



Hayleys
UNISYST

ANNUAL REPORT
2021/2022

The World Of
Hayleys[®]
Since 1878

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The buildings are arranged in a way that creates a sense of height and scale. The sky is bright with scattered white clouds. The overall color palette is dominated by blues and greys, with the white of the clouds providing contrast.

about

Hayleys UNISYST

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.





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.

The image shows a close-up of a modern building's exterior, which is a grid of blue-tinted glass panels. The building's surface reflects the sky and clouds. Centered on the facade is the company logo, which consists of two lines of text. The top line reads "Hayleys" in a sans-serif font, and the bottom line reads "UNISYST" in a larger, bold, all-caps sans-serif font. Both lines of text are rendered in a metallic, silver color with a 3D effect, as if they are physical letters attached to the glass. The overall composition is clean and professional, emphasizing the corporate identity of the organization.

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 31st March 2022.

Financial Performance

During the period under review the Company recorded a revenue of Rs.565 million which is an increase of 25% compared to the previous year amidst many challenges faced during the year. The Company recorded a loss before tax of Rs.129 million thereby reporting a loss after tax of Rs. 130 million owing to a deferred tax reversal arising as a result of the temporary difference from carried forward tax losses.

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 financial year due to the pandemic. This is largely contributed by the delayed execution of projects namely; Luna Towers, The refurbishment of National Development Bank's Head Office, Vallibel Head Office Project, Twin Peak and Residential Projects.

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

The company was restructured where prominence is placed on revenue growth supported by stronger sales and marketing. The company has acquired the expertise of industry specialists to ensure on time and quality execution of the projects.

Operational Review

During the period under review the company was successful in completing installations and handing over several projects such as the Agstar Project and several residential Projects.

There are also some large, medium and small scale project work ongoing at varied stages of completion; namely NDB refurbishment, Twin Peak Project, Vallibel Head Office Project, Sumathi Holding Project, Turret Tower Project and several residential projects.

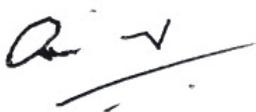
UNISYST ENGINEERING PLC was successful in securing contracts in excess of Rs. 800Mn during the financial year Peoples Bank Head Office Project, Ceylon Electricity Board Head Office Project and several residential and other projects.

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. 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 and trading products.

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

04th May 2022
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 as the Chairman and Chief Executive of Hayleys PLC in July 2009.

Appointed to the board of Unisyst Engineering PLC in November 2014.

Fellow of the Chartered Institute of Logistics and Transport (UK). Serves as 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 (CASA). Leadership Excellence Recognition by the Institute of Chartered Accountants of Sri Lanka. Recipient of the 'Best Shipping Personality' Award by the Institute of Chartered Shipbrokers. Honoured with a Lifetime Achievement Award by Seatrade - Sri Lanka Ports, Trade and Logistics (SLPTL) and the first-ever Sri Lanka Pinnacle Lifetime Award by the Chartered Institute of Logistics and Transport (CILT). Inducted as Legend of Logistics by the Sri Lanka Logistics and Freight Forwarding Association in recognition of services rendered to Sri Lanka's logistics industry.



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
NON 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
NON EXECUTIVE DIRECTOR

Appointed to the Board on 1st 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 Jayewardenepura.

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, Hayleys Leisure PLC and 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, Hayleys Leisure 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, Independent Non-Executive Director of Alumex PLC and the Director of New Anthony's Farms (Private) Limited. 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 31st March 2022.

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 joint statement from the Chairman and Deputy Chairman describes briefly the company's activities during the year under review and the future outlook. The results for the year are set out in the statement of the Profit or Loss and Other Comprehensive Income in page 36.

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 35 to 76 in the Annual Report.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of financial statements are given on pages 39 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('the Companies Act'), 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. Note 28.2 to the Financial Statements dealing with related party disclosure includes details of their interests in transactions.

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.

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

Director's Remuneration

Executive Directors' remuneration is established within an established framework. The total remuneration of Executive Directors for the year ended 31st March 2022 is Rs. 7,834,739/- The total remuneration of Non-Executive Directors for the year ended 31st March 2022 is Rs. 2,340,000/- 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 related party transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee of Hayleys PLC, in compliance with Section 09 of the CSE Listing Rules.

On 17th August 2021 Advantis Projects & Engineering (Pvt) Ltd, a subsidiary of Hayleys PLC, purchased 27,580,356 ordinary shares (62.52%) of the Company from Hayleys PLC on normal commercial terms.

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

There were Rs. 179,307/- donations made during the year.

DIRECTORATE

The names of the Directors who held office during the financial year are given below and their brief profiles appear on pages 09-12.

Executive	Non Executive	Independent Non Executive
1. Mr. A. M. Pandithage	1. Mr. S. C. Ganegoda	1. Mr. A. S. Jayatilleka
2. Mr. L. R. V. Waidyaratne	2. Mr. S. J. Wijesinghe	2. Mr. S. Munaweera
3. Mr. P. J. Jayanetti	3. Mr. J. Sheriff	
	4. Mr. S. Karunaratne	

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

Notice has been given of the intention to propose ordinary resolutions in terms of Section 211 of the Companies Act for the re-appointment of Mr. A. M. Pandithage who has attained 71 years of age, Mr. J. Sheriff, who has attained 75 years of age and Mr. S. Karunaratne who is 72 years of age and Mr. A.S. Jayatilleke who is 71 years, resolving that the age limit of 70 years stipulated in Section 210 of the Companies Act shall not apply to the aforesaid directors.

Mr. S. C. Ganegoda retires by rotation in terms of Article 24(6) of the Article of Association of the Company and being eligible offers himself for re-election.

Mr. J. Sheriff and Mr. S. Karunaratne who retired from the employment of the Company, and consequently from their position as Executive Directors of the Company on 15th January 2022, remain on the Board as Non-Executive Directors.

	As at 31/03/2022	As at 01/04/2021
Mr. A. M. Pandithage	NIL	NIL
Mr. L. R. V. Waidyaratne	NIL	NIL
Mr. S. C. Ganegoda	31,310	31,310
Mr. S. J. Wijesinghe	NIL	NIL
Mr. A. S. Jayatilleka	NIL	NIL
Mr. S. Munaweera	292	18,292
Mr. J. Sheriff	NIL	NIL
Mr. S. Karunaratne	NIL	NIL
Mr. P. J. Jayanetti	NIL	NIL

During the Financial Year under review Mr. S. Munaweera disposed of 18,000 shares of the Company.

BOARD COMMITTEES

The Board, while assuming the overall responsibility and accountability for the affairs in the management of the company, has appointed an Audit Committee. The Remuneration Committee, Nomination Committee and Related Party Transactions Review Committee of Hayleys PLC functioned as the Remuneration Committee, Nomination Committee and Related Party Transactions Review Committee of the Company during the period under review with specific terms of reference. Audit and Related Party Transactions Review Committee Reports are given on pages 28 and 25 of this report.

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. 620,197/- by the Company.

In addition, they were paid Rs. 184,000/- by the Company for non-audit related work, which consisted mainly of tax consultancy services.

As far as the Directors are aware, the Auditors do 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, have expressed their willingness to continue in office and in accordance with the Companies Act a resolution proposing the re-appointment of Messrs Ernst & Young, Chartered Accountants, as Auditors and to authorize the directors to determine their remuneration is being proposed at the Annual General Meeting.

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

RESULTS OF OPERATIONS

The results of operations is given in page 36 of the Annual Report.

CAPITAL EXPENDITURE

Purchase and construction of property, plant and equipment during the year amounted to Rs. 2,398,886/-. The movement in property, plant and equipment is set out in Note 5 to the Financial Statements.

SHARE CAPITAL AND RESERVES

The Stated Capital of the Company as at 31st March 2022 was Rs. 446,672,723/- comprising 44,116,400 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 78.

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	2021/22		2020/21	
	PRICE	DATE	PRICE	DATE
	Rs.		Rs.	
Highest Price	22.50	31.12.2021	22.90	22.01.2021
Lowest Price	07.10	21.05.2021	05.60	05.12.2020
Closing Price	10.60	31.03.2022	07.00	31.03.2021

Further information relating to earnings, dividends, net assets, and share trading is given on page 79.

SHAREHOLDERS

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

MAJOR SHAREHOLDER

The twenty largest shareholders of the Company as at 31st March 2022, together with an analysis are given on page 80 of the Annual Report.

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

PUBLIC SHAREHOLDING

As at 31st March 2022, 37.41% of the issued capital of the Company was held by the public comprising 1,357 shareholders. Details given on page 80.

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 18 to 24.

INVESTMENT PROPERTIES

Information on the valuation of Land and buildings and other investment properties of the company are given in page 60.

GOING CONCERN AND FORESEEABLE RISK FACTORS

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. Material risk factors are given in pages 41 of this report.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held as a virtual meeting via an online meeting platform at 1.45 pm on Tuesday 28th June 2022. The Notice of the Annual General Meeting appears on page 78 of the Annual Report.



A.M. Pandithage
Chairman



L. R. V. Waidyaratne
Deputy Chairman



Hayleys Group Services (Private) Limited
Secretaries

Colombo
04th May 2022

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 by the Institute of Chartered Accountants 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 Nine Directors, whom three are Executive Directors (including the Deputy Chairman), four 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 31st March 2022 and scheduled four meetings a year from 2021/22, 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

Name of Director	05/05/21	30/07/21	28/10/21	27/01/22	Attendance
Mr. A. M. Pandithage	✓	✓	✓	✓	4/4
Mr. S. J. Wijesinghe*	✓	—	✓	✓	3/4
Mr. S. C. Ganegoda *	✓	✓	✓	—	3/4
Mr. A. S. Jayatilleka **	✓	✓	✓	✓	4/4
Mr. S. Munaweera - **	✓	✓	✓	✓	4/4
Mr. J. Sheriff * Non Executive Directors w.e.f. 15/01/2022	✓	✓	✓	✓	4/4
Mr. S. Karunaratne * Non Executive Directors w.e.f. 15/01/2022	✓	✓	✓	✓	4/4
Mr. L. R. V. Waidyaratne	✓	✓	✓	✓	4/4
Mr. P. J. Jayanetti	✓	✓	✓	✓	4/4

AUDIT COMMITTEE ATTENDANCE

Name of Director	05/05/21	30/07/21	28/10/21	27/01/22	Attendance
Mr. A. S. Jayatilleka **	✓	✓	✓	✓	4/4
Mr. S. Munaweera **	✓	✓	✓	✓	4/4

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

During the year under review Hayleys PLC, functioned as the Related Party Transaction Review Committee of the company in terms of section 9 of the listing rules of the Colombo Stock Exchange.

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 and 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

Corporate Governance Principles	CSE Rule Reference	Compliance Status	Details
Non-Executive Directors	7.10.1 (a)	Compliant	Six of the Nine directors are Non-Executive Directors.
Independent Directors	7.10.2 (a)	Compliant	Two of the 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 14.
	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 09 to 12.
Remuneration Committee	7.10.5 (a)	Compliant	The Remuneration Committee of Hayleys 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 21 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 70.
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 28 to 29 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 28 to 29.
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 80.
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 25 to 26.
Composition	9.2.2	Complaint	Please refer the Report of the Related Party Transaction Review Committee in pages 25 to 26.
Related Party Transactions Review Committee Meetings	9.2.4	Complaint	Met 04 times during the Financial year 2021/22.
Immediate Disclosures	9.3.1	Complaint	Please refer Note 28.2 of the Notes to the Accounts in page 72.
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 72.
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 25 to 26.
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 13 to 17.

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

During the period under review the Related Party Transactions Review Committee of Hayleys PLC, functioned as the committee of the company in terms of 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 2021/2022.

Meetings held on 17th May 2021, 10th August 2021, 09th November 2021 and 11th February 2022.

	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

04th May 2022

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 30 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
04th May 2022

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 31st March 2023.

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

04th May 2022

INDEPENDENT AUDITOR'S REPORT



Ernst & Young
Chartered Accountants
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Colombo 10
Sri Lanka

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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 31st March 2022, and the Statement of Profit or loss and Other 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 31st March 2022 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: H M A Jayasinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekara FCA FCMA, A Herath FCA, D K Hulangamuwa FCA FCMA LLB (London), Ms. A A Ludowyke FCA FCMA, Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sajewani FCA, N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

Principals: G B Goudian ACMA, Ms. P S Paranavitane ACMA LLB (Colombo), 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 Key Audit Matter
<p>Recoverability of Deferred Tax Asset</p> <p>As at 31st March 2022, the Company has recognised net deferred tax assets of Rs. 43 million, of which the main contribution is from carried forward tax losses.</p> <p>Recognition and measurement of the deferred tax asset was considered as a key audit matter due to the followings:</p> <ul style="list-style-type: none"> • It involves significant management judgement and is based on assumptions that are affected by future market or economic conditions. • The Company has recorded continuous losses over last five years. • A negative operating cash flows over the years. <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, based on the best available information up to the date of our audit report, and included the following.</p> <ul style="list-style-type: none"> • Assessing the reasonableness of deferred tax assets recognised, by comparing it to the taxable income forecast; • Testing the key assumptions used in estimating the taxable income forecast such as revenue growth rates, overhead expense growth rates and gross margins against available market information, management plans, historical performance and industry/ market outlook in light of current market and economic conditions. • Comparing the consistency of management's taxable income forecasts with those included in the budget approved by the Board of Directors; and <p>We also assessed the adequacy of related disclosures given in Note 14.</p>

INDEPENDENT AUDITOR'S REPORT

<p>Recognition of revenue from contracts with customers</p> <p>The company recognized revenue from contracts with customers amounting to Rs. 564 Mn for the year ended 31st March 2022 in accordance with its accounting policy set out in Note 2 to the financial statements.</p> <p>Revenue from contracts with customers is recognised over time by reference to the company's progress toward completing the contracts. Management judgement is required to estimate the total contract costs, variations or claims recognised as revenue from contract with customers, and provision for liquidated damages that will affect the measure of progress and revenue and profit margins recognised from the contracts.</p> <p>Revenue from contract with customers was considered as the key audit matter due to:</p> <ul style="list-style-type: none"> • The significance of the balance coupled with the significant increase (25%) in revenue from contracts with customers recorded by the company. • The recognition of revenue from contracts with customers is inherently subjective and requires significant management judgement. <p>Disclosures regarding revenue are stated in the note 18 to the financial statements.</p>	<p>We performed following audit procedures:</p> <ul style="list-style-type: none"> • Obtaining and understanding of and assessing the design, implementation and operating effectiveness of the management's key internal financial controls over revenue recognition. • Discussing with the company's management the performance of the major contracts in progress during the year and comparing the contract revenue recognized for contracts in progress during the year with certifications from quantity surveyors appointed by the customers or payment applications from the in-house surveyor. • Inspecting of project contract agreements with customers and subcontractors to identify key terms and conditions, including contracting parties, contract period, contract sum, scope of the work and evaluating whether these key terms and conditions had been appropriately reflected in the total estimated revenue and cost to complete under the forecasts of contracts. • Reviewed the management journal entries posted to revenue from contract with customers for evidence of fraud. • We validated the appropriateness and completeness of the related disclosures in notes 2 and 18 of the company financial statements.
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Other information included in The Company's 2022 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.

INDEPENDENT AUDITOR'S REPORT

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:

- 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.

INDEPENDENT AUDITOR'S REPORT

- 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.

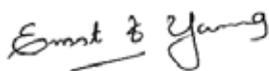
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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.

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.



17th May 2022
Colombo

STATEMENT OF FINANCIAL POSITION

As at 31 st March	Note	2022 Rs.	2021 Rs.
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	5	150,522,614	131,543,187
Intangible Assets	5.4	1,836,966	2,364,744
Deferred Tax Assets	14	43,409,516	46,049,829
		195,769,096	179,957,760
Current Assets			
Inventories	6	52,482,956	73,218,192
Construction Work-in-Progress	7	14,875,945	62,787,985
Trade and Other Receivables	8	181,945,227	120,570,694
Contract Assets	8.1	73,432,460	58,104,942
Amount Due from related parties	9	31,276,143	10,556,746
Cash and Bank Balance	10	11,138,580	3,344,916
		365,151,311	328,583,475
Total Assets		560,920,407	508,541,235
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	11	446,672,723	446,672,723
Revenue Reserves		(487,442,807)	(356,988,548)
Revaluation Surplus		89,805,555	68,010,548
Total Equity		49,035,471	157,694,723
Non-Current Liabilities			
Interest Bearing Loans and Borrowings	13	25,000,000	25,000,000
Employee Benefit Obligations	15	7,275,770	5,919,997
		32,275,770	30,919,997
Current Liabilities			
Interest Bearing Loans and Borrowings	13.1	248,114,892	116,762,141
Trade and Other Payables	16	66,990,258	66,442,734
Contract Liabilities	16.1	99,933,363	76,018,272
Amounts Due to Related Parties	17	45,722,048	49,199,149
Bank Overdraft	10.2	18,848,605	11,504,219
		479,609,166	319,926,515
Total Liabilities		511,884,936	350,846,512
Total Equity and Liabilities		560,920,407	508,541,235

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



M.P.D. Perera

Assistant Finance Manager

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



Mohan Pandithage

Chairman



L.R.V. Waidyaratne

Deputy Chairman

The Accounting Policies and Notes on pages 39 through 76 form an integral part of the Financial Statements.

04th May 2022
Colombo

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 st March	Note	2022 Rs.	2021 Rs.
Revenue from contracts with customers	18	564,806,368	451,544,201
Cost of Sales		(544,011,240)	(416,220,785)
Gross Profit		20,795,128	35,323,416
Other Operating Income	19	9,795,647	6,730,002
Selling and Distribution Expenses		(8,160,944)	(35,705,186)
Administrative Expenses		(135,469,387)	(102,381,729)
Operating Profit/(Loss)		(113,039,556)	(96,033,496)
Finance Costs	20	(19,198,702)	(23,965,431)
Finance Income	21	2,806,164	5,037,605
Profit/(Loss) Before Tax		(129,432,094)	(114,961,322)
Income Tax Expenses	23.1	(750,215)	35,742,582
Profit/(Loss) for the year		(130,182,309)	(79,218,741)
Other Comprehensive Income			
Other Comprehensive Income not be reconciled to profit or loss in subsequent periods			
Revaluation of Land and Buildings	5.1	26,579,277	-
Income Tax Revaluation of Land and Building	14.2	(4,784,270)	7,917,545
Actuarial gains/ (losses) on Employee Benefit Obligations	15.1	(331,646)	968,224
Income Tax on Actuarial Gain/Loss	14.2	59,696	(174,280)
Other Comprehensive Income for the year, net of tax		21,523,057	8,711,489
Total Comprehensive Income for the year, net of tax		(108,659,252)	(70,507,252)
Earning /(Loss) Per Share - Basic/Diluted	12	(2.95)	(1.80)

The Accounting Policies and Notes on pages 39 through 76 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31st March

	Stated Capital Rs.	Revaluation Reserve Rs.	Revenue Reserves Rs.	Total Rs.
Balance as at 01st April 2020	446,672,723	60,093,003	(278,563,751)	228,201,975
Loss for the Year	-	-	(79,218,741)	(79,218,741)
Rights issue of ordinary shares during the year	-	-	-	-
Other Comprehensive Income				
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)
Balance As at 31st March 2021	446,672,723	68,010,548	(356,988,548)	157,694,723
Balance as at 01st April 2021	446,672,723	68,010,548	(356,988,548)	157,694,723
Loss for the Year	-	-	(130,182,309)	(130,182,309)
Other Comprehensive Income				
Revaluation of Land and Buildings	-	26,579,277	-	26,579,277
Actuarial gains/ (losses) on Employee benefit obligations	-	-	(331,646)	(331,646)
Income Tax on Other Comprehensive Income	-	(4,784,270)	59,696	(4,724,574)
Total Other Comprehensive Income	-	21,795,007	(271,950)	21,523,057
Total Comprehensive Income	-	21,795,007	(130,454,259)	(108,659,252)
Balance As at 31st March 2022	446,672,723	89,805,555	(487,442,807)	49,035,471

The Accounting Policies and Notes on pages 39 through 76 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

For the year Ended 31st March

	Note	2022 Rs.	2021 Rs.
Operating Activities			
Net Loss before Income Tax		(129,432,094)	(114,961,322)
Adjustments for			
Depreciation of Property, Plant and Equipment	5	10,147,760	11,420,534
Derecognition of Right to use Asset		-	(790,344)
(Profit) / Loss on sale of Property, Plant and Equipment	19	-	3,418,170
Finance Income	21	(2,806,164)	(5,037,605)
Finance Cost	20	19,198,702	23,965,431
Provision for bad and doubtful debts	8.2	4,754,001	19,598,532
Write down/up of Inventories	6	1,466,893	(1,481,041)
Charge for Employee Benefit Obligations	15	1,814,465	1,793,695
Operating Loss before Working Capital Changes		(94,856,437)	(62,073,951)
Decrease / (Increase) in Inventories		67,180,383	5,350,071
Decrease / (Increase) in Contract Assets		(15,327,518)	177,212,288
Decrease / (Increase) in Trade and Other Recievable		(68,963,009)	(41,739,415)
Increase / (Decrease) in Trade and Other Payables/ Contract Liabilities		26,670,471	(64,286,328)
Increase / (Decrease) in Amounts due to/ due from Related Parties		(24,196,498)	(45,483,387)
		(109,492,608)	(31,020,722)
Finance Income Received	21	2,806,164	5,037,605
Finance Costs Paid	20	(19,041,817)	(23,965,431)
Employee Benefit Obligations Paid	15	(790,337)	(109,500)
Net Cash from/ (used in) Operating Activities		(126,518,598)	(50,058,048)
Investing Activities			
Acquisition of Property, Plant & Equipment	5	(4,384,876)	(6,328,511)
Net Cash Flow used in Investing Activities		(4,384,876)	(6,328,511)
Financing Activities			
Loans Obtained	13	545,817,097	428,741,462
Repayment of Interest Bearing Loans and Borrowings	13	(414,464,345)	(384,002,189)
Capital portion of Lease rentals paid		-	(481,827)
Net Cash Flow From /(used in) Financing Activities		131,352,752	44,257,446
Net Increase/(Decrease) in Cash and Cash Equivalents		449,278	(12,129,113)
Cash and Cash Equivalents at the beginning of the year		(8,159,303)	3,969,810
Cash and Cash Equivalents at the end of the year	10	(7,710,025)	(8,159,303)

The Accounting Policies and Notes on pages 39 through 76 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 Advantis Projects and Engineering (Pvt) Ltd. 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 31st March 2022 were authorized for issue by the Directors on 04th May 2022.

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

These financial statements are prepared in accordance with the Sri Lanka Accounting Standards comprising SLFRS and LKAS (hereafter “SLFRS”) as issued by the Institute of Chartered Accountants of Sri Lanka, and also in compliance with the requirements of the Companies Act No. 07 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. 130,182,309/- (2021- Rs.79,218,741/-) during the year with a negative operating cashflow of Rs.126,518,598/- (2021-Rs. 50,058,048/-) and as at the reporting the date the company's accumulated loss amounted to Rs. 487,442,807/- (2021-Rs. 356,988,548/-). However, the directors have made an assessment and concluded of the Company's ability to continue its operation for a foreseeable future with following measures identified:

The company has re-assessed its strategies to achieve and improve revenue forecast with a reasonable margin. In supporting the amounts forecasted, management has been assessed more than 80% of the projects confirmed and secured and they will continue smoothly with the current economic condition.

Primary target for the next financial year for the Company is to enter the overseas markets and secure new projects and in alignment of such, the Company has already taken steps to enter into the Maldives market. For a product development perspective, the company has focused on several new initiatives to secure a fixed line of income by sale of standard sized mirrors, fanlights, ladders, doors and windows. The company has placed its primary emphasis on marketing activities to promote the residential and medium scale markets and thereby maintain a base revenue volume.

The management has also taken several steps to reduce its existing cost structure through initiatives such as relocating the office premises to share the resources with the parent company, strengthening the internal labour for work at sites, re-alignment of operational flow etc.

On the financing front, the Company has managed to obtain credit facilities with corporate guarantees provided by the immediate parent and has existing unutilized credit facilities from which the Company is expecting additional project specific and working capital facilities. Furthermore, Hayleys PLC has identified the strategic need to have a Aluminum Fabricator in the groups' portfolio, and the investment made in the Company is considered a strategic investment. Accordingly, the parent of the Company has expressed its willingness to provide financial support till the Company turn around to a profitable company.

The Management has considered possible changes and scenarios based on the prevailing economic condition in the country when doing the cash flow forecast and assessment on the going concern. The Directors believe, based on the assessment that there is no material uncertainty about the company's ability to continue as a going concern.

2.6.3 Taxation

Uncertainties exist with respect to the interpretation of complex tax regulation, changes in tax laws, and the amount and timing of future taxable income. The long-term nature and the complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establish provisions, based on reasonable estimates, for possible consequents of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

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.

NOTES TO THE FINANCIAL STATEMENTS

2.6.4 Transfer Pricing Regulation

The Company is subject to income taxes and other taxes including transfer pricing regulations. Prevailing uncertainties with respect to the interpretation of respective transfer pricing regulations, necessitated using management judgment to determine the impact of transfer pricing regulations. Accordingly, critical judgments and estimates were used in applying the regulations in aspects including but not limited to identifying associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanism. The current tax charge is subject to such judgments. Differences between estimated income tax charge and actual payable may arise as a result of management's interpretation and application of transfer pricing regulation.

2.6.5 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.

2.6.6 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.

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.

2.6.7 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. The valuer has used valuation techniques such as open market value.

2.6.8 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.

2.6.9 Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

2.6.10 IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

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

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

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

Upon adoption of the Interpretation, the company considered whether it has any uncertain tax positions.

The Interpretation did not have an impact on the financial statements of the Company.

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1. Foreign Currency

3.1.1 Foreign currency transactions

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.

NOTES TO THE FINANCIAL STATEMENTS

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 as 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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 does 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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.

3.4.1.2 Subsequent measurement

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

NOTES TO THE FINANCIAL STATEMENTS

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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 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.

3.6.3 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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 STANDARDS AND POLICIES

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 LKAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Costs of Fulfilling a Contract

In March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets (LKAS 37) to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

Amendments to LKAS 16 Property, Plant & Equipment: Proceeds before Intended Use

In March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued LKAS 16 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 recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

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

Amendments to SLFRS 3 Business Combinations: Updating a reference to conceptual framework

In March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to SLFRS 3 Business Combinations - Updating a Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

An exception was also added to the recognition principle of SLFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of LKAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, it was decided to clarify existing guidance in SLFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

SLFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to SLFRS 9 Financial Instruments (SLFRS 9). The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

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.

NOTES TO THE FINANCIAL STATEMENTS

5. PROPERTY, PLANT AND EQUIPMENT

5.1 Gross Carrying Amounts	Balance As at 1/4/2021 R s .	Additions Rs.	Disposals/ Transfers Rs.	Revaluation Rs.	Balance As at 31/3/2022 Rs.
Land	38,813,400	-	-	6,468,900	45,282,300
Building	71,299,387	-	-	6,925,115	78,224,502
Plant and Machinery	44,399,171	-	-	-	44,399,171
Furniture, Fittings and Equipment	21,542,729	2,398,886	-	-	23,941,615
Motor Vehicles	5,910,285	-	-	-	5,910,285
	181,964,972	2,398,886	-	13,394,015	197,757,873

5.2 Depreciation	Balance As at 1/4/2021 Rs.	Charge for the year Rs.	Disposals/ Transfers Rs.	Revaluation Adjustment Rs.	Balance As at 31/3/2022 Rs.
Building	10,333,287	2,851,975	-	(13,185,262)	-
Plant and Machinery	20,389,911	4,828,773	-	-	25,218,684
Furniture, Fittings and Equipment	13,788,302	2,317,988	-	-	16,106,290
Motor Vehicles	5,910,285	-	-	-	5,910,285
	50,421,785	9,998,736	-	(13,185,262)	47,235,259

5.3 Net Book Values	Balance As at 31/3/2022 Rs.	Balance As at 31/3/2021 Rs.
Land	45,282,300	38,813,400
Building	78,224,502	60,966,100
Plant and Machinery	19,180,487	24,009,260
Furniture, Fittings and Equipment	7,835,325	7,754,427
Motor Vehicles	-	-
	150,522,614	131,543,187

NOTES TO THE FINANCIAL STATEMENTS

5.4 Intangible Assets

Cost	Balance As at 1/4/2021 Rs.	Additions Rs.	Disposals/ Transfers Rs.	Balance As at 31/3/2022 Rs.
Intangible Assets	-	1,985,990	-	1,985,990
WIP	2,364,744	-	2,364,744	-
Total	2,364,744	1,985,990	2,364,744	1,985,990
Amotization				
Intangible Assets	-	149,024	-	149,024
Total	-	149,024	-	149,024
Carrying Value	2,364,744			1,836,966

NOTES TO THE FINANCIAL STATEMENTS

- 5.8 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 31/3/2022 Rs.	Net carrying amount as at 31/3/2021 Rs.
Land	3,134,394	-	3,134,394	3,134,394
Buildings	28,317,192	(7,362,471)	20,954,721	21,521,065
	31,451,586	(7,362,471)	24,089,115	24,655,459

6. INVENTORIES

	As at 31/3/2022 Rs.	As at 31/3/2021 Rs.
Raw Materials	18,397,229	41,993,710
Projects Inventory	44,863,850	40,535,712
(-) Provision for Slow Moving & Obsolete Stocks	(10,796,818)	(9,329,925)
	52,464,261	73,199,497
Consumables	18,695	18,695
	52,482,956	73,218,192

- 6.1 Provision made for obsolete inventory was amounting to Rs. 1,466,893/- (reversal 2020/21- Rs. 2,850,760) which was recognized in Administration Expense.

6.2 Provision for Slow Moving and Obsolete Stocks

	As at 31/3/2022 Rs.	As at 31/3/2021 Rs.
Balance as at the beginning of the year	9,329,925	10,810,966
Provisions made during the year	1,466,893	2,850,760
Reversal/ Write off of Provisions	-	(4,331,801)
Balance at the end of the year	10,796,818	9,329,925

NOTES TO THE FINANCIAL STATEMENTS

7. CONSTRUCTION WORK-IN-PROGRESS

	Balance as at 01/4/2021 Rs.	Cost incurred during the year Rs.	Expenses recognized during the year Rs.	Balance as at 31/3/2022 Rs.
Construction Work-in-Progress	62,787,985	496,099,200	(544,011,240)	14,875,945

8. TRADE AND OTHER RECEIVABLES

	As at 31/3/2022 Rs.	As at 31/3/2021 Rs.
Trade Debtors	179,398,947	122,285,980
(-) Provision for Bad and Doubtful Debts	(32,624,056)	(27,870,056)
Net Trade Debtors	146,774,891	94,415,924
Advances, Deposits and Prepayments	35,170,336	16,449,877
Other Receivables	-	9,704,893
	181,945,227	120,570,694

Year	Impaired	Neither Past due nor impaired	Past due not Impaired			Total
			31- 60 Days	61 -180 Days	> 180 days	
2022	32,624,056	129,309,162	16,638,121	827,607	-	179,398,947
2021	27,870,056	33,909,274	22,898,431	28,439,090	9,169,129	122,285,981

8.1 Contract assets

	As at 31/3/2022 Rs.	As at 31/3/2021 Rs.
Retention Receivables	73,432,460	58,104,942
Balance at the end of the year	73,432,460	58,104,942

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 31/3/2022 Rs.	As at 31/3/2021 Rs.
Balance as at the beginning of the year	27,870,055	8,271,523
Provisions / (Reversals) during the year	4,754,001	19,598,532
Balance at the end of the year	32,624,056	27,870,055

NOTES TO THE FINANCIAL STATEMENTS

8.3 Other Receivables	As at 31/3/2022 Rs.	As at 31/3/2021 Rs.
VAT Receivable	-	6,870,418
ESC	-	2,834,475
Balance at the end of the year	-	9,704,893

9. AMOUNTS DUE FROM RELATED PARTIES	As at 31/3/2022 Rs.	As at 31/3/2021 Rs.
Alumex PLC	29,533,680	5,766,350
The Kingsbury PLC	-	1,973,221
Fentons Limited	252,720	-
Advantis Limited	1,489,743	2,817,175
	31,276,143	10,556,746

10. CASH AND CASH EQUIVALENTS	As at 31/3/2022 Rs.	As at 31/3/2021 Rs.
Components of Cash and Cash Equivalents		
10.1 Favourable balance		
Bank Balances and Cash in hand	11,138,580	3,344,916
	11,138,580	3,344,916
10.2 Unfavourable Balances		
Bank Overdrafts	(18,848,605)	(11,504,219)
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statements	(7,710,025)	(8,159,303)

NOTES TO THE FINANCIAL STATEMENTS

11. STATED CAPITAL	As at 31/3/2022		As at 31/3/2021	
	Number of Shares	Rs.	Number of Shares	Rs.
Fully Paid Ordinary Shares				
At the beginning of the Year	44,116,400	446,672,723	22,058,200	446,672,723
Sub division of Shares	-	-	22,058,200	-
At the end of the Year	44,116,400	446,672,723	44,116,400	446,672,723

The ordinary shares of the company were sub divided by splitting each issued ordinary share into 02 ordinary shares from 04th 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.

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	Year Ended
	31/3/2022	31/3/2021
	Rs.	Rs.
Net Profit/(Loss) attributable to Ordinary Shareholders for basic Earnings /(Loss) Per Share	(130,182,309)	(79,218,741)
Numbers of Ordinary Shares Used as Denominators:		
Weighted Average number of Ordinary Shares in issue	44,116,400	44,116,400
12.3 Earnings/(Loss) Per Share - Basic	(2.95)	(1.80)

13. INTEREST-BEARING LOANS AND BORROWINGS	As at	As at
	31/3/2022	31/3/2021
	Rs.	Rs.
Current Interest-Bearing Loans and Borrowings		
Import Loans (Unsecured)	55,907,805	24,762,143
Short Term Loans (13.1)	192,207,087	91,999,998
Total current interest-bearing loans and borrowings	248,114,892	116,762,141
Non - Current Interest-Bearing Loans and Borrowings	25,000,000	25,000,000
Total interest bearing loans and borrowings	273,114,892	141,762,141

NOTES TO THE FINANCIAL STATEMENTS

13.1 Short Term Loans	As at 31/3/2022 Rs.	As at 31/3/2021 Rs.
Balance at the beginning of the year	116,762,140	72,022,867
Loans obtained during the year	545,817,097	428,741,462
	662,579,237	500,764,329
Loans repaid during the year	(414,464,345)	(384,002,189)
Balance at the end of the year	248,114,892	116,762,140

13.2 Details of the short term loan is as below;

Interest Rate: AWPLR+1.5% and AWPLR + 1%

Repayment Terms: 90 Days

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

13.3 Other Leases	2022 Rs.	2021 Rs.
Balance	-	3,851,395
Additions	-	-
Accretion of Interest	-	114,060
Payments	-	(481,827)
Discontinuation of Finance Lease	-	(3,483,628)
Balance	-	-

14. DEFERRED TAX ASSET	As at 31/3/2022 Rs.	As at 31/3/2021 Rs.
14.1 Balance at the beginning of the period	46,049,829	2,563,982
(Origination)/reversal of temporary difference (14.2)	(2,640,313)	44,401,555
Effect on changes in tax rate	-	(915,708)
Balance at the end of the period (14.4)	43,409,516	46,049,829

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	2,084,261	44,575,835
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	(4,724,574)	(174,280)
Deferred Tax effect from change in tax rate recognised under Other Comprehensive Income	-	7,917,545
	(2,640,313)	43,485,847

- 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 tax losses amounting to Rs. 426,166,154/- out of which deferred tax asset has been recognized on Rs. 322,919,117/- has been utilised based on future forecasted taxable profits. Management expects profitable growth coming from revenue strategies and cost efficiencies in future. Unused tax losses will be expired in the year of assessment 2025/26.

14.4 Deferred Tax Asset / (Liability) arises due to

	As at 31/3/2022 Rs.	As at 31/3/2021 Rs.
Accelerated Depreciation for the Tax purposes	(4,825,003)	(5,730,222)
Tax Losses carried forward	58,125,442	58,125,442
Employee Benefit Obligations	1,309,639	1,065,599
Revaluation on land	(8,150,814)	(6,986,412)
Revaluation on building	(10,885,037)	(7,265,170)
Tax effect of provisions	7,835,289	6,840,592
	43,409,516	46,049,829

15. EMPLOYEE BENEFIT OBLIGATION

	As at 31/3/2022 Rs.	As at 31/3/2021 Rs.
Changes in the present value of the Defined benefit obligation is as follows		
Balance as at the beginning of the year	5,919,997	5,204,025
Current Service Cost	1,363,300	1,276,343
Interest Costs	451,164	517,353
Actuarial (gains)/ losses (15.1)	331,646	(968,224)
Benefits paid during the year	(790,337)	(109,500)
Balance at the end of the year	7,275,770	5,919,997

NOTES TO THE FINANCIAL STATEMENTS

	A s a t 31/3/2022 Rs.	A s a t 31/3/2021 Rs.
15.1 The expenses recognised in the Statement of the Comprehensive Income	1,814,465	1,793,695
The expenses recognised in the Statement of the Other Comprehensive Income	331,646	(968,224)
	2,146,111	825,471

15.2 Maturity Profile of the Defined Benefit Obligation	2021/22	2020/21
Future working lifetime	Rs.	Rs.
Within the next 12 months	417,876	487,375
Between 1 to 5 years	2,822,817	2,152,369
Between 5 to 10 years	2,876,385	2,195,645
More than 10 years	1,158,692	1,084,608
	7,275,770	5,919,997

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	2021/22	2020/21
	Rs.	Rs.
Effect on DBO due to decrease in the discount rate by 1%	7,275,770	6,366,022
Effect on DBO due to increase in the discount rate by 1%	8,005,291	5,523,443
Salary Escalation		
Effect on DBO due to decrease in the salary escalation rate by 1%	8,043,389	5,490,603
Effect on DBO due to increase in the salary escalation rate by 1%	7,014,160	6,395,653

15.4 The average duration of the defined benefit plan obligation at the end of the reporting period is 7.22 years. (2021 - 7.63 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 2022. 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.

	2021/22	2020/21
Discount Rate Assumed	15%	8%
Future Salary Increase	14%	7%
Staff Turnover	6% -25%	6% -25%
Retiring Age	60	55
Expected Future Working Life	6.89 Years	6.8 Years

NOTES TO THE FINANCIAL STATEMENTS

16. CONTRACT LIABILITIES AND OTHER PAYABLES

Trade and other payables

	As at 31/3/2022 Rs.	As at 31/3/2021 Rs.
Trade and other payables	66,990,258	66,442,734
	66,990,258	66,442,734

16.1 Contract Liabilities

	As at 31/3/2022 Rs.	As at 31/3/2021 Rs.
Contract Mobilization Advances	99,933,363	76,018,272
	99,933,363	76,018,272

17. AMOUNTS DUE TO RELATED PARTIES

	Relationship	As at 31/3/2022 Rs.	As at 31/3/2021 Rs.
Hayleys PLC	Ultimate Parent Company	13,892,269	7,446,712
Hayleys Business Solutions International (Pvt) Ltd	Affiliate Company	27,961	23,814
Alumex PLC	Affiliate Company	4,879,581	-
Alco Industries (Pvt) Ltd	Affiliate Company	570,370	-
Advantis Freight (Pvt) Ltd	Affiliate Company	-	80,726
Hayleys Advantis Ltd	Affiliate Company	2,068,899	175,408
North South Lines (Pvt) Ltd	Affiliate Company	-	5,028,763
MIT Global Solutions (Pvt) Ltd	Affiliate Company	213,343	-
Singer (Sri Lanka) PLC	Affiliate Company	179,000	1,386
Hayleys Project & Aviation	Affiliate Company	-	3,017,199
Mountain Hawk	Affiliate Company	63,605	57,981
Hayleys Travels (Pvt) Ltd	Affiliate Company	21,206,278	30,894,553
Fentons Ltd	Affiliate Company	373,282	2,288,062
Advantis Projects & Engineering (Pvt) Ltd	Parent Company	2,237,660	184,545
The Kingsbury PLC	Affiliate Company	9,800	-
		45,722,048	49,199,149

NOTES TO THE FINANCIAL STATEMENTS

18. REVENUE FROM CONTRACTS WITH CUSTOMERS	2022 Rs.	2021 Rs.
Contract Sales - Local	564,806,368	451,544,201
Total Revenue	564,806,368	451,544,201

18.1 Contract Balances	2022 Rs.	2021 Rs.
Contract Assets		
- Retention Receivables	73,432,460	58,104,942
Contract Liabilities		
- Contract Mobilization Advance and Provisions	99,933,363	76,018,272

18.1.1 Contract Mobilization Advance	2022 Rs.	2021 Rs.
At the beginning of the year	76,018,272	119,158,301
Advance paid during the year	123,898,510	126,264,758
	199,916,782	245,423,059
Advance recovered during the year	(99,983,419)	(169,404,787)
At the end of the year	99,933,363	76,018,272

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 2022 the aggregate amount of the transaction price allocated to the remaining performance obligation is Rs. 99,933,364/- 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

19. OTHER OPERATING INCOME	2022	2021
	Rs.	Rs.
Scrap Sales	9,795,647	6,066,510
De-recognition of Right of use assets	-	663,492
	9,795,647	6,730,002
20. FINANCE COST	2022	2021
	Rs.	Rs.
Interest on Loans and Borrowings	14,426,028	16,655,660
Exchange Loss	386,524	924,115
Interest on Bank Overdraft	1,117,695	3,513,470
Guarantee Charge and Others	3,268,455	2,758,126
Lease Interest	-	114,060
	19,198,702	23,965,431
21. FINANCE INCOME	2022	2021
	Rs.	Rs.
Interest Income Fixed Deposit	-	3,724,392
Intrest Income Saving Account	126,949	87,786
Exchange gain	2,679,215	1,225,427
	2,806,164	5,037,605
22. PROFIT / (LOSS) BEFORE TAX	2022	2021
	Rs.	Rs.
Stated after charging/(crediting)		
Directors' emoluments -Short Term Employee Benefits	2,340,000	2,138,000
Auditors' remuneration - Statutory audit services	620,197	592,750
- Non audit related services	184,000	87,000
Depreciation	10,147,759	11,420,534
Personnel costs include		
Salaries and wages	47,478,232	62,024,993
Defined contribution plan costs	1,363,300	7,630,737
Defined benefit plan costs	451,164	1,793,695
Donations	179,307	-
Provision for Slow Moving Stocks	1,466,893	2,850,760
Impairment/(Reversal) for bad trade and other receivable	4,754,001	34,968,060
Short Term Leases	-	3,672,292

NOTES TO THE FINANCIAL STATEMENTS

23. INCOME TAX EXPENSE	2022 Rs.	2021 Rs.
23.1 Current tax expense		
Current tax expense on ordinary activities for the year (23.2)	(2,834,476)	-
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)	2,084,261	44,575,835
	(750,215)	35,742,582

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 31/3/2022 Rs.	For the Year Ended 31/3/2021 Rs.
Accounting Loss Before Tax	(129,432,094)	(114,961,323)
Adjustments relating to disallowances	32,833,857	56,366,335
Adjustments to allowable items	(6,648,800)	(27,223,443)
Taxable income from trade - (a)	(103,247,037)	(85,818,431)
Interest Income	126,949	3,812,178
Utilisation of tax losses	(126,949)	(3,812,178)
Taxable income from other sources, net of utilisation of tax losses - (b)	-	-
Total taxable income (a) + (b)	(103,247,037)	(85,818,431)
Statutory tax rate	18%	18%
Current Tax on Ordinary Activities for the year	-	-
Under/(over) provision in respect of prior years	-	-
ESC write off	2,834,476	-
Current Income Tax Payable / (Receivable)	-	-

24. CAPITAL EXPENDITURE COMMITMENTS

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

25. CONTINGENT LIABILITIES

There were Rs. 185 Mn bank guarantees issued by the union bank on behalf of the company as at the reporting date.

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 31/3/2022 Rs.	For the Year Ended 31/3/2021 Rs.
Hayleys PLC	Parent Company	Services/Loans Obtained	17,441,303	1,289,920
Hayleys Business Solutions International (Pvt) Ltd	Affiliate Company	Services Obtained	796,338	105,901
Alumex PLC	Affiliate Company	Sales/ Material Purchase	124,057,297	15,820,329
Alco Industries (Pvt) Ltd	Affiliate Company	Materials Purchased	5,662,407	910,632
Hayleys Aviation and Projects (Pvt) Ltd	Affiliate Company	Reimbursement of Expenses/Loans Obtained	15,787	184,545
Hayleys Advantis Ltd	Affiliate Company	Reimbursement of Expenses	5,291,941	25,755,437
The Kingsbury PLC	Affiliate Company	Contract Sales	108,149	1,973,221
Advantis Freight (Pvt) Ltd	Affiliate Company	Clearing services Obtained	-	574,354
Mountain Hawk Express (Pvt) Ltd	Affiliate Company	Courier charges	514,214	-
North South Lines (Pvt) Ltd	Affiliate Company	Loans Obtained / (Settled)	79,710	18,910,451
Singer PLC	Affiliate Company	Services Obtained	-	9,170
Hayleys Travels (Pvt) Ltd	Affiliate Company	Services Obtained / (Settled)	2,442,352	(30,894,553)
Agility Logistics (Pvt) Ltd	Affiliate Company	Services Obtained	-	71,814
Hayleys Aventura (Pvt) Ltd	Affiliate Company	Services Obtained	-	1,149,476
Hayleys Lifesciences (Pvt) Ltd	Affiliate Company	Services Obtained	252,720	1,576,483
Fentons Ltd	Affiliate Company	Service Obtained/ (Settled)	37,316,763	1,568,998
Advantis Project & Engineering (Pvt) Ltd	Parent Company	Sales/ Service Obtained	3,523,828	184,545

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

NOTES TO THE FINANCIAL STATEMENTS

28.3 The loans obtained from Hayleys Advantis 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 two years 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 31st March 2022, the Company has not recorded any impairment of receivables relating to amounts due from related parties (2020/21 - 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. 32,624,056/- 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 st March 2022	129,309,162	16,638,121	3,246,387	30,205,277	179,398,947	(32,624,056)	146,774,891
As at 31 st March 2021	33,909,274	22,898,431	28,439,090	37,039,184	122,285,979	(27,870,056)	94,415,923

Cash and cash equivalents

The Company held cash and cash equivalents of LKR 11 Mn at 31st March 2022 (2020/21 3Mn), 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.

	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	-	248,114,892	-	-	-	248,114,892
Trade and Other Payables	-	66,990,258	-	-	-	66,990,258
Contract Liabilities	99,933,363	-	-	-	-	99,933,363
Amounts Due to Related Parties	45,722,048	-	-	25,000,000	-	70,722,048
	145,655,411	315,105,150	-	25,000,000	-	485,760,561

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

	2022 Rs.	2021 Rs.
Total Liabilities	511,884,936	350,846,512
Less: Cash and Cash Equivalents	(11,138,580)	(3,344,916)
Net Debt	500,746,356	347,501,596
Total Equity	49,035,471	157,694,723
Net debt to adjusted equity ratio as at 31 st March	10.21	2.20

TEN YEARS FINANCIAL REVIEW

	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
Results	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Turnover	564,806,368	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
Profit / (Loss) before Taxation	(129,431,859)	(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)
Taxation	(750,215)	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)
Profit / (Loss) after Taxation	(130,182,075)	(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)
Statement of Financial Position										
Stated Capital	446,672,723	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
Reserves	(487,442,807)	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
Retained Earnings	89,805,555	(356,988,549)	(278,563,752)	(231,514,831)	(225,182,002)	(221,920,280)	(154,492,694)	(210,571,874)	(222,847,599)	(158,648,836)
	49,035,471	157,694,722	228,201,974	175,250,895	178,478,076	247,441,448	308,438,034	267,935,111	265,867,762	277,066,741
Non-Current Assets	195,769,096	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
Current Assets	365,151,314	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
Current Liabilities	(479,609,167)	(319,926,515)	(465,453,379)	(403,093,439)	(308,094,361)	(212,505,742)	(54,389,585)	(35,280,758)	(31,090,914)	(33,785,595)
Long Term Liabilities	(32,275,771)	(30,919,997)	(5,894,982)	(3,751,357)	(3,987,117)	(2,890,176)	(1,811,151)	(12,328,258)	(27,779,933)	(4,679,027)
	49,035,470	157,694,722	228,201,975	175,250,895	178,478,076	247,441,448	308,438,034	267,935,111	265,867,762	277,066,741
Net Cash inflow/ (outflow) from Operating Activities	(126,518,594)	(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)
Net Cash inflow/ (outflow) from Investing Activities	(4,384,876)	(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)
Net Cash inflow/ (outflow) from Financing Activities	131,352,752	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)
Increase / (decrease) in Cash and Cash Equivalents	449,281	(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)
Key Indicators										
Annual growth in Turnover %	25.08	42.35	(17.17)	(15.21)	282.95	(58.28)	51.41	94.76	28.01	15.96
Net Profit / (Loss) before Tax to Turnover %	(22.92)	(25.46)	(15.08)	0.02	(4.18)	(54.93)	15.19	3.84	(60.43)	(63.36)
Property, Plant & Equipment to Shareholders Funds %	310.71	84.92	62.10	81.59	82.19	51.77	38.20	42.97	48.58	22.05
Earnings/ (Loss) per Share	(2.95)	(1.80)	(1.07)	(0.58)	(0.26)	(5.54)	3.38	1.04	(5.09)	(4.28)
Net Assets per Share at Year End	1.11	3.57	10.35	14.53	14.80	20.52	25.58	22.22	22.05	22.98
Current Ratio - (Times)	0.76	1.03	1.19	1.08	1.08	1.55	4.39	5.46	6.04	7.30
Quick Asset Ratio - (Times)	0.65	0.80	1.02	1.08	1.06	1.54	4.36	5.06	5.70	7.11

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 31st March, 2022 have been submitted to the Colombo Stock Exchange as require by the listing rules.

ORDINARY SHAREHOLDERS AS AT 31st MARCH 2022

No of Share Holders - 1,360 (As at 31st March 2021 - 1,682)

ORDINARY SHAREHOLDERS AS AT 31ST MARCH 2022

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	904	223,456	0.51	7	1,286	0.0029	911	224,742	0.51
1,001 - 10,000	335	1,322,369	3.00	6	17,660	0.0400	341	1,340,029	3.04
10,001 - 100,000	82	2,350,030	5.33	0	0	0.0000	82	2,350,030	5.33
100,001-1,000,000	21	3,884,222	8.80	0	0	0.0000	21	3,884,222	8.80
Over 1,000,000	5	36,317,377	82.32	0	0	0.0000	5	36,317,377	82.32
	1,347	44,097,454	99.96	13	18,946	0.0429	1,360	44,116,400	100.00

CATEGORY									
Individuals	1,266	6,653,668	15.08	11	16,926	0.0384	1,580	6,670,594	15.1204
Institutions	81	37,443,786	84.87	2	2,020	0.0046	83	37,445,806	84.8796
	1,347	44,097,454	99.96	13	18,946	0.0429	1,360	44,116,400	100.0000

SHARE INFORMATION

SHARE TRADING INFORMATION

	FOR THE THREE MONTHS ENDED 31/03/2022		FOR THE TWELVE MONTHS ENDED 31/03/2022	
	2022 Rs.	Transaction Date	2022 Rs.	Transaction Date
Highest Price	22.30	03.01.2022	22.50	31.12.2021
Lowest Price	9.80	31.03.2022	7.10	21.05.2021
Closing Price	10.60	31.03.2022	10.60	31.03.2022

No. of Transactions	1,532	9,265
No. of shares traded	2,478,365	52,311,289
Value of shares traded	Rs. 47,187,473.80	Rs. 565,989,483.30

SHARE INFORMATION

20 MAJOR SHAREHOLDERS AS AT 31/03/2022

	Name of the Shareholder	No of Shares as at 31/03/2022	%	No of Shares as at 31/03/2021	%
1	ADVANTIS PROJECTS & ENGINEERING (PVT) LTD	27,582,356	62.52	2,000	0.00
2	HATTON NATIONAL BANK PLC/ S. PARAMANATHAN	4,450,000	10.09	1,515,900	3.44
3	BANK OF CEYLON NO.1 ACCOUNT	1,673,758	3.79	-	0.00
4	SEYLAN BANK PLC/ R. K. DICKMAN	1,431,263	3.24	-	0.00
5	DR. D. JAYANNTHA	1,180,000	2.67	1,180,000	2.67
6	MR.T. A. A. D. GUNASEKARA	484,183	1.10	-	0.00
7	MR. MOHAMED SADIQ RUZLY SHAMSUDEEN	316,522	0.72	344,362	0.78
8	HATTON NATIONAL BANK PLC/ A. C. JAYASINGHE	270,401	0.61	49,378	0.11
9	MR. T. N. DOLE	250,674	0.57	250,674	0.57
10	MRS. N. R. N. SIRISENA	220,425	0.50	-	0.00
11	MR. M. L. M. FERNANDO	206,875	0.47	-	0.00
12	MR. K. D. SEBASTIAN	204,015	0.46	-	0.00
13	MR. K. A. D. A. PERERA	200,000	0.45	200,000	0.45
14	MR. R.E.RAMBUKWELLA	190,000	0.43	222,400	0.50
15	MR.M.H.H.OSSMAN	180,000	0.41	180,000	0.41
16	HATTON NATIONAL BANK PLC/ RUWAN PRASSANA SUGATHADASA	179,574	0.41	169,574	0.38
17	SEYLAN BANK LIMITED / RUWAN PRASANNA SUGATHADASA	169,574	0.38	169,574	0.38
18	MR. A. N. GURUGE	164,627	0.37	-	0.00
19	CITIZENS DEVELOPMENT BUSINESS FINANCE PLC / A.N.K. DE SILVA	143,831	0.33	225,980	0.51
20	MERCHANT BANK OF SRI LAND & FINANCE PLC / G.K.G.L.WIJAYATHILAKE	125,000	0.28	-	0.00
	Total	39,623,078	89.81	4,509,842	20.45

PUBLIC SHARE HOLDINGS

Percentage of Public Holding	37.41%
Total No. of Shareholders Representing Public Holding	1,357
Float-Adjusted Market Capitalization	174,941,819.54

The Company complies with option 5 of the Listing Rules 7.14.1 (i) (a) – Less than Rs.2.5 Bn Float Adjusted Market Capitalization which requires 20% minimum Public Holding.

NOTICE IS HEREBY GIVEN that the 41st Annual General Meeting of Unisyst Engineering PLC, will be held on **Tuesday, 28th June, 2022 at 1.45 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 31st March, 2022, with the Report of the Auditors thereon.
- 2) To re-elect as a Director Mr. S. C. Ganegoda, who retires by rotation at the Annual General Meeting in terms of Article 24(6) of the Articles of Association of the Company.
- 3) To propose the following resolution as an ordinary resolution for the re-appointment 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 One years

Ordinary Resolution

“That Mr. Abeyakumar Mohan Pandithage, 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’.

- 4) To propose the following resolution as an ordinary resolution for the re-appointment 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 Five years

Ordinary Resolution

“That Mr. Johore Sheriff, who has attained the age of Seventy Five 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’.

- 5) To propose the following resolution as an ordinary resolution for the re-appointment 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 Two years.

Ordinary Resolution

“That Mr. Sarath Karunaratne, who has attained the age of Seventy Two 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. A. S. Jayatilleka, in terms of Section 211 of the Companies Act No.07 of 2007, who retires having attained the age of Seventy One years.

Ordinary Resolution

“That Mr. Ananda Sunil Jayatilleka, 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’.

- 7) To authorise the directors to determine donations and contributions to charities for the ensuing year.
- 8) To re-appoint Messrs Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2022/23 and to authorise the Directors to determine their remuneration.
- 9) To consider any other business of which due notice has been given.

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

Colombo
31st May 2022

1. *The Annual Report of the Company for 2021/22 is available on the corporate website <https://www.unisystplc.com> and on the Colombo Stock Exchange website - <https://www.cse.lk/home/company-info/ALUF.N0000/financial>.*
2. *In the interest of protecting public health the Annual General Meeting of the Company will be held as a virtual meeting via an online meeting platform. Details are given in the circular to shareholders.*
3. *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, Colombo 10, Sri Lanka or must be emailed to unienagm@secretarial.hayleys.com not less than forty eight (48) hours before the time fixed for the Meeting.*

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 (Private) Limited, at No. 400, Deans Road, Colombo 10, Sri Lanka or must be emailed to **unienagm@secretarial.hayleys.com** not less than forty-eight (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. Please indicate with an "X" in the space provided how your proxy is to vote on the resolutions. If no indication is given, the proxy in his discretion will vote as he thinks fit. Please also delete (***) if you do not wish your proxy to vote as he thinks fit on any other resolution brought before the Meeting.
5. 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 or by a duly authorised Director. 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 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.

CORPORATE INFORMATION

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

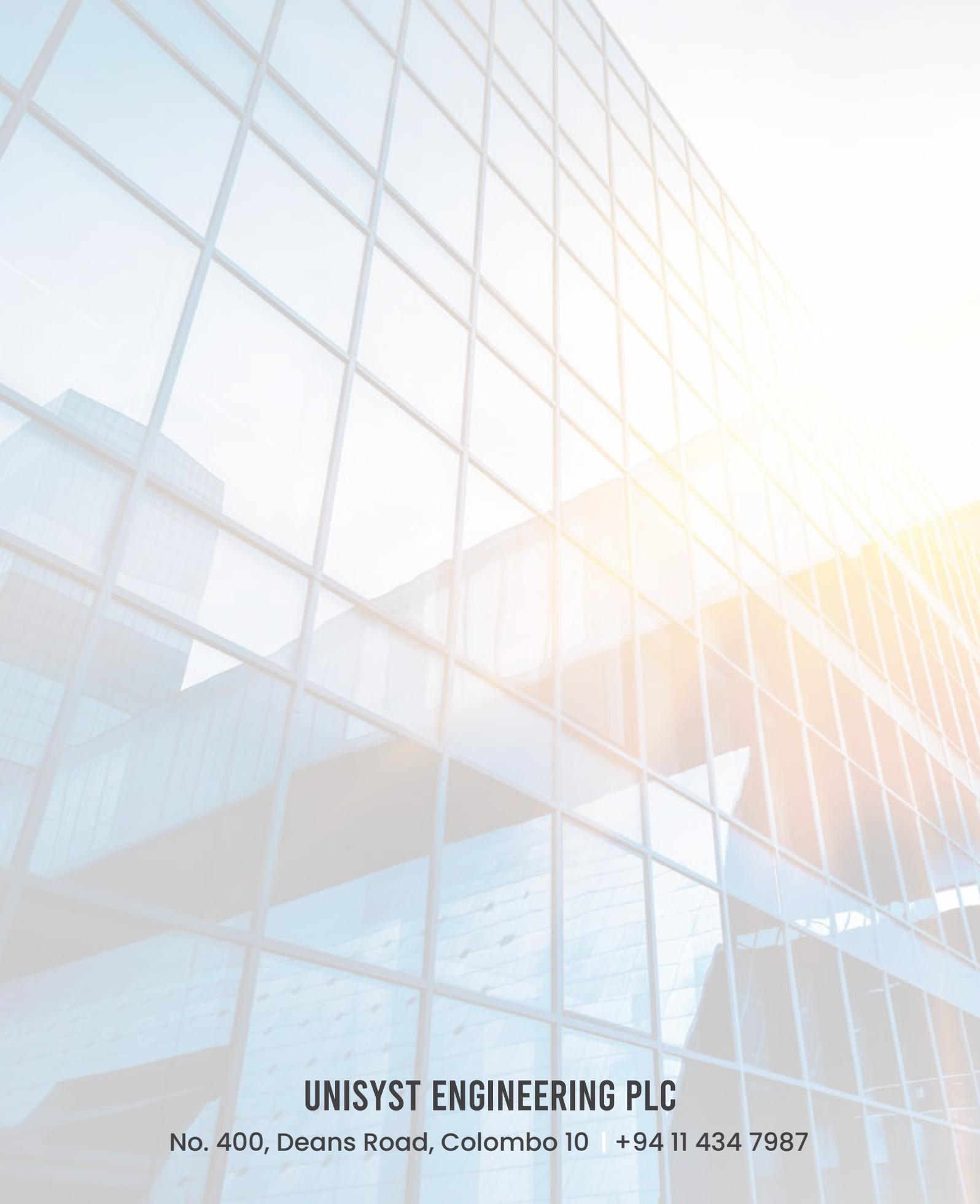
Ernst & Young
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BANKERS

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



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