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Dear Shareholder,

We take pleasure in presenting the Annual Report and Audited Financial Statements of Unisyst Engineering PLC for the year ended 31st March 2023.

Despite the inevitable challenges stemming from the country's economic vulnerabilities, Unisyst Engineering delivered Revenue of Rs. 784 million attesting to its strengthening competitive position, as it sought to leverage the domain-specific knowledge and strong customer base of Hayleys Advantis.

Operating context

The operating landscape during the year under review was defined by converging and rapidly evolving challenges. The shortage of foreign currency in the banking system coupled with the depreciation of the Sri Lankan Rupee led to a surge in the price of construction materials. Demand dynamics were also unfavorable, representing subdued sentiments, as most investors and project developers adopted a 'wait-and-see' approach to new projects. Resultantly, the country's construction sector contracted during the year, with cascading effects being felt across the entire construction sector value chain.

Financial performance

The Company's Revenue increased by 38% to Rs.784 million during the year, reflecting increased penetration across three channels namely, large-scale projects, standard products and residential projects. The marketing and business development teams aggressively pursued new projects, leveraging synergies with Advantis Engineering to drive top line growth. Despite the commendable top line growth, the Company's profitability was adversely affected by cost escalations in projects and high interest costs. Accordingly, the Company generated a Loss Before Tax of Rs.144 million while Loss After Tax amounted to Rs. 174 million, also reflecting a deferred tax charge.

Future outlook

While short-term challenges are inevitable, we remain optimistic regarding the medium-to-long term outlook of the country's construction sector. The gradual decrease in interest rates, stabilization of exchange rates and gradual improvements in investor sentiments is expected to drive construction sector activity over the medium term. Against this backdrop, Unisyst Engineering PLC will continue to leverage the strengths of its partnership with Hayleys Advantis as it seeks to drive increased penetration in selected customer segments.

The Company already has a strong project pipeline for 2023/24, with greater focus on residential projects. Strategic focus will also be placed on developing standard products to be marketed locally and for exports. Performance is also expected to be driven by the materialization of several medium-to-large scale projects for which the Company has already submitted bids.

Acknowledgments

As we look to the future with hope and optimism, we would like to express our appreciation to the Board of Directors, our esteemed customers and all staff of the Company for their loyalty and dedication during this challenging year and look forward to their continued commitment to steer Unisyst Engineering PLC to be the preferred Aluminium fabricator in Sri Lanka.

Mohan Pandithage Chairman

12th May 2023 Colombo Ruwan Waidyaratne Deputy Chairman

DIRECTORS' PROFILES



A.M.PANDITHAGE CHAIRMAN

Appointed to the Board of Unisyst Engineering PLC in 2014. Mohan Pandithage currently serves as the Chairman and Chief Executive of Hayleys PLC, a position he has held since his appointment in July 2009.

As an accomplished industry veteran and respected leader in the field of transportation and logistics, he was honoured with the prestigious 'Best Shipping Personality' Award by the Institute of Chartered Shipbrokers, in recognition of his outstanding contributions to the industry. Additionally, he was presented with a Lifetime Achievement Award by the

Seatrade-Sri Lanka Ports, Trade and Logistics (SLPTL). He was the first Sri Lankan to be awarded the Pinnacle Lifetime Award by the Chartered Institute of Logistics and Transport (CILT). He was also inducted as a 'Legend of Logistics' by the Sri Lanka Logistics and Freight Forwarding Association, in acknowledgement of his invaluable services to Sri Lanka's logistics industry. Mr. Pandithage serves as Honorary Consul of the United Mexican States (Mexico) to Sri Lanka. He is a Fellow of the Chartered Institute of Logistics and Transport (UK) and a Member of the Advisory Council of the Ceylon Association of Shipping Agents (CASA). He also serves as a Council Member of the Employers' Federation of Ceylon.

As an Executive Chairman of multiple companies within the Hayleys Group, Mr. Pandithage possesses extensive leadership experience across a broad spectrum of industries. Presently, he holds the position of Executive Chairman at Hayleys PLC, Dipped Products PLC, Haycarb PLC, Hayleys Fibre PLC, Talawakelle Tea Estates PLC, Kelani Valley Plantations PLC, Horana Plantations PLC, Alumex PLC, Hayleys Fabric PLC, Regnis (Lanka) PLC, Singer (Sri Lanka) PLC, Singer Industries (Ceylon) PLC, The Kingsbury PLC, Hayleys Leisure PLC. He also serves on the Board of Diesel & Motor Engineering PLC.



L.R.V.WAIDYARATNE DEPUTY CHAIRMAN

Joined the Hayleys Group in 1985. Has a wide range of expertise in the business of shipping, freight forwarding, logistics and aviation. He has grown through the ranks to become the Managing Director of Hayleys Advantis Limited whilst being appointed as an Executive Director of the Board of Hayleys PLC in April 2013 and the Deputy Chairman of Unisyst Engineering PLC in 2020. Currently he holds overall responsibility for the Transportation, Logistics and Engineering Sectors of the Hayleys Group. Former Chairman of the Ceylon Association of Shipping Agents (CASA). Former Chairman of the Sri Lanka Logistics and Freight Forwarders' Association (SLFFA) He is a Chartered

Member of the Chartered Institute of Logistics & Transport of Sri Lanka. He is a Member of the Steering Committee on Ports, Shipping, Aviation and Logistics affiliated to the Ceylon Chamber of Commerce and a Member of the National Agenda Committee on Logistics & Transport of the Ceylon Chamber of Commerce. He holds an MBA from the Edith Cowan University of Western Australia and has undergone executive development programmes with the National University of Singapore, Indian School of Business and INSEAD.

DIRECTORS' PROFILES



P.J. JAYANETTI EXECUTIVE DIRECTOR

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

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



J. SHERIFF NON EXECUTIVE DIRECTOR

Appointed to the Board on 1st April 2019. Mr. Sherif 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. Sherif is also a founding member of Agstar Fertiliser which was incorporated in May 2002 which is now established as a public quoted company. He holds a Diploma in Engineering from the University of Ceylon, Katubedda Campus.



S. KARUNARATNE NON EXECUTIVE DIRECTOR

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



S.C. GANEGODA NON EXECUTIVE DIRECTOR

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

Worked for Hayleys Group between 1987 and 2002, ultimately as an Executive Director. Subsequently, held several senior management positions in large private sector entities in

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



S. J. WIJESINGHE NON EXECUTIVE DIRECTOR

Appointed to the Board of Unisyst Engineering PLC in 2014. Mr. Wijesinghe was employed at Hayleys PLC from 2008 to 2019, during which time he served as a member of the Group Management Committee and as the Managing Director of Hayleys Aviation & Projects (Private) Limited, as well as of Unisyst Engineering PLC.

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

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

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

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

DIRECTORS' PROFILES



A.S. JAYATILLEKA INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to the Board of Unisyst Engineering PLC in 2015. Mr. Ananda Jayatilleka is a specialist in Rubber Technology and Industrial Engineering, a Licentiate of the Institute of Plastics and Rubber Industry (L.P.R.I-(London)) and a Fellow of the Institute of the Work Study and Organization and Methods (F.M.S. (UK)).

Mr.Jayatilleka was a main Board Director of Richard Pieris & Co. Ltd with a long service of 27 years in the group. He was instrumental in setting up of Richard Pieris Exports PLC and

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

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



S. MUNAWEERA INDEPENDENT NON-EXECUTIVE DIRECTOR

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

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

The Directors of Unisyst Engineering PLC are pleased to present their report together with the audited Financial Statements of the Company for the year ended 31st March 2023.

The details set out provide the pertinent information required by the Companies Act No.07 of 2007, the Colombo Stock Exchange Listing Rules and are guided by recommended best Accounting Practices.

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.

REVIEW OF THE BUSINESS

The joint statement from the Chairman and the Deputy Chairman describes briefly the Company's activities and performance 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 in page 41.

There were no material changes in the nature of the business of the Company during the year.

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 AND AUDITORS' REPORT

The Financial Statements of the Company during the year under review are given on pages 35 to 79 in the Annual Report.

ACCOUNTING POLICIES

The accounting polices adopted in the preparation of financial statements are given on pages 44 to 60 There were no changes in the accounting polices adopted of the Company.

PROPERTY, PLANT AND EQUIPMENT

Information relating to the movement in Property, Plant and Equipment is given in Note 5 to the Financial Statements.

CHANGES IN FIXED ASSETS

The movement in fixed assets during the year is set out in Note 5 to the Financial Statement.

INVESTMENTS

There were no Investment held by the Company as at 31st March 2023.

EMPLOYEES AND INDUSTRIAL RELATIONS

There have been no material issues pertaining to employees and industrial relation of the Company during the Financial Year. The number of persons employed by the Company was 57 as at 31st March 2023.

DIRECTORATE

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

Execut	ive	Non	Executive	Indep	pendent Non Executive
1.	Mr. A. M. Pandithage	4.	Mr. S. C. Ganegoda	8.	Mr. A. S. Jayatilleka
2.	Mr. L. R. V. Waidyaratne	5.	Mr. S. J. Wijesinghe	9.	Mr. S. Munaweera
3.	Mr. P. J. Jayanetti	6.	Mr. J. Sheriff		
		7.	Mr. S. Karunaratne		

Notice has been given of the intention to propose an ordinary resolutions in terms of Section 211 of the Companies Act for the re-appointment of Mr. A. M. Pandithage who has attained 72 years of age, Mr. J. Sheriff, who has attained 76 years of age and Mr. S. Karunaratne who is 73 years of age and Mr. A.S. Jayatilleke who is 72 years, resolving that the age limit of 70 years stipulated in Section 210 of the Companies Act shall not apply to the aforesaid directors.

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

DIRECTORS' SHAREHOLDINGS AS AT END OF THE FINANCIAL YEAR, 31ST MARCH 2023

	As at 31/03/2023	As at 03/31/2022
MR. A. M. PANDITHAGE	NIL	NIL
MR. L. R. V. WAIDYARATNE	NIL	NIL
MR. S. C. GANEGODA	31,310	31,310
MR. S. J. WIJESINGHE	NIL	NIL
MR. A. S. JAYATILLEKA	NIL	NIL
MR. S. MUNAWEERA	292	292
MR. J. SHERIFF	NIL	NIL
MR. S. KARUNARATNE	NIL	NIL
MR. P. J. JAYANETTI	NIL	NIL

INTERESTS REGISTER

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

Director's Interest in Transactions

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

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 above.

Director's Remuneration

Executive Directors' remuneration is established within an established framework. The total remuneration of Non-Executive Directors for the year ended 31st March 2023 is Rs 3,259,000/- 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.

BOARD SUB COMMITTEES

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Company formed its own Related Party Transactions Review Committee during the reporting period. Until such time, the Related Party Transactions Review Committee of Hayleys PLC assisted the Board in reviewing all related party transactions in accordance with the requirements of the Code of Best Practice on Related Party Transactions issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and Listing Rules of the Colombo Stock Exchange.

The following are the names of the Directors comprising the Board Related Party Transaction Review Committee.

Mr. S. Munaweera - Independent Non-Executive Director (Chairman), Mr. A. S. Jayatilleka - Independent Non-Executive Director and Mr. S. C. Ganegoda - Non-Executive Director, appointed on 28.07.2022

Hayleys Group Services (Private) Limited functions as the Secretary to the Committee

The Report of the Related Party Transactions Review Committee on pages 26-27 sets out the manner of compliance by the Company. The Board of Directors has given the following statement; "The related party transactions of the Company, during the financial year have been reviewed by the Related Party Transactions Review Committee of Unisyst Engineering PLC during respective periods of review and are in compliance with Section 9 of the Listing Rules."

AUDIT COMMITTEE

The Report of the Audit Committee on pages 29-31 sets out the manners of compliance by the Company in accordance with the requirements of the Rule 7.10 of the Listing Rules of the Colombo Stock Exchange on Corporate Governance.

REMUNERATION COMMITTEE

The Company formed its own Remuneration Committee on 28th July 2022. Until that time the Remuneration Committee of the Parent Company, Hayleys PLC, functioned as the Remuneration Committee of the Company.

NOMINATION COMMITTEE

The Nomination Committee of the parent company, Hayleys PLC functioned as the Nomination Committee of the Company until the Company formed its own Nomination Committee on 28th July 2022. The Report of the Nomination Committee is given on page 32.

DIRECTORS' INDEMNITY AND INSURANCE

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

CORPORATE DONATIONS

There were no donations made during the year.

COMPANY REVENUE

The gross revenue of the Company during the year was Rs. 783 million (2021/2022 – Rs. 564 million).

RESULTS OF OPERATIONS

The Company's loss before taxation amounted to Rs. 144,563,172/- after debiting Rs. 29,923,748/- for taxation, company attributed net loss of Rs. 174,486,920/- to equity holders of the company.

MATERIAL FORESEEABLE RISK FACTORS

Details of material foreseeable risk factors and the risk management measures in place are given in pages 76 - 79.

CAPITAL EXPENDITURE

Purchase and construction of property, plant & equipment during the year amounted to Rs. 1,160,300/- The movement in property plant, plant & equipment is set out in Note 05 to the Financial Statements.

SHARE CAPITAL AND RESERVES

The Stated Capital of the Company as at 31st March 2023 was Rs. 446,672,723/- comprising 44,116,400 Ordinary Shares.

SHARE INFORMATION

Information relating to Earnings Per Share and share trading is given in the Financial Statements on the page 67.

KEY INDICATORS

	2022/23		2021/22	
Market Value	PRICE	DATE	PRICE	DATE
	Rs.		Rs.	
Highest Price	11.90	05.05.2022	22.50	31.12.2021
Lowest Price	04.50	14.07.2022	07.10	21.05.2021
Closing Price	05.40	31.03.2023	10.60	31.03.2022

Further information relating to earnings, dividends, net assets, and share trading is given on pages 81 and 82.

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.

SHAREHOLDERS

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

MAJOR SHAREHOLDER

The twenty largest shareholders of the Company as at 31st March 2023, together with an analysis are given on page 83 of the Annual Report.

PUBLIC SHAREHOLDING

As at 31st March 2023, 34.78% of the issued capital of the Company was held by the public comprising 1,626 shareholders. Details are given on page 81.

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 - 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 has 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.

EVENTS OCCURING AFTER THE BALANCE SHEET DATE

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

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. 607,900/- by the Company.

In addition, they were paid Rs. 181,185/- by the Company for non- audit related work, which consisted mainly of tax consultancy services.

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

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

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at the Registered Office No 400, Deans Road, Colombo 10, on Monday 26th June 2023 at 3.30pm. The Notice of the Annual General Meeting appears on page 84 of the Annual Report.

For and on behalf of the board

A.M. Pandithage

Chairman

L. R. V. WaidyaratneDeputy Chairman

Hayleys Group Services (Private) Limited

Secretaries

Colombo 12th May 2023

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

The Board of Directors

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

1. Composition of the Board

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

2. Responsibilities of the Board

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

3. Meetings and Attendance

The Board had four scheduled meetings for the year ended 31st March 2023 and scheduled four meetings a year from 2022/23, 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.

ATTENDANCE AT MEETING

Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Related Party Transaction Review Committee
Mr. A. M. Pandithage-ED*	4/4				
Mr. L. R. V. Waidyaratne- ED*	4/4				
Mr. P. J. Jayanetti- ED*	4/4				
Mr. S. C. Ganegoda-NED**	1/4		1/1		2/2
Mr. S. J. Wijesinghe-NED**	4/4				
Mr. J. Sheriff -NED**	3/4				
Mr. S. Karunaratne-NED**	3/4				
Mr. A. S. Jayatilleka -IND***	4/4	4/4	1/1		2/2
Mr. S. Munaweera-IND***	4/4	4/4	1/1		2/2

Directors of Hayleys PLC who were on the Sub Committees Applicable to Unisyst Engineering PLC

Mr. A. M. Pandithage-ED*		4/4	
Dr. H Cabral-IND***	1/1	4/4	2/2
Mr.K.D.D.Perera- NED**	1/1	1/2	
Mr. M. H. Jamaldeen- IND***	1/1		
Mr. M Y A Perera- IND***	1/1		2/2
Mr. S. C. Ganegoda- NED**			2/2

^{*}ED-Executive Director

^{**}NED-Non-Executive Director

^{***}IND-Independent Director

4. Board Balance

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

5. Financial Acumen

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

6. Company Secretary

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

7. Supply of Information

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

8. Appointments to the Board

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

9. Re-election of Directors

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

10. 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.

11. Related Party Transactions Review Committee

The Company formed its own Related Party Transactions Review Committee during the reporting period. Until such time, the Related Party Transactions Review Committee of Hayleys PLC assisted the Board in reviewing all related party transactions in accordance with the requirements of the Code of Best Practice on Related Party Transactions issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Listing Rules of the Colombo Stock Exchange.

The following are the names of the Members comprising the Related Party Transactions Review Committee as at the reporting period end.

Mr. S. Munaweera - Chairman (IND/NED) Mr. A. S. Jayatilleka (IND/NED) Mr. S. C. Ganegoda (NED)

12. Remuneration Committee

The Company formed its own Remuneration Committee during the reporting period. Until such time, the Remuneration Committee of the ultimate Parent Company acted as the Remuneration Committee for the Company.

The following are the names of the Members comprising the Remuneration Committee as at the reporting period end.

Mr. S. Munaweera - Chairman (IND/NED) Mr. A. S. Jayatilleka (IND/NED) Mr. S. C. Ganegoda (NED)

13. Nomination Committee

The Company formed its own Nomination Committee during the reporting period. Until such time, the Nomination Committee of the ultimate Parent Company acted as the Remuneration Committee for the Company.

The following are the names of the Members comprising the Nomination Committee as at the reporting period end.

Mr. A. S. Jayatilleka- Chairman (IND/NED)
Mr. S. Munaweera (IND/NED)
Mr. L.R.V.Waidyaratne (ED)

14. 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.

15. 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 and Disclosures

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

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

Monitoring

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

• Investment Appraisal

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

• Quality and Integrity of Personnel

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

• Ethical Conduct

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

16. 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.

17. 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 Principles	CSE Rule Reference	Compliance Status	Details
Non-Executive Directors	7.10.1 (a)	Compliant	Six of the Nine directors are Non-Executive Directors.
Independent Directors	7.10.2 (a)	Compliant	Two of the Six Non -Executive Directors are Independent.
	7.10.2 (b)	Compliant	Non-Executive Directors have submitted the declaration of their independence/non-independence.
Disclosures relating to Directors	7.10.3 (a)	Compliant	Names of the Independent Directors are disclosed on page 14.
	7.10.3 (b)	Compliant	Criteria for independence have been met by the Independent Directors.
	7.10.3 (c)	Compliant	Brief resumes of the Directors are given on pages 09 and 12.
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 33 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 73

Corporate Governance Principles	CSE Rule Reference	Compliance Status	Details
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 recognised professional accounting Body. The Chairman, MD and other Executive Directors attended Committee meetings by invitation.
	7.10.6 (b)	Compliant	Please refer page 29 for the functions of the Audit Committee.
	7.10.6 (c)	Compliant	The names of the Audit Committee members and the basis of determination of the independence of the auditor are given in the Audit Committee report on page 29.
Share and Investor Information	7.13.1	Compliant	As a listed Company in the main board, the Company maintained the minimum public holding under specified criteria in page 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 Page 26.
Composition	9.2.2	Compliant	Please refer the Report of the Related Party Transaction Review Committee in Page 26.
Related Party Transactions Review Committee Meetings	9.2.4	Compliant	Met 04 time during the Financial year.
Immediate Disclosures	9.3.1	Compliant	Please refer Note 28 of the Notes to the Accounts in Page 75.
Disclosure of Non-Recurrent and Recurrent Related Party Transactions	9.3.2(a) & (b)	Complaint	Please refer Note 28 of the Notes to the Accounts in Page 75.
The Report by the Related Party Transaction Review Committee	9.3.2(c)	Complaint	Please refer the Report of the Related Party Transaction Review Committee in Page 26.
A Declaration by the Board of Directors	9.3.2(d)	Complaint	Please refer the Annual Report of Board of Directors for an affirmative statement of compliance of the Board on page 13.

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Company formally appointed its own Related Party Transactions Review Committee (RPTRC) on 28th July 2022. Until such time, the Related Party Transactions Review Committee of Hayleys PLC functioned as the RPTRC of the Company and assisted the Board in reviewing all related party transactions in accordance with Section 9.2.3 of the Listing Rules of the Colombo Stock Exchange.

Composition and Attendance at Meetings

The Related Party Transactions Review Committee comprises two Independent Non-Executive Directors and one Executive Director. The members and their attendance at the RPTRC meeting is given below.

The RPTRC of the Company met 4 times during the financial year.

The Meetings held on 17th May 2022 and 10th August 2022 were attended by the following Directors of Hayleys PLC.

Name	Category	Meeting Attendance
Dr. H Cabral, PC - Chairman	(IND/NED)	2/2
Mr. M Y A Perera	(IND/NED)	2/2
Mr. S. C. Ganegoda	(NED)	2/2

The Meetings held on 26th October 2022 and 30th January 2023 were attended by the following members of the RPTRC of the Company.

Name	Category	Meeting Attendance
Mr. S. Munaweera - Chairman	(IND/NED)	2/2
Mr. A. S. Jayatilleka	(IND/NED)	2/2
Mr. S. C. Ganegoda	(NED)	2/2

(ED-Executive Director, IND-Independent Director, NED-Non-Executive Director)

The Duties of the Committee

- To review in advance all proposed related party transactions of the Company 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 with regard to any transaction entered into with a related party.
- 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.

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

- 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 compliance of Unisyst Engineering PLC and communicated the same to the Board.

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

Disclosures

A detailed disclosure of all the related party transactions including Recurrent and Non Recurrent related party transactions which are required to be disclosed under Section 9.3.2 of the Listing Rules of the Colombo Stock Exchange has been made in Note 28 the financial statements given in pages 75 - 76 in this report.

Mr. S. Munaweera

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Chairman

Related Party Transactions Review Committee of Hayleys PLC

12th May 2023

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., Charted Accountants who were re-appointed in terms of the Companies ACT 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 35 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 (Private) Limited

Secretaries

12th May 2023

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REPORT OF THE AUDIT COMMITTEE

Role of the Audit Committee

The role of the Committee with specific terms of reference is described in the Corporate Governance Report on pages 19 -25.

Composition of the Audit Committee

The Audit Committee, appointed by and responsible to the Board of Directors, comprises three Independent Non-Executive Directors. The Company Secretary acts as the secretary to the Audit Committee. The Deputy Chairman, Chief Executive Officer and the Assistant Manager - Finance attend the meetings. The Chairman and Head of Management Audits and Systems Review Department attend meetings by an invitation.

The Chairman of the Audit Committee is a Senior Qualified Accountant.

The names of the members of the Committee are given below along with their brief profiles are given on pages 9 - 12 of this report. Their individual and collective financial knowledge and business acumen and the independence of the Committee, are brought to bear on their deliberations and judgment on matters that come within the Committee's purview.

Meetings of the Audit Committee

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

Relevant members from the Senior Management, representative from the Hayleys Management Audit & Systems Review Department (MA&SRD), Internal Auditors as well as the External auditors were present at these meetings as 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 Financial Reporting Standards.

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.

REPORT OF THE AUDIT COMMITTEE

Internal Audits

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 that the financial reporting system can be relied upon in preparation and presentation of Financial Statements. The Group Management Audit & Systems Review Department reports on key control elements and procedure in Group companies that are selected according to an annual plan. These reports were reviewed by the audit committee.

Internal Audits are carried out by The Group Management Audit and Systems Review Department and leading audit firms are engaged to assist them in line with an agreed annual audit plan approved by the Audit Committee. Follow up reviews are scheduled to ensure that audit recommendations are being acted upon.

The Committee obtained and reviewed statements from the management of the company identifying major business risks, mitigatory action taken or contemplated for the management of these risks.

The Committee obtained representations from the Company on the adequacy of provisions made for possible liabilities and reviewed reports tabled, certifying their compliance with relevant statutory Requirements.

External Audits

The Committee held meetings with the External Auditors to review the nature, approach, scope of the audit and the Audit Management Letters of Company. Actions taken by the management in response to the issues raised, as well as the effectiveness of the internal controls in place, were discussed with the heads of business unit. Remedial action was recommended wherever necessary.

The Audit Committee has reviewed the other services provided by the External Auditors to the Company, to ensure that their independence as Auditors has not been compromised.

Appointment of External Auditors

The committee has recommended to the Board of Directors that Messrs Ernst & Young continue as Auditors for the year ending 31st March 2024.

Support to the Committee

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

Sri Lanka Accounting Standards

The Committee reviewed the revised policy decisions relating to adoption of new and revised Sri Lanka Accounting Standards (SLFRS/LKAS) applicable to the Company and made recommendation to the Board of Directors. The Committee would continue to monitor the compliance with relevant Accounting Standards and keep the Board of Directors informed at regular intervals. The Committee has pursued the support of Messrs Ernst and Young to assess and review the existing SLFRS policies and procedures adopted by the Company.

REPORT OF THE AUDIT COMMITTEE

Conclusion

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

Mr. S Munaweera

Chairman Audit Committee

12th May 2023

REPORT OF THE NOMINATION COMMITTEE

The Company formally appointed its own Related Party Transactions Review Committee (RPTRC) on 28th July 2022. Until such time, the Nomination Committee of Hayleys PLC assisted the Board, in accordance with Section 9.2.3 of the Listing Rules of the Colombo Stock Exchange.

COMPOSITION

Mr. A. S. Jayatilleka - (IND/NED) (Chairman)

Mr. S. Munaweera - (IND/NED)

Mr. L.R.V.Waidyaratne - (ED)

(ED-Executive Director, IND-Independent Director, NED-Non-Executive Director)

The Committee met One time during the year and the attendance are given on page 20.

DUTIES OF THE NOMINATION COMMITTEE

- Consider of making any appointment of new Directors or re-electing current Directors to the Board.
- Provide advice and recommendations to the Board on any such appointment.
- Review criteria such as qualifications, experience and key attributes required for eligibility to be considered for appointment to the Board and Key Management Personnel in the Company.
- Consider if a Director is able to and has been adequately carrying out his or her duties as a Director, taking in to consideration the number of Listed Company Boards on which the Director is represented and other principal commitments.
- Review the structure, size, composition and competencies of the Board and make recommendations to the Board with regard to any changes.
- Recommend the requirements of new expertise and succession arrangements for retiring Directors.
- Recommend on any matter referred by the Board of Directors.
- The Committee has recommended based on the performance and the contribution made to achieve the
 objectives of the Board to re-elect Mr. S. Munaweera at the Annual General Meeting to be held on 26th
 June 2023.
- The Committee has recommended to reappoint Mr. A.M. Pandithage Mr. J. Sheriff, Mr. S. Karunaratne and Mr. A. S. Jayatilleka who are over seventy years of age.

Mr. A. S. Jayatilleka

Chairman

Nomination Committee

12th May 2023

REPORT OF THE REMUNERATION COMMITTEE

The Company formally appointed its own Remuneration Committee on 28th July 2022. Until such time, the Remuneration Committee of Hayleys PLC assisted the Board, in accordance with Section 9.2.3 of the Listing Rules of the Colombo Stock Exchange.

COMPOSITION

Mr. S. Munaweera - (IND/NED) - Chairman

Mr. A. S. Jayatilleka - (IND/NED) Mr. S. C. Ganegoda - (NED)

IND/NED - Independent Non-Executive Director

NED - Non-Executive Director

The Committee met one time during the year and the attendance are given on page 20.

The Chairman & Chief Executive assists the Committee by providing relevant information and participating in its analysis and deliberations, except when his own compensation package is reviewed.

Duties of the Remuneration Committee

The Committee vested with power to evaluate, assess, decide and recommend to the Board of Directors on any matter that may affect Human Resources Management of the Company and the Group and specifically include:

- Determining the compensation of the Chairman & Chief Executive, Executive Directors and the Members of the Group Management Committee.
- Lay down guidelines and parameters for the compensation structures of all management staff within the Group taking into consideration industry norms.
- Formulate guidelines, policies and parameters for the compensation structures for all Executives staff of the Company.
- Review information related to executive pay from time to time to ensure same in par with the market/industry rates.
- Evaluate the performance of the Chairman & Chief Executive and Key Management Personnel against the predetermined targets and goals.
- Assessing and recommending to the Board of Directors of the promotions of the Key Management Personnel and address succession planning.

Remuneration Policy

The remuneration policy is to attract and retain highly qualified and experienced work force, and reward performance accordingly in the backdrop if industry norms. These compensation packages provide compensation appropriate for each business within the Group and commensurate with each employee's level of expertise and contributions, bearing in mind the business' performance and shareholder returns.

REMUNERATION COMMITTEE REPORT

Activities in 2022/23

The Committee vested with power to evaluate, assess, decide and recommend to the Board of Directors on any matter that may affect Human Resources Management of the Company and the Group and specifically include:

- During the year the Committee reviewed the performance of the Chairman & Chief Executive, Executive Directors and Group Management Committee based on the targets set in the previous year and determined the bonus payable and the annual increments.
- Recommended the bonus payable and annual increments to be paid to Executive and Non-Executive staff based on the ratings of the Performance Management System.

Mr. S Munaweera

Chairman
Remuneration Committee
12th May 2023



Ernst & Young Chartered Accountants 201 De Saram Place P.O. Box 101 Colombo 10 Sri Lanka Tel: +94 11 246 3500 Fax (Gen): +94 11 269 7369 Fax (Tax): +94 11 557 8180 Email: eysl@lk.ey.com

ey.com

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Unisyst Engineering PLC, which comprise the statement of financial position as at 31st March 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st March 2023 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Partners: H M A Jayesinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekara FCA FCMA, A Herath FCA, D K Hulangamuwa FCA FCMA LLB (London), Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sajeewani FCA, N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

Principals: W S J De Silva BSc (Hons)-MIS MSc-IT, G B Goudian ACMA, D L B Karunathilaka ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

Material Uncertainty Related to Going Concern

We draw attention to Note 2.6.2 in the financial statements, which indicates that the Company incurred a net loss of Rs. 174,486,920/- (2022: Rs. 130,182,309/-) during the year ended 31st March 2023, as of that date the Company's current liabilities exceeded its current assets by Rs. 250,893,129/- (2022: Rs. 114,457,855/-) and a negative operating cash flow of Rs.150,584,057/- (2022-Rs. 126,518,598/-) Further, the company recorded the negative net assets position amounting Rs.119,735,059/- as at 31st March 2023. These conditions, as set forth in note 2.6.2 indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matters to be communicated in our report. 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.

Recognition of revenue from contracts with customers

The company recognized revenue from contracts with customers amounting to Rs. 783 Mn for the year ended 31st March 2023 in accordance with its accounting policy set out in Note 3.6.1 to the financial statements.

Revenue from contracts with customers is recognized over time by reference to the company's progress toward completing the contracts. Management judgement is required to estimate the total contract costs, variations or claims recognized as revenue from contract with customers, that will affect the measure of progress and revenue and profit margins recognized from the contracts.

Revenue from contract with customers was considered as the key audit matter due to:

The significance of the balance coupled with the significant increase (39%) in revenue from contracts with customers recorded by the company.

We performed following audit procedures:

- Obtaining and understanding of and assessing the design, implementation, and operating effectiveness of the management's key internal financial controls over revenue recognition.
- Performed test of details on revenue transactions. Our testing included inspecting of project contract agreements with customers to identify key terms and conditions, including contracting parties, contract period, contract sum, scope of the work and evaluating whether these key terms and conditions had been appropriately reflected in the total estimated revenue and cost to complete under the forecasts of contracts.
- Compared the contract revenue recognized for contracts during the year with customer certifications, payment applications that were submitted based on the work certified by the internal surveyor, and other relevant supporting documents.

The recognition of revenue from contracts with customers is inherently subjective and requires significant management judgement.

Disclosures regarding revenue are stated in the note 3.6.1 & 18 to the financial statements.

- Performed procedures to test revenue cut off at the period-end date to determine whether transactions are recorded in the proper period and to the proper accounts.
- Reviewed the management journal entries posted to revenue accounts during the year.
- We validated the appropriateness and completeness of the related disclosures in notes 3.6.1 & 18 of the company financial statements.

Other information included in The Company's 2023 Annual Report

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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.

15th May 2023

Emst & yang

Colombo

STATEMENT OF FINANCIAL POSITION

As at 31st March	Note	2023	2022
ASSETS		Rs.	Rs.
Non-Current Assets			
Property, Plant and Equipment	5	161,872,076	150,522,614
Intangible Assets	5.4	1,588,717	1,836,966
Deferred Tax Assets	14	<u>-</u>	43,409,516
		163,460,793	195,769,096
Current Assets			
Inventories	6	42,760,614	52,482,956
Construction Work-in-Progress	7	66,702,312	14,875,945
Trade and Other Receivables	8	421,979,092	181,945,227
Contract Assets	8.1	74,279,031	73,432,460
Amount Due from related parties	9	11,233,996	31,276,143
Cash and Bank Balance	10	7,033,453	11,138,580
		623,988,498	365,151,311
Total Assets		787,449,291	560,920,407
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	11	446,672,723	446,672,723
Revenue Reserves		(662,561,839)	(487,442,807)
Revaluation Surplus		96,154,057	89,805,555
Total Equity		(119,735,059)	49,035,471
Non-Current Liabilities			
Interest Bearing Loans and Borrowings	13	25,000,000	25,000,000
Employee Benefit Obligations	15	7,302,721	7,275,771
		32,302,721	32,275,771
Current Liabilities			
Interest Bearing Loans and Borrowings	13	251,368,329	248,114,892
Trade and Other Payables	16	230,801,076	66,990,258
Contract Liabilities	16.1	116,278,217	99,933,363
Amounts Due to Related Parties	17	113,199,912	45,722,048
Bank Overdraft	10.2	163,234,095	18,848,605
		874,881,629	479,609,166
Total Liabilities		907,184,350	511,884,936
Total Equity and Liabilities		787,449,291	560,920,407

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

M. L. M. K. Silva

Assistant Finance Manager

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

Mohan Pandithage

Chairman Deputy Chairman

The Accounting Policies and Notes on pages 44 through 79 form an integral part of the Financial Statements.

12th May 2023 Colombo L.R.V. Waidyaratne

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31st March	Note	2023 Rs.	2022 Rs.
Revenue from contracts with customers	18	783,911,387	564,806,368
Cost of Sales		(751,118,070)	(544,011,240)
Gross Profit		32,793,317	20,795,128
Other Operating Income	19	12,071,063	9,795,647
Selling and Distribution Expenses		(4,925,482)	(8,160,944)
Administrative Expenses		(96,233,722)	(135,469,387)
Operating Profit/(Loss)		(56,294,824)	(113,039,556)
Finance Costs	20	(88,409,772)	(19,198,702)
Finance Income	21	141,424	2,806,164
Profit/(Loss) Before Tax		(144,563,172)	(129,432,094)
Income Tax Expenses	23.1	(29,923,748)	(750,215)
Profit/(Loss) for the year		(174,486,920)	(130,182,309)
Other Comprehensive Income			
Other Comprehensive Income not be reconciled to profit or	loss in subsequent	periods	
Revaluation of Land and Buildings	5.1	20,105,175	26,579,277
Income Tax Revaluation of Land and Building	14.2	(13,756,673)	(4,784,270)
Actuarial gains/ (losses) on Employee Benefit Obligations	15.1	(903,017)	(331,646)
Income Tax on Acturial Gain/Loss	14.2	270,905	59,696
Other Comprehensive Income for the year, net of tax		5,716,390	21,523,057
Total Comprehensive Income for the year, net of tax		(168,770,530)	(108,659,252)
Earning /(Loss) Per Share - Basic/Diluted	12	(3.96)	(2.95)

The Accounting Policies and Notes on pages 44 through 79 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31st March

	Stated Capital	Revaluation Reserve	Revenue Reserves	Total
	Rs.	Rs.	Rescrees Rs.	Rs.
Balance as at 01st April 2021	446,672,723	68,010,548	(356,988,548)	157,694,723
Loss for the Year	-	-	(130,182,309)	130,182,309
Other Comprehensive Income				
Rights issue of ordinary shares during the year	-	26,579,277	-	26,579,277
Acturial ganins/ (losses) on Employee benefit obligations	-	-	(331,646)	(331,646)
Income Tax on Other Comprehensive Income	-	(4,784,270)	59,696	(4,724,574)
Total Other Comprehensive Income	-	21,795,007	(271,950)	21,523,057
Total Comprehensive Income	-	21,795,007	(130,454,259)	(108,659,252)
Balance As at 31st March 2022	446,672,723	89,805,555	(487,442,807)	49,035,471
Balance as at 01st April 2022	446,672,723	89,805,555	(487,442,807)	49,035,471
Loss for the Year	-	-	(174,486,920)	(174,486,920)
Other Comprehensive Income				
Revaluation of Land and Buildings	-	20,105,175	-	20,105,175
Acturial ganins/ (losses) on Employee benefit obligations	-	_	(903,017)	(903,017)
Income Tax on Other Comprehensive Income	-	(13,756,673)	270,905	(13,485,768)
Total Other Comprehensive Income	-	6,348,502	(632,112)	5,716,390
Total Comprehensive Income	-	6,348,502	(175,119,032)	(168,770,530)
Balance As at 31st March 2023	446,672,723	96,154,057	(662,561,839)	(119,735,059)

The Accounting Policies and Notes on pages 44 through 79 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

For the year Ended 31st March			
•	Note	2023	2022
		Rs.	Rs.
Operating Activities		(144.5(2.152)	(120, 122, 00.1)
Net Loss before Income Tax		(144,563,172)	(129,432,094)
Adjustments for			
Depreciation of Property, Plant and Equipment	5	10,163,961	10,147,760
Derecognition of Right to use Asset		-	
(Profit) / Loss on sale of Property, Plant and Equipment	19	-	
Finance Income	21	(141,424)	(2,806,164)
Finance Cost	20	88,409,772	19,198,702
Provision for bad and doubtful debts	8.2	1,029,081	4,754,001
Write down/up of Inventories	6	(112,855)	1,466,893
Charge for Employee Benefit Obligations	15	2,072,434	1,814,465
Operating Loss before Working Capital Changes		(43,142,203)	(94,856,437)
Decrease / (Increase) in Inventories		(41,991,170)	67,180,383
Decrease / (Increase) in Contract Assets		(846,571)	(15,327,518)
Decrease / (Increase) in Trade and Other Recievable		(241,062,946)	(68,963,009)
Increase / (Decrease) in Trade and Other Payables/ Contract Liabilitie	es	181,947,917	26,670,471
Increase / (Decrease) in Amounts due to/ due from Related Parties		85,727,764	(24,196,498)
		(59,367,209)	(109,492,608)
Finance Income Received	21	141,424	2,806,164
Finance Costs Paid	20	(88,409,772)	(19,041,817)
Employee Benefit Obligations Paid	15	(2,948,500)	(790,337)
Net Cash from/ (used in) Operating Activities		(150,584,057)	(126,518,598)
Investing Activities			
Acquisition of Property, Plant & Equipment	5	(1,160,000)	(4,384,876)
Net Cash Flow used in Investing Activities		(1,160,000)	(4,384,876)
Financing Activities			
Loans Obtained	13	788,113,971	545,817,097
Repayment of Interest Bearing Loans and Borrowings	13	(784,860,534)	(414,464,345)
Net Cash Flow From /(used in) Financing Activities		3,253,437	131,352,752
Net Increase/(Decrease) in Cash and Cash Equivalents		(148,490,620)	449,278
Cash and Cash Equivalents at the beginning of the year		(7,710,022)	(8,159,300)
Cash and Cash Equivalents at the end of the year	10	(156,200,642)	(7,710,022)

The Accounting Policies and Notes on pages 44 through 79 form an integral part of the Financial Statements.

1. CORPORATE INFORMATION

1.1 Reporting entity

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

1.2 Nature of operations and principal activities of the Company

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

1.3 Ultimate Parent Entity

The Company's parent entity is Advantis Projects and Engineering (pvt) Ltd. In the opinion of the Directors the Company's ultimate parent undertaking and controlling party is also Hayleys PLC, which is incorporated in Sri Lanka.

1.4 Approval of Financial Statements.

The Financial Statements of UNISYST ENGINEERING PLC for the year ended 31st March 2023 were authorized for issue by the Directors on 12th May 2023.

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 are prepared in accordance with the Sri Lanka Accounting Standards comprising SLFRS and LKAS (hereafter "SLFRS") as issued by the Institute of Chartered Accountants of Sri Lanka, and also in compliance with the requirements of the Companies Act No. 07 of 2007.

2.2. Basis of measurement

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

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

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

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

2.3. Functional and presentation currency

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

2.4 Materiality and Aggregation

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

2.5 Comparative Information

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

2.6 Critical accounting estimates and judgements

2.6.1 Use of estimates and judgments

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

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

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

2.6.2 Going Concern

The Company has incurred a net loss of Rs. 174,486,920/- (2022: Rs. 130,182,309/-) during the year ended 31st March 2023. The Company's current liabilities exceeded its current assets by Rs. 250,893,129/- (2022: Rs. 114,457,855/-) as at the year end and recorded a negative operating cash flow of Rs.150,584,057/- (2022: Rs. 126,518,598/-). Further, the company has recorded the negative net assets position amounting Rs. 119,735,059/- as at 31st March 2023.

However, the directors have made an assessment and concluded of the Company's ability to continue its operation for a foreseeable future with following measures identified:

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

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

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

On the financing front, the Company has managed to obtain credit facilities with corporate guarantees provided by the immediate parent and has existing unutilized credit facilities from which the Company is expecting additional project specific and working capital facilities.

Furthermore, the Board of directors of Hayleys Advantis Ltd, as the parent company, has expressed its intention and ability to provide required funding to meet company's obligation related to the loans and obligations, in the case of company's inability to make the payments on its own.

By considering all factors stated above, the Directors are confident, that the company will continue its operation in the foreseeable future.

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.

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

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

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

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

Contract Assets

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

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

Contract Liabilities

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

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

2.6.7 Revaluation of Land and Building

The Company measures land and building at revalued amount with change in value being recognized in the Statement of other comprehensive income. The valuer has used valuation techniques such as open market value.

2.6.8 Allowance for Doubtful Debts

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

2.6.9 Leases - Estimating the incremental borrowing rate

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

2.6.10 IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

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

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

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments. It assessed whether the Interpretation had an impact on its financial statements.

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

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1. Foreign Currency

3.1.1 Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in Statement of Profit or Loss. Non-monetary assets and liabilities which are measured in terms of historical cost in a foreign currency are translated using exchange rates at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

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

3.2 Current versus non-current classification

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

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

or

• Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

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• It does not have a right at the reporting date to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

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

3.3 Assets and bases of their valuation

3.3.1 Property, plant & equipment

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

3.3.1.1 Basis of Recognition

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

3.3.1.2 Basis of measurement

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

3.3.1.3 Owned assets

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

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

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

3.3.1.4 Subsequent costs

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

3.3.1.5 Derecognition

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

3.3.1.6 Depreciation

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

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

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

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

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

3.4 Financial instruments – initial recognition and subsequent measurement

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

3.4.1 Financial assets

3.4.1.1 Initial recognition and measurement

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

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

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

3.4.1.2 Subsequent measurement

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

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

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

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

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.

3.4.2.3 Derecognition

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

3.4.3 Offsetting of financial instruments

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

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

3.4.4 Current Assets

3.4.4.1 Inventories

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

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

3.4.4.2 Construction work in progress

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

3.4.4.3 Cash and cash equivalents

Cash in hand and at bank and short-term deposits in the Statement of Financial Position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

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

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 – "Employee benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in note 15. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with LKAS 19 on employee benefit. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The liability is not externally funded.

3.5.2 Recognition of Actuarial Gains or losses

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

3.5.3 Short-term benefits

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

3.5.4 Provisions

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

3.5.5 Onerous contracts

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

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

3.5.6 Capital commitments and contingencies

Capital commitments and contingent liabilities of the Company are disclosed in the respective Note 24 & 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.

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.

3.6.3 Tax expense

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

3.6.3.1 Current tax

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

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

3.6.3.2 Deferred tax

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

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

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

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

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

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

3.7 Events occurring after the Reporting date

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

3.8 Earnings per share

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

3.9 Cash Flow Statement

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

4. CHANGES IN ACCOUNTING STANDARDS AND POLICIES

4.1 Standards issued but not yet effective

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

Definition of Accounting Estimates - Amendments to LKAS 8

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

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

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

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

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

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

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

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

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirment to disclose their 'material' accounting policies.
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting
 policy disclosures.

Classification of Liabilities as Current or Non-current - Amendments to LKAS 1

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

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.
- Disclosures.

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

5. PROPERTY, PLANT AND EQUIPMENT

1 Gross Carrying Amounts	Balance As at 1/4/2022 Rs.	Additions / Revaluation Rs.	Revaluation/ adjustment Rs.	Disposals/ Transfers Rs.	Balance As at 31/3/2023 Rs.
Land	45,282,300	6,467,700	-	-	51,750,000
Building	78,224,502	13,637,475	(2,851,976)	-	89,010,001
Plant and Machinery	44,399,171	-	-	-	44,399,171
Furniture, Fittings and Equipment	23,941,615	1,160,000	-	-	25,101,615
Motor Vehicles	5,910,285	-	-	-	5,910,285
	197,757,873	21,265,175	(2,851,976)	-	216,171,072

5.2 Depreciation	Balance As at 1/4/2022 Rs.	Charge for the year Rs.	Revaluation/ adjustment Rs.	Disposals/ Transfers Rs.	Balance As at 31/3/2023 Rs.
Building	-	2,851,975	(2,851,976)	-	-
Plant and Machinery	25,218,684	4,401,850	-	-	29,620,534
Furniture, Fittings and Equipment	16,106,290	2,661,887	-	-	18,768,177
Motor Vehicles	5,910,285	-	_	-	5,910,285
	47,235,259	9,915,712	(2,851,976)	-	54,298,996

Net Book Values	Balance As at 31/3/2023 Rs.	Balance As at 31/3/2022 Rs.
Land	51,750,000	45,282,300
Building	89,010,002	78,224,502
Plant and Machinery	14,778,637	19,180,487
Furniture, Fittings and Equipment	6,333,438	7,835,325
Motor Vehicles	-	-
	161,872,076	150,522,614

5.4 Intangible Assets

Cost	Balance As at 1/4/2022 Rs.	Additions/ Revaluation Rs.	Disposals/ Transfers Rs.	Balance As at 31/3/2023 Rs.
Intangible Assets	1,985,990	-	-	1,985,990
Total	1,985,990	-	-	1,985,990
Amotization				
Intangible Assets	149,024	248,249	-	397,273
Total	149,024	248,249	-	397,273
Carrying Value	1,836,966	-	-	1,588,717

- 5.5 During the financial year, the Company acquired Propoerty, Plant & Equipment to an aggregate value of Rs. 1,160,000/- (2021/22- Rs. 2,398,886/-) Cash Payment amounting to Rs. 1,160,000/- (2021/22- Rs. 2,398,886/-)
- 5.6 Propoety, Plant & Equipment includes fully depreciated assests which are still in use during the year 2022/23- Rs. 16,010,327/- (2021/22- Rs. 13,515,025/-)
- 5.7 The land and buildings belonging to Unisyst Engineering PLC, situated at 41B, Sasanathilaka Rd, Opatha, Kotugoda were revalued as at 31st March 2023.
 - The following properties were revalued and recorded during 2022/23 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 prises) (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 Finan	cial Asset					Fair Value	
Location	Date of Valuation	Extent	Valuation Technique	Unobservable Inputs	Significant Un Observable Input Price per Perch	measurement using Significant unobservable inputs (Level 3)	
Land	31 st Mar 2023	A2-R2-P31.26	Open Market Value	Price per Perch	Rs. 120,000/-	Rs. 51,751,000/-	
	Date of Valuation	Number of Buildings	Buildings In Sq.ft	Valuation Technique			
Building	31st Mar 2023	03	35,785	Open Market	Rs. 2,487/-	Rs. 89,010,001/-	

The valuer has used the open market valuation technique which is the method uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities.

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

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 31/3/2023 Rs.	Net carrying amount as at 31/3/2022 Rs.
Land	3,134,394	-	3,134,394	3,134,394
Buildings	28,317,192	(7,928,815)	20,388,377	20,954,721
	31,451,586	(7,928,815)	23,522,771	24,089,115
			As at 31/3/2023 Rs.	As at 31/3/2022 Rs.
Raw Materials			26,899,490	18,397,229
Projects Inventory			26,526,392	44,863,850
(-) Provision for Slow Moving &	Obsolete Stocks		(10,683,963)	(10,796,818)
			42,741,919	52,464,261
Consumables			18,695	18,695

6.1 Provision/reversal made for obsolete inventory was amounting to Rs. 112,855/- (2021/22- Rs. 1,466,893/-) which was recognized in Administration Expense.

Provision for Slow Moving and Obsolete Stocks	As at 31/3/2023 Rs.	As at 31/3/2022 Rs.
Balance as at the beginning of the year	10,796,818	9,329,925
Provisions made during the year	112,855	1,466,893
Reversal/ Write off of Provisions	-	-
Balance at the end of the year	10,683,963	10,796,818

6.

52,482,956

42,760,614

7. CONSTRUCTION WORK-IN-PROGRESS

		Balance as at 01/4/2022 Rs.	Cost incurred during the year Rs.	Expenses recognized during the year Rs	Balance as at 31/3/2023 Rs.
	Construction Work-in-Progress	14,875,945	89,549,068	171,127,325	66,702,312
8.	TRADE AND OTHER RECEIVABLES			As at 31/3/2023 Rs.	As at 31/3/2022 Rs.
	Trade Debtors			59,235,185	98,543,527
	(-) Provision for Bad and Doubtful Debts			(24,819,526)	(32,624,056)
	Net Trade Debtors			34,415,659	65,919,471
	Advances, Deposits and Prepayments			36,937,964	35,170,336
	Other Receivables			350,625,469	80,855,420
				421,979,092	181,945,227

•		Neither Past due	ue Past due not Impaired		77.4.1	
Year	Impaired	nor impaired	31- 60 Days	61 -180 Days	> 180 days	Total
2023	24,819,526	8,751,100	2,713,873	22,950,686	-	59,235,185
2022	32,624,056	48,453,743	16,638,121	827,607	-	98,543,527

8.1	Contract assets	As at 31/3/2023 Rs.	As at 31/3/2022 Rs.
	Retention Receivables	74,279,031	73,432,460
	Balance at the end of the year	74,279,031	73,432,460

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

2.2 Provision for Bad and Doubtful Debts	As at 31/3/2023 Rs.	As at 31/3/2022 Rs.
Balance as at the beginning of the year	32,624,056	27,870,055
Provisions / (Reversals) during the year	(7,804,530)	4,754,001
Balance at the end of the year	24,819,526	32,624,056

9.	AMOUNTS DUE FROM RELATED PARTIES			As at 31/3/2023 Rs.	As at 31/3/2022 Rs.
	Alumex PLC			-	29,533,680
	The Kingsbury PLC			744,076	-
	Fentons Ltd			-	252,720
	Hayleys Advantis Ltd			-	1,489,743
	Advantis Projects & Engineering (Pvt)Ltd			10,489,920	_
				11,233,996	31,276,143
10.	CASH AND CASH EQUIVALENTS			As at 31/3/2023 Rs.	As at 31/3/2022 Rs.
	Components of Cash and Cash Equivalents				
10.1	Favourable balance				
	Bank Balances and Cash in hand			7,033,453	11,138,580
		-	-	7,033,453	11,138,580
10.2	Unfavourable Balances				
	Bank Overdrafts			(163,234,095)	(18,848,605)
	Total Cash and Cash Equivalents for the Purpo	ose of Cash Flow S	tatements	(156,200,642)	(7,710,022)
11.	STATED CAPITAL				
	Fully Paid Ordinary Shares	As	s at 31/3/2023	As	s at 31/3/2022
		Number of Shares	Rs.	Number of Shares	Rs.
	At the beginning of the Year	44,116,400	446,672,723	44,116,400	446,672,723

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

44,116,400

446,672,723

44,116,400

Rights issue of ordinary shares Sub divion of Shares At the end of the Year

446,672,723

12. EARNINGS /(LOSS) PER SHARE

12.1 Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to Ordinary Shareholders by the weighted average number of Ordinary Shares outstanding during the year.

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

	Amounts Used as the Numerators:	Year Ended 31/3/2023	Year Ended 31/3/2022
	Net Profit/(Loss) attributable to Ordinary Shareholders for	Rs.	Rs.
	basic Earnings /(Loss) Per Share	(174,486,920)	(130,182,309)
	Numbers of Ordinary Shares Used as Denominators:		
	Weighted Average number of Ordinary Shares in issue	44,116,400	44,116,400
12.3	Earings/(Loss) Per Share - Basic	(3.96)	(2.95)
13.	INTEREST-BEARING LOANS AND BORROWINGS		
13.	INTEREST-DEFINING EOTHS AND DORROWINGS	As at 31/3/2023	As at 31/3/2022
	Current Interest-Bearing Loans and Borrowings	Rs.	Rs.
	Import Loans (Unsecured)	71,042,429	55,907,805
	Short Term Loans (13.1)	79,800,000	192,207,087
	Related Party Loans	100,525,900	_
	Total current interest-bearing loans and borrowings	251,368,329	248,114,892
	Non - Current Interest-Bearing Loans and Borrowings	25,000,000	25,000,000
	Total interest bearing loans and borrowings	276,368,329	273,114,892
13.1	Short Term Loans	As at	As at
		31/3/2023 Rs.	31/3/2022 Rs.
	Balance at the begining of the year	248,114,892	116,762,140
	Loans obtained during the year	788,113,971	545,817,097
		1,036,228,863	662,579,237
	Loans repaid during the year	(784,860,534)	(414,464,345)
	Balance at the end of the year	251,368,329	248,114,892

13.2 Details of the short term loan is as below;

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

Repayment Terms: 90 Days

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

14.	DEFERRED TAX ASSET	As at 31/3/2023 Rs.	As at 31/3/2022 Rs.
14.1	Balance at the beginning of the period	43,409,516	46,049,829
	(Origination)/reversal of temporary difference (14.2)	(72,349,193)	(2,640,313)
	Effect on changes in tax rate	28,939,677	-
	Balance at the end of the period (14.4)	-	43,409,516
14.2	Reconciliation of Deferred Tax (Charge) / Reversal Deferred Tax (Charge) / Reversal on other temperory differences recognised under Comprehensive Income	(71,514,195)	2,084,261
	Deferred Tax effect from change in tax rate recognised under Comprehensive Incomprehensive Inc	ne 41,590,447	-
	Deferred Tax (Charge) /Reversal on other temperory differences recognised under Other Comprehensive Income	(834,998)	(4,724,574)
	Deferred Tax effect from change in tax rate recognised under Other Comprehensive Income	(12,650,770)	_
		(43,409,516)	(2,640,313)

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. 470,105,293/- out of which deferred tax asset has been recognized on Rs. 77,638,957/- has been utilised. Unused tax lossess will be expired in year of Assessment 2023/24 is Rs.116,149,234/, and balance from year of Assessment 2024/25 to year of Assessment 2027/28.

Deferred Tax Asset / (Liability) arises due to	As at 31/3/2023 Rs.	As at 31/3/2022 Rs.
Accelerated Depreciation for the Tax purposes	(3,341,026)	(4,825,003)
Tax Losses carried forward	23,291,687	58,125,442
Employee Benefit Obligations	2,190,816	1,309,639
Revaluation on land	(14,584,682)	(8,150,814)
Revaluation on building	(18,207,842)	(10,885,037)
Tax effect of provisions	10,651,047	7,835,289
	-	43,409,516

15.	EMPLOYEE BENEFIT OBLIGATION	As at 31/3/2023 Rs.	As at 31/3/2022 Rs.
	Changes in the present value of the Defined benefit obligation is as follows		
	Balance as at the beginning of the year	7,275,770	5,919,997
	Current Service Cost	1,206,102	1,363,300
	Interest Costs	866,332	451,164
	Actuarial (gains)/ losses (15.1)	903,017	331,646
	Benefits paid during the year	(2,948,500)	(790,337)
	Balance at the end of the year	7,302,721	7,275,770
		A sat 31/3/2023 Rs.	A sat 31/3/2022 Rs.
15.1	The expenses recognised in the Statement of the Comprehensive Income	2,072,434	1,814,465
	The expenses recognised in the Statement of the Other Comprehensive Income	903,017	331,646
		2,975,505	2,146,111
15.2	Maturity Profile of the Defined Benefit Obligation	2022/23	2021/22
	Future working lifetime	Rs.	Rs.
	Within the next 12 months	814,274	417,876
	Between 1 to 5 years	3,156,233	2,822,817
	Between 5 to 10 years	1,812,801	2,876,385
	More than 10 years	1,519,413	1,158,693
		7,302,721	7,275,771

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	2022/23 Rs.	2021/22 Rs.
Effect on DBO due to decrease in the discount rate by 1%	6,838,510	7,275,770
Effect on DBO due to increase in the discount rate by 1%	7,710,351	8,005,291
Salary Escalation		
Effect on DBO due to decrease in the salary escalation rate by 1%	7,744,948	8,043,389
Effect on DBO due to increase in the salary escalation rate by 1%	6,801,078	7,014,160

15.4 The average duration of the defined benefit plan obligation at the end of the reporting period is 7.05 years (2022 - 7.22 years).

15.5 Principal assumptions used Company,

Messrs, NMG Consulting, Acturies, carried out an acturial valuation of the defined benefit plan gratuity using the Project Unit Credit Method as at 31st March 2023. 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.

	2022/23	2021/22
Discount Rate Assumed	18%	15%
Future Salary Increase	16%	14%
Staff Turnover	7% -34%	6% -25%
Retiring Age	60	60
Expected Future Working Life	7 Years	6.89 Years

The adjusted treasury bond rate for the credit spread has been used as the discounted rate.

16. CONTRACT LIABILTIES AND OTHER PAYABLES

Trade and other payables

			As at 31/3/2023 Rs.	As at 31/3/2022 Rs.
	Trade and other payables		230,801,076	66,990,258
			230,801,076	66,990,258
16.1	Contract Liabilities			
			As at 31/3/2023 Rs.	As at 31/3/2022 Rs.
	Balance as at 1st April 2022		99,933,363	76,018,272
	Contract Mobilization Advances		131,689,177	102,171,099
	Revenue recognised during the year		(115,344,323)	(78,256,008)
	Balance as at 31st March 2023		116,278,217	99,933,363
17.	AMOUNTS DUE TO RELATED PARTIES	Relationship	As at 31/3/2023 Rs.	As at 31/3/2022 Rs.
	Hayleys PLC	Ultimate Parent	40,590,433	13,892,269
	Hayleys Business Solutions International (Pvt) Ltd	Affiliate Company	203,603	27,961
	Alumex PLC	Affiliate Company	46,313,550	4,879,581
	Alco Industries (Pvt) Ltd	Affiliate Company	-	570,370
	Hayleys Advantis Ltd	Parent Company	11,167,572	2,068,899
	MIT Global Solutions (Pvt) Ltd	Affiliate Company	262 212	
		minute Company	363,313	213,343
	Singer (Sri Lanka) PLC	Affiliate Company	- 303,313	213,343 179,000
	Singer (Sri Lanka) PLC Advantis Express (Pvt) Ltd			
		Affiliate Company	2,307,411	179,000
	Advantis Express (Pvt) Ltd	Affiliate Company Affiliate Company	-	179,000 63,605
	Advantis Express (Pvt) Ltd Hayleys Travels (Pvt) Ltd	Affiliate Company Affiliate Company Affiliate Company	-	179,000 63,605 21,206,278
	Advantis Express (Pvt) Ltd Hayleys Travels (Pvt) Ltd Fentons Ltd	Affiliate Company Affiliate Company Affiliate Company Affiliate Company	- - 2,307,411 -	179,000 63,605 21,206,278 373,282
	Advantis Express (Pvt) Ltd Hayleys Travels (Pvt) Ltd Fentons Ltd Advantis Projects & Engineering (Pvt) Ltd	Affiliate Company Affiliate Company Affiliate Company Affiliate Company Immediate Parent	- - 2,307,411 -	179,000 63,605 21,206,278 373,282 2,237,660

18.	REVENUE FROM CONTRACTS WITH CUSTOMERS	2023 Rs.	2022 Rs.
	Contract Sales - Local	783,911,387	564,806,368
	Total Revenue	783,911,387	564,806,368
18.1	Contract Balances	2023 Rs.	2022 Rs.
	Contract Assets		
	- Retention Receivables	74,279,031	73,432,460
	Contract Liabilities		
	- Contract Mobilization Advance and Provisions	116,278,217	99,933,363
18.1.1	Contract Mobilization Advance	2023 Rs.	2022 Rs.
	At the beginning of the year	99,933,363	76,018,272
	Advance paid during the year	131,689,177	123,898,510
		231,622,541	199,916,782
	Advance recovered during the year	(115,344,324)	(99,983,419)
	At the end of the year	116,278,217	99,933,363

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

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

As of 31st March 2023 the aggregatge amount of the transaction price allocated to the remaining performance obligation is Rs. Rs. 116,278,217/- and the entity will recognize this revenue as the construction progresses based on interim payment certicates, which is expected to occur over the duration of the project.

OTHER OPERATING INCOME	2023 Rs.	2022 Rs.
Scrap Sales	6,178,954	9,795,647
Other Income	5,892,109	-
	12,071,063	9,795,647
FINANCE COST	2023 Rs.	2022 Rs.
Interest on Loans and Borrowings	66,535,692	14,426,028
Exchange Loss	326,731	386,524
Interest on Bank Overdraft	17,581,171	1,117,695
Guarantee Charge and Others	3,966,178	3,268,455
	88,409,772	19,198,702
FINANCE INCOME	2023 Rs.	2022 Rs.
Intrest Income Saving Account	141,084	126,949
Exchange gain	340	2,679,215
	141,424	2,806,164
PROFIT / (LOSS) BEFORE TAX	2023 Rs.	2022 Rs.
Stated after charging/(crediting) Directors' emoluments -Short Term Employee Benefits	3,259,000	2,340,000
Auditors' remuneration - Statutory audit services	607,900	620,197
- Non audit related services	181,185	184,000
Depreciation (PPE)	9,915,712	10,147,759
Personnel costs include		
Salaries and wages	21,706,354	47,478,232
Defined contribution plan costs	1,206,102	1,363,300
Defined benefit plan costs	866,332	451,164
Donations	-	179,307
Provision for Slow Moving Stocks	(112,855)	1,466,893
Impairment/(Reversal) for bad trade and other receivable	1,029,081	4,754,001

23.	INCOME TAX EXPENSE	2023 Rs.	2022 Rs.
23.1	Current tax expense		
	Current tax expense on ordinary activities for the year (23.2)	_	(2,834,476)
	Deferred tax Charge /(Reversal) on the effect of changes in tax rate* (14.2)	41,590,447	-
	Deferred tax Charge /(Reversal) on Other temperory differences (14.2)	(71,514,195)	2,084,261
		(29,923,748)	(750,215)

^{*} The company has used the new tax rate of 30% (2022 -18%) as per the Inland Revenue (Amendment) Act no 45 of 2022 certified on 19th December 2022 when calculating the deferred tax.

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

	For the Year Ended 31/3/2023 Rs.	For the Year Ended 31/3/2022 Rs.
Accounting Loss Before Tax	(144,563,172)	(129,432,094)
Adjustments relating to disallowances	103,475,912	32,833,857
Adjustments to allowable items	(7,760,536)	(6,648,800)
Taxable income from trade - (a)	(48,847,797)	(103,247,037)
Interest Income	141,084	126,949
Utilisation of tax losses	(141,084)	(126,949)
Taxable income from other sources, net of utilisation of tax losses - (b)	-	-
Total taxable income (a) + (b)	(48,847,797)	(103,247,037)
Statutory tax rate	30%	18%
Current Tax on Ordinary Activities for the year	-	-
Under/(over) provision in respect of prior years	-	-
ESC write off	-	2,834,476
Current Income Tax Payable / (Receivable)	-	-

24. CAPITAL EXPENDITURE COMMITMENTS

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

25. CONTINGENT LIABILITIES

There were Rs. 229,943,162/- Bank guarantees issued by the Union bank on behalf of the company as at the reporting date.

26. EVENTS OCCURRING AFTER THE REPORTING DATE

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

27. ASSETS PLEDGED

There are no Assets Pledged as at the reporting date.

28. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

- **28.1** Key management personnel comprise of Directors of the Company and the emoluments made on behalf of them has been disclosed in Note no 22 to the Financial Statements. There were no other transactions with Key Management personnel during the year.
- **28.2** The following table provides the total transactions taken place during the year with related parties. The resulted closing balances are disclose in the Note no. 09 & 17.

	51	Nature of the	Amount Paid / (Received)		
Company	Relationship	Transaction	For the Year Ended 31/3/2023 Rs.	For the Year Ended 31/3/2022 Rs.	
Hayleys PLC	Ultimate Parent	Services/Loans Obtained	26,714,320	17,441,303	
Hayleys Business Solutions International (Pvt) Ltd	Affiliate Company	Services Obtained	1,125,543	796,338	
Alumex PLC	Affiliate Company	Materials Purchased	161,373,009	124,057,297	
Alco Industries (Pvt) Ltd	Affiliate Company	Materials Purchased	-	5,662,407	
Hayleys Aviation and Projects (Pvt) Ltd	Affiliate Company	Reimburesement of Expenses/Loans Obtained	-	15,787	
Hayleys Advantis Ltd	Parent Company	Reimburesement of Expenses	14,475,232	5,291,941	
The Kingsbury PLC	Affiliate Company	Contract Sales	142,844	108,149	
North South Lines (Pvt) Ltd	Affiliate Company	Loans Obtained / (Settled)	-	79,710	
Hayleys Travels (Pvt) Ltd	Affiliate Company	Services Obtained / (Settled)	5,577,078	2,442,352	
Hayleys Lifesciences (Pvt) Ltd	Affiliate Company	Services Obtained	-	252,720	
Fentons Ltd	Affiliate Company	Services Obtained / (Settled)	_	37,316,763	
Advantis Project & Engineering (Pvt) Ltd	Immediate Parent	Service Obtained	34,126,307	3,523,828	
Advantis Express (Pvt) Ltd	Affiliate Company	Service Obtained	806,942	514,214	
Expelogix (Pvt) Ltd	Affiliate Company	Services Obtained/ (Settled)	931,068	-	
CEVA Logistics Lanka (Pvt) Ltd	Affiliate Company	Services Obtained	4,568,470	-	

28.3 Terms and Conditions of Transactions with Related Parties

Transactions with related parties are carried out in the ordinary course of the business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash. Interest bearing borrowings are at pre-determined interest rates and terms.

- Terms and Conditions of related party interest bearing borrowings.
- Treasury Loans Security Unsecured
- Repayment -90 Days
- Interest rate Based on Market Rates (AWPLR+1.5%, AWPLR+1%)

Non-recurrent Related Party Transactions

There were no non-recurrent Related Party Transactions of the Company which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower as per March 31st 2023. Audited Financial Statements, which required additional disclosures in the Annual Report under Colombo Stock Exchange Listing Rule 9.3.2 and the Code of Best Practices on Related Party Transactions published in accordance with the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

Recurrent Related Party Transactions

There were no recurrent Related Party Transactions which in aggregate value exceeds 10% of the revenue of the company as per 31st March 2023. Audited Financial Statements, which required additional disclosures in the Annual Report under the Colombo Stock Exchange Listing Rule 9.3.2 and the Transactions under the Securities and Exchange Commission Directive issued The Directors declare that they have complied with the provisions of the Code relating to full disclosure of Related Party Transactions entered into during the Financial Year ended 31st March 2023.

29. FINANCIAL RISK MANAGEMENT

Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

Risk management framework

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

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

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

Credit risk

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

Trade and other receivables

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

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

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

Impairment losses

Trade and other receivables at the reporting date was as shown below and Impairment provision for debtors worth of Rs. 24,819,526/- for which full impairment provision has been made.

The aging analysis of trade receivables is a follows

	Neither past due nor impaired Rs.	31-60 Days Rs.	61 -180 Days Rs.	>180 Days Rs.	Total Rs.	Impaired Rs.	Net Rs.
As at 31st March 2023	14,252,027	4,418,329	25,614,958	14,949,871	59,235,184	24,819,526	34,415,658
As at 31st March 2022	48,453,743	16,638,121	3,246,386	30,205,277	98,543,527	32,624,056	65,919,471

Cash and cash equivalents

The Company held cash and cash equivalents of LKR 07 Mn at 31st March 2023 (2021/22-11Mn), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with Hatton National Bank PLC, Sampath Bank PLC and Union Bank of Colombo PLC.

Liquidity risk

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

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

	on demand Rs.	less than 3 months Rs.	3 to 12 months Rs.	1 to 5 years Rs.	>5 years Rs.	Total Rs.
Interest-bearing loans and Borrowings	-	251,368,329	-	-	-	251,368,329
Trade and Other Payables	-	230,801,074	-	-	-	230,801,074
Contract Liabilities	116,278,217	-	-	-	-	116,278,217
Amounts Due to Related Parties	113,199,912	-	- 2	5,000,000	-	138,199,912
	229,478,129	482,169,403	- 2	5,000,000	-	736,647,532

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.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company mainly borrows in the short term to fund its working capital requirement which are linked to floating interest rates.

Capital management

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

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

	2023 Rs.	2022 Rs.
Total Liabilities	907,184,348	511,884,936
Less: Cash and Cash Equivalents	(7,033,453)	(11,138,580)
Net Debt	900,150,895	500,746,356
Total Equity	(119,735,059)	49,035,471
Net debt to adjusted equity ratio as at 31st March	(7.52)	10.21

TEN YEAR FINANCIAL REVIEW

Years ended 31st March	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Results	Rs.									
Turnover	783,911,387	564,806,368	451,544,201	317,216,664	382,967,729	451,655,658	117,940,380	282,676,176	186,693,890	95,859,371
Profit / (Loss) before Taxation	(144,563,172)	(129,432,094)	(114,961,323)	(47,827,321)	59,222	(18,865,555)	(64,783,198)	42,939,205	7,177,993	(57,924,997)
Taxation	(29,923,748)	(750,215)	35,742,582	781,185	(7,076,151)	15,702,117	(2,066,457)	(2,229,184)	5,097,732	(3,486,070)
Profit / (Loss) after Taxation	(174,486,920)	(130,182,309)	(79,218,741)	(47,046,136)	(7,016,928)	(3,163,438)	(66,849,655)	40,710,021	12,275,725	(61,411,067)
Statement of Financial Position										
Stated Capital	446,672,723	446,672,723	446,672,723	446,672,723	346,672,723	346,672,723	346,672,723	346,672,723	346,672,723	346,672,723
Reserves	(662,561,839)	(487,442,807)	68,010,548	60,093,003	60,093,003	56,987,355	122,695,005	116,258,005	131,834,262	142,042,638
Retained Earnings	96,154,057	89,805,555	(356,988,549)	(278,563,752)	(231,514,831)	(225,182,002)	(221,920,280)	(154,492,694)	(210,571,874)	(222,847,599)
	(119,735,059)	49,035,471	157,694,722	228,201,974	175,250,895	178,478,076	247,441,448	308,438,034	267,935,111	265,867,762
Non-Current Assets	163,460,793	195,769,096	179,957,760	147,561,327	144,774,877	157,018,953	133,749,240	125,653,999	122,957,908	136,970,977
Current Assets	623,988,498	365,151,311	328,583,475	551,989,009	437,320,814	333,540,600	329,088,126	238,984,771	192,586,219	187,767,632
Current Liabilities	(874,881,629)	(479,609,166)	(319,926,515)	(465,453,379)	(403,093,439)	(308,094,361)	(212,505,742)	(54,389,585)	(35,280,758)	(31,090,914)
Long Term Liabilities	(32,302,721)	(32,275,771)	(30,919,997)	(5,894,982)	(3,751,357)	(3,987,117)	(2,890,176)	(1,811,151)	(12,328,258)	(27,779,933)
	(119,735,059)	49,035,471	157,694,722	228,201,975	175,250,895	178,478,076	247,441,448	308,438,034	267,935,111	265,867,762
Net Cash inflow/ (outflow) from operating Activities	(150,584,057)	(126,518,594)	(50,058,048)	(83,047,482)	(99,017,112)	(28,962,695)	28,056,147	(14,789,627)	17,466,877	(30,904,026)
Net Cash inflow/ (outflow) from operating Activities	(1,160,000)	(4,384,876)	(6,328,511)	91,768,262	(1,951,886)	(4,076,732)	(14,158,303)	479,067	(9,620,374)	(1,086,852)
Net Cash inflow/ (outflow) from operating Activities	3,253,437	131,352,752	44,257,446	(19,705,515)	79,805,922	(97,762,264)	33,285,646	(3,839,402)	(1,254,715)	(1,125,357)
Increase / (decrease) in Cash and Cash Equivalents	(148,490,620)	449,278	(12,129,113)	(10,984,734)	(21,163,077)	(130,801,691)	47,183,490	(18,149,961)	6,591,788	(33,116,235)
Key Indicators										
Annual growth in Turnover %	38.79	25.08	42.35	(17.17)	(15.21)	282.95	(58.28)	51.41	94.76	28.01
Net Profit/ (Loss) before Tax to Turnover %	(18.44)	(22.92)	(25.46)	(15.08)	0.02	(4.18)	(54.93)	15.19	3.84	(60.43)
Property, Plant & Equipment to Shareholders Funds %	(136.52)	310.71	84.92	62.10	81.59	82.19	51.77	38.20	42.97	48.58
Earnings/ (Loss) per Share	(3.96)	(2.95)	(1.80)	(1.07)	(0.58)	(0.26)	(5.54)	3.38	1.04	(5.09)
Net Assets per Share at Year End	(2.71)	1.11	3.57	10.35	14.53	14.80	20.52	25.58	22.22	22.05
Current Ratio - (Times)	0.71	0.76	1.03	1.19	1.08	1.08	1.55	4.39	5.46	6.04
Quick Asset Ratio - (Times)	0.66	0.65	0.80	1.02	1.08	1.06	1.54	4.36	5.06	5.70

SHARE INFORMATION

STOCK EXCHANGE LISTING

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

Interim Financial Statements of the 4^{th} Quarter for the year ended 31^{st} March, 2023 have been submitted to the Colombo Stock Exchange as require by the listing rules.

ORDINARY SHAREHOLDERS AS AT 31st MARCH 2023

No of Share Holders - 1,629 (As at 31st March 2022 - 1,360)

ORDINARY SHAREHOLDERS AS AT 31ST MARCH 2023

No. of shares held		RESIDENTS	3	NO	N RESIDE	ENTS		TOTAL		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	
1 - 1,000	978	262,889	0.60	7	1,286	0.00	985	264,175	0.60	
1,001 - 10,000	440	1,763,271	4.00	7	35,660	0.08	447	1,798,931	4.08	
10,001 - 100,000	166	4,575,550	10.37	0	0	0.00	166	4,575,550	10.37	
100,001-1,000,000	28	5,884,593	13.34	0	0	0.00	28	5,884,593	13.34	
Over 1,000,000	3	31,593,151	71.61	0	0	0.00	3	31,593,151	71.61	
	1,615	44,079,454	99.92	14	36,946	0.08	1,629	44,116,400	100.00	
CATEGORY										
Individuals	1,528	10,082,955	22.86	12	34,926	0.08	1,540	10,117,881	22.93	
Institutions	87	33,996,499	77.06	2	2,020	0.00	89	33,998,519	77.07	
	1,615	44,079,454	99.92	14	36,946	0.08	1,629	44,116,400	100.00	

SHARE INFORMATION

SHARE TRADING INFORMATION

	FOR THE THREE	MONTHS ENDED 31/03/2023	FOR THE TWELVE MONTHS ENDED 31/03/2023			
	2023 Rs.	Transaction Date				
Highest Price	6.20	08.03.2023	11.90	05.05.2022		
Lowest Price	5.00	14.02.2023	4.50	14.07.2022		
Closing Price	5.40	31.03.2023	5.40	31.03.2023		

 No. of Transactions
 637
 7,338

 No. of shares traded
 1,554,717
 27,749,122

 Value of shares traded
 Rs. 9,011,833.00
 Rs. 174,650,188.20

SHARE INFORMATION

20 MAJOR SHAREHOLDERS AS AT 31/03/2023

		No of Shares	No of Shares		
	Name of the Shareholder	as at	%	as at	%
		31/03/2023		31/03/2022	
1	ADVANTIS PROJECTS & ENGINEERING (PVT) LTD	28,739,393	65.14	27,582,356	62.52
2	BANK OF CEYLON NO.1 ACCOUNT	1,673,758	3.79	1,673,758	3.79
3	DR. D. JAYANNTHA	1,180,000	2.67	1,180,000	2.67
4	SEYLAN BANK PLC/ R. K. DICKMAN	582,291	1.32	1,431,263	3.24
5	HATTON NATIONAL BANK PLC/ A. C. JAYASINGHE	360,288	0.82	270,401	0.61
6	DR. D. B. D. L. SAMARANAYAKE	320,000	0.73	-	0.00
7	MR. MOHAMED SADIQ RUZLY SHAMSUDEEN	316,522	0.72	316,522	0.72
8	DIALOG FINANCE PLC / N. W. D. I. S. SIRIMANNA	308,402	0.70	-	0.00
9	Mr. A. S. A. FERNANDO	300,000	0.68	-	0.00
	Mr. J. M. S. J. B. P. PEIRIS	300,000	0.68	-	0.00
10	MR. M. M. S. RAZA	297,582	0.67	-	0.00
11	HATTON NATIONAL BANK PLC/ RUWAN PRASSANA SUGATHADASA	279,574	0.63	179,574	0.41
12	MR. G. G. A. M. R. K. ABEYKOON	250,936	0.57	-	0.00
13	MR. T. N. DOLE	250,674	0.57	250,674	0.57
14	MR. M.S. S. CHANDRA	226,716	0.51	1	0.00
15	MR. K. A. D. A. PERERA	200,000	0.45	200,000	0.45
16	MR.M.H.H.OSSMAN	180,000	0.41	180,000	0.41
	MR. R.E.RAMBUKWELLA	180,000	0.41	190,000	0.43
17	SEYLAN BANK LIMITED / RUWAN PRASANNA SUGATHADASA	169,574	0.38	169,574	0.38
18	MR. V. SARASWATHI & MR. S. VASUDEVAN	151,115	0.34	-	0.00
19	PMF FINANCE PLC/ S.D. SENEVIRATNE	150,000	0.34	-	0.00
20	MERCHANT BANK OF SRI LANKA & FINANCE PLC / H.M.C.B. MAWILMADA	138,677	0.31	100	0.00
	Total	36,555,502	82.86	33,624,223	76.22

PUBLIC SHARE HOLDINGS

Percentage of Public Holding 34.78%

Total No. of Shareholders Representing Public Holding 1,626

Float-Adjusted Market Capitalization 82,855,893.17

The Company complies with option 5 of the Listing Rules 7.14.1 (i) (a) – Less than Rs.2.5 Bn

Float Adjusted Market Capitalization which requires 20% minimum Public Holding.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT THE 42ND ANNUAL GENERAL MEETING OF UNISYST ENGINEERING PLC, will be held on **Monday**, 26th June, 2023 at 3.30 p.m. at the conference hall of Hayleys PLC, No.400, Deans Road, Colombo 10 for the following purposes:

- 1) To consider and adopt the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2023, with the Report of the Auditors thereon.
- 2) To re-elect as a Director Mr. S. Munaweera, who retires by rotation at the Annual General Meeting in terms of Article 24(6) of the Articles of Association of the Company.
- 3) To propose the following resolution as an ordinary resolution for the re-appointment of Mr. A.M. Pandithage, in terms of Section 211 of the Companies Act No.07 of 2007.

Ordinary Resolution

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

4) To propose the following resolution as an ordinary resolution for the re-appointment of Mr. J. Sheriff, in terms of Section 211 of the Companies Act No.07 of 2007.

Ordinary Resolution

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

5) To propose the following resolution as an ordinary resolution for the re-appointment of Mr. S. Karunaratne, in terms of Section 211 of the Companies Act No.07 of 2007.

Ordinary Resolution

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

6) To propose the following resolution as an ordinary resolution for the re-appointment of Mr. A. S. Jayatilleka, in terms of Section 211 of the Companies Act No.07 of 2007.

Ordinary Resolution

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

- 7) To authorise the directors to determine donations and contributions to charities for the ensuing year.
- 8) To re-appoint Messrs Ernst & Young, Chartered Accounts as the Auditors of the Company for the year 2023/24 and to authorise the Directors to determine their remuneration.
- 9) To consider and if thought fit, to pass the following Special Resolutions to amend the existing articles in the Articles of Association of the Company, in order to be in line with the model articles provided in Schedule 1 of the Companies Act No. 07 of 2007:

Special Resolution (1)

"That the existing Article 12 be deleted in its entirety and be substituted with the following Article 12;"

"Article 12 - Method of Holding General Meetings"

A meeting of shareholders may be held either;

- a) by a number of shareholders who constitute a quorum, being assembled together at the place, date and time appointed for the meeting; or
- b) by means of audio or audio and visual communication by which all shareholders participating and constituting a quorum, can simultaneously hear each other throughout the meeting."

NOTICE OF MEETING

Special Resolution (2)

That Article 13 (2) be amended as follows:

"13 (2) A quorum for a meeting of shareholders is present if three (03) shareholders are present in person or through audio visual communication, by themselves or by their proxy."

Special Resolution (3)

That Article 15 (1) be amended as follows:

- "15 (1) (a) In the case of a meeting of shareholders held under paragraph (a) of Article 15, unless a poll is demanded, voting at the meeting shall be by whichever of the following methods as determined by the chairperson of the meeting
 - i. voting by voice; or
 - ii. voting by a show of hands
 - (b) In the case of a meeting of shareholders held under paragraph (b) of article 15, unless a poll is demanded, voting at the meeting shall be by shareholders signifying individually their assent or dissent by voice or by any other electronic means."

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

Colombo 02nd June 2023

Notes to shareholders:

- 1. The Annual Report of the Company for 2022/23 is available on the corporate website www.unisystplc.com and on the Colombo Stock Exchange website www.cse.lk
- 2. 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 office of the Company Secretaries at No. 400, Deans Road, Colombo 10, Sri Lanka not less than forty-eight (48) hours before the time fixed for the Meeting.
- 3. For your reference, the existing Articles are available in the Colombo Stock Exchange website www.cse.lk.
- 4. A shareholder who requires a hard copy of the Annual Report must post or handover the duly completed 'Request Form Annexure A' to the office of the Secretaries.

FORM OF PROXY

/е	(full name of	shareholder)					
C No./Reg	. No. of Shareholder of						
ng a sharel	holder/shareholders of UNISYST ENGINEERING PLC hereby appoint,						
	(full name o	of proxyholder)					
C No. of P	roxyholder or failin	ng him/them					
Company Meeting	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 42 nd Annual Genera Meeting of the Company to be held on Monday, 26 th June, 2023 and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.						
		For	Again				
	consider and adopt the Annual Report of the Board of Directors and the Statements of bunts for the year ended 31st March, 2023, with the Report of the Auditors thereon.						
2) To r	re-elect as a Director Mr. S.Munaweera, as set out in the Notice.						
3) To r	re-appoint Mr. A. M. Pandithage, in terms of Section 211 of the Companies Act No.07 of 2007.						
4) To r	re-appoint Mr. J. Sheriff, in terms of Section 211 of the Companies Act No.07 of 2007.						
5) To r	re-appoint Mr. S. Karunaratne, in terms of Section 211 of the Companies Act No.07 of 2007.						
6) To r	re-appoint Mr. A. S. Jayatilleka, in terms of Section 211 of the Companies Act No.07 of 2007.						
7) To a	authorise the directors to determine donations and contributions to charities for the ensuing year	ur.					
	re-appoint Messrs Ernst & Young, Chartered Accounts as the Auditors of the Company for the 3/24 and to authorise the Directors to determine their remuneration.	ne year					
9) To p	pass the Special Resolution to amend the Articles of Association of the Company as set out in the	e Notice.					
Spec	cial Resolution (1)						
Spec	cial Resolution (2)						
Spec	cial Resolution (3)						
Signed	on thisday of2023.						
3	·						
	Sign	nature of Sharehold	er/s				
(Instruc	ctions are given overleaf)						

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INSTRUCTIONS AS TO COMPLETION OF PROXY:

- The completed Form of Proxy must be deposited with the Company Secretaries, Hayleys Group Services (Private) Limited, at No. 400, Deans Road, Colombo 10, Sri Lanka not less than forty-eight (48) hours before the start of the meeting. Delayed Proxy Forms shall not be accepted.
- 2. A Shareholder entitled to attend and vote at the Annual 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.
- 3. Full name of Shareholder/Proxy holder and their NIC Nos. are mandatory. Your Proxy Form will be rejected if these details are not completed.
- 4. A Shareholder is not entitled to appoint more than one Proxy to attend on the same occasion.
- 5. The duly completed Proxy Form must be dated and signed by the Shareholder.
- 6. 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 can vote as he/she thinks fit.
- 7. In the case of a company/corporation the proxy must be executed in the manner prescribed by its Articles of Association or by a duly authorised Director.
- 8. 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.
- 9. 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.

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CORPORATE INFORMATION

NAME OF THE COMPANY/REGISTRATION NUMBER

Unisyst Engineering PLC/PQ229

LEGAL FORM

Public Limited Liability Company

BOARD OF DIRECTORS

Mr. A. M. Pandithage (Chairman)

Mr. L. R. V. Waidyaratne (Deputy Chairman)

Mr. P. J. Jayanetti

Mr. S. C. Ganegoda

Mr. J. Sheriff

Mr. S. Karunaratne

Mr. S. J. Wijesinghe

Mr. A. S. Jayatilleka

Mr. S. Munaweera

COMPANY SECRETARY

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

Telephone : (94-11)2627650 Facsimile : (94-11)2627645

E-mail : info.sec@hayleys.com

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

REGISTERED OFFICE

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

FACTORY/WAREHOUSE

41B, Sasanathilake Road, Opatha, Yagodamulla, Kotugoda

AUDITORS

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

BANKERS

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

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

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

