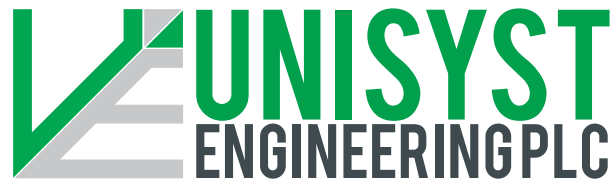


ANNUAL REPORT 2019/2020



About

UNISYST ENGINEERING PLC

Unisyst Engineering PLC is a leading manufacturer and supplier of high quality architectural aluminum joinery systems in Sri Lanka, specializing in the 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.



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Mohan Pandithage
Chairman



Hasith Prematillake
Managing Director

Dear Shareholder,

We take pleasure in presenting the Annual Report and Audited Financial Statements of Unisyst Engineering PLC for the year ended 31st March 2020.

Financial Performance

During the period under review the Company recorded a turnover of Rs.317 million, a decline of 17% compared to the previous year. The Company recorded a loss before tax of Rs.47.8 million thereby reporting an after tax loss of Rs. 47 million.

On a positive note, the Company was able to maintain a healthy gross profit margin of 29% during the period compared to a gross profit margin of 25% in the preceding year.

The Company's financial results were below target in terms of both turnover and profits due to non-realisation of several anticipated projects in the financial year. This is largely due to the delayed commencement of two main projects, Colombo City Hotel and Park Inn by Radisson Hotels. The Company also suffered a significant setback owing to the COVID-19 lock down losing last 15 days of work of the Financial Year 2019/2020.

Due to the curfew imposed on 19th March 2020, all construction site operations were ceased and the management was unable to obtain the anticipated payment certificates for the work completed during the month of March 2020.

The financial year 2019/20 was a challenging period for the construction industry as a result of several setbacks owing to the Easter Sunday attacks, presidential elections and the COVID -19 pandemic.

During the period under review, the company's Board of Directors, through the approval of the shareholders raised its equity by Rs. 100 million by way of a rights issue of ordinary shares. The decision was taken to support the company in managing its working capital requirement to carry out work on few key on-going projects and as an initiative to strengthen the financial position to remain competitive when bidding for large projects.

Operational Review

During the year, the Company successfully completed the refurbishment of the Kingsbury Hotel following the Easter Sunday attack. The company's involvement was vital in restoring the severely damaged Glass and Aluminium facade of the Kingsbury Hotel within a short span. In addition, Goldi Sands Hotel Negombo is also another significant project completed during the period. Apart from these, Company has been fabricating and supplying mirrors to Rocell and Lanka Walltiles showrooms; and continues to do so.

In its Marketing efforts, the Company was successful in securing several largescale commercial projects during the year with a value exceeding Rs.500 million

Furthermore, the Company was awarded the cladding contract of the NDB Head Office. This is the first cladding project for the Company and it is serviced with the state-of-the-art machinery imported from Germany.

The Company also took part in "Buildex Maldives" exhibition held in August 2019 to display its capabilities in high rise buildings in Sri Lanka and overseas markets. A wide range of construction related Architects, Consultants and Construction companies were the main audience of this exhibition.

Certifications

The Organisation successfully completed all aspects and met all requirements leading to obtaining ISO 9001, 14001 and 45000 certifications during the Fourth Quarter of the year. This will increase the opportunity for the Company to directly bid for the Government related tenders.

Furthermore, the Company was successful in securing the SP2 Grading issued by the Construction Industry Development Authority. This too will further enhance the Company's credibility.

It is anticipated that the Company will be faced with many challenges during the first half of the new financial year following the COVID-19 pandemic. The two-month lockdown has caused a significant setback not just in the construction industry but in the corporate and non-corporate sectors and evidently, most companies who were planning to expand or refurbish have decided either to hold back or cancel the project altogether.

However, almost all the projects where the Company had undertaken prior to the lockdown, have recommenced. In this regard, other than a delay in completion, the company is confident of completing and delivering the projects to the complete satisfaction of the project owners.

The Company is also optimistic in new opportunities with markets that will be opened in the coming months, especially with Corporates been driven to patronise local suppliers and manufacturers due to the import restrictions imposed. With this in mind, the Marketing team hopes to embark on aggressive short and long-term marketing strategies, leveraging on these market changes and developments.

In conclusion, we would like to convey our sincere appreciation to the Board of Directors for their strength and support, valued Shareholders, esteemed customers who remain confident in our service and to all the staff of the Company for their loyalty and dedication during this challenging year.



Mohan Pandithage
Chairman



Hasith Prematillake
Managing Director

DIRECTORS' PROFILES



A.M.PANDITHAGE
CHAIRMAN

Joined the Hayleys Group in 1969. Appointed to the Hayleys PLC Board in 1998 and to the Board of the company in November 2014. Chairman and Chief Executive of Hayleys PLC since July 2009.

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



H.C. PREMATILLAKE
MANAGING DIRECTOR

Joined Hayleys Group in 2018 and was appointed to the Hayleys Group Management Committee in October 2018. Currently serves as the Managing Director of Fentons Limited and Unisyst Engineering PLC.

Previously Mr. Prematillake served as the Country Director/General Manager of Ansell Lanka (Pvt) Ltd and Chief Executive Officer of Phoenix Industries Ltd. He also held a managerial position at Chevron Lubricants Lanka Ltd and served at Messrs. Ernst & Young.

He holds a Master of Business Administration Degree (Merit pass) from the University of Colombo where he was awarded prestigious Dr. Linus Silva Medal for Best Overall Performance, B.Sc. Engineering degree (Hon's.) from University of Moratuwa, Fellow Member of the Chartered Institute of Management Accountants (CIMA), Member of the Chartered Institute of Marketing (CIM), Passed Finalist of The Institute of Chartered Accountants of Sri Lanka (CA) and a Graduate of the British Computer Society (BCS). He is also a certified Lean Six Sigma Black Belt.



S.C. GANEGODA

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 Jayawardenepura.

Held several Senior Management positions in large Private Sector Entities in Sri Lanka as well as overseas. Has responsibility for the Strategic Business Development Unit of Hayleys PLC, the holding Company of Unisyst Engineering PLC. He serves on the Boards of Alumex PLC, 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 and Horana Plantations PLC.



S. KARUNARATNE

Appointed to the Board in 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



J. SHERIFF

Appointed to the Board in 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. J. WIJESINGHE

Mr. Wijesinghe was an employee of Hayleys Group from 2008 to 2019. During this period, he was appointed to the Group Management Committee in 2011 and to the Board of Unisyst Engineering PLC in 2014 at the time of Company's acquisition by Hayleys PLC. Currently serves as a Non-Executive Director of Hayleys Aviation & Projects (Pvt) Ltd, The Kingsbury PLC, S&T Interiors (Pvt) Ltd, Amaya PLC, Summer Season Limited and Greener Water (Pvt) Limited. He is also the former Chairman of Litro Gas Lanka Limited and former Director of Sri Lankan Airlines Limited and Sri Lankan Catering Limited. Mr. Wijesinghe holds an MBA from the University of Leicester (UK) and is a Member of the Chartered Institute of Marketing (UK). Holds over 33 years' experience in the Aviation industry. Prior to joining Hayleys, held several senior positions at Sri Lankan Airlines including management positions in Europe, Middle East, the Far East and the Head Office in Colombo and was also a member of the Group Senior Management Team of the Airline. Possesses over 5 years' senior management experience in the Hospitality industry.



A.S. JAYATILLEKA

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 PLCs, 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.

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

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

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

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

The Directors of Unisyst Engineering PLC have pleasure in presenting to the Shareholders their report together with the Audited Accounts of the Company for the year ended 31st March 2020.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

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

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

FINANCIAL STATEMENTS

The Financial Statements of the Company during the year under review are given on page 36 to 77 in the Annual Report.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of financial statements are given on pages 40 to 59.

INTERESTS REGISTER

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

Director's Interest in Transactions

The Directors of the Company have made the general disclosures provided for in Section 192(2) of the Companies Act No.7 of 2007. Note 17 to the Financial Statements dealing with related party disclosures.

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

Director's interest in Shares

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

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

Director's Remuneration

The total remuneration of Non Executive Directors for the year ended 31st March 2020 is Rs 1,474,000/-determined according to scales of payment decided upon by the Board. The Board is satisfied that the payment of this remuneration is fair to the company.

RELATED PARTY TRANSACTIONS

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

The related party transactions of the Company during the financial year have been re-viewed by the Related Party Transactions Re-view Committee of Hayleys PLC, the parent company which act as the Related Party Transaction Review Committee of Unisyst Engineering PLC and are in compliance with the Section 09 of the CSE Listing Rules.

The Committee met Four (04) times during the financial year 2019/20. The Report of the related party transactions Review Committee is given on pages 26 -27 in the annual report.

CORPORATE DONATIONS

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

(2018/2019 – Rs.12,415/-)

DIRECTORATE

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

1. Mr. A. M. Pandithage
2. Mr. H.C. Prematillake (Appointed w.e.f. 01/04/2019)
3. Mr. S. J. Wijesinghe*
4. Mr. S. C. Ganegoda *
5. Mr. A. S. Jayatilleka **
6. Mr. S. Munaweera - **
7. Mr. J. Sheriff (Appointed w.e.f. 01/04/2019)
8. Mr. S. Karunaratne (Appointed w.e.f. 01/04/2019)

Key * Non – Executive Director

** Independent Non – Executive Director

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

Messrs. H. C. Prematillake, J. Sheriff and S. Karunaratne have been appointed by the Board with effect from 01st April 2019.

Notice has been given pursuant to Section 211 of the Companies Act No 07 of 2007, of the intention to propose an ordinary resolution for the re-appointment of Mr. J. Sheriff, who is 73 years of age, notwithstanding the age limit of 70 years stipulated by Section 210 of the Companies Act No. 07 of 2007.

Notice has been given pursuant to Section 211 of the Companies Act No. 07 of 2007, of the intention to propose an ordinary resolution for the re-appointment of Mr. S. Karunaratne, who is 70 years of age, notwithstanding the age limit stipulated by Section 210 of the Companies Act. No 07 of 2007.

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

DIRECTORS' SHAREHOLDINGS

	AS AT 31/03/2020	AS AT 01/04/2019
Mr. A. M. Pandithage	NIL	NIL
Mr. H. C. Prematillake (Appointed w.e.f. 01/04/2019)	NIL	NIL
Mr. S. J. Wijesinghe	NIL	NIL
Mr. S. C. Ganegoda	15,655	5,825
Mr. A. S. Jayatilleka	NIL	NIL
Mr. S. Munaweera	9,146	5,000
Mr. J. Sheriff (Appointed w.e.f. 01/04/2019)	NIL	NIL
Mr. S. Karunaratne (Appointed w.e.f. 01/04/2019)	NIL	NIL

- **The Directors' shareholding increased as a result of the Rights Issue for the year 2019/2020 made on 14th November 2019 in the ratio of 5 : 6.0291 Ordinary Shares held as at 10th October 2019.**

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. 550,122 /- by the Company .

In addition, they were paid Rs. 87,124 /- 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, Chartered Accountants, are deemed re- appointed as Auditors of the Company for the year 2020/2021, in terms of Section 158 of the Companies Act No.7 of 2007. A resolution proposing the directors be authorized to determine their remuneration will be submitted at the AGM.

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

RESULTS OF OPERATIONS

The Company's loss before taxation amounted to Rs 47,827,321/- after a differed tax reversal of Rs 781,185 /-, company made a loss after taxation of Rs 47,046,136/-.

CAPITAL EXPENDITURE

Purchase and construction of property, plant & equipment during the year amounted to Rs 8,916,861/-. The movement in property plant, plant & equipment is set out in Note 5 to the Financial Statements.

SHARE CAPITAL AND RESERVES

In accordance with Section 58 of the Companies Act No. 7 of 2007, Share Capital and Share Premium were classified as Stated Capital. The Stated Capital of the Company as at 31st March 2020 was Rs. 446,672,723/- comprising 22,058,200 Ordinary Shares (31.03.2019: Rs. 346,672,723/- comprising 12,058,200 Ordinary Shares). The number of shares in issue of the Company increased from 12,058,200 Ordinary Shares to 22,058,200 Ordinary Shares as a result of the Rights Issue had on 14th November 2019. (Rights Issue 10,000,000 shares @ Rs.10/- each)

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 65,79-81

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	2019/20	DATE	2018/19	DATE
	PRICE RS.		PRICE RS.	
Highest Price	16.50	01.08.2019	23.20	25.04.2018
Lowest Price	06.50	20.03.2020	12.50	29.03.2019
Closing Price	06.90	20.03.2020	13.50	29.03.2019

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

SHAREHOLDERS

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

STATUTORY PAYMENTS

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

CORPORATE GOVERNANCE/INTERNAL CONTROL

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

GOING CONCERN

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

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at the Registered Office of the Company, No. 400, Deans Road, Colombo 10, Sri Lanka at 10.00 a.m. on Tuesday, 21st July, 2020. The Notice of the Annual General Meeting appears on page 82

For and on behalf of the board



A.M. Pandithage
Chairman



H.C. Prematillake
Managing Director



Hayleys Group Services (Private) Limited
Secretaries
Colombo
08th June 2020

CORPORATE GOVERNANCE

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

The Board of Directors

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

1. Composition of the Board

The Board comprises Eight Directors, of whom four are Executive Directors (including the Managing Director), two are Non-Independent Non-Executive Directors and two are Independent Non-Executive Directors

2. Responsibilities of the Board

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

3. Meetings and Attendance

The Board had five scheduled meetings for the year ended 31st March 2020 and scheduled four meetings a year from 2019/20, 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

Number of meetings	Board Meetings
	5
A.M. Pandithage Executive Chairman /Executive Director	5/5
H.C. Prematillake Managing Director- Executive Director	5/5
S. C. Ganegoda Non - Executive Director	4/5
S. J. Wijesinghe Non - Executive Director	3/5
A. S. Jayatilleka Independent Non-Executive Director	5/5
S. Munaweera Independent Non-Executive Director	5/5
S. Karunaratne Executive Director	4/5
J. Sheriff Executive Director	4/5

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.

CORPORATE GOVERNANCE

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-third of the Directors in office to retire at each Annual General Meeting. The Directors who retire are those longest in office since their appointment (or re-appointment). Retiring Directors are eligible for re-election by the shareholders

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)

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.

CORPORATE GOVERNANCE

11. Audit Committee

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

12. Related Party Transactions Review Committee

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

Management Structure

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

Internal Controls

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

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:

- **Financial Reporting & Disclosures**

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

The Annual Report includes descriptive, non-financial content through which an attempt is made to provide stakeholders with information to assist them make more informed decisions. The Statement of Directors' Responsibilities for the financial statements is given in page 28 of this report.

CORPORATE GOVERNANCE

- **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	Four of the Eight directors are Non-Executive Directors.
Independent Directors	7.10.2 (a)	Compliant	Two of the Four Non-Executive Directors are Independent.
	7.10.2 (b)	Compliant	Non-Executive Directors have submitted the declaration of their independence/non-independence.
Disclosures relating to Directors	7.10.3 (a)	Compliant	Names of the Independent Directors are disclosed on page 15.
	7.10.3 (b)	Compliant	Criteria for independence have been met by the Independent Directors.
	7.10.3 (c)	Compliant	Brief resumes of the Directors are given on pages 10 to 13.
Remuneration Committee	7.10.5 (a)	Compliant	The Remuneration Committee of Hayleys PLC who is the ultimate parent of Unisyst Engineering PLC acts as the Remuneration Committee of the Company.
	7.10.5 (b)	Compliant	The Committee has recommended the remuneration for Executive Directors and sets guidelines for the remuneration of the management staff within the Company.
	7.10.5 (c)	Compliant	Please refer page 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 71
Audit Committee	7.10.6 (a)	Compliant	The Audit Committee comprises two Non-Executive Directors, all of whom are independent. The Chairman of the Committee is a Member of a recognized professional accounting Body. The Chairman, MD and other Executive Directors attended Committee meetings by invitation.

CORPORATE GOVERNANCE

Corporate Governance Principles	CSE Rule Reference	Compliance Status	Details
	7.10.6 (b)	Compliant	Please refer pages 29 to 30 for the functions of the Audit Committee.
	7.10.6 (c)	Compliant	The names of the Audit Committee members and the basis of determination of the independence of the auditor are given in the Audit Committee report on pages 29 to 30.
Share and Investor Information	7.13.1	Compliant	As a listed Company in the main board, the Company maintained the minimum public holding under specified criteria in 79 to 81
Minimum public holding	7.13.1 (a)	Compliant	Please refer page 81
Related Party Transactions Review Committee	9.2.1 & 9.2.3	Compliant	The Functions of the Committee are stated in the Report of the Related Party Transaction Review Committee in pages 26 to 27.
Composition	9.2.2	Complaint	Please refer the Report of the Related Party Transaction Review Committee in pages 26 to 27.
Related Party Transactions Review Committee Meetings	9.2.4	Complaint	Met 04 times during the Financial year 2019/20.
Immediate Disclosures	9.3.1	Complaint	Please refer Note 28.2 of the Notes to the Accounts in page 73.
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 73.
The Report by the Related Party Transaction Review Committee	9.3.2(C)	Compliant	Please refer the Report of the Related Party Transaction Review Committee in pages 26 to 27.
A Declaration by the Board of Directors	9.3.2(d)	Compliant	Please refer the Annual Report of Board of Directors for an affirmative statement of compliance of the Board on pages 14 to 18.

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

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

Composition of the Committee

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

The Committee comprises the following members.

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

** Independent Non-Executive

*Executive

Attendance

Committee met – 04 times in the Financial Year 2019/2020

Meetings held on 15th May 2019, 05th August 2019, 05th November 2019 and 10th February 2020.

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 adequate 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

15th June 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

COMPLIANCE REPORT

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

By Order of the Board,
Hayleys Group Services (Pvt) Ltd.
Secretaries
08th June 2020

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 2021.

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

08th June 2020

INDEPENDENT AUDITOR'S REPORT



Ernst & Young
Chartered Accountants
201 De Saram Place
P.O. Box 101
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 31 March 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2020 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.

INDEPENDENT AUDITOR'S REPORT

Key audit matters

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

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

Key Audit Matter	How our audit addressed the KAM
<p>Management's assessment of the going concern of the Company along with probable impacts of the COVID 19 pandemic on the operations of the Company</p> <p>The Company's financial statements have been prepared on the going concern basis of accounting.</p> <p>However Company has recorded losses over last three years coupled with negative sales growth and negative operating cash flows over the years as more fully described in Note 2.6.2 along with the probable impacts of Covid 19 pandemic on the operations of the Company.</p> <p>The availability of sufficient funding and management's assessment of whether the Company will be able to continue meeting its obligations were important for the going concern assumption and, as such, were significant aspects of our audit. This assessment was largely based on the expectations of, and the estimates made by management. The expectations and estimates can be influenced by subjective elements such as estimated future cash flows, forecasted results and margins from operations.</p>	<p>Our procedures in relation to the Company's assessment on the going concern included:</p> <p>We obtained an understanding of the process over the liquidity assessment, and preparation of the cash flow forecast based on reasonable and supportable assumptions used to estimate the future cash flows;</p> <p>We evaluated the assumptions made with respect to the operating results and the cash flows considered by management:</p> <p>We evaluated the Company's capability to meet its current requirements, which are less than one year via existing access to funding and unused credit facilities such as the revolving facility in place .</p> <p>We gained an understanding of Management's assessment of the probable impacts of the Covid 19 pandemic on the usual operations of the Company and assessed if those are duly incorporated in to projected cash flows for the next year.</p> <p>We reviewed the adequacy of the disclosures made in note 2.6.2 in the financial statements.</p>

INDEPENDENT AUDITOR'S REPORT

Other information included in The Company's 2020 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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.
- 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.

INDEPENDENT AUDITOR'S REPORT

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.

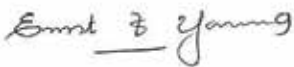
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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.



08th June 2020
Colombo

STATEMENT OF FINANCIAL POSITION

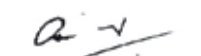
As at 31 st March	Note	2020	2019
ASSETS		Rs.	Rs.
Non-Current Assets			
Property, Plant and Equipment	5	141,714,697	142,993,071
Right of use Assets	5.4	3,282,648	-
Deferred Tax Assets	14	2,563,982	1,781,806
		147,561,327	144,774,877
Current Assets			
Inventories	6	77,087,222	1,936,687
Construction Work-in-Progress	7	223,281,427	215,143,728
Trade and Other Receivables	8	98,429,813	82,722,937
Contract Assets	8.1	74,823,790	66,148,025
Amount Due from related parties	9	329,111	-
Cash and Bank Balance	10	78,037,646	71,369,437
		551,989,009	437,320,814
Total Assets		699,550,336	582,095,691
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	11	446,672,723	346,672,723
Revenue Reserves		(278,563,751)	(231,514,831)
Revaluation Surplus		60,093,003	60,039,003
Total Equity		228,201,975	175,250,895
Non-Current Liabilities			
Interest Bearing Loans and Borrowings	13.3	690,957	-
Employee Benefit Obligations	15	5,204,025	3,751,357
		5,894,982	3,751,357
Current Liabilities			
Interest Bearing Loans and Borrowings	13	75,183,305	89,952,358
Trade and Other Payables	16	87,589,036	26,657,767
Contract Liabilities	16.1	119,158,301	93,075,153
Amounts Due to Related Parties	17	109,454,901	136,993,269
Bank Overdraft	10.2	74,067,835	56,414,892
		465,453,379	403,093,439
Total Liabilities		471,348,361	406,844,796
Total Equity and Liabilities		699,550,336	582,095,691

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



Anushka De Silva
Chief Financial Officer

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



Mohan Pandithage
Chairman



Hasith Prematillake
Managing Director

The Accounting Policies and Notes on pages 40 through 77 form an integral part of the Financial Statements.

08th June 2020
Colombo

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 st March	Note	2020 Rs.	2019 Rs.
Revenue from contracts with customers	18	317,216,664	382,967,729
Cost of Sales		(224,647,876)	(288,077,180)
Gross Profit		92,568,788	94,890,549
Other Operating Income	19	2,381,892	12,975,374
Selling and Distribution Expenses		(3,524,849)	(1,481,240)
Administrative Expenses		(110,442,740)	(90,247,609)
Operating Profit/(Loss)		(19,016,910)	16,137,074
Finance Costs	20	(36,475,609)	(23,498,184)
Finance Income	21	7,665,197	7,420,332
Profit/(Loss) Before Tax		(47,827,321)	59,222
Income Tax Expenses	23.1	781,185	(7,076,151)
Profit/(Loss) for the year		(47,046,136)	(7,016,928)
Other Comprehensive Income			
Other Comprehensive Income not be reconciled to profit or loss in subsequent periods			
Revaluation of Land and Buildings	5.1	-	4,313,400
Actuarial gains/ (losses) on Employee Benefit Obligations	15.1	(3,539)	950,138
Income Tax on Other Comprehensive Income	14.2	991	(1,473,791)
Other Comprehensive Income for the year, net of tax		(2,548)	3,789,748
Total Comprehensive Income for the year, net of tax		(47,048,684)	(3,227,181)
Earning /(Loss) Per Share - Basic/Diluted	12	(2.13)	(0.58)

The Accounting Policies and Notes on pages 40 through 77 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.	Accumulated Profit/(Loss) Rs.	Total Rs.
Balance as at 01st April 2018	346,672,723	56,987,355	(225,182,002)	178,478,076
Loss for the Year	-	-	(7,016,928)	(7,016,928)
Settlements during the year	-	-	-	-
Other Comprehensive Income				
Revaluation of Land	-	4,313,400	-	4,313,400
Actuarial gains/ (losses) on Employee Benefit Obligations	-	-	950,138	950,138
Income Tax on Other Comprehensive Income	-	(1,207,752)	(266,039)	(1,473,791)
Total Other Comprehensive Income	-	3,105,648	684,100	3,789,748
Total Comprehensive Income	-	3,105,648	(6,332,839)	(3,227,181)
Balance As at 31st March 2019	346,672,723	60,093,003	(231,514,831)	175,250,895
Balance as at 01st April 2019	346,672,723	60,093,003	(231,514,831)	175,250,895
Loss for the Year	-	-	(47,046,136)	(47,046,136)
Rights issue of ordinary shares during the year	100,000,000			
Other Comprehensive Income				
Actuarial gains/ (losses) on Employee Benefit Obligations	-	-	(3,539)	(3,539)
Income Tax on Other Comprehensive Income	-	-	991	991
Total Other Comprehensive Income	-	-	(2,548)	(2,548)
Total Comprehensive Income	-	-	(47,048,684)	(47,048,684)
Balance As at 31st March 2020	446,672,723	60,093,003	(278,563,751)	228,201,975

The Accounting Policies and Notes on pages 40 through 77 form an Integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

For the year ended 31st March	Note	2020 Rs.	2019 Rs.
Operating Activities			
Net Profit/(Loss) before Income Tax		(47,827,321)	59,222
Adjustments for			
Depreciation of PPE and Right of use assets	5	12,539,777	10,511,886
Profit on sale of Property, Plant & Equipment	19	(685,124)	(552,461)
Finance Income	21	(7,665,197)	(7,420,332)
Finance Cost	20	36,475,609	23,498,184
Recovery of prior year bad and doubtful debts	22	-	(8,251,473)
Provision for bad and doubtful debts	8.2	973,376	(1,412,565)
Write-down of inventories	6	(348,138)	(1,141,501)
Impairment of Economic Service Charge Receivables	8.3	-	(2,085,694)
Charge for Employee Benefit Obligations	15	1,715,089	1,314,379
Operating (Loss)/Profit before Working Capital Changes		(4,821,929)	14,519,645
Decrease / (Increase) in Inventories		(74,802,397)	6,464,700
Decrease / (Increase) in Contract Assets		(16,813,464)	(79,468,960)
(Increase) in Trade and Other Receivables		(16,680,252)	(14,521,682)
Increase / (Decrease) in Trade & Other Payables / Contract Liabilities		87,014,416	(30,001,432)
Increase / (Decrease) in Amounts due to /due from Related Parties		(27,867,484)	20,668,468
		(53,465,287)	(82,339,261)
Finance Income Received	21	7,665,197	7,420,332
Finance Costs Paid	20	(36,475,609)	(23,498,184)
Employee Benefit Obligations Paid	15	(265,960)	(600,000)
Net Cash from/ (used in) Operating Activities		(83,047,482)	(99,017,112)
Investing Activities			
Acquisition of Property, Plant & Equipment	5	(8,916,861)	(3,276,210)
Proceeds from Sale of Property, Plant & Equipment	5	685,124	1,324,324
Proceeds from Right issue of ordinary shares	11	100,000,000	-
Net Cash from/ (used in) Investing Activities		91,768,262	(1,951,886)
Financing Activities			
Loans Obtained	13	206,440,606	169,324,899
Repayment of Interest Bearing Loans & Borrowings	13	(224,370,119)	(89,518,977)
Capital portion of Lease rentals paid	13.3	(1,776,002)	-
Net Cash Flow From / (used in) Financing Activities		(19,705,515)	79,805,922
Net Increase/(Decrease) in Cash and Cash Equivalents		(10,984,734)	(21,163,077)
Cash and Cash Equivalents at the beginning of the year		14,954,545	36,117,622
Cash and Cash Equivalents at the end of the year	10	3,969,810	14,954,545

The Accounting Policies and Notes on pages 40 through 77 form an Integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1.1 Reporting entity

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

1.2 Nature of operations and principal activities of the Company

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

1.3 Ultimate Parent Entity

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

1.4 Approval of Financial Statements.

The Financial Statements of UNISYST ENGINEERING PLC for the year ended 31 March 2020 were authorised for issue by the Directors on 08th June 2020.

1.5 Responsibility for Financial Statements.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

NOTES TO THE FINANCIAL STATEMENTS

2.2. Basis of measurement

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

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

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

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

2.3. Functional and presentation currency

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

2.4 Materiality and Aggregation

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

2.5 Comparative Information

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

2.6 Critical accounting estimates and judgements

2.6.1 Use of estimates & 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 Financial Statements are prepared on the assumption that the Company is a going concern, i.e. as continuing in operation for foreseeable future. However, the Company has incurred a loss after tax of Rs. 47,046,136 during the year with a negative operating cashflow of Rs. 83,047,481 with increasing finance cost. Further, it is noted the revenue of the Company has declined over the past three years. However, the Directors have made an assessment of the Company's ability to continue as a Going Concern and have identified following measures and strategies:

- Existence of unutilized import loan facility and extension of credit period by 6 months provided as a moratorium under the Covid -19 relief scheme to settle the existing borrowings. Further company is expecting for additional facility provided by the bank under the "Saubhagya" relief scheme -COVID 19.
- Securing fixed income for the month through retail sales of mirrors, windows, doors, fanlights. The company is focusing on exploiting the distribution channels of the group.
- Negotiating with the suppliers for increased credit terms to manage the working capital of the company.
- Improving the debtors collection period to efficiently manage the working capital requirement of the company.

Company's response to the impact of the COVID 19 pandemic

Further, due to the prevailing situation resulting from COVID 19 pandemic, the construction industry in the country has recorded a sharp decline, as both residential and commercial projects have been halted/ delayed due to lockdown measures (lack of man power do to curfew imposed in all districts)and liquidity shortfalls. On the other hand, recovery of debtors has delayed causing concern over working capital management. Being specialized in manufacturing and supplying architectural aluminium joinery systems, the Company 's performance directly linked to the country's construction industry. Hence, the same factors had impacted the Company.

However, the management believe that the impact is very short term and is expecting that the situation will get back to normal within few months. The Company has already commenced the work in on going projects subject to the regulations issued by the Government. At the beginning of May the work began with 1/3rd of work force and due to curfew situation was unable to complete the work as planned. However, now they are increasing the work force slowly and increase the working hours by working on week ends and holidays.

The Company is in the process of having discussions with the main contractors to extend the planned completion dates. They believe that the period will get extended by three four months. The Board believes that Group's resources including cash and short-term deposits, unutilized borrowing facilities and working capital loans granted under Covid 19 relief measures proposed by Central Bank of Sri Lanka are adequate to carry out the operations for foreseeable future.

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

NOTES TO THE FINANCIAL STATEMENTS

2.6.3 Taxation

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.

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 16. 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

NOTES TO THE FINANCIAL STATEMENTS

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 IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 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 Group 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 is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

or

- 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

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

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.

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

- 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 16. 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.

This payment is computed on the following basis:

Length of service (Years)	No. of month's salary for each completed year of service
Up to 20	1/2
20 up to 25	3/4
25 up to 30	1
30 up to 35	1 1/4
Over 35	1 1/2

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 fulfil 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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3.6.3 Tax expense

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

3.6.3.1 Current tax

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

Current tax relating to items recognised directly in Other Comprehensive Income is recognised in Other Comprehensive Income and not in the statement of profit and loss and other comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.6.3.2 Deferred tax

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

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.

NOTES TO THE FINANCIAL STATEMENTS

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

4.1 New and amended standards and interpretations

The Company applied SLFRS 16 for the first time. The nature and effect of changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the financial statements of the Company.

SLFRS 16 Leases

SLFRS 16 supersedes LKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

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

The Company adopted SLFRS 16 using the modified retrospective method of adoption, with the date of initial application of 1 January 2019. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). The effect of adopting SLFRS 16 is presented in note 13 to the Financial Statements. Upon adoption of SLFRS 16, the Company applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The Company recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In accordance with the modified retrospective method of adoption, the Company applied SLFRS 16 from the date of transition.

As at 31 March 2020:

- 'Right-of-use assets' were recognised and presented separately in the statement of financial position
- 'Prepayments' and 'Trade and other payables' related to previous operating leases were derecognised.
- 'Deferred tax liabilities' decreased because of the deferred tax impact of the changes in recognised lease related assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020:

- Depreciation expense increased because of the depreciation of additional assets recognised (i.e., increase in right-of-use assets, net of the decrease in 'Property, plant and equipment')
- Rent expense included in 'Cost of sales' and 'Administrative expenses', relating to previous operating leases, Decreased
- 'Finance costs' increased
- 'Income tax expense' decreased relating to the tax effect of these changes in expenses
- Cash outflows from operating activities decreased and cash outflows from financing activities increased by the same amount, relating to decrease in operating lease payments and increases in principal and interest payments of lease liabilities.

4.2 Standards issued but not yet effective

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

Amendments to SLFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Company will not be affected by these amendments on the date of transition.

Amendments to LKAS 1 and LKAS 8: Definition of Material

In October 2018, amendments were issued to LKAS 1 Presentation of Financial Statements and LKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Company's consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

5. PROPERTY, PLANT AND EQUIPMENT

5.1 Gross Carrying Amounts	Balance As at 01/4/2019 Rs.	Additions/ Transfers/ Rs.	Revaluation Adjustment Rs.	Disposals/ Transfers Rs.	Balance As at 31/3/2020 Rs.
Land	38,813,400	-	-	-	38,813,400
Building	71,299,387	-	-	-	71,299,387
Plant & Machinery	36,084,264	7,521,574	-	-	43,605,838
Furniture, Fittings & Equipment	27,906,552	1,395,287	-	-	29,301,839
Motor Vehicles	6,976,494	-	-	(1,066,210)	5,910,285
	181,080,096	8,916,861	-	(1,066,210)	188,930,749

5.2 Depreciation	Balance As at 01/4/2019 Rs.	Charge for the year Rs.	Revaluation Adjustment Rs.	Disposals/ Transfers Rs.	Balance As at 31/3/2020 Rs.
Building	4,629,337	2,851,975	-	-	7,481,312
Plant & Machinery	12,152,595	3,787,131	-	-	15,939,725
Furniture, Fittings & Equipment	14,347,628	3,537,102	-	-	17,884,730
Motor Vehicles	6,957,465	18,820	-	(1,066,000)	5,910,285
	38,087,024	10,195,028	-	(1,066,000)	47,216,052

5.3 Net Book Values	Balance As at 31/3/2020 Rs.	Balance As at 31/3/2019 Rs.
Land	38,813,400	38,813,400
Building	63,818,075	66,670,050
Plant & Machinery	27,666,113	23,931,669
Furniture, Fittings & Equipment	11,417,109	13,558,925
Motor Vehicles	-	19,030
	141,714,697	142,993,071

NOTES TO THE FINANCIAL STATEMENTS

5.4 RIGHT OF USE ASSETS

Cost	Balance As at 01/4/2019	New Lease	Transfer from PPE	Effects of movements in foreign exchange	Closing balance
	Rs.	Rs.	Rs.	Rs.	Rs.
Building	-	5,627,397	-	-	5,627,397
Total	-	5,627,397	-	-	5,627,397
Depreciation	Balance As at 01/4/2019	Charge for the year	Transfer from PPE	Effects of movements in foreign exchange	Closing balance
	Rs.	Rs.	Rs.	Rs.	Rs.
Building	-	2,344,749	-	-	2,344,749
Total	-	2,344,749	-	-	2,344,749
Net Book Value					Closing balance
Building	-	-	-	-	3,282,648
Carrying Value	-	-	-	-	3,282,648

5.5 During the financial year, the Company acquired Property, Plant and Equipment to an aggregate value of Rs.8,916,861 (2018/19 - Rs. 3,276,210/-) and cash payment amounting to Rs.8,916,861/- (2018/19 - Rs. 3,276,210/-)

5.6 Property, plant and equipment include fully depreciated assets during the year 2019/20 amounting to Rs. 3,771,016.(2018/19 - Rs. 12,104,025/-)

5.7 The land and buildings belonging to Unisyst Engineering PLC, situated at 41B, Sasanathilaka Rd, Opatha, Kotugoda were not revalued as at 31 March 2020.

The following properties were revalued during the last financial year 2018/19 under freehold land & Building. Fair Value measurement disclosure for revalued land based on un-observable input as follows.

- (a) Quoted Price (unadjusted) in active markets for identical assets or liabilities (Level -1).
- (b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices) (Level - 2).
- (c) Input for the assets or liability that are not based on observable market data (that is, unobservable inputs) (Level -3).

Information on Freehold Land and Freehold Building of the company.

Non Financial Asset

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

* No Significant increases / (decreases) in estimated price per square metre value of buiding compared to previous year.

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 31/3/2020 Rs.	Net carrying amount as at 31/3/2019 Rs.
Land	3,134,394	-	3,134,394	3,134,394
Buildings	28,317,192	(6,229,783)	22,087,409	22,653,753
	31,451,586	(6,229,783)	25,221,803	25,788,147

6. INVENTORIES

	As at 31/3/2020 Rs.	As at 31/3/2019 Rs.
Inventories	87,879,494	11,855,442
(-) Provision for Slow Moving & Obsolete Stocks	(10,810,966)	(11,159,104)
	77,068,527	696,338
Consumables	18,695	1,240,349
	77,087,222	1,936,687

- 6.1 The reversal of provision for obsolete inventory amounted to Rs. 348,138/- (provision for 2018/19- 1,141,501/-) which was recognized in Administration Expense.

6.2 Provision for Slow Moving & Obsolete Stocks

	As at 31/3/2020 Rs.	As at 31/3/2019 Rs.
Balance as at the beginning of the year	11,159,105	12,300,605
Provisions made during the year	-	3,198,462
Reversal of Provisions	(348,139)	(4,339,963)
Balance at the end of the year	10,810,966	11,159,105

NOTES TO THE FINANCIAL STATEMENTS

7. CONSTRUCTION WORK-IN-PROGRESS

	Balance as at 01/4/2019 Rs.	Cost incurred during the year Rs.	Expenses recognized during the year Rs.	Balance as at 31/3/2020 Rs.
Construction Work-in-Progress	215,143,728	255,026,201	(246,888,502)	223,281,427

8. TRADE AND OTHER RECEIVABLES

	As at 31/3/2020 Rs.	As at 31/3/2019 Rs.
Trade Debtors	50,670,071	65,333,187
(-) Provision for Bad & Doubtful Debts	(8,271,523)	(7,298,147)
Net Trade Debtors	42,398,548	58,035,040
Advances, Deposits and Prepayments	44,648,22	9,500,608
Other Receivables	11,383,010	15,187,289
	98,429,813	82,722,937

Year	Impaired	Neither Past due nor impaired	Past due not Impaired			
			31- 60 Days	61 -180 Days	> 180 days	Total
2020	8,271,523	10,371,763	2,631,888	17,854,592	11,540,303	50,670,071
2019	7,298,148	22,130,172	14,467,647	5,741,069	15,696,151	65,333,187

8.1 Contract assets

	As at 31/3/2020 Rs.	As at 31/3/2019 Rs.
Retention Receivables	74,823,790	66,148,025
Balance at the end of the year	74,823,790	66,148,025

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 & Doubtful Debts

	As at 31/3/2020 Rs.	As at 31/3/2019 Rs.
Balance as at the beginning of the year	7,298,147	15,549,620
Provisions / (Reversals) during the year	973,376	(8,251,473)
Balance at the end of the year	8,271,523	7,298,147

NOTES TO THE FINANCIAL STATEMENTS

8.3 Other Receivables	As at 31/3/2020 Rs.	As at 31/3/2019 Rs.
FD Interest Receivable	2,582,407	2,611,400
WHT Receivable	1,109	1,550,024
VAT Receivable	5,335,923	9,591,650
ESC	3,463,571	1,434,215
Balance at the end of the year	11,383,010	15,187,289

9. AMOUNTS DUE FROM RELATED PARTIES	As at 31/3/2020 Rs.	As at 31/3/2019 Rs.
Fentons Limited	329,111	-
	329,111	-

10. CASH AND CASH EQUIVALENTS	As at 31/3/2020 Rs.	As at 31/3/2019 Rs.
Components of Cash and Cash Equivalents		
10.1 Favourable balance		
Short Term Deposits	77,667,955	70,415,620
Bank Balances & Cash in hand	369,690	953,817
	78,037,646	71,369,437
10.2 Unfavourable Balances		
Bank Overdrafts	(74,067,835)	(56,414,892)
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statements	3,969,810	14,954,545

NOTES TO THE FINANCIAL STATEMENTS

11. STATED CAPITAL	As at 31/3/2020		As at 31/3/2019	
Fully Paid Ordinary Shares				
	Number of Shares	Rs.	Number of Shares	Rs.
At the beginning of the Year	12,058,200	346,672,723	12,058,200	346,672,723
Rights Issue of ordinary shares	10,000,000	100,000,000	-	-
At the end of the Year	22,058,200	446,672,723	12,058,200	346,672,723
During the year the company made a Rights Issue of 10 million shares amounting to Rs.100 million.				
12. EARNINGS /(LOSS) PER SHARE				
12.1	Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to Ordinary Shareholders by the weighted average number of Ordinary Shares outstanding during the year. The weighted average number of Ordinary Shares outstanding during the year and the previous year are adjusted for events that have changed the number of Ordinary Shares outstanding, without a corresponding change in the resources such as a Bonus Issue.			
12.2	The following reflects the income and share data used in the basic Earning Per Share computation.			
Amounts Used as the Numerators:		Year Ended 31/3/2020 Rs.	Year Ended 31/3/2019 Rs.	
Net Profit/(Loss) attributable to Ordinary Shareholders for basic Earnings /(Loss) Per Share		(47,046,136)	(7,016,928)	
Numbers of Ordinary Shares Used as Denominators:				
Weighted Average number of Ordinary Shares in issue		22,058,200	12,058,200	
12.3	Earnings/(Loss) Per Share - Basic	(2.13)	(0.58)	
13. Interest-Bearing Loans and Borrowings		As at 31/3/2020 Rs.	As at 31/3/2019 Rs.	
Current Interest-Bearing Loans and Borrowings				
Import Loans (Unsecured)		3,422,867	252,358	
Short Term Loans (13.1)		68,600,000	89,700,000	
Other Leases (13.3)		3,160,438	-	
Total current interest-bearing loans and borrowings		75,183,305	89,952,358	
Non - Current Interest-Bearing Loans and Borrowings				
		-	-	
Total interest bearing loans and borrowings		75,183,305	89,952,358	

NOTES TO THE FINANCIAL STATEMENTS

13.1 Short Term Loans

	As at 31/3/2020 Rs.	As at 31/3/2019 Rs.
Balance at the beginning of the year	89,700,000	-
Loans obtained during the year	203,270,119	157,700,000
	292,970,119	157,700,000
Loans repaid during the year	(224,370,119)	(68,000,000)
Balance at the end of the year	68,600,000	89,700,000

13.2 Details of the short term loan is as below;

Interest Rate: AWPLR+2.5%

Repayment Terms: 90 Days

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

13.3 Other Leases

	As at 31/3/2020 Rs.	As at 31/3/2019 Rs.
Balance as at 01.04.2019	-	-
Additions	5,627,397	-
Accretion of Interest	505,824	-
Payments	(2,281,826)	-
Balance as at 31.03.2020	3,851,395	-
Amounts Re-payable Within 1 year	3,160,438	-
Amounts Re-payable After 1 year	690,957	-
	3,851,395	-

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

The company used an incremental borrowing rate of AWPLR + 1.5%

14. DEFERRED TAX ASSET

	As at 31/3/2020 Rs.	As at 31/3/2019 Rs.
14.1 Balance as at the beginning of the period	1,781,806	10,331,747
(Origination)/reversal of temporary difference (14.2)	782,176	(8,549,941)
Balance at the end of the period (14.4)	2,563,982	1,781,806

14.2 Reconciliation of Deferred Tax (Charge) / Reversal

Deferred Tax (Charge) /Reversal recognised under Comprehensive Income	781,185	(7,076,151)
Deferred Tax (Charge) /Reversal recognised under Other Comprehensive Income	991	(1,473,791)
	782,176	(8,549,941)

NOTES TO THE FINANCIAL STATEMENTS

- 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. 229,193,296/- out of which deferred tax asset has been recognized on Rs. 104,000,000/- has been utilised based on future forecasted taxable profits.

14.4 Deferred Tax Asset / (Liability) arises due to	As at 31/3/2020 Rs.	As at 31/3/2019 Rs.
Accelerated Depreciation for the Tax purposes	(11,330,226)	(14,331,622)
Tax Losses carried forward	29,120,000	34,107,626
Employee Benefit Obligations	1,457,043	1,050,380
Revaluation on land	(10,867,752)	(10,867,752)
Revaluation on building	(11,301,375)	(11,301,375)
Provision on slow moving inventories	5,290,505	3,124,549
Temporary difference on Right of Use assets	159,249	-
Unrealized exchange gain	36,537	-
	2,563,982	1,781,806

15. EMPLOYEE BENEFIT OBLIGATION	As at 31/3/2020 Rs.	As at 31/3/2019 Rs.
Changes in the present value of the Defined benefit obligation is as follows		
Balance as at the beginning of the year	3,751,357	3,987,117
Current Service Cost	398,022	908,796
Interest Costs	1,317,067	405,583
Actuarial (gains)/losses (15.1)	3,539	(950,138)
Benefits paid during the year	(265,960)	(600,000)
Balance at the end of the year	5,204,025	3,751,357

	As at 31/3/2020 Rs.	As at 31/3/2019 Rs.
15.1 The expenses recognised in the Statement of the Comprehensive Income	1,715,089	1,314,379
The expenses recognised in the Statement of the Other Comprehensive Income	3,539	(950,138)
	1,718,628	364,241

NOTES TO THE FINANCIAL STATEMENTS

15.2 Maturity Profile of the Defined Benefit Obligation	2019/20	2018/19
Future working lifetime		
Within the next 12 months	363,051	264,816
Between 1 to 5 years	1,872,700	1,463,543
Between 5 to 10 years	1,113,627	781,931
More than 10 years	1,854,647	1,241,066
	5,204,025	3,751,357

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	2019/20	2018/19
Effect on DBO due to decrease in the discount rate by 1%	5,609,227	4,045,891
Effect on DBO due to increase in the discount rate by 1%	4,844,460	3,490,352
Salary Escalation		
Effect on DBO due to decrease in the salary escalation rate by 1%	4,816,510	3,471,408
Effect on DBO due to increase in the salary escalation rate by 1%	5,634,249	4,062,449

- 15.4** The average duration of the defined benefit plan obligation at the end of the reporting period is 8.02 years. (2019 - 8.16 years).

15.4 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 2020. 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.

	2019/20	2018/19
Discount Rate Assumed	10%	11%
Future Salary Increase	9%	10%
Staff Turnover	6% -25%	6% -25%
Retiring Age	55	55
Expected Future Working Life	6.8 Years	6.8 Years

NOTES TO THE FINANCIAL STATEMENTS

16. CONTRACT LIABILITIES AND OTHER PAYABLES	As at 31/3/2020 Rs.	As at 31/3/2019 Rs.
Trade and other payables	87,589,036	26,657,767
	87,589,036	26,657,767

16.1 Contract Liabilities	As at 31/3/2020 Rs.	As at 31/3/2019 Rs.
Contract Mobilization Advances	119,158,301	93,075,153
	119,158,301	93,075,153

17. AMOUNTS DUE TO RELATED PARTIES	Relationship	As at 31/3/2020 Rs.	As at 31/3/2019 Rs.
Hayleys PLC	Parent Company	8,736,632	44,541,440
Hayleys Business Solutions International (Pvt) Ltd	Affiliate Company	129,715	79,903
Alumex PLC	Affiliate Company	13,158,766	12,182,413
Alco Industries (Pvt) Ltd	Affiliate Company	910,632	675,886
Advantis Freight (Pvt) Ltd	Affiliate Company	655,080	488,774
Hayleys Advantis Ltd	Affiliate Company	450,066	500,526
North South Lines (Pvt) Ltd	Affiliate Company	23,939,214	11,226,964
Hayleys Tours (Pvt) Ltd	Affiliate Company	52,328,291	63,906,854
Singer (Sri Lanka) PLC	Affiliate Company	10,556	33,034
Hayleys Project & Aviation	Affiliate Company	3,644,425	3,224,017
Mountain Hawk	Affiliate Company	57,981	57,981
Hayleys Travels (Pvt) Ltd	Affiliate Company	-	75,476
Fentons Ltd	Affiliate Company	3,857,060	-
Hayleys Lifesciences (Pvt) Ltd	Affiliate Company	1,576,483	-
		109,454,901	136,993,269

NOTES TO THE FINANCIAL STATEMENTS

18. REVENUE FROM CONTRACTS WITH CUSTOMERS	2020 Rs.	2019 Rs.
Contract Sales - Local	317,216,664	366,366,653
Contract Sales - Foreign	-	16,601,076
Total Revenue	317,216,664	382,967,729

18. Contract Balances	2020 Rs.	2019 Rs.
Contract Assets		
- Retention Receivables	74,823,790	66,148,025
Contract Liabilities		
- Contract Mobilization Advance	119,158,301	93,075,153

* The movement of Contract Mobilization Advance is as follows,

At the beginning of the year	93,075,153	121,195,104
Advance paid during the year	124,392,412	128,912,134
	217,467,565	205,107,238
Advance recovered during the year	(98,309,264)	(157,032,085)
At the end of the year	119,158,301	93,075,153

Contract assets are initially recognised for revenue earned from manufacturing and supplying of Architectural Aluminium 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 revenue through out the remaining period of projects which are expected to be completed within next year.

As of 31st March 2020 the aggregate amount of the transaction price allocated to the remaining performance obligation is Rs. 119,158,301/- 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	2020 Rs.	2019 Rs.
Scrap Sales	1,696,768	5,584,006
Profit on Sale of Property, Plant & Equipment	685,124	552,461
Bad Debt Recovery	-	6,838,908
	2,381,892	12,975,374
20. FINANCE COST	2020 Rs.	2019 Rs.
Interest on Loans and Borrowings	28,736,250	16,867,970
Exchange Loss	673,716	30,851
Interest on Bank Overdraft	5,788,789	6,599,363
Guarantee charge and others	1,276,854	-
	36,475,609	23,498,184
21. FINANCE INCOME	2020 Rs.	2019 Rs.
Interest Income Fixed Deposit	7,627,124	7,364,059
Interest Income Saving Account	38,074	56,273
	7,665,197	7,420,332
22. PROFIT / (LOSS) BEFORE TAX	2020 Rs.	2019 Rs.
Stated after charging/(crediting)		
Directors' emoluments	1,474,000	1,050,000
Auditors' remuneration - statutory audit services	550,122	464,980
- non audit related services	87,124	66,661
Depreciation(PPE and Right of use assets)	12,539,777	10,511,886
Personnel costs include		
Salaries and wages	70,977,553	65,266,322
Defined contribution plan costs	7,684,692	6,310,621
Defined benefit plan costs	1,715,089	1,314,379
Legal fees	-	191,750
Donations	27,571	12,415
Provision for Slow Moving Stocks	(348,138)	(1,141,501)
Bad Debts Recovery	-	(6,838,908)

NOTES TO THE FINANCIAL STATEMENTS

23. INCOME TAX EXPENSE	2020	2019
	Rs.	Rs.

23.1 Current tax expense

Current tax expense on ordinary activities for the year (23.2)	-	-
Deferred tax Charge /(Reversal) (14.2)	781,185	(7,076,151)
	781,185	(7,076,151)

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

	For the Year Ended 31/3/2020 Rs.	For the Year Ended 31/3/2019 Rs.
Accounting Profit Before Tax	(47,827,321)	59,222
Adjustments relating to disallowances	24,828,373	14,543,470
Adjustments to allowable items	(15,653,677)	(28,874,637)
Taxable income from trade - (a)	(38,652,625)	(14,271,945)
Interest Income	7,665,197	7,420,332
Utilisation of tax losses	(7,665,197)	(7,420,332)
Taxable income from other sources, net of utilisation of tax losses - (b)	-	-
Total taxable income (a) + (b)	(38,652,625)	(14,271,945)
Statutory tax rate	28%	28%
Current Tax on Ordinary Activities for the year	-	-
Under/(over) provision in respect of prior years	-	-
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

The contingent liability as at 31st March 2020 are as follows,
Bank Guarantees given to third parties Rs.177 Mn

26. EVENTS OCCURRING AFTER THE REPORTING DATE

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

NOTES TO THE FINANCIAL STATEMENTS

27. ASSETS PLEDGED

Rs. 70 Mn worth of Fixed deposits were pledged to Hatton National Bank in order to obtain banking facilities of Rs. 75 Mn as at 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 22 to the Financial Statements.

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 09 & 17

Company	Relationship	Nature of the Transaction	Amount Paid / (Received)	
			For the Year Ended 31/3/2020 Rs.	For the Year Ended 31/3/2019 Rs.
Hayleys PLC	Parent Company	Services/Loans Obtained	35,804,809	-
Hayleys Business Solution International (Pvt) Ltd	Affiliate Company	Services Obtained	(49,812)	82,653
Alumex PLC	Affiliate Company	Materials Purchased	2,130,304	10,217,848
Alco Industries (Pvt) Ltd	Affiliate Company	Materials Purchased	(227,251)	285,697
Hayleys Aviation and Projects (Pvt) Ltd	Affiliate Company	Reimburement of Expenses/Loans Obtained	(420,408)	3,224,017
Hayleys Advantis Ltd	Affiliate Company	Services Obtained	50,460	291,176
The Kingsbury PLC	Affiliate Company	Contract Sales	(34,886,857)	(20,345,222)
Advantis Freight (Pvt) Ltd	Affiliate Company	Clearing services Obtained	(166,306)	361,877
Mountain Hawk Express (Pvt) Ltd	Affiliate Company	Courier charges	-	57,981
North South Lines (Pvt) Ltd	Affiliate Company	Loans Obtained	(12,712,250)	971,741
Mabroc Teas (Pvt) Ltd	Affiliate Company	Services Obtained	-	13,950
Singer PLC	Affiliate Company	Services Obtained	33,034	9,635
Hayleys Travels (Pvt) Ltd	Affiliate Company	Services Obtained	-	75,476
Hayleys Tours (Pvt) Ltd	Affiliate Company	Loans Obtained	11,578,563	6,906,639
Hayleys Aventura (Pvt) Ltd	Affiliate Company	Services Obtained	990,000	-
Hayleys Lifesciences (Pvt) Ltd	Affiliate Company	Services Obtained	(1,576,483)	-

NOTES TO THE FINANCIAL STATEMENTS

28.3 The loan obtained from Hayleys Tours(Pvt) Ltd and North South Lines (Pvt) Ltd are utilized for the purpose of short term financing requirements and should repay within 3 months period.

28.4 Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2020, the Company has not recorded any impairment of receivables relating to amounts due from related parties (2018/19 - 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.

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 creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Customers that fail to meet the Company's benchmark creditworthiness 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 neither past due nor impaired. Except for the impaired debtors worth of Rs 8,271,523/- for which full impairment provision has been made.

The aging analysis of trade receivables is as follows

	Neither past due nor impaired	31 - 60 Days	61 -180 days	>180 days	Total	Impaired	Total (Net)
As at 31 st March 2020	10,371,763	2,631,888	17,854,597	19,811,828	50,670,075	(8,271,523)	42,398,548
As at 31 st March 2019	22,130,172	14,467,647	5,741,069	22,994,299	65,333,187	(7,298,147)	58,035,040

Cash and cash equivalents

The Company held cash and cash equivalents of LKR 4 Mn at 31st March 2020 (2018/19 15 Mn), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with Hatton national bank 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.

All the Financial Liabilities as at reporting date will be settled within twelve-months period.

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.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings as follows:

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

	2020 Rs.	2019 Rs.
Total Liabilities	471,348,361	406,844,796
Less: Cash and cash equivalents	(3,969,810)	(14,954,545)
Net debt	467,378,551	391,890,251
Total Equity	228,201,975	175,250,895
Net debt to adjusted equity ratio at 31 March	2.05	2.24

TEN YEARS FINANCIAL REVIEW

Year ended 31 st March	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11
Results	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Turnover	317,216,664	382,967,729	451,655,658	117,940,380	282,676,176	186,693,890	95,859,371	74,883,246	64,576,352	56,791,590
Profit / (Loss) before Taxation	(47,827,321)	59,222	(18,865,555)	(64,783,198)	42,939,205	7,177,993	(57,924,997)	(47,448,966)	840,772	1,600,748
Taxation	781,185	(7,076,151)	15,702,117	(2,066,457)	(2,229,184)	5,097,732	(3,486,070)	(4,137,488)	(345,194)	(25,364)
Profit / (Loss) after Taxation	(47,046,136)	(7,016,928)	(3,163,438)	(66,849,655)	40,710,021	12,275,725	(61,411,067)	(51,586,454)	495,578	1,575,384
Statement of Financial Position										
Stated Capital	446,472,723	346,672,723	346,672,723	346,672,723	346,672,723	346,672,723	346,672,723	346,672,723	346,672,723	41,198,323
Reserves	60,093,003	60,093,003	56,987,355	122,695,005	116,258,005	131,834,262	142,042,638	89,042,854	89,042,854	89,042,854
Retained Earnings	(278,563,751)	(231,514,831)	(225,182,002)	(221,920,280)	(154,492,694)	(210,571,874)	(222,847,599)	(158,648,836)	(106,969,290)	(103,962,142)
	228,201,975	175,250,895	178,478,076	247,441,448	308,438,034	267,935,111	265,867,762	277,066,741	328,746,287	26,279,035
Non-Current Assets	147,561,327	144,774,877	157,018,953	133,749,240	125,653,999	122,957,908	136,970,977	68,920,826	63,489,483	23,229,488
Current Assets	551,989,009	437,320,814	333,540,600	329,088,126	238,984,771	192,586,219	187,767,632	246,610,537	278,679,462	36,730,182
Current Liabilities	(465,453,379)	(403,093,439)	(308,094,361)	(212,505,742)	(54,389,585)	(35,280,758)	(31,090,914)	(33,785,595)	(10,686,603)	(31,481,739)
Long Term Liabilities	(5,894,982)	(3,751,357)	(3,987,117)	(2,890,176)	(1,811,151)	(12,328,258)	(27,779,933)	(4,679,027)	(2,736,055)	(2,198,896)
	228,201,975	175,250,895	178,478,076	247,441,448	308,438,034	267,935,111	265,867,762	277,066,741	328,746,287	26,279,035
Cash Flow										
Net Cash inflow/ (outflow) from Operating Activities	(83,047,482)	(99,017,112)	(28,962,695)	28,056,147	(14,789,627)	17,466,877	(30,904,026)	(23,986,820)	(36,706,814)	2,965,561
Net Cash inflow/ (outflow) from Investing Activities	91,768,262	(1,951,886)	(4,076,732)	(14,158,303)	479,067	(9,620,374)	(1,086,852)	(52,185,138)	(29,448,733)	(4,401,515)
Net Cash inflow/ (outflow) from Financing Activities	(19,705,515)	79,805,922	(97,762,264)	33,285,646	(3,839,402)	(1,254,715)	(1,125,357)	(192,751)	305,474,400	1,348,843
Increase / (decrease) in Cash and Cash Equivalents	(10,984,734)	(21,163,077)	(130,801,691)	47,183,490	(18,149,961)	6,591,788	(33,116,235)	(76,364,709)	239,318,853	(87,111)
Key Indicators										
Annual growth in Turnover %	(17.17)	(15.21)	282.95	(58.28)	51.41	94.76	28.01	15.96	13.71	241.34
Net Profit / (Loss) before Tax to Turnover %	(15.08)	0.02	(4.18)	(54.93)	15.19	3.84	(60.43)	(63.36)	1.30	2.82
Property, Plant & Equipment to Shareholders Funds %	62.10	81.59	82.19	51.77	38.20	42.97	48.58	22.05	16.94	58.65
Earnings/ (Loss) per Share	(2.13)	(0.58)	(0.26)	(5.54)	3.38	1.04	(5.09)	(4.28)	0.04	0.39
Net Assets per Share at Year End	10.35	14.53	14.80	20.52	25.58	22.22	22.05	22.98	27.26	6.54
Current Ratio - (Times)	1.19	1.08	1.08	1.55	4.39	5.46	6.04	7.30	26.08	1.17
Quick Asset Ratio - (Times)	1.02	1.08	1.06	1.54	4.36	5.06	5.70	7.11	25.44	0.95

SHARE INFORMATION

STOCK EXCHANGE LISTING

The stated capital comprising of twenty-two 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,2020 have been submitted to the Colombo Stock Exchange as required by the listing rules.

ORDINARY SHAREHOLDERS AS AT 31ST MARCH 2020

No of Share Holders - 1,584 (As at 31.03.2019 - 1,396)

ORDINARY SHAREHOLDERS AS AT 31ST MARCH 2020

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	1,063	250,778	1.1369	12	4,069	0.0184	1,075	254,847	1.1553
1,001 - 10,000	368	1,347,734	6.1099	2	5,000	0.0227	370	1,352,734	6.1326
10,001 - 100,000	123	3,190,210	14.4627	1	75,115	0.3405	124	3,265,325	14.8032
100,001-1,000,000	14	3,395,116	15.3916	0	0	0.0000	14	3,395,116	15.3916
Over 1,000,000	1	13,790,178	62.5172	0	0	0.0000	1	13,790,178	62.5172
	1,569	21,974,016	99.6184	15	84,184	0.3816	1,584	22,058,200	100.0000

CATEGORY									
Individuals	1,479	6,232,782	28.2561	13	83,174	0.3771	1,492	6,315,956	28.6331
Institutions	90	15,741,234	71.3623	2	1,010	0.0046	92	15,742,244	71.3669
	1,569	21,974,016	99.6184	15	84,184	0.3816	1,584	22,058,200	100.0000

SHARE INFORMATION

SHARE TRADING INFORMATION AS AT 31ST MARCH

	2020 Rs.	Transaction Date	2019 Rs.	Transaction Date
Highest Price	16.50	01.08.2019	23.20	25.04.2018
Lowest Price	6.50	20.03.2020	12.50	29.03.2019
Closing Price	6.90	20.03.2020	13.50	29.03.2019

No. of Transactions	5,780	2,227
No. of shares traded	6,698,739	1,446,509
Value of shares traded	Rs. 86,752,127.90	Rs. 26,566,706.30

SHARE INFORMATION

20 MAJOR SHAREHOLDERS AS AT 31/03/2020

	Name of the Shareholder	No of Shares as at 31/03/2020	%	No of Shares as at 31/03/2019	%
1	HAYLEYS PLC	13,790,178	62.52	7,538,454	62.52
2	DR. D. JAYANNTHA	590,000	2.67	3,000	0.02
3	MR. S. PARAMANATHAN	554,329	2.51	119,512	0.99
4	CITIZENS DEVELOPMENT BUSINESS FINANCE PLC / T. K. FERNANDO	327,141	1.48	-	0.00
5	MERCHANT BANK OF SRI LANKA & FINANCE PLC / R. R. S. ANANDA	301,461	1.37	-	0.00
6	SEYLAN BANK LIMITED / RUWAN PRASANNA SUGATHADASA	301,319	1.37	135,759	1.13
7	DR. M. A. M. S. COORAY	195,201	0.88	86,583	0.72
8	MR. M. T. JABIR	170,000	0.77	75,000	0.62
9	MR. C. R. NARANGODA	161,907	0.73	67,844	0.56
10	MR. M. S. R. SHAMSUDEEN	152,181	0.69	70,071	0.58
11	MR. P. A. G. W. BANDA	150,000	0.68	-	0.00
12	MRS. I. N. DEEN	133,400	0.60	37,250	0.31
13	CITIZENS DEVELOPMENT BUSINESS FINANCE PLC / A. N. K. DE SILVA	128,293	0.58	10,000	0.08
14	MR.T.N.DOLE	125,337	0.57	125,337	1.04
15	MR. R. E. RAMBUKWELLA	117,200	0.53	32,300	0.27
16	SEYLAN BANK LIMITED / M. D. L. PERERA	112,684	0.51	37,000	0.31
17	MR. D. S. R. DARANAKUMBURA	100,000	0.45	-	0.00
	SEYLAN BANK PLC / F. J. P. RAJ	100,000	0.45	-	0.00
18	MR.M.H.H.OSSMAN	90,000	0.41	90,000	0.75
19	MR. T. S. G. JAYATHILAKA	75,115	0.34	125,729	1.04
20	MR. M. H. N. HUSSAIN	72,469	0.33	-	0.00
	TOTAL	17,748,215	80.46	8,553,839	70.94

PUBLIC SHARE HOLDINGS

Percentage of Public Holding	37.37%
Total No. of Shareholders Representing Public Holding	1,581
Float-Adjusted Market Capitalization	56,877,730

** Minimum public holding requirement - In terms of the Section 7.13 of the Listing Rules of the Colombo Stock Exchange

Listing Rules of the Colombo Stock Exchange

If float adjusted Market Capitalization of a Company is less than Rs.2.5 Bn

minimum public holding percentage required is	20%
minimum number of public shareholders requirement is	500

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the 39th Annual General Meeting of Unisyst Engineering PLC, will be held at the Registered Office of the Company, No.400, Deans Road, Colombo 10, Sri Lanka on Tuesday, 21st July, 2020 at 10.00 a.m. and the business to be brought before the Meeting will be:

- 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, 2020, with the Report of the Auditors thereon.
- 2) To re-elect Mr. A. M. Pandithage, who retires by rotation at the Annual General Meeting, a Director.
- 3) To re-appoint Mr. J. Sheriff, who retires having attained the age of Seventy Three years and the company having received special notice of the undernoted ordinary resolution in compliance with section 211 of the companies Act No.7 of 2007 in relation to his re-Appointment.

Ordinary Resolution

That, J. Sheriff a Director, who has attained the age of Seventy Three years be and is hereby re-appointed a Director of the Company 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 re-appoint Mr. S. Karunaratne who retires having attained the age of Seventy years and the company having received special notice of the undernoted ordinary resolution in compliance with section 211 of the companies Act No.7 of 2007 in relation to his re-Appointment.

Ordinary Resolution

That Mr. S. Karunaratne retiring Director, who has attained the age of seventy years be and is hereby re-appointed a Director in terms Section 211 of the Companies Act No 7 of 2007 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 authorize the Directors to determine the remuneration of the Auditors, Messrs Ernst & Young, who are deemed to have been re-appointed as Auditors in terms of Section 158 of the Companies Act No. 07 of 2007 for the financial year 2020/2021.
- 6) To consider any other business of which due notice has been given.

Note:

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 the registered office No.400, Deans Road, Colombo 10, Sri Lanka by 10.00 a.m. on 19th July 2020.



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

Colombo
08th June 2020

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

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

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

(1)(full name of proxyholder**)

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

- 2) ABEYAKUMAR MOHAN PANDITHAGE (Chairman of the Company) of Colombo, or failing him, one of the Directors of the Company as my/our* proxy to attend and vote as indicated hereunder for me/us* and on my/our* behalf at the 39th Annual General Meeting of the Company to be held on Tuesday, 21st July, 2020 and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof:

- | | For | Against |
|--|--------------------------|--------------------------|
| 1) To consider and adopt the Annual Report of the Board and the Statements of Accounts for the year ended 31 st March, 2020, with the Report of the Auditors thereon. | <input type="checkbox"/> | <input type="checkbox"/> |
| 2) To re-elect Mr. A. M. Pandithage, who retires by rotation at the Annual General Meeting, a Director. | <input type="checkbox"/> | <input type="checkbox"/> |
| 3) To re-appoint Mr. J. Sheriff, who retires having attained the age of Seventy Three years and the company having received special notice of the undernoted ordinary resolution in compliance with section 211 of the companies Act No.7 of 2007 in relation to his re-Appointment. | <input type="checkbox"/> | <input type="checkbox"/> |

Ordinary Resolution

That Mr. J. Sheriff retiring Director, who has attained the age of Seventy Three years be and is hereby re-appointed a Director in terms Section 211 of the Companies Act No 7 of 2007 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 re-appoint Mr. S. Karunaratne who retires having attained the age of Seventy years and the company having received special notice of the undernoted ordinary resolution in compliance with section 211 of the companies Act No.7 of 2007 in relation to his re-Appointment. | <input type="checkbox"/> | <input type="checkbox"/> |
|---|--------------------------|--------------------------|

Ordinary Resolution

That Mr. S. Karunaratne retiring Director, who has attained the age of Seventy years be and is hereby re-appointed a Director in terms Section 211 of the Companies Act No 7 of 2007 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 authorize the Directors to determine contributions to charities for the financial year 2020/2021. | <input type="checkbox"/> | <input type="checkbox"/> |
| 6) To authorize the Directors to determine the remuneration of the Auditors, Messrs. Ernst & Young, who are deemed to have been re-appointed as Auditors for the financial year 2020/2021. | <input type="checkbox"/> | <input type="checkbox"/> |

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

As witness my/our* hands this day of2020.

Witness(**); Signature

Name

Address

NIC No.

.....
Signature of Shareholder/s

- Notes: (a) * Please delete the inappropriate words.
 (b) A shareholder entitled to attend and vote at the Extraordinary General Meeting of the Company, is entitled to appoint a proxy to attend and vote instead of him/her and the proxy need not be a shareholder of the company.
 ** Full name of shareholder/proxy holder and their NIC Nos and Witness are mandatory. Your Proxy Form will be rejected if these details are not completed.
 (c) A shareholder is not entitled to appoint more than one proxy to attend on the same occasion.
 (d) Instructions are noted on the reverse hereof.
 (e) This Form of Proxy is in terms of the Articles of Association of the Company.

Instructions as to Completion

1. To be valid, the completed Form of Proxy must be deposited with the Company Secretaries, Hayleys Group Services (Pvt) Ltd at No.400, Deans Road, Colombo 10, Sri Lanka not less than 48 hours before the start of the Meeting.
2. In perfecting the Form of Proxy, please ensure that all requested details are filled in legibly including mandatory details. Kindly Sign and fill in the date of signing.
3. If you wish to appoint a person other than the Chairman of the Company (or failing him, one of the Directors) as your proxy, please insert the relevant details at (1) overleaf. The proxy need not be a member of the Company.
4. 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.
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.

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. H. C. PREMATILAKE (MANAGING DIRECTOR)

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

Fax : (94-11)2627645

E-mail : info.sec@hayleys.com

Please direct any queries about the administration of shareholding to the Company Secretaries

REGISTERED OFFICE

No 400, Deans Road,
Colombo - 10, Sri Lanka

Telephone :
(94 11)4347474

FACTORY/WAREHOUSE

41B, Sasanathilake Road,
Opatha, Yagodamulla,
Kotugoda

AUDITORS

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

BANKERS

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

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

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

