareholder of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at No.400, Deans Road, Colombo10, Sri Lanka or must be emailed to [unienagm@secretarial.hayleys.com](mailto:unienagm@secretarial.hayleys.com) not later than 48 hours before the start of the Meeting.*

*2. Please refer the 'Circular to Shareholders' dated 28<sup>th</sup> May 2021 and follow the instructions to join the meeting on online.*

By Order of the Board  
UNISYST ENGINEERING PLC  
Hayleys Group Services (Private) Limited  
Secretaries

Colombo  
28<sup>th</sup> May 2021

I/We\* .....(full name of shareholder\*\*)

NIC No./Reg. No. of Shareholder (\*\*) .....of.....

being a shareholder/shareholders\* of UNISYST ENGINEERING PLC hereby appoint,

(1) .....(full name of proxyholder\*\*)

NIC No. of Proxyholder (\*\*) .....of.....or failing him/them

- 2) ABEYAKUMAR MOHAN PANDITHAGE (Chairman of the Company) of Colombo, or failing him, one of the Directors of the Company as my/our\* proxy to attend and vote as indicated hereunder for me/us\* and on my/our\* behalf at the 40th Annual General Meeting of the Company to be held on Friday, 25<sup>th</sup> June, 2021 online platform and at any adjournment thereof which may be taken in consequence thereon.

	For	Against
1) To consider and adopt the Annual Report of the Board and the Statements of Accounts for the year ended 31 <sup>st</sup> March, 2021, with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2) To elect Mr. L. R. V. Waidyaratne, who has been appointed by the Board, since the last Annual General Meeting, a Director.	<input type="checkbox"/>	<input type="checkbox"/>
3) To elect Mr. P. J. Jayanetti, who has been appointed by the Board, since the last Annual General Meeting, a Director.	<input type="checkbox"/>	<input type="checkbox"/>
4) To re-elect Mr. S. J. Wijesinghe, who retires by rotation at the Annual General Meeting, a Director.	<input type="checkbox"/>	<input type="checkbox"/>
5) To propose the Ordinary Resolution as set out in the Notice for the re-appoint of Mr. A. M. Pandithage, in terms of Section 211 of the Companies Act No.07 of 2007, who retires having attained the age of Seventy years.	<input type="checkbox"/>	<input type="checkbox"/>
6) To propose the Ordinary Resolution as set out in the Notice for the re-appoint of Mr. J. Sheriff, in terms of Section 211 of the Companies Act No.07 of 2007, who retires having attained the age of Seventy Four years.	<input type="checkbox"/>	<input type="checkbox"/>
7) To propose the Ordinary Resolution as set out in the Notice for the re-appoint of Mr. S. Karunaratne, in terms of Section 211 of the Companies Act No.07 of 2007, who retires having attained the age of Seventy one years.	<input type="checkbox"/>	<input type="checkbox"/>
8) To propose the Ordinary Resolution as set out in the Notice for the re-appoint of Mr. A. S. Jayatilleka, in terms of Section 211 of the Companies Act No.07 of 2007, who retires having attained the age of Seventy years.	<input type="checkbox"/>	<input type="checkbox"/>
9) To authorize the Directors to determine contributions to charities for the financial year 2021/2022.	<input type="checkbox"/>	<input type="checkbox"/>
10) To authorize the Directors to determine the remuneration of the Auditors, Messrs. Ernst & Young, who are deemed to have been re-appointed as Auditors for the financial year 2021/2022.	<input type="checkbox"/>	<input type="checkbox"/>

(\*\*) The proxy may vote as he thinks fit on any other resolution brought before the Meeting which due notice has been given

As witness my/our\* hands this ..... day of .....2021.

Witness(\*\*); Signature .....

Name .....

Address .....

NIC No. ....

Signature of Shareholder/s

Notes:

- (a) \*Please delete the inappropriate words.
- (b) A shareholder entitled to attend and vote at the Extraordinary General Meeting of the Company, is entitled to appoint a proxy to represent and speak instead of him/her and the proxy need not be a shareholder of the company.
- (c) A shareholder is not entitled to appoint more than one proxy to attend on the same occasion.
- (d) Instructions are noted on the reverse hereof.
- (e) This Form of Proxy is in terms of the Articles of Association of the Company.
- (f) Please refer the 'Circular to Shareholders' dated 28<sup>th</sup> May 2021 and follow the instructions to join the meeting on online.



#### INSTRUCTIONS AS TO COMPLETION OF PROXY:

1. To be valid, the completed Form of Proxy must be deposited with the Company Secretaries, Hayleys Group Services (Pvt) Ltd at No.400, Deans Road, Colombo 10, Sri Lanka or to be e-mailed to **unienagm@secretarial.hayleys.com** not less than 48 hours before the start of the Meeting.
2. In perfecting the Form of Proxy, please ensure that all requested details are filled in legibly including mandatory details. Kindly sign and fill in the date of signing.
3. If you wish to appoint a person other than the Chairman of the Company (or failing him, one of the Directors) as your proxy, please insert the relevant details at (1) overleaf. The proxy need not be a member of the Company.
4. In the case of a Company /Corporation the proxy must be under its common seal which should be affixed and attested in the manner prescribed by its Articles of Association.
5. In the case of the individual shareholders, the signature of the shareholder should be witnessed by any person over 18 years of age.
6. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company along with the Form of Proxy.
7. In the case of Marginal Trading Accounts (slash accounts), the form of Proxy should be signed by the respective authorised Fund Manager/Banker with whom the account is maintained or/and as per the Agreements signed between the shareholders and the Fund Manager/Bank.





## CORPORATE INFORMATION

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### NAME OF THE COMPANY/REGISTRATION NUMBER

Unisyst Engineering PLC/PQ229

### LEGAL FORM

Public Limited Liability Company

### BOARD OF DIRECTORS

Mr. A. M. Pandithage (Chairman)  
Mr. L. R. V. Waidyaratne (Deputy Chairman)  
Mr. P. J. Jayanetti  
Mr. S. C. Ganegoda  
Mr. J. Sheriff  
Mr. S. Karunaratne  
Mr. S. J. Wijesinghe  
Mr. A. S. Jayatilleka  
Mr. S. Munaweera

### AUDIT COMMITTEE

Mr. S. Munaweera - (Chairman)  
Mr. A. S. Jayatillaka

### COMPANY SECRETARY

Hayleys Group Services (Pvt) Ltd  
400, Deans Road, Colombo-10  
Sri Lanka

Telephone : (94-11)2627650  
Facsimile : (94-11)2627645  
E-mail : info.sec@hayleys.com

Please direct any queries about the administration  
of shareholding to the company secretaries

### REGISTERED OFFICE

No 400, Deans Road,  
Colombo - 10, Sri Lanka  
Telephone : (94 11)4347474

### FACTORY/WAREHOUSE

41B, Sasanathilake Road,  
Opatha, Yagodamulla,  
Kotugoda

### AUDITORS

Ernst & Young  
Chartered Accountants,  
201, De Saram Place,  
PO Box, 101, Colombo,  
Sri Lanka

### BANKERS

Union Bank of Colombo PLC  
Corporate Branch  
64, Galle Road  
Colombo -03

Hatton National Bank PLC  
Corporate Branch  
HNB Towers  
479, T.B Jayah Mawatha  
Colombo -10

Sampath Bank PLC  
Corporate Branch  
110, Sir James Pieris Mawatha  
Colombo -02



# UNISYST ENGINEERING PLC

No. 400, Deans Road, Colombo 10 | +94 11 434 7980