Colombo West International Terminal (Private) Limited

Financial Statements for the FY 2021-22

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**COLOMBO WEST INTERNATIONAL TERMINAL (PRIVATI
LIMITED**
(Incorporated on 28 April 2021)

FINANCIAL STATEMENTS

31 MARCH 2022

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Ernst & Young
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ADeS/AKG/NC/MHM

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF COLOMBO WEST INTERNATONAL TERMINAL (PRIVATE) LIMITED

Opinion

We have audited the financial statements of Colombo West International Terminal (Private) Limited ('the Company"), which comprise the statement of financial position as at 31 March 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the eleven months period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2022 and of its financial performance and its cash flows for the eleven months period 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.

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.

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As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional scepticism 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.

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.

03 May 2022
Colombo

Colombo West International Terminal (Private) Limited

INCOME STATEMENT

Eleven Months Period ended 31 March

In USD	Note	2022
Revenue		-
Cost of sales		-
Gross profit		-
Administration expenses		(260,426)
Depreciation and amortisation		(485,397)
Other expenses	7	(165,597)
Results from operating activities		(911,420)
Finance expense	8.1	(689,950)
Finance income	8.2	45,740
Net finance income		(644,210)
Loss before tax	9	(1,555,630)
Tax		-
Loss for the period		(1,555,630)

The accounting policies and notes as set out in pages 08 to 26 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

Eleven Months Period ended 31 March

In USD	Note	2022
Loss for the period		**(1,555,630)**
Other comprehensive income		
		-
Other comprehensive loss for the period, net of tax		-
Total comprehensive loss for the period, net of tax		**(1,555,630)**

The accounting policies and notes as set out in pages 08 to 26 form an integral part of these financial statements.

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Colombo West International Terminal (Private) Limited

STATEMENT OF FINANCIAL POSITION

As at 31 March

In USD	Note	2022
ASSETS		
Non current assets		
Property, plant and equipment	10	513,567
Right-of-use assets	11	176,047,338
		176,560,905
Current assets		
Other current assets	12	155,824
Short term Investments	13	12,264,538
Cash and cash equivalents	14	603,300
		13,023,662
Total assets		189,584,567
EQUITY AND LIABILITIES		
Stated capital	15	30,000,002
Accumulated losses	16	(1,555,630)
Total equity		28,444,372
Non current liabilities		
Interest bearing liabilities-leases	17	160,583,034
		160,583,034
Current liabilities		
Other current liabilities	18	5,063
Amounts due to related parties	19	552,098
		557,161
Total equity and liabilities		189,584,567

I certify that the financial statements comply with the requirements of the Companies Act No. 7 of 2007.

The Board of directors is responsible for these financial statements. Signed for and on behalf of the Board by,

Harikrishnan Sundaram
Director

Devika Weerasinghe
Director

The accounting policies and notes as set out in pages 08 to 26 form an integral part of these financial statements.

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Chartered Accountants
COLOMBO
03 May 2022
Colombo

Colombo West International Terminal (Private) Limited
STATEMENT OF CHANGES IN EQUITY
Eleven Months Period ended 31 March

In USD	Stated capital	Revenue reserve	Total equity
Loss for the period	-	(1,555,630)	(1,555,630)
Other comprehensive loss	-	-	-
Total comprehensive income	-	(1,555,630)	(1,555,630)
Issuance of shares	30,000,002	-	30,000,002
As at 31 March 2022	**30,000,002**	**(1,555,630)**	**28,444,372**

The accounting policies and notes as set out in pages 08 to 26 form an integral part of these financial statements.

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Colombo West International Terminal (Private) Limited
STATEMENT OF CASH FLOWS
Eleven Months Period ended 31 March

In USD	Note	2022
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Loss before tax		**(1,555,630)**
Adjustments for:		
Finance income	8.2	**(45,740)**
Finance expense	8.1	**689,950**
Depreciation of property, plant and equipment	10.	**2,092**
Depreciation of Right-of-Use Assets	11.1	**483,305**
Profit before working capital changes		**(426,023)**
(Increase)/Decrease in trade and other receivables		**(155,824)**
Increase in trade and other payables		**557,161**
Cash (used in)/from operations		**(24,687)**
Finance income received	8.2	**45,740**
Finance expense paid	8.1	
Net cash flows (used in)/from operating activities		**21,053**
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Purchase of property and equipment	10.	**(17,153,218)**
Net cash flow (used in)/from investing activities		**(17,153,218)**
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from issue of shares		**30,000,002**
Net cash flow (used in)/from financing activities		**30,000,002**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**12,867,838**
CASH AND CASH EQUIVALENTS AT THE BEGINNING		**-**
CASH AND CASH EQUIVALENTS AT THE END		**12,867,838**
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Favorable balances		
Cash in hand and at bank		**12,867,838**
Unfavorable balances		
Bank overdrafts		**-**
Total cash and cash equivalents		**12,867,838**

The accounting policies and notes as set out in pages 08 to 26 form an integral part of these financial statements.

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1. REPORTING ENTITY

1.1 Domicile and Legal Form

Colombo West International (Private) Limited, is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at 117, Sir Chittampalam A. Gardiner Mawatha, Colombo 02. The company was incorporated on 28th April 2021.

1.2 Principal Activities and Nature of Operations

The principal activities of the Company during the year are to the business of developing, operating and maintenance of West Container Terminal of Colombo port under build, operate and transfer basis.

1.3 Approval of Financial Statements

The Financial statements for the period ended 31st March 2022 were authorised for issue by the Directors on 03 May 2022.

1.4 Parent Entity and Ultimate Parent Entity

The Company is a consortium between Adani International Port Holdings Pte Ltd, John Keells Holdings PLC and Sri Lanka Ports Authority. The immediate parent of the Company is Adani International Port Holdings Pte Ltd and ultimate parent enterprise is Adani Ports and Special Economic Zone Limited, which is incorporated in India.

1.5 Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and presentation of these financial statements.

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2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements which comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes (the "financial statements") have been prepared in accordance with the Sri Lanka Accounting and Auditing Standard Act No.15 of 1995, which requires compliance with Sri Lanka Accounting Standards (SLFRS/LKAS) promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and with the requirements of the Companies Act No. 7 of 2007.

2.2 Basis of Measurement

The financial statements have been prepared on an accrual basis and under the historical cost convention. Assets and liabilities are grouped by nature and in an order that reflect their relative liquidity.

2.3 Going Concern

In determining the basis of preparing the financial statements for the year ended 31 March 2022, based on available information, the management has assessed the prevailing and anticipated effects of the current economic conditions on the company and the appropriateness of the use of the going concern basis.

It is the view of the management there are no material uncertainties that may cast significant doubt on the company's ability to continue to operate as going concern due to the improved operating environment despite the ongoing effects of the current economic conditions and the operationalisation of risk mitigation initiatives and continuous monitoring of business continuity and response plans along with the financial strength of the company. The management has formed a judgment that the company has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements.

2.4 Functional and Presentation Currency

The Company has used United States Dollars as the reporting currency instead of Sri Lankan Rupees, the functional currency of the country in which the Company is domiciled. The primary sources of income and expenditure of the Company are denominated in United States Dollars and hence the Board of Directors has decided to use United States Dollars as the reporting currency of the Financial Statements of the Company.

2.5 Use of Estimates and Judgements

The preparation of the financial statements of the Company require the management to make judgments, estimates and assumptions, which may affect the amounts of income, expenditure, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period.

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Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Company's accounting policies, management has made various judgements.

Those which management has assessed to have the most significant effect on the amounts recognised in the financial statements have been discussed in the individual notes of the related financial statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes to the financial statements. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Company's Financial Statements is included in the respective notes.

The line items which have most significant effect on accounting, judgements, estimate and assumptions are as follows;

a) Going Concern
b) Depreciation

In determining the above significant management judgements, estimates and assumptions the impact of the current economic conditions have been considered as of reporting date and specific considerations have been disclosed under the relevant notes.

2.6 Materiality and Aggregation

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

3. SIGNIFICANT ACCOUNTING POLICIES

Summary of significant accounting policies have been disclosed along with the relevant individual notes in the subsequent pages.

Those accounting policies presented with each note, have been applied consistently by the Company.

Other accounting policies not covered with individual notes

Following accounting policies which have been applied consistently by the Company, are considered to be significant but are not covered in any other sections.

3.1 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 be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right 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.

3.2 Fair Value Measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure.

Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Company recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

3.3 Transactions in Foreign Currencies

All transactions denominated in currencies other than United States Dollars are converted into United States Dollars, at the rate of exchange prevailing at the time the transactions were effected. Monetary assets and liabilities denominated in currencies other than United States Dollars are translated into United States Dollars at the rate of exchange ruling at the reporting date. The resulting gains and losses are accounted for in the profit or loss.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in currencies other than United States Dollars that are measured at fair value are retranslated to United States Dollars at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in currencies other than United States Dollars that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

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3.4 Income tax expense

3.4.1 Current Tax

The provisions of the Inland Revenue Act No.24 of 17 relating to the imposition of income tax on the project company on the profits and gains generated from the activities of the Strategic Development Project shall not apply for a period of 25 years as specified under Section 2 of the Strategic Development Project Act, No.14 of 2008 as amended.

The above tax exemption would commence from the first year in which the project company makes taxable profits or two years after commencement of commercial operations, whichever occurs earlier, and the profits of the company would be liable to income tax post the tax exemption period of 25 years in terms of the provisions of the Inland Revenue Act for the time being in force.

3.4.2 Deferred Tax

Deferred tax assets and liabilities are recognised for all temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, 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 utilized.

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 profit will allow the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.5 Borrowing Costs

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent where borrowings that are directly attributable to the construction of an asset that takes a substantial period of time to get ready for its intended use, are capitalized as part of that asset.

3.6 Events Occurring after the Reporting Date

All material events occurring after the reporting date have been considered and where necessary, adjustments to or disclosures have been made in the respective notes to the financial statements.

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3.7 Financial Instruments

3.7.1 Initial recognition of Financial Assets and Financial Liabilities

The Company shall recognise a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument.

3.7.2 Measurement of Financial Assets

A financial asset be measured at amortised cost if both of the following conditions are met:

(i) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and

(ii) 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.

A financial asset shall be measured at fair value unless it is measured at amortised cost in accordance with above criteria. The company measures Loans and Receivables and Trade and Other Receivables at amortised cost.

3.7.3 Classification of financial assets

The Company classify financial assets as subsequently measured at either amortised cost or fair value on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

3.7.4 Derecognition of financial assets

The Company derecognise a financial asset when and only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset as and the transfer qualifies for derecognition.

A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship be recognised in profit or loss when the financial asset is derecognised, impaired or reclassified in accordance and through the amortisation process.

3.7.5 Financial Liabilities Recognition

The company measured the financial liability at fair value, including the costs of the transaction which can be directly assigned financial liability, when these are designated at their fair value in the profit and loss account.

The Company assessed that the fair value of loans and borrowings, bank overdrafts, and trade and other payables.

The Company has the following non-derivative financial liabilities loans and borrowings, bank overdrafts, and trade and other payables.

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3.7.6 Financial Liabilities Subsequent measurement

All financial liabilities are measured at amortised cost, except for financial liabilities at fair value through profit or loss.

3.7.7 Derecognition of financial liabilities

The Company derecognizes a financial liability (or a part of a financial liability) from its statement of financial position when, and only when its contractual obligations are discharged or cancelled or expire.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss.

A gain or loss on a financial liability that is measured at amortised cost and is not part of a hedging relationship be recognised in profit or loss when the financial liability is derecognised and through the amortisation process.

3.7.8 Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount is presented in the Statement of Financial Position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.8 Liabilities and Provisions

Liabilities classified as current liabilities on the Statement of Financial Position are those, which fall due for payment on demand or within one year from the reporting date.

Non-current liabilities are those balances that fall due for payment after one year from the reporting date.

3.8.1 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.9 Capital Commitments and Contingencies

Contingent Liabilities are possible obligations whose existence will be confirmed only by occurrence or non-occurrence of uncertain future events not wholly within the control of the Company or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital Commitments and Contingent Liabilities of the Company are disclosed in the respective notes to the Financial Statements.

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4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2022. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

In 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets (LKAS 37) to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Company.

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

In 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued LKAS 16 Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment

These amendments had no impact on the financial statements of the Company.

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5. FINANCIAL INSTRUMENTS

Financial assets and liabilities by categories

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 9.

Financial assets by categories	**Financial assets measured At amortize cost**
As at 31st March	**2022**
In USD	
Financial instruments in non current assets	-
Financial instruments in current assets	
Short term deposits less than 90 days	12,264,538
Cash in hand and at bank	603,300
Total	**12,867,838**

The fair value of loans and receivables does not significantly vary from the value based on the amortised cost methodology.

Financial liabilities by categories	**Financial liabilities measured at amortised cost**
As at 31st March	**2022**
In USD	
Financial instruments in current liabilities	
Amounts due to related parties	**552,098**
Total	**552,098**

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

6. FINANCIAL RISK MANAGEMENT

Overview

Financial instruments held by the Company comprises of cash, fixed deposits, other receivables, trade and other payables and lease liabilities. The main purpose of these financial instruments is to manage the operating, investing and financing activities of the Company

The Company has exposure to the following risks arising from its 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.

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6. FINANCIAL RISK MANAGEMENT (Contd...)

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Chief Financial Officer and Treasury team develop and monitor risk management and treasury policies in relation to the financial instruments. These risks and treasury management policies are established to identify and analyse the risks faced by the Company, to set risk limits and controls to monitor risks. The Audit Committee and the Board of Directors monitor the compliance with these policies on a continuous basis and review the adequacy of the risk management framework to reflect market conditions and activities of the Company.

Financial Instrument Categories
In USD

	Note	Category	2022
Financial			
Short term	13	Measured at amortised cost	12,264,538
Cash and cash	14	Measured at amortised cost	603,300
			12,867,838
Financial			
Interest bearing liabilities-leases	17	Measured at amortised cost	160,583,034
Amounts due to related parties	19	Measured at amortised cost	552,098
			161,135,132

The Company manages its exposure to key financial risks, including interest rate, credit, currency and liquidity risks in accordance with the Company's risk and treasury management policies. The objective of these policies is to support the delivery of the Company's financial targets whilst protecting future financial security.

6.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Company, such as cash and cash equivalents and certain derivative instruments, the Company's exposure to credit risk arises from default of the counterparty. The Company manages its operations to avoid any excessive concentration of counterparty risk and the Company takes all reasonable steps to ensure the counterparties fulfil their obligations.

Credit risk exposure

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amount. Following table shows the maximum risk positions.

As at 31			**2022**	
In USD	**Notes**	**Cash in hand and at bank**	**Total**	**% of allocation**
Cash in hand and at bank	14	603,300	603,300	5%
Short Term Deposits	13	12,264,538	12,264,538	95%
Total credit risk exposure		12,867,838	12,867,838	100%
Total		12,867,838		

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6. FINANCIAL RISK MANAGEMENT (Contd...)

6.2 Liquidity Risk

The Company's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the Company has available funds to meet its medium term capital and funding obligations, including organic growth and to meet any unforeseen obligations and opportunities. The Company holds cash and undrawn committed facilities to enable the Company to manage its liquidity risk.

The Company monitors its risk to a shortage of funds using a daily cash management process. This process considers the maturity of both the Company's financial investments and financial assets (e.g. accounts receivable and other financial assets) and projected cash flows from operations.

The Company has implemented a mixed approach that combines elements of the cash flow matching approach and the liquid assets approach. The Company attempt to match cash outflows in each time bucket against the combination of contractual cash inflows plus other inflows that can be generated through the sale of assets, repurchase agreement, or other secured borrowings.

The Company continued to place emphasis on ensuring that cash and undrawn committed facilities are sufficient to meet the short, medium and long-term funding requirements, unforeseen obligations as well as unanticipated opportunities. Constant dialogue between company and banks regarding financing requirements, ensures that availability within each single borrower limit is optimised by efficiently reallocating under-utilised facilities within the Company.

The daily cash management processes at the business units include active cash flow forecasts and matching the duration and profiles of assets and liabilities, thereby ensuring a prudent balance between liquidity and earnings.

Net (debt)/cash

As at 31st March In USD	**2022**
Short term deposits less than 90 days	12,264,538
Cash in hand and at bank	603,300
Total liquid assets	**12,867,838**
	12,264,538
Bank overdrafts	-
Total liabilities	**12,264,538**
Net (debt)/cash	**603,300**

The following are the contractual maturities of financial liabilities

As at 31st March 2022
In USD

Financial Liabilities (Non- Derivative)	**Less than One Year**	**2 to 5 Years**	**More than 5 Years**	**Total**
Interest bearing liabilities-leases	-	36,588,792	331,974,325	368,563,117
Amounts due to related parties	552,098	-	-	552,098
	552,098	**36,588,792**	**331,974,325**	**369,115,215**

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6. FINANCIAL RISK MANAGEMENT (Contd...)

6.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices.

Market risks comprise two types of risk:
* Interest rate risk
* Currency risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The sensitivity analyses in the following sections relate to the position as at 31 March in 2022 and 2021.

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2022 and 2021.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short term debt obligations.

Foreign currency risk

The Company's exposure to foreign currency changes for all currencies other than USD is not material.
The foreign currency risk of the company considered to be immaterial as the operational currency of the company being US

7. OTHER INCOME AND EXPENSES

ACCOUNTING POLICY

Gains and losses

Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a group of similar transactions, which are not material are aggregated, reported and presented on a net basis.

7.1 Other income and expenses

Other income is recognised on an accrual basis.

For the period ended 31st March In USD	**2022**
7.2 Other Expenses	
Exchange gain /(loss)	**(165,597)**
	(165,597)

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8. NET FINANCE INCOME

ACCOUNTING POLICY

Finance income

For all financial instruments measured at amortised cost, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Finance expense

Finance costs comprise interest expense on borrowings. Interest expense is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial liability.

Borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

For the period ended 31st March In USD	**2022**
8.1 Finance Expense	
Site Lease Interest Component	**689,950**
	689,950
8.2 Finance Income	
Interest income	**45,740**
	45,740

9. LOSS BEFORE TAX

ACCOUNTING POLICY

Expenditure recognition

Expenses are recognised in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the income statement.

For the purpose of presentation of the income statement, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Company's performance.

For the period ended 31st March In USD	**2022**
Profit before tax is stated after charging all expenses including the following;	
Auditors' remuneration	**851**
Staff expenses	**91,492**
Depreciation of property, plant and equipment	**2,092**
Amortisation of right-of-use asset	**483,305**

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10. PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

Basis of recognition

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be reliably measured.

Basis of measurement

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment. Such cost includes the cost of replacing component parts of the plant and equipment, if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company derecognises the replaced part, and recognises the new part with its own associated useful life. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred.

Depreciation

Depreciation is calculated using a straight-line method on the cost of all property, plant and equipment, in order to write off such amounts over the estimated useful economic life of such assets.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

Impairment

The estimated useful life of assets is as follows:

Assets	**Years**
Computer equipment	5

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

As at 31st March	**Computer equipment**	**Capital Work in Progress**	**Total 2022**
In USD			
PROPERTY , PLANT AND EQUIPMENT			
10.1 Cost or valuation			-
Additions	16,404	499,254	**515,659**
As at 31st March 2022	**16,404**	**499,254**	**515,659**
Accumulated depreciation and impairment			-
Charge for the period	(2,092)	-	**(2,092)**
As at 31st March 2022	**(2,092)**	**-**	**(2,092)**
Carrying value			
As at 31st March 2022	**14,312**	**499,254**	**513,567**
	-	-	-

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10. PROPERTY, PLANT AND EQUIPMENT (Contd..)

10.2 Impairment of non-financial assets

ACCOUNTING POLICY

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flows model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flows model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

11. LEASES

The company has applied SLFRS 16 in assessing whether a contract is or contains a lease. A contract is or contains a lease if the Contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identifiable asset, the Company uses the definition of a lease in SLFRS16.

The Company recognizes a right-to-use asset and a lease liability at the lease commencement date. The right-of-use asset initially recognized at cost, which comprises the initial amount of the lease liability plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using straightline method from the commencement date to the end of lease term.

11.1 Right-of-use assets

As at 31st March In USD	Right-of-use Land
Cost or valuation	
Additions	176,530,643
As at 31st March 2022	**176,530,643**
Accumulated depreciation and impairment	
Charge for the period	(483,305)
As at 31st March 2022	**(483,305)**
Carrying value	
As at 31 March 2021	**176,047,338**

The company has entered into a site lease agreement on 25th February 2022 with Sri Lanka Ports Authority to lease a land area within the limits of Port of Colombo for a consideration of fixed lease rentals for a period of 35 years or until termination of BOT Agreement, whichever is earlier.

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As at 31st March In USD	Note	2022
12. OTHER CURRENT ASSETS		
Prepayments and non cash receivables		**18,000**
Interest Receivable		**28,159**
Advances to Suppliers		**109,665**
		155,824

13. SHORT TERM INVESTMENTS		
Short term deposits less than 90 days		**12,264,538**
		12,264,538

14. CASH AND CASH EQUIVALENTS		
Cash in hand and at bank		**603,300**
		603,300

As at 31st March	2022 Number of shares	Value of shares In USD
15. STATED CAPITAL		
Fully paid ordinary shares	**83,999,105**	**30,000,002**
At the end of the period	**83,999,105**	**30,000,002**

As at 31st March In USD	2022

The company has issued shares to its shareholders in consideration of initial subscription received in the proportion of 51% for Adadi International Port Holdings Pte Ltd, 34% for John Keells Holdings PLC and 15% for Sri Lanka Ports Authority.

Shareholder	Date Issued	No of Shares
Coastal International Terminals Pte Ltd (Formerly known as Adani International Terminal PTE LTD)*	12-01-2022	3
John Keels Holdings PLC	12-01-2022	2
Adani International Ports Holdings Pte Limited	23-03-2022	42,839,541
John Keels Holdings PLC	23-03-2022	28,559,694
Sri Lanka Ports Authority	23-03-2022	12,599,865

*Coastal International Terminals Pte Ltd has sold the subscriber shares (03 Nos) to Adani International Port Holdings Pte Ltd on 05th February 2022.

16. REVENUE RESERVE	
Profit/(Loss) for the period	**(1,555,630)**
Other comprehensive gain/(loss)	-
	(1,555,630)

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17. INTEREST BEARING LIABILITIES-LEASES

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if the cannot be readily determined the Company's incremental borrowing rate. The Company determines its incremental borrowing rate by using an interest rate 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.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

- fixed payments, including in-substance fixed payments
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

As at 31st March In USD	**2022**
INTEREST BEARING LIABILITIES-LEASES	
Present value of future lease payments	**159,893,084**
Interest Expense Charged to income statement	**689,950**
At the end of the period	**160,583,034**

18. OTHER CURRENT LIABILITIES

	2022
Accrued Expenses	**5,063**
	5,063

19. RELATED PARTY TRANSACTIONS

TERMS AND CONDITIONS WITH RELATED PARTY TRANSACTIONS

The Company carried out transactions in the ordinary course of business with the following related entities.

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.

19.1 Amounts due to related parties

	2022
John Keells Holdings PLC	**20,235**
Adani Ports and Special Economic Zone Limited	**531,863**
	552,098

19.2 Transactions with related parties

For the period ended 31st March In USD	**Relationship**	**2022**
John Keells Holding PLC	**Shareholder**	
Equity Investment		**10,200,001**
Reimbursement of Expenses		**1,989,293**
Adani Ports and Special Economic Zone Limited	**Ultimate Parent**	
Reimbursement of Expenses		**531,863**
Adani International Port Holdings Pte Ltd	**Shareholder**	
Equity Investment		**15,300,001**
Sri Lanka Ports Authority	**Shareholder**	
Equity Investment		**4,500,000**
(Receiving) / rendering of services		**15,000,000**

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20. EVENTS AFTER THE REPORTING PERIOD

There have been no other material events occurring after the reporting period that require adjustment to or disclosure in the Financial Statements other than the following.

The Company has signed a Facility Agreement (being a Financing Agreement) with Adani International Port Holdings Pte Ltd to borrow a total of USD 477 Mn which will be utilized in the next financial year(s).

21. CONTINGENT LIABILITIES

ACCOUNTING POLICY

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. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote.

Contingent assets are disclosed, where inflow of economic benefit is probable.

COLOMBO WEST INTERNATIONAL TERMINAL (PRIVATE) LIMITED

DETAILED STATEMENT OF COMPREHENSIVE INCOME
ELEVEN MONTHS PERIOD ENDED 31 MARCH 2022

Colombo West International Terminal (Private) Limited
DETAILED INCOME STATEMENT

For the eleven months period ended 31 March In USD	Statement	2022
Revenue		
Net revenue		-
Cost of sales		-
Gross Profit		-
Administration expenses	I	**(260,426)**
Depreciation and amortisation	II	**(485,397)**
Other expenses	III	**(165,597)**
Results from operating activities		**(911,420)**
Finance costs		**(689,950)**
Finance income		**45,740**
Net finance income		**(644,210)**
Profit/(Loss) before tax		**(1,555,630)**

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Colombo West International Terminal (Private) Limited
DETAILED INCOME STATEMENT

For the eleven months period ended 31st March In USD	2022
STATEMENT I	**2022**
ADMINISTRATION EXPENSES	
Operating Expenses	-
Employee Benefits Expenses	(91,492)
Other Admin Expenses	
Rent and rates	(731)
Professional services	(7,560)
Communication	(1,590)
Travelling	(37,973)
Audit fees	(851)
Maintenance	(1,205)
Other	(119,023)
	(260,426)
STATEMENT II	
DEPRECIATION AND AMORTISATION	
Depreciation	(2,092)
Site Lease Depreciation (SLFRS 16)	(483,305)
	(485,397)
STATEMENT III	
OTHER EXPENSES	
Exchange gain /(loss)	(165,597)
	(165,597)

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