LANKEM

Developments PLC

ANNUAL REPORT 2021/22

CONTENT

NOTICE OF MEETING

Notice is hereby given that the 47th Annual General Meeting of Lankem Developments PLC will be held on 27 September 2022, at 12.15 pm and conducted as a Virtual Meeting from 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01, for the following purposes:

1. To receive and consider the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2022 with the Report of the Auditors thereon.
2. To re-elect as a Director, Mr. K. P. David who retires in accordance with Articles 84 & 85 of the Articles of Association.
3. To reappoint as a Director, Mr. R. N. Bopearatchy who is over seventy years of age. Special Notice has been received from a shareholder of the intention to pass a resolution which is set out in the notes in relation to his reappointment (see note 5).
4. To reappoint as a Director, Mr. C. P. R. Perera who is over seventy years of age. Special Notice has been received from a shareholder of the intention to pass a resolution which is set out in the notes in relation to his reappointment (see note 6).
5. To reappoint as a Director, Mr. S. N. P. Palihena who is over seventy years of age. Special Notice has been received from a shareholder of the intention to pass a resolution which is set out in the notes in relation to his reappointment (see note 7).
6. To reappoint as a Director Mr. S.D.R. Arudpragasam, who is over seventy years of age. Special Notice has been received from a shareholder of the intention to pass a resolution which is set out in the notes in relation to his reappointment (see note 8).
7. To reappoint as Auditors, Messrs KPMG and authorize the Directors to determine their remuneration.

By Order of the Board

CORPORATE MANAGERS & SECRETARIES (PRIVATE) LIMITED

Secretaries

Colombo

31 August 2022

Notes:

1. A member of the Company who is entitled to attend and vote may appoint a proxy to attend and vote instead of him or her. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed with this Report. The instrument appointing a proxy must be deposited at the Registered Office of the Company's Secretaries at No. 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1, not less than forty eight hours before the time fixed for the meeting.
3. Members are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to represent them and vote on their behalf. Members are advised to complete the Form of Proxy and their voting preferences on the specified resolutions to be taken up at the Meeting and submit the same to the Company Secretaries in accordance with the instructions given on the reverse of the Form of Proxy.
4. Please refer the "Circular to Shareholders" dated 31 August 2022 for further instructions relating to the Annual General Meeting and for joining the Meeting virtually.
5. A Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

   Resolved –

   "That Mr. R. N. Bopearatchy who is eighty one years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. R. N. Bopearatchy."
6. A Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

   Resolved –

   "That Mr. C.P.R. Perera who is seventy eight years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr.C.P.R. Perera."

7. A Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

   Resolved –

   "That Mr. S.N.P. Palihena who is seventy five years of age, be and is hereby appointed a Director of the Company and it is further specially declared that the age limit of Seventy years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director, Mr. S.N.P. Palihena."

8. A Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

   Resolved –

   "That Mr. S. D. R. Arudpragasam who is seventy one years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of Seventy years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director, Mr. S. D. R. Arudpragasam. "

CHAIRMAN'S MESSAGE

On behalf of the Board of Directors, it is with great pleasure I present you with the Annual Report and the Audited Financial Statements for the year ended 31st March 2022, and welcome you to the 47th Annual General Meeting of Lankem Developments PLC.

The Group reported a revenue of Rs. 4.53 Bn, demonstrating a commendable 5% growth over the previous year, which was mainly driven by the notable increase in revenues from the Company's subsidiaries Agarapatana Plantations Ltd and Waverly Power (Pvt) Ltd during the period.

It was a period of unprecedented challenges with COVID-19 dominating the entire operation. Despite the signs of recovery in the early part of the financial year with many key sectors demonstrating positive performance, the macro-economic situation in the country took a turn towards the latter part of the year with the heightened COVID-19 threat once again disrupting the business environment as well as daily lives of the people. Added to this scenario, the end of the financial year witnessed a volatile economic and political situation with debt sustainability issues leading to high inflation, a rise in commodity prices and essential items along with a rapidly depreciating rupee against the US Dollar. Amidst these upheavals, I am pleased to inform you that our estates were able to continue uninterrupted operations. A significant initiative during the period was the tea auctions that were transformed onto an electronic platform with effect from March 2020 which admirably supported in facilitating the tea auctions.

Despite the uncertainties in the macro-economic environment, Agarapatana Plantations Ltd reported a turnover of Rs. 4.4 Bn, up by 5% YoY. The prudent strategic measures implemented by the company to improve tea production largely contributed to this revenue gain during the period. The initiation of mechanical harvesting processes to overcome worker shortages and the strict cost control measures adopted to streamline the company's operational expenses ascribed to this commendable performance. Subsequently, the company reported a profit after tax of Rs. 27.8 Mn against a net profit of Rs. 189.5 Mn reported in the previous year.

With improved productivity owing to our mechanization program and prudent cost control measures, the company remains optimistic about meeting the rising operational expenditure. In addition, the Company's management will capitalize on automating the tea harvesting in at least 20% of the revenue extent by the end of the next financial year to achieve a better yield whilst maintaining the required quality.

The import ban on the importation of inorganic fertilizer and essential chemical nutrients required for plantation crops affected the entire agriculture sector in the Country, including plantations. In spite of the ban having been lifted, we are still seeing repercussions of this decision which has affected the volume and quality of production. Nevertheless, we will take advantage of the ban being lifted and strive towards improving the production volumes. We are also confident of the informed recommendations of the National Research Institute to guide us and support the sustenance of the industry by discreetly addressing these challenges.

Our subsidiary, Waverly Power (Pvt) Ltd, which operates a hydropower generating unit reported a revenue of Rs. 48.6 Mn during the financial year, a 37% increase over the previous year. This is due to the increase in power generation by 37% to 3.3 Mn Kw hours owing to favourable weather conditions that prevailed during the year under review. The company's profit was at Rs. 8.7 Mn during the year under review against a net loss of Rs. 1.2 Mn reported during the previous year.

FINANCIAL REVIEW

For the year ended 31st March 2022, the Group recorded a revenue of Rs. 4.53 Bn and a net profit of Rs. 35 Mn mainly due to the decreased profit levels reported by Agarapatana Plantations Ltd. The Company recorded a net profit of Rs. 99.9 Mn during the year under review compared to the net profit of Rs. 40.2 Mn recorded in the previous year.

WAY FORWARD

The vision of the Group through Agarapatana Plantations Ltd (APL) is to become the highest producer of tea in the "High Grown" sector whilst being the foremost producer of high quality tea. Production increase will be sought through the use of chemical inputs and the expanded mechanized harvesting operation. The company will pursue gravity fed irrigation to dry weather prone fields, in both Agras and Uva Regions and the use of solar operated water pumps for irrigation shall also be considered.

All possibilities will be explored to maximize power generation from the Group's own resources through Waverly Power which is expected to bring in substantial savings to the Group.

In the long run, APL will seek the possibility of expanding automation of all operations with the objective of improving productivity at lower costs. Modern agricultural technology which also includes the use of drone technology for tea harvesting is also being pursued. Leaf transport systems will be improved, targeting zero leaf bag usage, looking to minimize handling and leaf damage and reduce costs. Factory modernization is also being considered to upgrade all tea factories to "state of the art" processing centers to bring about energy cost savings.

Not only Sri Lanka but the world itself is experiencing an economic downturn with the future having many uncertainties. It is most likely that our Group will also face several challenges in the ensuing year, however, we are hopeful that with the increased commodity prices and with the strategic initiatives planned the Group's performance will continue to thrive.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend my sincere gratitude to our valued shareholders and all other stakeholders for their continued trust and confidence in the Company. I am also profoundly thankful to the Board of Directors for their persistent support, wise counsel and guidance.

S. D. R. Arudpragasam
Chairman
31 August 2022

BOARD OF DIRECTORS

S. D. R. ARUDPRAGASAM

FCMA (UK)
Chairman

Mr. S.D.R. Arudpragasam is a fellow member of the Chartered Institute of Management Accountants (UK). He was appointed to the Board in 1989 and as Chairman in 2013. Further, whilst being associated with The Colombo Fort Land & Building Group of companies since 1982 and having served on the Board of The Colombo Fort Land & Building PLC (CFLB) since the year 2000 and as Deputy Chairman up to end June 2022 was appointed Chairman CFLB with effect from 1st July 2022. He also serves as Chairman of several subsidiaries of CFLB and holds the position of Chairman, Lankem Ceylon PLC and Chairman/Managing Director of E.B. Creasy & Company PLC in addition to holding other Directorships within the CFLB Group.

R. N. BOPEARATCHY

B.Sc. (Cey.), Dip. BM., MBA (Univ. of Col.)
Director

Mr. R. N. Bopearatchy was appointed to the Board in the year 2000. He has considerable expertise in product development, manufacturing and marketing of pesticides, pharmaceuticals and consumer products. Soon after graduation he was employed in Research in the Plant Pathology Division of the Tea Research Institute and subsequently joined Chemical Industries Colombo Limited and was appointed to its Board. He also served on the Boards of Crop Management Services (Pvt) Ltd. the managing agents for Mathurata Plantations Ltd., CIC Fertilizers Ltd. and Cisco Speciality Packaging (Pvt) Limited. He has held office as the Chairman of the Pesticide Association of Sri Lanka, the Toxicological Society of Sri Lanka and the International Mosquito Spiral Manufacturers Association (IMSMA). Mr. R. N. Bopearatchy currently holds several other Directorships within The Colombo Fort Land & Building Group.

He holds a Bachelor of Science degree from the University of Ceylon and a Masters in Business Administration from the University of Colombo and a Diploma in Business Management from NIBM.

K. P. DAVID

FCMA (UK), FCMA, CGMA
Director

Mr. K. P. David was appointed to the Board in October 2009. Having commenced his career in the banking sector, he joined E. B. Creasy & Company PLC as Group Accountant in 1993. Mr. David proceeded to be Head of Finance/CFO of Lankem Ceylon PLC(LCPLC) and its subsidiaries until March 2017. He was appointed to the Board of Lankem Ceylon PLC in 2007 and functioned as an Executive Director until July 2020. He was appointed as Managing Director of the J. F. Packaging Cluster in April 2017 and functions as Managing Director of J F Packaging Limited, Ceylon Tapes (Pvt) Limited, Kiffs (Pvt) Limited and Alliance Five (Pvt) Limited, in addition to holding several other directorships within the Lankem Group.

C. P. R. PERERA

Director

Mr. C.P.R. Perera joined the Board in 2011. He was appointed to the Board of The Colombo Fort Land & Building PLC (CFLB) in May 2013 and as Deputy Chairman with effect from 1st July 2022. He serves on the Boards of several subsidiaries of the CFLB Group and also holds directorships in other private and public companies. He retired as Chairman of Forbes & Walker Ltd., and its subsidiary companies in June 2005 after almost 44 years of service. He is also a past Chairman of the Sri Lanka Tea Board, Sri Lanka Insurance Corporation, PERC and Bank of Ceylon. Mr. Perera having held the Office of Chairman of Ceylon Tea Brokers PLC until 1st April 2022 continues to serve as a Non-Executive Director of the said Company. Mr. Perera has served as a Committee Member of the Ceylon Chamber of Commerce, The Planters Association of Ceylon, and on the Committee of Management of the Ceylon Planters Provident Society.

BOARD OF DIRECTORS

P.M.A. SIRIMANE

(FCA, MBA)
Director

Mr. P.M.A. Sirimane was appointed to the Board in June 2017. Mr. P.M.A. Sirimane joined the E.B. Creasy Group in October, 2009 and was appointed to the Board in November, 2009. Amongst other senior positions he has functioned as Managing Director/CEO of Mercantile Leasing Ltd., Group Finance Director of United Tractor & Equipment Ltd., Chief Financial Officer, Sri Lanka Telecom Ltd. and Director SLT Hong Kong Ltd. He has served as a Member of several Committees of the Institute of Chartered Accountants of Sri Lanka and was an ex-officio member of the International Leasing Association.

Mr. Sirimane serves on the Board of several subsidiaries of the E. B. Creasy Group and holds several other Directorships including The Colombo Fort Land & Building PLC on which he serves as Group Finance Director.

Mr. Sirimane is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and also holds a Masters in Business Administration from the University of Swinburne, Victoria Australia.

S.N.P. PALIHENA

FCIB (UK), FIB (SL), Post Grad. Dip.Bus. & FA
Director

Mr. S.N.P. Palihena was appointed to the Board in August 2017 and serves as an Independent Non-Executive Director of the Company. In addition to serving on the Board of E. B. Creasy & Company PLC and some of its subsidiaries, he also serves on certain other Boards of The Colombo Fort Land & Building Group.

He was a former Chief Executive Officer/General Manager of Bank of Ceylon and has had a distinguished banking career spanning almost forty years at the Bank of Ceylon. He has also worked at the National Development Bank of Sri Lanka for a period of over three years. Mr. Palihena is a former Director of the DFCC Bank and Softlogic Finance PLC.

He is a Fellow of the Chartered Institute of Bankers - London, and a Fellow of the Institute of Bankers – Sri Lanka. He also has a Post Graduate Diploma in Business and Financial Administration.

ANUSHMAN RAJARATNAM

B.Sc (Hons.), CPA, MBA
Director

Mr. Anushman Rajaratnam was appointed to the Board on 20th June 2019. He is at present the Group Managing Director of The Colombo Fort Land & Building PLC (CFLB). In addition, he serves on the Boards of several subsidiary companies of the CFLB Group. Prior to joining the CFLB Group, he worked oversees for a leading global Accountancy Firm. He holds a Bachelor of Science degree in Economics from the University of Surrey, UK, CPA Australia and MBA from Massachusetts Institute of Technology, USA.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Lankem Developments PLC present their Report on the affairs of the Company together with the Audited Financial Statements for the year ended 31st March 2022.

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

GENERAL

The Company was re-registered on 19 November 2007 as required under the Companies Act No. 07 of 2007.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Having changed its line of business in the year 2012, the Company now functions mainly as an Investment Holding Company. The principal activities of the subsidiaries have been described along with the Corporate Information in this Annual Report.

The Chairman's Review, the Management Discussion and Review together with the Financial Statements, reflects the state of affairs of the Company.

The Directors to the best of their knowledge and beliefs, confirmed that the Company has not engaged in any activities that contravene laws and regulations.

FINANCIAL STATEMENTS

The Financial Statements of the Company are given on pages 23 to 82

AUDITORS' REPORT

The Auditors' Report on the Financial Statements is given on pages 19 to 22

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Financial Statements are given on pages 27 to 40. These Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS) as issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the requirements of the Companies Act No.7 of 2007.

INTEREST REGISTER

Directors' Interest in Transactions

The Directors have made general disclosures as provided for in Section 192 (2) of the Companies Act No. 07 of 2007. Arising from this, details of contracts in which they have an interest are disclosed in Note 32 on pages 66 to 72

Directors' Interest in Shares

Directors of the Company who have an interest in the shares of the Company are required to disclose, their shareholdings and any acquisitions/disposals to the Board in compliance with Section 200 of the Companies Act.

Details pertaining to Directors' direct shareholdings are set out below.

Name of Director	No. of Shares	
	As at 31.03.2022	As at 31.03.2021
Mr. S. D. R. Arudpragasam	Nil	417,164
Mr. K. P. David	4,314	4,314
Mr. Anushman Rajaratnam	376,742	177,200

DIRECTORS' REMUNERATION

Key management compensation in respect of the Company and the Group for the financial year 2021/2022 are given in Note 32.6.2 on page 72 to the Financial Statements.

CORPORATE DONATIONS

No donations were made during the year (2020/2021 - Nil).

DIRECTORATE

The names of the Directors who held office during the financial year are given below and are profiled on pages 05 and 06

Mr. S. D. R. Arudpragasam - Chairman
Mr. R. N. Bopearatchy
Mr. K. P. David
Mr. C. P. R. Perera
Mr. P. M. A. Sirimane
Mr. S. N. P. Palihena
Mr. Anushman Rajaratnam

In terms of Articles 84 and 85 of the Articles of Association, Mr. K. P. David retires by rotation and being eligible offers himself for re-election.

Mr. R. N. Bopearatchy, who is over seventy years of age, offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. C.P.R. Perera, who is over seventy years of age, offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. S. N. P. Palihena, who is over seventy years of age, offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. S.D.R. Arudpragasam who is over seventy years of age offers himself for reappointment under and by virtue of a special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

The Board of Directors is responsible for determining the strategic direction of the Company and setting corporate values. By identifying and setting limits for the principal risks applicable to the various groups of stakeholders and exercising adequate controls, the Directors strengthen the safety and soundness of the Company.

AUDITORS

The Financial Statements of the Company for the year have been audited by Messrs KPMG the retiring Auditors, who have expressed their willingness to continue as Auditors of the Company and are recommended for reappointment. A resolution to reappoint them and to authorize the Directors to determine their remuneration will be proposed at the Annual General Meeting.

The Auditors, Messrs KPMG were paid Rs. 1.05 Mn (2020/2021 - Rs. 0.85 Mn) as audit fees and fees for audit-related services by the Company. Further, there were no non-audit related services during the year 2021/2022 (2020/2021 - Nil).

As far as the Directors are aware the Auditors do not have any relationship (other than that of an Auditor) with the Company. The Auditors do not have any interests in the Company.

REVENUE

The Revenue of the Company for the year was Nil (2020/21 – Rs. 5.2 Mn)

RESULTS

The Company made a Net Profit before Tax of Rs 99.9 Mn in the current financial year. The Net Profit before Tax for the previous year was Rs. 40.2 Mn.

INVESTMENTS

Investments made by the Company are given in Notes 17 and 18 on pages 54 and 55

PROPERTY, PLANT & EQUIPMENT

During 2021/2022 the Company did not invest in Property, Plant & Equipment (2020/2021 - Nil). The Directors are of the opinion that the net amount of Property, Plant & Equipment other than land appearing in the Balance Sheet are not greater than their market values as at 31st March, 2022. Market value of freehold land is given in Note 12 on pages 46 and 47

STATED CAPITAL

The Stated Capital of the Company as at 31st March, 2022 was Rs. 1,558,005,620/- and is represented by 120,000,000 issued and fully paid ordinary shares.

RESERVES

The total reserves of the Company as at 31st March 2022 comprised of general reserves of Rs 0.5 Mn and accumulated loss of Rs. 781 Mn whereas the total reserves of the Company as at 31st March 2021 comprised of general reserves of Rs. 0.5 Mn and accumulated loss of Rs. 881 Mn.

TAXATION

The Company's Liability to Taxation has been computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto.

Tax applicable rate for VAT for the Company is 12% of the turnover. The VAT recoverable as at 31st March, 2022 is Rs 6 Mn.

RELATED PARTY TRANSACTIONS

During the financial year there were no recurrent related party transactions which exceeded the respective thresholds mentioned in Section 9 of the Colombo Stock Exchange Listing Rules.However non recurrent related party transactions which exceeded the respective threshold which have been disclosed to the CSE are duly set out in Note 32.4.1 on page 68. The Company has complied with the requirements of the Listing Rules on Related Party Transactions. The Related Party Transactions presented in the financial statements are disclosed in Note 32 from pages 66 to 72.

SHARE INFORMATION

Information relating to Earnings, Dividend, Net Assets, and Market Value per share and share trading are given on pages 83 and 84.

EVENTS OCCURRING AFTER THE REPORTING DATE

Events occurring after the Reporting date that would require adjustments to or disclosure are disclosed in Note 36 on page 74

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital Commitments and Contingent Liabilities as at the Reporting date are disclosed in Notes 34 and on page 72.

EMPLOYMENT POLICY

The Group's/Company's recruitment and employment policy is non-discriminatory. The occupational health and safety standards receive substantial attention. Appraisals of individual employees are carried out in order to evaluate their performance and realize their potential. This process benefits the Group/ Company and the employees.

SHAREHOLDERS

It is the Company's policy to endeavor to ensure equitable treatment to its shareholders.

STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments of the Company due in relation to employees and the Government have been made promptly, up to date.

ENVIRONMENTAL PROTECTION

The Company's business activities can have direct and indirect effects on the environment. It is the Company's policy to minimize any adverse effect its activities have on the environment and to promote co-operation and compliance with the relevant authorities and regulations. The Directors confirm that the Company has not undertaken any activities which have caused or are likely to cause detriment to the environment.

INTERNAL CONTROL

The Directors acknowledge their responsibility for the Company's system of internal control. The system is designed to give assurance regarding the safeguarding of Assets, the maintenance of proper accounting records and the reliability of financial information generated. However, any system can ensure only reasonable and not absolute assurance that errors and irregularities are either prevented or detected within a reasonable period of time. The Board is satisfied with the effectiveness of the system of internal control for the period up to the date of signing the Financial Statements.

GOING CONCERN

The Directors, after making necessary inquiries and reviews including reviews of the Company's budget for the subsequent 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.

For and on behalf of the Board,

S. D. R. Arudpragasam
Director

P. M. A. Sirimane
Director

By Order of the Board

Corporate Managers & Secretaries (Private) Limited
Secretaries
Colombo
31 August 2022

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

The Corporate Governance structure spells out the guidelines in making decisions relating to corporate affairs. It also provides the structure through which the objectives of the Company are set out, as well as the means of attaining and monitoring the performance of those objectives. Sound Corporate Governance is reliant on external market place, commitment and legislation, plus a healthy Board Culture which safeguards policies and processes.

BOARD

Composition of the Board

The Directors are from varied business and professional backgrounds. Their expertise enables them to exercise independent judgment and their views carry substantial weight in decision making.

During the financial year ended 31st March 2022 the Board comprised of seven Non- Executive Directors three of whom were Independent.

The Directors are named below:

Mr. S. D. R. Arudpragasam	-	Chairman – Non-Executive
Mr. R. N. Bopearatchy	-	Non-Executive
Mr. K. P. David	-	Non-Executive
Mr. C. P. R. Perera	-	Independent - Non-Executive
Mr. P.M.A. Sirimane	-	Independent - Non-Executive
Mr. S.N.P. Palihena	-	Independent - Non-Executive
Mr. Anushman Rajaratnam	-	Non-Executive

The Non-Executive Directors have submitted declarations of their Independence or Non-Independence for the year. The Board makes a determination annually as to the independence/ non-independence of each Non - Executive Director.

Mr. C. P. R. Perera currently functions as the Deputy Chairmant of the Ultimate Parent Company (UPC) and holds Directorships of several subsidiaries of the UPC. He has served on the listed entity and on the Boards of certain subsidiaries of the Ultimate Parent Entity for more than nine years and is a Director on the Boards of certain companies of which a majority of the Directors serve on the Board of another. He also holds Directorships in some companies which have a significant shareholding in another. However, the Board having considered the fact that Mr. Perera is not directly involved in the management of the Company and having taken into consideration all other circumstances listed in the Rules pertaining to the criteria for Defining Independence is of the opinion that Mr. C. P. R. Perera is nevertheless independent.

Mr. P.M.A. Sirimane is a Director of the Ultimate Parent Company (UPC) and holds Directorships on several subsidiaries of the UPC and he has served some of these subsidiaries for over a period of nine years. He is employed by a subsidiary Company of the UPC since November 2009 in the capacity of Director/ CFO and has a material business relationship with such subsidiary. He is a Director on the Boards of certain Companies of which a majority of the Directors serve on the Board of another. He also holds Directorships in some companies which have a significant shareholding in another. However, the Board having considered the fact that Mr. Sirimane is not directly involved in the management of the Company and all other circumstances listed in the Rules pertaining to the criteria for Defining Independence is of the opinion that Mr. P.M.A. Sirimane is nevertheless independent.

Mr. S.N.P. Palihena is a Director of several subsidiaries of the Ultimate Parent Company, The Colombo Fort Land & Building PLC and has served for over a period of nine years on some of these subsidiaries. He serves on certain subsidiary Companies of which a majority of the Directors serve on Boards of another and is a Director of some Companies which have significant shareholdings in another. However, the Board having considered the fact that Mr. Palihena is not directly involved in the management of the Company and having taken into consideration all other circumstances listed in the Rules pertaining to the “Criteria for Defining Independence” is of the opinion that Mr. S. N. P. Palihena is nevertheless independent.

BOARD MEETINGS

The Board meets as and when required and matters are also referred to the Board and decided by resolutions in writing.

Management accounts and the progress reports are reviewed by the Board. Other matters of importance such as the Company’s business policies and strategy formulation, are reviewed to assure growth and the successful implementation of such strategies. Further approvals relating to the annual budgets, capital expenditure, new investments and new ventures are granted after consideration.

COMPANY SECRETARIES AND INDEPENDENT PROFESSIONAL ADVICE

The Directors may seek advice from Corporate Managers & Secretaries (Private) Limited who are qualified to act as Secretaries as per the provisions of the Companies Act No. 07 of 2007. Advice is also sought from independent external professionals whenever the Board deems it necessary.

INDEPENDENT JUDGEMENT

The Board is committed to exhibit high standards of integrity and independence of judgement. Each Director dedicates the time and effort necessary to carry out his responsibilities.

FINANCIAL ACUMEN

The Board includes four finance professionals who possess the necessary knowledge to offer the Board guidance on matters of finance.

MANAGEMENT MEETINGS

The Management Team meets frequently to review progress, discuss operational issues and other important developments that require consideration and follow up actions.

NOMINATION COMMITTEE AND APPOINTMENTS TO THE BOARD

The Nomination Committee, during the financial year comprised of Mr. C. P. R. Perera, Chairman, Mr. P.M.A. Sirimane, Independent Non-Executive Directors, Mr. S. D. R. Arudpragasam, Non-Executive Director and Mr. A. M. de S. Jayaratne, Independent Non-Executive Director of the Ultimate Parent Company, CFLB.

RE-ELECTION OF DIRECTORS

In terms of the Articles of Association of the Company, a Director appointed to the Board holds office until the next Annual General Meeting and seeks re-election by the shareholders at that meeting. The Articles of Association requires one-third or a number nearest to one-third of the Directors (excluding Chairman, Chief Executive, Managing or Joint Managing Director) in office to retire at each Annual General Meeting. The Directors to retire are those who have been longest in office since their last election. Retiring Directors are eligible for re- election by the shareholders.

CONSTRUCTIVE USE OF ANNUAL GENERAL MEETING/GENERAL MEETINGS

The Board considers the Annual General Meeting/General Meetings an opportunity to communicate with shareholders and encourages their participation. Questions raised by the shareholders are answered and an appropriate dialogue is maintained with them.

FINANCIAL REPORTING

The Board of Directors considers the timely publication of its Annual and Quarterly Financial Statements as a high priority. These publications include Financial and Non-Financial information in order to facilitate the requirements of the existing and potential shareholders. The Financial Statements are prepared in accordance with the Sri Lanka Accounting Standards.

AUDIT COMMITTEE

The Audit Committee Report is set out on page 15

REMUNERATION COMMITTEE

The Remuneration Committee, during the financial year comprised of Mr. C. P. R. Perera, Chairman, Mr. P.M.A. Sirimane, Independent Non-Executive Directors, Mr. S. D. R. Arudpragasam, Non-Executive Director and Mr. A. M. de S. Jayaratne, Independent Non-Executive Director of the Ultimate Parent Company, CFLB.

The Remuneration Committee Report is set out on page 14

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions are disclosed in Note 32.4 to the financial statements.

The Report of the Related Party Transactions Review Committee appear on page 13.

RISK MANAGEMENT REVIEW

Risk management involves identifying potential risk exposures faced by the Company and implementing proper risk management techniques to mitigate such risks. A disciplined approach to risk is important in a diversified organisation such as Lankem Developments PLC in order to ensure that we are executing according to our strategic objectives. On this perspective we only accept risk for which we are adequately compensated.

Lankem Developments PLC has overall responsibility for risk oversight with a focus on the most significant risks facing the Company. We consider risk management as a vital component in our operations and build upon management's risk assessment and mitigation processes, which include standardised reviews of long-term strategic and operational planning, regulatory and litigation compliance, health and safety, environmental compliance, financial reporting and controls and information technology and security.

RISK FACTORS

1. FINANCIAL RISK

Financial risk covers a broad area of risk, which mainly incorporates credit risk and market risk stemming from business operations.

1.1 Credit Risk Management

Credit risks arise due to the non-payment by debtors, which can lead to working capital issues. Lankem Developments PLC implements proper credit controls and debt collection policies to ensure that the Company selects only reliable distributors who are able to honour their debts.

1.2 Market Risk Management

Market risk refers to the risk arising from the volatilities in market forces. Lankem Developments PLC faces market risks in the financial sphere in terms of the local rates of interest, inflation and exchange rates. Given the current business environment, the Company is in a position to manage its interest rate risk. The other market risk that the Company faces is the risk associated with raw material pricing.

1.2.1 Liquidity Risk

Due to the nature of the businesses that Lankem Developments PLC operates in, it needs to ensure that working capital cycles are properly maintained so as to ensure that operations are not compromised due to the lack of adequate working capital. Lankem Developments PLC implements appropriate cash flow management techniques.

1.2.2 Inflation Rate Risk

Upward movements in inflation will mainly reduce the purchasing power of individuals as well as institutional customers. This will deteriorate the potential demand for Company products and increase the Company's cost base. The Company closely monitors fluctuations in price levels and focuses on the efficient management of its cost base so as to ensure the minimal increase in price to customers.

1.2.3 Foreign Exchange Risk

The Company is exposed to currency risk mostly on purchases that are denominated in a currency other than Sri Lankan Rupees (LKR). The foreign currencies in which these transactions primarily denominated are United Stated Dollars (USD).

Since the frequency of the transaction done in foreign currency is very low, the Group is not exposed to a higher degree of currency risk.

2. BUSINESS RISK

New entrants into markets that Lankem Developments PLC is already present in as well as intensification of competition from existing players in existing markets are the significant business risk that the Company faces. Variation in consumer spending patterns is also a potential business risk. Further relating to the plantation operations, worldwide consumption patterns and demand for tea has diverted consumers to other alternatives due to negative effects of global economic slowdown, climate changes, decreasing exports, etc. This in turn reduced the average global consumption of tea. This has constituted a significant business risk to the Company in the past year.

3. OPERATIONAL RISK

Operational risk relates to the risk arising from execution of business operations. The Company has established sound internal control systems in all its operations and continuously reviews and monitors those procedures to ensure accountability and transparency in all its operations such as plantation, investments, and power generation. The Company is in the process of strengthening its controlling and monitoring processes to ensure that the achievement of high quality and cost effectiveness of the processes while carrying out periodic compliance checks to ensure smooth functioning in all operations and minimised operational losses.

4. LEGAL AND COMPLIANCE

Legal and compliance risk relates to changes in the Government and regulatory environment, compliance requirements with policies and procedures, including those relating to financial reporting, environmental health and safety and intellectual property risks. Lankem Developments PLC continuously monitors regulatory changes in the environment and promptly responds and adapts to new changes.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Related Party Transactions Review Committee (RPTRC) which was formed in conformity with the Listing Rules of the Colombo Stock Exchange is entrusted with the responsibility of ensuring compliance with the rules and regulations governing Related Party Transactions for Listed Entities its main focus being enhancement of corporate transparency and fairness to all stakeholders.

COMPOSITION

The Company's Related Party Transactions Review Committee, during the financial year ended 31st March 2022 comprised of the following members:

Mr. P.M.A. Sirimane	-	Chairman - Independent/Non-Executive Director
Mr. C.P.R.Perera	-	Independent/Non-Executive Director
Mr. K.P David	-	Non-Executive Director

The Company's Secretaries Corporate Managers & Secretaries (Private) Limited function as the Secretaries to the Related Party Transactions Review Committee.

MEETINGS OF THE COMMITTEE

The Related Party Transactions Review Committee had met on four occasions during the financial year ended 31st March 2022 and the attendance was as follows:

Mr. P.M.A. Sirimane – Chairman	-	3/4
Mr. C.P.R. Perera	-	4/4
Mr. K.P. David	-	3/4

Further during the said period, the RPTRC has reviewed and recommended Related Party Transactions by Resolutions in writing.

Other members of the Board and the Management were present at discussions where appropriate. The proceedings of the RPTRC are regularly reported to the Board of Directors.

POLICIES, PROCEDURES AND FUNCTIONS OF THE COMMITTEE

The policies and procedures adopted by the Related Party Transactions Review Committee when reviewing and recommending transactions are consistent with Section 09 of the Listing Rules of the Colombo Stock Exchange.

Functions

- Review all proposed Related Party Transactions (Except for exempted transactions).
- Determining whether the relevant Related Party Transaction is fair to, and in the best interests of the Company and its stakeholders.
- Obtain updates on previously reviewed Related Party Transactions from Senior Management and approve any material changes.
- Establish guidelines for Senior Management to follow in ongoing dealings with related parties.
- Direct the transactions for Board approval / Shareholder approval as deemed appropriate.
- Ensuring that immediate market disclosures and disclosures in the Annual Report as required by the applicable rules and regulations are made in a timely and detailed manner.

CONCLUSION

The Related Party Transactions Review Committee has reviewed the Related Party Transactions entered into during the financial year under review and has communicated its comments and observations to the Board of Directors.

The Board of Directors have also declared in the Annual Report that there were no recurrent related party transactions which exceeded the respective thresholds mentioned in Section 9 of the Colombo Stock Exchange Listing Rules. However non recurrent transactions which have exceeded the respective threshold were duly disclosed to CSE and are set out in Note 32.4 on page 68 The Company has complied with the requirements of the Listing Rules on Related Party Transactions.

P. M. A. Sirimane
Chairman
Related Party Transactions Review Committee

31 August 2022

REMUNERATION COMMITTEE REPORT

The Remuneration Committee of Lankem Developments PLC comprise of the following members.

Mr. C. P. R. Perera - Chairman - Independent Non-Executive
Mr. P. M. A. Sirimane - Member - Independent Non-Executive
Mr. S.D.R. Arudpragasam - Member - Non-Executive
Mr. A.M. de S. Jayaratne - Member - Independent
Non- Executive – The Colombo Fort Land & Building PLC (Ultimate Parent Company)

The main function of the Remuneration Committee is to assist the Board in developing and administering an equitable and transparent method for setting policy on the overall human resources strategy of the Group, the remuneration of Directors and senior management of the Group, and for determining their remuneration packages, on the basis of their merit, qualifications, and competence, and having regard to the Company's operating results, individual performance, and comparable market statistics.

The key objective of the Committee is to attract, motivate and retain qualified and experienced personnel throughout the Group and to ensure that the remuneration of Executives at each level of management is competitive and are rewarded in a fair manner based on their performance.

C. P. R. Perera
Chairman
Remuneration Committee

31 August 2022

AUDIT COMMITTEE REPORT

The Audit Committee has the responsibility of assisting the Board in fulfilling its overall responsibility to the shareholders in relation to the integrity of the Company's financial reporting process in accordance with the Companies Act and other legislative reporting requirements including the adequacy of disclosures in the Financial Statements in accordance with the Sri Lanka Accounting Standards. The Audit Committee also has responsibility to ensure that the internal controls of the Company are in accordance with legal and regulatory requirements. The Committee evaluates the performance and the independence of the Company's external audit functions.

COMPOSITION

The Audit Committee, for the financial year ended 31st March 2022, comprised of an Independent Non-Executive Director of The Colombo Fort Land & Building PLC (CFLB) (Ultimate Parent Company) and the two Independent Non-Executive Directors of Lankem Developments PLC (LDPLC). The names of the members are set out below:

Mr. A. M. de S. Jayaratne	-	Chairman (Independent, Non-Executive Director - CFLB)
Mr. C. P. R. Perera	-	Member (Independent, Non-Executive Director - LDPLC)
Mr. P.M.A. Sirimane	-	Member (Independent, Non-Executive Director - LDPLC)

The Committee has a blend of experience in the commercial sector with financial expertise and high standing of integrity and business acumen in order to carry out their role efficiently and effectively. The Chairman of the Committee is a Fellow member of the Institute of Chartered Accountants of Sri Lanka and of England & Wales.

The Company's Secretaries, Corporate Managers & Secretaries (Private) Limited function as the Secretaries to the Audit Committee.

MEETINGS AND ATTENDANCE

The Audit Committee had met on four occasions during the financial year ended 31st March 2022 and the attendance was as follows:

Mr. A. M. de S. Jayaratne – Chairman	-	4/4
Mr. C. P. R. Perera	-	4/4
Mr. P.M.A. Sirimane	-	3/4

Further the matters which come under the purview of the Audit Committee are also reviewed and recommended by resolutions in writing.

Other members of the Board and the Management Committee were present at discussions where appropriate. The proceedings of the Audit Committee are regularly reported to the Board of Directors.

TERMS OF REFERENCE

The Committee is governed by the specific terms of reference set out in the Audit Committee Charter. The Committee focuses on the following objectives in discharging its responsibilities taking into consideration the terms of reference together with the requirements of the Listing Rules of the Colombo Stock Exchange:

(a) Risk Management

(b) Efficiency of the system of internal controls

(c) Independence and objectivity of the external (statutory) Auditors

(d) Appropriateness of the principal accounting policies used Financial Statement integrity

COMPLIANCE

During the year under review, the Committee has assisted the Board in ensuring compliance with the statutory provisions prior to publication of Interim Financial Statements and the Annual Report. The Committee has taken necessary measures to ensure that the Interim Financial Statements and the Annual Report are timely published and they are prepared and presented in accordance with Sri Lanka Accounting Standards and also in compliance with the Companies Act and other regulatory requirements. The Committee has assessed the adequacy of existing internal controls and risk management procedures and recommends to the Board, additional controls and risk mitigating strategies that could be implemented to strengthen the existing internal control system.

Further, the Committee has reviewed the routine operations of the Company and assessed the future prospects of its business operations and accordingly makes sure that the going concern assumption used in the preparation of the Financial Statements is appropriate.

EXTERNAL AUDIT

The Company has appointed KPMG as its External Auditors for the financial year ended 31st March, 2022 and the services provided by them are segregated between audit/assurance services and other advisory services. The Committee has reviewed the progress and conduct of the statutory audit function and discussed the audit related issues with the Auditors.

Messrs KPMG has also issued a declaration as required by the Companies Act No. 07 of 2007, that they do not have any relationship or interest in any of the companies in the Group, which may have a bearing on the independence of their role as Auditors.

The Committee after evaluating the independence and performance of the External Auditors, has recommended to the Board the reappointment of Messrs KPMG for the financial year ending 31st March 2023 subject to the approval of the Shareholders at the Annual General Meeting of the Company.

A. M. de S. Jayaratne
Chairman
Audit Committee

31 August 2022

MANAGEMENT DISCUSSION AND REVIEW

GLOBAL ECONOMY

The recovery prospects that were witnessed in the year 2021 were followed by unexpected developments heightening the macro-economic uncertainties. The resurgence of the pandemic and its related multidimensional challenges continue to have an impact on global economic performance. The Global output contracted in the second quarter of the year, owing to the downturns in China and Russia, while US consumer spending undershot expectations. The world economy that was already weakened by the pandemic suffered several aftershocks; higher-than-expected inflation worldwide -especially in the United States and major European economies which triggered tighter financial conditions; a worse-than-anticipated slowdown in China, recurring COVID-19 outbreaks and lockdowns; and further negative spillover effects from the war in Ukraine.

According to the baseline forecast of the World Economic Outlook, the global economy is projected to slow down from 6.1% last year to 3.2% in 2022, 0.4%age points lower than in April 2022. Lower growth witnessed earlier this year reduced household purchasing power, while the tighter monetary policy drove a downward revision of 1.4% in the United States. In China, further lockdowns and the intensifying real estate crisis led to a downward revision of growth by 1.1%, with major global spillovers. In Europe, significant downgrades reflected the spillover effects of the war in Ukraine and tighter monetary policy. Meanwhile, global inflation was also revised due to higher commodity prices as well as pandemic-related supply-demand mismatches. Hence, the anticipated inflation reached 6.6% in advanced economies and 9.5% in emerging markets and developing economies during the year, an upward revision of 0.9% and 0.8%, respectively. By 2023, disinflationary monetary policy is expected to bite, with global output growing by just 2.9%.

LOCAL ECONOMY

At the commencement of the financial year under review (2021), the Sri Lankan economy showed growth prospects supported by several factors. Overall normalization of the activities, vaccination drive, settling into remote work mode, relief measures by the Government to those affected and the pickup of key economic sectors contributed to the growth momentum during the period. As per the provisional national accounts estimates of the Department of Census and Statistics (DCS), the Sri Lankan economy recorded a growth of 3.7% in 2021, in real terms, compared to the contraction of 3.6% recorded in the preceding year. All key sectors of the economy registered growth during the year (agriculture, forestry and fishing by 2.0%; industry by 5.3%; and services by 3.0%) though the performance of the agriculture, forestry and fishing sector showed notable growth in the subcategories of growing of cereals (except rice), oleaginous fruits, and tea, the contraction in the growing of rice and other beverage crops weighed negatively on the sectoral performance.

This growth momentum was impacted in the second half of the year by intensified COVID-19 situation in the Country. The already exhausted economy from the prolonged pandemic lacked the strength to withstand the pressures of a new COVID-19 wave together with the resultant setbacks and the related mounting economic uncertainties. The Country's economy continued to plunge with some of the key economic sectors displaying subdued performance. The agriculture, manufacturing as well as services sectors suffered noticeably during the period. Towards the end of the financial year, Sri Lanka was faced with an acute debt sustainability issue with a significant drop in foreign reserves, rupee value fluctuations, high inflation with skyrocketing price hikes in essential items and commodities and above all lack of basic essentials. Inflationary pressure deepened with increased food inflation while the people's disposable income was affected reducing their purchasing power. These economic stresses mounted pressure on the public leading to social political unrest towards the end of the financial year.

LANKEM DEVELOPMENTS GROUP PERFORMANCE

In the above background, the Group recorded a revenue growth of Rs. 4,535 Mn recording an increase in revenue compared to the previous year's revenue of Rs. 4,332 Mn. This growth was mainly attributable to the growth witnessed in the plantation sector.

	Group	
	2022 Rs. Mn	2021 Rs. Mn
Revenue	4,535	4,332
Gross Profit	127	228
Profit Before Tax	68	166
Profit after tax	35	223

TEA

Agarapatana Plantations Limited is one of the Regional Plantation Companies that have a monocrop with only High Grown Tea. The tea gardens are situated in two regions, mainly Agarapatana region in the Western Planting District and Haputale region in the Uva Eastern Planting District.

While the total extent under cultivation remains the same as last season, estates in the Agarapatana Region comprises 57% of the total cultivation extent that accounts for 51% of total production of the Company. The balance extent, which is situated in the Haputale Region, accounts for 49% of the production, including bought crop. However, some estates in Haputale Region have poor seedling tea.

MANAGEMENT DISCUSSION AND REVIEW

Although there were minor impediments due to lack of rainfall and the COVID-19 pandemic, the Company made a profit before tax of Rs. 60 Mn, compared to a profit of Rs. 135 Mn in the previous year. Revenue also increased to Rs 4.4 Bn from Rs. 4.2 Bn despite the turbulent environment which prevailed during the period. This could be mainly attributed to the stringent cost control measures and heavy concentration on product quality that improved the tea prices in the market compared to the previous years.

The sales averages also improved mainly due to improvement in green leaf quality owing to adopting various methods of harvesting and by moving forward with mechanized plucking. Further, the Government's decision to withdraw the subsidy for fertilizer resulted in increased cost for fertilizer applications. Large sums of funds were also utilized for machinery maintenance in the factories and upgrading.

Electricity

Energy security of the Country is a critical aspect that requires collaboration of all stakeholders in the energy sector. By developing a holistic plan to ensure energy security, it is important for the energy related State-owned Business Entities (SOBEs) to serve as growth drivers of the economy creating positive externalities. In the post-conflict era, the energy sector in Sri Lanka witnessed a rapid transformation with electrification levels reaching 99% indicating a significant progress in supplementing the power generation infrastructure base of the Country. The Government's recent push to expand the renewable energy sector in the Country is expected to cater to 70% of the nation's energy requirement by 2030, a positive initiative that would substantially improve the resilience in the energy sector. At a time of frequent weather-related impediments that affect hydropower generation and rising commodity prices that could hinder thermal power generation, the focus on renewable energy will be a timely investment.

In this backdrop, our subsidiary Waverly Power (Pvt) Ltd, which operates a hydropower generating unit, recorded a revenue of Rs. 48.6 Mn against the Rs. 35.5 Mn revenue generated in the previous year. The total power generation for the period ended 31st March 2022 is units 3,333,415 and it contributed to a total profit of Rs. 8.7 Mn.

INDEPENDENT AUDITORS' REPORT

KPMG
(Chartered Accountants)
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TO THE SHAREHOLDERS OF LANKEM DEVELOPMENTS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Lankem Developments PLC ("the Company") and the consolidated Financial Statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31st March 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information set out on pages 23 to 82.

In our opinion, the accompanying Financial Statements of the Company and Group give a true and fair view of the financial position of the Company and the Group as at 31st March 2022, and of their financial performance and 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 Group 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company financial statements and the Consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statement and the Consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of Investments in Subsidiaries and Goodwill

(Refer to the significant accounting policies in Notes 3.1, 3.9.2 and explanatory Notes 16 and 17 to the Financial Statements).

Risk Description

The Group has reported a goodwill of Rs. 629 Mn as at 31st March 2022. The recoverable amounts of the identified CGUs have been determined based on fair value less cost to sell calculation. The Company's investment in subsidiaries amounted to Rs. 2,155.5 Mn as at 31st March 2022.The subsidiary operating in the plantation industry has already been tested for impairment in the previous years and the carrying amount of this investment in subsidiary amounted to Rs. 1,423.4 Mn as at 31st March 2022. The Management carried out an impairment assessment for investment of this subsidiary as at 31st March 2022 using a consistent basis similar the previous year, as per the requirements of LKAS 36 – "Impairment of Assets" and determined a reversal of Rs. 139.4 Mn for the year ended 31st March 2022.

KPMG

We considered the audit of management's impairment assessment of goodwill and investment in subsidiaries to be a key audit matter due to the magnitude of the carrying amounts of goodwill and investment in subsidiaries in the financial statements as at 31st March 2022. In addition, these areas were significant to our audit because the impairment assessment process involves significant management judgement and required the management to make various assumptions in the underlying fair value less cost to sell calculation.

- Our audit procedures included;
- Evaluating the investments in subsidiary and goodwill balances for impairment indicators and comparing carrying amounts and recoverable amounts to assess the adequacy of the provision for impairment.
- Assessing and challenging the appropriateness of the valuation methodologies and key assumptions used by the management with reference to recent transactions and market data and engaging an internal valuation expert to assist us in evaluating the assumptions, methodologies and data used in the impairment tests.
- Assessing the appropriateness of the input data to supporting evidences on a sample basis, such as publicly available peer Company data and internal source data in assessing the arithmetical accuracy and reasonableness of the computation of average market multiples, liquidity adjustments and control premiums used in value in use computations.
- Assessing the adequacy and appropriateness of the disclosures made in the Financial Statements of the Company and the Group.

Measurement of Biological Assets

(Refer to the significant accounting policy in Note 3.5 and explanatory Notes 13 and 14 of the consolidated Financial Statements).

Risk Description

The Group has reported biological assets amounting to Rs. 3,664.8 Mn as at 31st March 2022. This amount consists of bearer biological assets amounting to Rs. 2,225.5 Mn and consumable biological assets amounting to Rs. 1,439.3 Mn.

Bearer biological assets mainly include mature and immature tea fields. Inappropriate transfer from immature to mature plantations has a significant impact on the carrying value of the bearer plants and the reported profits as capitalization of costs will cease from the point of transfer and the mature plantations are depreciated over the useful lives of the plants. As per the industry practice, transfer of immature plantations to mature plantation fields happens at the point of commencement of commercial harvesting. The actual point of which commercial harvesting could start depends on the soil condition, weather patterns and plant breed.

The valuation of consumable biological assets requires significant levels of judgments and technical expertise in selecting appropriate valuation models and assumptions. The management engaged an external valuation expert to assist in determining the fair value of the consumable biological assets.

We considered this as a key audit matter because the valuation of consumable biological assets involved significant judgments exercised by the management and external valuation expert and were subjected to significant level of estimation uncertainty. Further, immature to mature transfer of bearer biological assets require management to exercise their judgement in determining the point at which a plant is deemed ready for commercial harvesting.

Our audit procedures for consumable biological assets included reviewing the conclusions and workpapers related to the following audit procedures performed by the component auditors of the plantation sector on behalf of us;

- Evaluating the competence, capability and objectivity of the external valuer engaged by the company.
- Assessing the completeness and accuracy of the key data used by the external valuer to the underlying data, by tracing those to the underlying books and records maintained by the company. This also included assessing the appropriateness and consistency of the application of the formula used for deriving the expected timber volume.
- Reading the external valuer's report and understanding key estimates made and approach taken by the valuer in determining the fair value of consumable biological assets.
- Assessing the reasonableness of key assumptions used, in particular the discount rate, expected timber volume and average current market price by comparing those with the industry practices that are generally used in determining fair value of consumable biological assets.
- Assessing the adequacy of the disclosures of consumable biological assets made in the notes to the financial statements relating to the significant estimates and judgements.

Our audit procedures for bearer biological assets included reviewing the conclusions and workpapers related to the following audit procedures performed by the component auditors of the plantation sector on behalf of us;

- Assessing the processes and controls in place to ensure proper identification of the expenses to be capitalized relating to immature plantations.
- Validating the significant amounts capitalized (including capitalized labour and other acceptable costs) by examining related invoices, capital expenditure authorizations and other corroborative evidences.
- Assessing the timely transfers from respective immature to matured plantation categories by examining the ageing profile of immature plantations.

KPMG

- Inspecting the ageing profile of the immature biological assets as of the reporting date to ensure that triggers of impairment (if any) are duly identified, assessed for probable impairment losses and duly accounted for in the financial statements.
- Assessing the adequacy of the disclosures of bearer biological assets made in the notes to the financial statements.

Valuation of Retirement benefit Obligation

(Refer to the significant accounting policy in Note 3.12.3, explanatory Notes 30 and 34 of the consolidated Financial Statements).

Risk Description

TThe Group has recognized retirement benefit obligation of Rs. 1,129.9 Mn and disclosed a contingent liability of Rs. 163 Mn as at 31st March 2022. The retirement benefit obligation of the Group is significant in the context of the total liabilities of the Group. The valuation of the Group's retirement benefit obligation requires significant judgment and estimation to be applied across numerous assumptions, including salary increases and discount rate. Minor changes in those assumptions could have a significant effect on the financial performance and financial position of the Group.

Management engaged an independent actuary to assist them in the estimation of the Retirement benefit obligation. We considered the estimation of the retirement benefit obligation to be a key audit matter due to the magnitude of the amounts recognized in the financial statements as well as estimation uncertainty involved.

Our audit procedures for valuation of retirement benefit obligation included reviewing the conclusions and workpapers related to the following audit procedures performed by the component auditors of the plantation sector on behalf of us and/or the Group engagement team;

- Assessing the competency, independence, capability and objectivity of the external valuer engaged by the Company.
- Reading the external actuary's report and understanding key estimates made and the approach taken by the valuer in determining the present value of the retirement benefit obligation.
- Assessing the assumption for salary/wage growth rates considering the historical collective agreements and management's assessment of the probable implication of the salary/wage growth rate negotiations described in note 34.2 to these financial statements.
- Agreeing the reasonableness of the discount rate used by the actuary, considering the government treasury bond yield rates published by the Central Bank of Sri Lanka.
- Validating the key inputs used by the actuary to the underlying data held by the Company.
- Evaluating the adequacy of disclosures on retirement benefit obligation given in Notes to the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the Financial Statements and our auditor's report thereon.

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 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group'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.

INDEPENDENT AUDITORS' REPORT

KPMG

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 and the Group'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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 ethical requirements in accordance with the Code of Ethics 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 3029.

KPMG

Chartered Accountants
Colombo
31 August 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		GROUP		COMPANY	
For the year ended 31st March		2022	2021	2022	2021
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue	5	4,535,128	4,332,235	-	5,201
Cost of Sales		(4,407,884)	(4,103,833)	-	-
Gross Profit		127,244	228,402	-	5,201
Change in Fair Value of Biological Assets	14.2.1	158,117	269,956	-	-
Other Income	6	158,139	86,951	340	-
Administrative Expenses		(138,874)	(158,691)	(4,636)	(5,856)
Other Reversals	7	-	-	139,431	45,959
Reversal of Impairment of Amount due from Related Parties	32	-	-	743	338
Finance Income	8	34,092	9,212	4,102	8,861
Finance Cost	8	(270,687)	(269,636)	(40,055)	(14,270)
Net Finance Cost		(236,595)	(260,424)	(35,953)	(5,409)
Profit before Tax	9	68,031	166,194	99,925	40,233
Tax (Expenses) / Reversals	10	(33,516)	56,713	-	-
Profit for the Year		34,515	222,907	99,925	40,233
Other Comprehensive Income / (Expense)					
Items that will not reclassified to Profit or Loss					
Actuarial Gain on Retirement Benefit Obligation	30	579,982	133,055	-	-
Revaluation Surplus on Lands	24	2,591	-	2,591	-
Tax Effect on Components of OCI	29	(61,520)	(13,970)	(622)	-
Deferred Tax Effect on Revaluation Reserve due to Change in Tax Rate	29.2	-	514	-	514
Changes in Fair Value of Financial Assets classified as FVOCI	18	(29,887)	(44,694)	62	1,458
Other Comprehensive Income for the Year		491,166	74,905	2,031	1,972
Total Comprehensive Income for the Year		525,681	297,812	101,956	42,205
Profit for the Year Attributable to:					
Owners of the Company		12,530	137,051	99,925	40,233
Non- Controlling Interest		21,985	85,856	-	-
Profit for the Year		34,515	222,907	99,925	40,233
Total Comprehensive Income Attributable to:					
Owners of the Company		368,841	184,584	101,956	42,205
Non- Controlling Interest		156,840	113,228	-	-
Total Comprehensive for the Year		525,681	297,812	101,956	42,205
Earnings per Share (Rs.)	11.1	0.10	1.14	0.83	0.34

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related Notes, which form a part of the Financial Statements set out on the pages 27 to 82.

STATEMENT OF FINANCIAL POSITION

As at 31st March	Notes	GROUP 2022 Rs. '000	GROUP 2021 Rs. '000	COMPANY 2022 Rs. '000	COMPANY 2021 Rs. '000
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	12	760,093	799,416	22,400	19,809
Bearer Biological Assets	13	2,225,511	2,235,530	-	-
Consumable Biological Assets	14	1,439,365	1,289,676	-	-
Right to Use Assets	15	171,583	185,205	-	-
Intangible Assets	16	629,064	629,064	-	-
Investments in Subsidiaries	17	-	-	1,467,481	1,098,878
Deferred Tax Assets	29	-	8,792	-	-
Financial Assets Measured at Fair Value Through Other Comprehensive Income	18.1	5,150	35,037	3,980	3,918
Total Non-Current Assets		5,230,766	5,182,720	1,493,861	1,122,605
Current Assets					
Inventories	19	473,853	515,934	-	-
Produce on Bear Biological Assets	14.2	10,852	8,856	-	-
Trade & Other Receivables	20	265,428	246,878	14	14
Amounts due from Related Parties	32.1.1	96,297	90,056	17,736	29,714
Loans due from Related Parties	32.1.3	419,584	388,176	10,163	10,064
Taxes Recoverable	21	48,765	62,958	4,164	4,164
Cash & Cash Equivalents	22	93,414	153,529	17	17
Total Current Assets		1,408,193	1,466,387	32,094	43,973
TOTAL ASSETS		6,638,959	6,649,107	1,525,955	1,166,578
EQUITY AND LIABILITIES					
Stated Capital	23	1,558,006	1,558,006	1,558,006	1,558,006
General Reserve	25	500	500	500	500
Revaluation Reserves	24	11,742	9,773	11,742	9,773
Reserve for Financial Assets at Fair Value Through OCI		(115,001)	(93,370)	608	546
Accumulated Losses		(868,718)	(1,214,547)	(780,940)	(880,865)
Equity Attributable to Equity Holders of the Parent		586,529	260,362	789,916	687,960
Non-Controlling Interest		306,050	(123,941)	-	-
Total Equity		892,579	136,421	789,916	687,960
Non-Current Liabilities					
Interest Bearing Borrowings	26	830,593	862,840	-	-
Deferred Income	28	192,565	197,099	-	-
Deferred Tax Liabilities	29	67,418	-	3,708	3,086
Lease Liabilities	27	4,093	3,953	-	-
Retirement Benefit Obligations	30	1,129,917	1,557,597	-	-
Loans due to Related Parties	32.2	-	82,796	-	82,796
Total Non-Current Liabilities		2,224,586	2,704,285	3,708	85,882
Current Liabilities					
Trade & Other Payables	31	1,855,064	1,976,281	14,813	12,538
Income Tax Payable		21,536	13,996	-	-
Amounts due to Related Parties	32.3	130,439	433,632	111,774	17,170
Loans due to Related Parties	32.2	600,726	360,000	600,726	360,000
Interest Bearing Borrowings	26	477,637	593,747	-	-
Lease Liabilities	27	595	540	-	-
Bank Overdraft	22	435,797	430,205	5,018	3,028
Total Current Liabilities		3,521,794	3,808,401	732,331	392,736
Total Liabilities		5,746,380	6,512,686	736,039	478,618
TOTAL EQUITY AND LIABILITIES		6,638,959	6,649,107	1,525,955	1,166,578
Net Asset per Share (Rs.)		4.89	2.17	6.58	5.73

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related Notes, which form a part of the Financial Statements set out on the pages 27 to 82.

It is certified that the Financial Statements have been prepared in compliance with the requirements of Companies Act No. 07 of 2007.

S.A.S.Asiri
Assistant General Manager - Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Approved and signed for and on behalf of the Board of Directors of Lankem Developments PLC.

S.D.R. Arudpragasam
Chairman
Colombo
31 August 2022

P. M. A. Sirimane
Director

STATEMENT OF CHANGES IN EQUITY

GROUP	Equity Attributable to Owners of the Company						Non-Controlling Interest	Total
	Stated Capital	General Reserve	FVTOCI Reserve	Revaluation Reserve	Accumulated Losses	Total		
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April 2020	1,558,006	500	(65,997)	9,259	(1,374,313)	127,455	(288,846)	(161,391)
Profit for the Year	-	-	-	-	137,051	137,051	85,856	222,907
Other Comprehensive Income/ (Expense) for the Year	-	-	(27,373)	514	74,392	47,533	27,372	74,905
Effect of changes in Effective Holdings in Subsidiaries	-	-	-	-	(51,677)	(51,677)	51,677	-
Balance as at 1st April 2021	**1,558,006**	**500**	**(93,370)**	**9,773**	**(1,214,547)**	**260,362**	**(123,941)**	**136,421**
Profit for the year	-	-	-	-	12,530	12,530	21,985	34,515
Other Comprehensive Income / (Expense) for the Year	-	-	(21,631)	1,969	375,973	356,311	134,855	491,166
Share issued by the Subsidiary	-	-	-	-	-	-	230,477	230,477
Effect of changes in Effective Holdings in Subsidiaries (Note 17.1)	-	-	-	-	(42,674)	(42,674)	42,674	-
Balance as at 31st March 2022	**1,558,006**	**500**	**(115,001)**	**11,742**	**(868,718)**	**586,529**	**306,050**	**892,579**

COMPANY	Stated Capital	General Reserve	FVTOCI Reserve	Revaluation Reserve	Accumulated Losses	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April 2020	1,558,006	500	(912)	9,259	(921,098)	645,755
Profit for the Year	-	-	-	-	40,233	40,233
Other Comprehensive Expense for the Year, Net of Tax	-	-	1,458	514	-	1,972
Balance as at 1st April 2021	**1,558,006**	**500**	**546**	**9,773**	**(880,865)**	**687,960**
Profit for the Year	-	-	-	-	99,925	99,925
Other Comprehensive Income for the Year, Net of Tax	-	-	62	1,969	-	2,031
Balance as at 31st March 2022	**1,558,006**	**500**	**608**	**11,742**	**(780,940)**	**789,916**

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related Notes, which form a part of the Financial Statements set out on the pages 27 to 82.

STATEMENT OF CASH FLOWS

For the year ended 31st March	Notes	GROUP 2022 Rs. '000	GROUP 2021 Rs. '000	COMPANY 2022 Rs. '000	COMPANY 2021 Rs. '000
Cash Flows from Operating Activities					
Profit before Tax		68,031	166,194	99,925	40,233
Adjustments for :					
Depreciation of Property, Plant & Equipment	12	68,835	67,842	-	-
Depreciation of Bearer Biological Assets	13	69,357	67,175	-	-
Amortization of Right of Use Assets	15	13,621	14,598	-	-
Dividend Income	5	-	(252)	-	-
Interest Expense	8	270,687	269,636	40,055	14,270
Profit on Disposal of Property, Plant & Equipment	6	(340)	(3,292)	(340)	-
Interest Income	8	(34,092)	(9,212)	(4,102)	(8,861)
Provision for Retirement Benefit Obligation	30	177,492	241,322	-	-
Reversal for Impairment of Loans and Amounts due from Related Parties	32.1	-	-	(743)	(338)
Gain on Disposal of Financial Assets Measured at FVTPL		-	(4,949)	-	(4,949)
(Reversal) / Provision for Impairment of Investment in Subsidiaries	17.1	-	-	(139,431)	(45,959)
Net Gain on Change in Fair Value of Biological Assets	14.3	(158,117)	(269,956)	-	-
Write off of Unclaimed ESC Recoverable		-	23,583	-	-
Amortization of Deferred Income	6	(9355)	(8,849)	-	-
Write back of Tax Payable		65,635	-	-	-
Operating Profit/ (Loss) before Working Capital Changes		531,754	553,840	(4,636)	(5,604)
Decrease / (Increase) in Inventories		42,081	(89,227)	-	-
(Increase) in Trade & Other Receivables		(4,357)	(105,904)	-	-
(Increase) / Decrease in Amounts due from Related Parties		(73,237)	(59,079)	16,723	(5,031)
(Decrease) / Increase in Trade & Other Payables		(186,851)	257,805	2,276	2,398
(Decrease) / Increase in Amounts due to Related Parties		(273,429)	39,815	(16,304)	(342)
Cash Generated from (Used in) Operations		35,961	597,250	(1,941)	(8,579)
Income Tax, WHT and Economic Service Charge Paid		(11,286)	-	-	-
Interest Paid		(255,810)	(246,822)	(389)	(453)
Gratuity Paid		(25,190)	(82,147)	-	-
Net Cash (Used in) / Generated from Operating Activities		(256,325)	268,281	(2,330)	(9,032)
Cash Flows from Investing Activities					
Acquisition of Property, Plant & Equipment	12	(26,920)	(55,950)	-	-
Investment in Subsidiaries	17	-	-	-	(360,000)
Investment in Bearer Plants	13	(36,224)	(44,967)	-	-
Investment in Consumable Biological Assets	14	(7,593)	(8,457)	-	-
Interest Received	18	2,684	9,212	-	-
Dividend Received		-	252	-	-
Proceeds from Sale of Trees	14	14,025	8,349	-	-
Proceeds from Disposal of Property, Plant & Equipment		340	3,292	340	-
Proceeds from Disposal of Financial Assets Measured at FVOCI		-	2,800	-	2,800
Proceeds from Disposal of Financial Assets Measured at FVTPL		-	8,405	-	8,405
Net Cash (Used in) / Generated from Investing Activities		(53,688)	(77,064)	340	(348,795)
Cash Flows from Financing Activities					
Capital Grants Received	28	4,821	2,753	-	-
Loan Granted to Related Parties	32	-	(360,000)	-	-
Proceeds from Long Term Loans	26.1	417,727	105,700	-	-
Loans Obtained from Related Parties		157,930	360,000	-	360,000
Repayment of Long Term Loans	26.1	(497,915)	(195,777)	-	-
Repayment of Lease Rental	27	(565)	(1,688)	-	-
Net Movement in Short Term Borrowings	26.2	(68,169)	(29,394)	-	-
Share issued by the Subsidiary to Non Controlling Interest		230,477	-	-	-
Net Cash Generated from / (Used in) Financing Activities		244,306	(118,406)	-	360,000
Net (Decrease) / Increase in Cash & Cash Equivalents		(65,707)	72,811	(1,990)	2,173
Cash & Cash Equivalents at the Beginning of the Year	22	(276,676)	(349,487)	(3,011)	(5,184)
Cash & Cash Equivalents at the End of the Year	22	(342,383)	(276,676)	(5,001)	(3,011)
Analysis of Cash & Cash Equivalents at the End of the Year					
Cash in Hand and at Bank		93,414	153,529	17	17
Bank Overdrafts		(435,797)	(430,205)	(5,018)	(3,028)
Cash & Cash Equivalents at the End of the Year	22	(342,383)	(276,676)	(5,001)	(3,011)

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related Notes, which form a part of the Financial Statements set out on the pages 27 to 82.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1 Domicile and Legal Form

Lankem Developments PLC (the 'Company') is a Company domiciled in Sri Lanka which was incorporated on 14th October 1974. The registered office of the Company is situated at No. 98, Sri Sangaraja Mawatha, Colombo 10, Sri Lanka.

The consolidated Financial Statements of Lankem Developments PLC, as at and for the year ended 31st March 2022, comprise of the Company and its subsidiaries (together referred to as the Group, individually as 'group Entities') and the Group's interest in equity accounted investees.

The immediate and ultimate holding Companies of Lankem Developments PLC are Consolidated Tea Plantations Limited and The Colombo Fort Land & Building PLC, respectively.

1.2 Principal activities and nature of the operation

The principal activity of the Company is Investment Holding.

The Company has two subsidiaries namely, Agarapatana Plantations Limited and Waverly Power (Private) Limited. Principal activities of Agarapatana Plantations Limited are cultivation, manufacture and sale of black tea while Waverly Power (Pvt) Ltd is generating electricity for the National Grid.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements of the Company and those consolidated with such, comprise of the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows together with the Accounting Policies and Notes to the Financial Statements. The consolidated Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS), as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirements of the Companies Act No. 07 of 2007.

The consolidated Financial Statements were authorised for issue by the Board of Directors on 31 August 2022

2.2 Basis of Measurement

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

- Consumable Biological Assets measured at fair value less cost to sell
- Produce on Bearer Biological Asset measured at fair value less cost to sell
- Retirement Benefit Obligation has been measured at fair value
- Class of Land under Property, Plant and Equipment is carried Revaluation model.
- Financial Assets Classified at fair value through Profit and Loss
- Financial Assets classified at Fair Value Through Other Comprehensive Income

2.3 Functional and Presentation Currency

The consolidated Financial Statements are presented in Sri Lankan Rupees, which is the Group's functional currency, rounded to the nearest thousand, unless otherwise stated.

2.4 Use of Estimates, Judgments and Assumptions

The preparation of the Consolidated Financial Statements in conformity with Sri Lanka Accounting Standards (SLFRS/LKAS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these 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 and in any future periods affected.

2.4.1 Judgments

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the Consolidated Financial Statements is included in the following notes.

Note 35 - Going Concern Assessment
Note 15.1 - Lease Term

2.4.2 Assumptions and Estimation Uncertainties

Information about the assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31st March 2022 is included in the following notes.

Note 30	-	Measuring of defined benefit obligations: key actuarial assumptions;
Note 29	-	Recognition of deferred tax liabilities/ (assets)
Note 17	-	Impairment test: key assumptions underlying recoverable amounts;
Note 12	-	Valuation of Property Plant and Equipment
Note 39	-	Impact of the negative micro economic outlook
Note 34	-	Contingent Liabilities
Note 16.	-	Recoverable value of goodwill
Note 13	-	Valuation of Bearer Biological Assets
Note 14	-	Valuation of Consumable Biological Assets

2.4.3 Measurement of Fair Values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Group Finance manager.

When measuring fair value of an asset or liability, the Group uses observable market data as far as possible. Fair Values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows,

Level 1	:	quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	:	inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3	:	inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

2.5 Accounting Policies and Comparative Information

The Accounting Policies applied by the Company are, unless otherwise stated, consistent with those used in the previous year. Previous year's figures and phrases have been rearranged, wherever necessary, to conform to the current year's presentation.

2.6 Materiality and Aggregation

Each material class of similar items is presented separately in the consolidated financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by LKAS 1: Presentation of Financial Statements.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on net basis, or to realize the assets and settle the liability simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES

Accounting policies set out below have been applied consistently to all periods presented in these consolidated Financial Statements and have been applied consistently by the Group entities, unless otherwise indicated.

3.1 Basis of Consolidation

3.1.1 Business Combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meet the definition of a business and control is transferred to the Group.

The consideration transferred in the acquisition is generally measured at fair value, based on the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

From 1st April 2020, in determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business, The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships, such amounts are generally recognised in Profit or Loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market based value of the replacement awards compared with the market based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

3.1.2 Non-Controlling Interest

The total profit and loss for the year of the Company and its subsidiaries included in consolidation, are shown in the consolidated Statement of Profit or Loss with the proportion of profit and loss after taxation pertaining to minority shareholders of subsidiaries being deducted as 'Non-Controlling Interest'. All assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the consolidated Statement of Financial Position. The interest of minority shareholders of subsidiaries in the fair value of net assets of the Group are indicated separately in the consolidated Statement of Financial Position under the heading 'Non-Controlling Interest'.
Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill.

3.1.3 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if there are changes to one or more of the elements of control.

The Financial Statements of subsidiaries are included in the consolidated Financial Statements from the date that control commences until the date that control ceases.

3.1.4 Loss of Control

On the loss of control, the Group de-recognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in Profit or Loss.

3.1.5 Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra group transactions, are eliminated in preparing the consolidated Financial Statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign Currency

Transactions in foreign currencies are translated to the respective functional currencies of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to the functional currency at the exchange rate at that date. 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 that are measured at fair value in a foreign currency are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.3 Financial Instruments

3.3.1 Recognition and Initial Measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not a FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.3.2 Classification and Subsequent Measurement

3.3.2.1 Financial Assets

On initial recognition, a financial asset is classified as measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) or Fair Value through Profit or Loss (FVTPL).

Financial assets are not reclassified subsequently to their recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL;

- It is held within a business model whose objective is tohold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.
- A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL;
- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

On the initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial assets that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

a) Business Model Assessment

The Group makes an assessment of the objectives of the business model in which a financial asset is held as a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes;

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management.
- The risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed;
- How managers of business are compensated. eg: whether compensation is based on the fair value of assets managed or the contractual cash flows collected.
- The frequency, volume and timing of sales of financial assets in prior periods, the reason for such sale and expectation about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

3.3.2.2 Assessment Whether Contractual Cash Flows are Solely Payments of Principal and Interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group Considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principle and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3.3.2.3 Financial Liabilities

i) Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost of FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.3.3 De-recognition

3.3.3.1 Financial Assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters in to transactions where by it transfers assets recognised in its Statements of Financial Position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

3.3.3.2 Financial Liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.3.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.3.5 Other Payables

Other payables are stated at the amounts they are estimated to realise inclusive of provisions for impairment. Other payables includes amounts due to related companies and income tax payables.

3.3.6 Assets and Basis of their Valuation

Assets classified as Current Assets in the Statement of Financial Position are Cash, Bank balances and those which are expected to be realised in cash during the normal operating cycle of the Group's business, or within one year from the reporting date, whichever is shorter. Assets other than current assets are those which the Group intends to hold beyond a period of one year from the reporting date.

3.4 Property, Plant and Equipment

Property, Plant and Equipment are tangible items that are held for use in the production or supply of goods or services or for administrative purposes and are expected to be used for more than one year.

3.4.1 Recognition and Measurement

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

Property, Plant & Equipment except Land are initially measured at its cost and subsequently at cost less accumulated depreciation and accumulated impairment losses.

At the time of transition from SLASs to SLFRSs/ LKASs, the Group has elected to recognise their land at deemed cost by applying the optional exemption included in the transitional provisions of SLFRS 1, "First time Adoption of Sri Lanka Accounting Standards". Accordingly, previously recognised revalued amount has been considered as deemed cost of the land as at 1st April 2011 and the cost model has been applied subsequently as per LKAS 16. However, since 31st March 2019 the Company has shifted from cost model to revaluation model as per LKAS 16. The change in accounting policy from cost model to revaluation model has not led for a retrospective restatement due to the exemption available in the paragraph 17 of LKAS 8 "Accounting Policies, Change in Accounting Estimates and Errors". As per paragraph 17 of LKAS 8, the initial application of a policy to revalue assets in accordance with LKAS 16 "Property, Plant and Equipment" is a change in an accounting policy to be dealt with as a revaluation in accordance with LKAS 16, rather than in accordance with LKAS 8. LKAS 16 provides that when an item of property, Plant and equipment is revalued, the carrying amount of that asset is adjusted to the revalued amount at the date of revaluation.

Cost 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 cost of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing cost. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of Property, Plant and Equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and Equipment.

3.4.2 Cost Model

The Group applies cost model for Property, Plant and Equipment except for lands and records at cost of purchase or construction together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

3.4.3 Revaluation Model

The Group applies the revaluation model for the entire class of lands. Such lands are carried at a revalued amount, being their fair value at the date of revaluation, less subsequent accumulated impairment losses. Land of the Group are revalued at once in every three years on a roll over basis to ensure that the carrying amounts do not differ materially from the fair values at the reporting date. On revaluation of an asset, any increase in the carrying amount is recognised in Other Comprehensive Income and accumulated in equity, under capital reserve or used to reverse a previous revaluation decrease relating to the same asset, which was charged to the Statement of Income. In this circumstance, the increase is recognised as income to the extent of the previous write down. Any decrease in the carrying amount is recognised as an expense in the Statement of Income or debited in the Other Comprehensive Income to the extent of any credit balance existing in the capital reserve in respect of that asset. The decrease recognised in other Comprehensive Income reduces the amount accumulated in equity under capital reserves. Any balance remaining in the revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

3.4.4 Gains and Losses on Disposal

Gains and losses on disposal of an item of Property, Plant and Equipment are determined by comparing the proceeds from disposal with the carrying amount of Property, Plant and Equipment, and are recognised net within "other income/other expenses" in Profit or Loss.

3.4.5 Subsequent Costs

The cost of replacing a part of an item of Property, Plant and Equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of Property, Plant and Equipment are recognised in profit or loss as incurred.

3.4.6 De-Recognition

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an item of Property, Plant and Equipment is included in Profit or Loss when the item is derecognised. When replacement costs are recognised in the carrying amount of an item of Property, Plant and Equipment, the remaining carrying amount of the replaced part is derecognised. Major inspection costs are capitalised. At each such capitalisation, the remaining carrying amount of the previous cost of inspections are derecognised.

3.4.7 Depreciation

Items of Property, Plant and Equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of Property, Plant and Equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in Profit or Loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated. Lease period of land acquired from JEDB/SLSPC will expire in the year 2045.

The estimated useful lives are as follows:

LANKEM DEVELOPMENTS PLC

Plant, Machinery & Equipment	10 Years
Furniture, Fixtures & Fittings	10 Years
Office Equipment	10 Years
Motor Vehicles	07 Years
Computers	04 Years
Other Equipment	01 Years

WAVERLY POWER (PVT) LTD.

Freehold Building	40 Years
Plant, Machinery & Equipment	13 1/3 Years
Furniture, Fixtures & Fittings	10 Years
Tools & Equipment	08 Years
Motor Vehicles	05 Years
Computers	04 Years

AGARAPATANA PLANTATION LIMITED

Buildings	40 Years
Roads	25 Years
Sanitation, Water & Electricity Supply	20 Years
Plant & Machinery	13 1/3 Years
Furniture & Fittings	10 Years
Equipment	8 Years
Motor Vehicles	5 Years
Mature Plantations	
(Replanting and New Planting)	Useful Life
Mature Plantations – Tea	33 1/3 Years

No depreciation is provided for immature plantations.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Amortisation of Leasehold Rights

The leasehold rights of assets taken over from JEDB/SLSPC are amortised in equal amounts over the shorter of the remaining lease periods and the useful lives as follows:

Freehold Assets	Useful Life
Right to Use of Land	53 Years
Roads & Bridges	40 Years
Improvements to land	30 Years
Mature Plantations – Tea	30 Years
Vested Tea	30 Years
Buildings	25 Years
Fences & Securities	20 Years
Water Supply	20 Years
Power Augmentation	20 Years
Machinery	15 Years

3.4.8 Capital Work in Progress

Capital expenses incurred during the year which are not completed as at the reporting date are shown as capital work-in-progress, while the capital assets which have been completed during the year and put to use are transferred to Property, Plant and Equipment.

3.4.9 Land Improvement Cost

Permanent land development costs are those costs incurred in making major infrastructure development and building new access roads on leasehold lands. These costs have been capitalised and amortised over the remaining lease period.

Permanent impairment to land development costs are charged to the Statement of Profit or Loss in full or reduced the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

3.5 Biological Assets

Biological assets are classified as Mature Biological Assets and Immature Biological Assets. Mature Biological Assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature Biological Assets are those that have not yet attained harvestable specifications. Tea, rubber, other plantations and nurseries are classified as Biological Assets.

Biological assets are further classified as Bearer Biological Assets and Consumable Biological Assets. Bearer Biological Assets include tea, rubber and cinnamon trees, those that are not intended to be sold or harvested, however used to grow for harvesting agricultural produce from such Biological Assets. Consumable Biological Assets include managed timber, those that are to be harvested as agricultural produce or sold as Biological Assets.

The entity recognises the Biological Assets when, and only when, the entity controls the assets as a result of a past event, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

3.5.1 Bearer Biological Assets

The cost of Replanting and New Planting are classified as immature plantations upto the time of harvesting the crop. Further, the general charges incurred on the plantation are apportioned based on the labour days spent on respective Replanting and New Planting and capitalised on the immature areas. The remaining portion of the general charges is expensed in the accounting period in which it is incurred.

The cost of areas coming into bearing are transferred to mature plantations and depreciated over their useful life period.

The Bearer Biological Assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 – Property, Plant and Equipment.

3.5.2 Consumable Biological Assets

The managed timber is measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial. The fair value of timber trees are measured using DCF method taking into consideration the current market prices of timber applied to expected timber content of a tree at the maturity by an independent professional valuer.

The main variables in DCF model concerns:

Variable	Comment
Currency valuation	Sri Lankan Rupees
Timber content	Estimate based on physical verification of girth, height and considering the growth of the each species in different geographical regions. Factor all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Company
Economic useful life	Estimated based on the normal life span of each species by factoring the forestry plan of the Company
Selling price	Estimated based on prevailing Sri Lankan market prices. Factor all the conditions to be fulfilled in bringing the trees in to saleable condition

The gain or loss arising on initial recognition of biological assets at fair value less cost to sell and change in fair value less cost to sell of biological assets are included in profit or loss for the period in which it arises.

3.5.3 Infilling Cost on Bearer Biological Assets

Where infilling results in an increase in the economic life of the relevant field beyond its previously assessed standard of performance, the costs are capitalised in accordance with LKAS 16 – Property, Plant and Equipment and depreciated over the useful life at rates applicable to mature plantation.

Infilling costs that are not capitalised have been charged to the Statement of Profit or Loss in the year in which they are incurred.

3.5.4 Nursery Plants

Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads, less provision for overgrown plants.

3.5.5 Borrowing Costs

Borrowing Costs that are directly attributable to acquisition, construction of products of a qualifying asset, which takes a substantial period of time to get ready for its intended use or sale, are capitalised as a part of the asset.

Borrowing Costs that are not capitalised are recognised as expenses in the period in which they are incurred and charged to the Statement of Comprehensive Income.

The amounts of the Borrowing Costs which are eligible for capitalisation determined in accordance with LKAS 23 – Borrowing Costs.

Borrowing Costs incurred in respect of loans that are utilised for field development activities have been capitalised as a part of the cost of the relevant Immature Plantation. The capitalisation will cease when the crops are ready for commercial harvest.

3.6 Leases

At inception of a contract, the Group assesses 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 identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either;

- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.
- This policy is applied to contracts entered into, or changed, on or after 1st April 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates he consideration in the contract to each lease component on the basis of their relative stand-alone prices. Where the lease agreement includes an annual adjustment on a variable such as GDP deflater, the Group shall annually reassess the liability considering such variable and recognise the amount of remeasurement of the lease liabilities a an adjustment to the right-of-use asset.

3.7 Intangible Assets

Goodwill

Goodwill that arises on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash Generating Unit.(or Group of cash Generating Unit) to which the goodwill relates. When the recoverable amount of the cash Generating Unit less than it's carrying value, an impairment loss is recognised. Impairment losses relating to goodwill cannot be revised in future periods.

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value after making due allowances for obsolete & slow moving items. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Finished Goods Manufactured from Agricultural Produce of Biological Assets

These are valued at the lower of cost and estimated realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is the price at which the stocks can be sold in the normal course of business after allowing for cost of realisation and/or cost of conversion from their existing state to saleable condition.

3.8.1 Produce on Bearer Biological Assets

In accordance with LKAS 41, The Group recognises agricultural produce growing on bearer plants at Fair value less cost to sell. Change in the fair value of such agricultural produce is recognised in profit or loss at the end of each reporting period.

For this purpose, quantities of harvestable agricultural produce ascertained based on harvesting cycle of each crop category by limiting to one harvesting cycle based on last day of the harvest in immediately preceding cycle. Further, 50% of the crop in that harvesting cycle considered for the valuation.

For the valuation of the harvestable agricultural produce, the Company uses the following price formulas:

Tea – Brought Leaf rate (Current month) less cost of harvesting & transport.

Input Material

At average cost.

Growing Crop – Nurseries

At the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads.

Spares and Consumables

At actual cost.

3.9 Impairment

3.9.1 Non-Derivative Financial Assets

a) Financial Instruments and Contract Assets

The Group recognises loss allowances for ECLs (Expected Credit Loss) on trade and other receivables

Financial assets measured at amortised cost

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the bank balances for which credit risk has not increased significantly since initial recognition which are measured at 12 month ECLs.

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligation to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than 365 days past due.
- The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade".

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

b) Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e, the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

c) Presentation of allowance for ECL in the statement of financial position

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt Securities at Fair Value Through Other Comprehensive Income. The Loss allowance is charged to Profit and Loss and is recognised in Other Compressive Income.

d) Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. For Individual customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the written off. However, Financial Assets that are written off could still be subject to enforcement activities in order to comply with the Group procedures for recovery of amount due.

3.9.2 Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

3.10 Cash and Cash Equivalents

Cash and cash equivalents comprise of cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short term commitments.

3.11 Stated Capital

Ordinary Shares

Ordinary shares are classified as equity. As per the Companies Act No. 07 of 2007, Section 58 (1), stated capital in relation to a Company means the total of all amounts received by the Group or due and payable to the Group in respect of the issue of shares and in respect of call in arrears.

3.12 Employee Benefits

3.12.1 Short-Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.12.2 Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in Profit or Loss in the periods during which related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments are available.

a) Employees' Provident Fund/ Ceylon Planters' Provident Society

The Group and employees contribute 12-15% and 8-10% respectively on the salary of each employee to the Employees' Provident Fund/ Ceylon Planters' Provident Society.

b) Employees' Trust Fund

The Group contributes 3% of the salary of each employee to the Employees' Trust Fund. The total amount recognised as an expense of the Group for contribution to ETF is disclosed in the notes to Financial Statements.

3.12.3 Defined Benefit Plan – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted.

The defined benefit obligation for Agarapatana Plantations Limited is calculated by a qualified actuary using the Projected Unit Credit (PUC) method as recommended by LKAS 19 – 'Employee Benefits'. When the calculation results in a benefit to the Company, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realisable during the life of the plan, or on settlement of the plan liabilities. When the benefits of a plan are improved, the portion of the increased benefit relates to past service by employees is recognised in Profit or Loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in Profit or Loss. Actuarial gain/losses for the period are recognised fully in the statement of Other Comprehensive Income.

However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for the gratuity payment to an employee arises only on the completion of 5 years of continued service with the Company.

3.13 Provisions

A provision is recognised if as a result of a past event, the Group 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.

3.14 Revenue Recognition

3.14.1 Revenue

Revenue will be recognised upon satisfaction of performance obligation. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods and service.

a) Revenue Streams

The Group generates revenue primarily from sale of goods under revenue from contracts with customers. The rental income, Dividend Income and repair income are the other sources of income included under revenue.

b) Disaggregation of Revenue from Contract with Customers

Revenue from contract with customers (including revenue related to a discontinuing operation) is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition under Note 5.

c) Contract Balances

Contract Assets

Cost to obtain contract

The Group capitalises incremental costs to obtain a contract with a customer for the assets with more than one year amortisation period and if it expects to recover those costs. The costs that will be incurred regardless of whether the contract is obtained – including costs that are incremental to trying to obtain a contract, are expensed as they are incurred. The cost to obtain contract will be amortised over the contract period on a systematic basis.

Cost of fulfilling a contract

The Group capitalises the costs incurred in fulfilling a contract with a customer for which are not in the scope of other guidance and only if the fulfillment costs meet the following criteria:

- relate directly to an existing contract or specific anticipated contract;
- generate or enhance resources that will be used to satisfy performance obligations in the future; and
- are expected to be recovered.

The cost of fulfilling a contract will be amortised over the contract period on a systematic basis.

Contract Liabilities

The Group recognise a contract liability for the deferred revenue on the extended warranty provided for the customers.

The contract liability shall be realized to revenue on the basis of utilizing the warranty by the customers or on a systematic basis accordingly.

d) Performance Obligations and Revenue Recognition Policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a good or services to a contract.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of Product	Nature and timing of performance obligations including significant payment terms	Revenue recognition
Sale of Agricultural products	Company is in the business of cultivation, manufacturing and sale of Black Tea. Revenue from the contracts with customers recognized when control of the goods transferred to the customers at an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods. Invoices are usually payable immediately or in advance not exceeding 20 days or on credit terms ranging from 7 to 15 days.	Revenue from the sale of plantation produce is recognized at the point in time when the control of the goods is transferred to the customer. Black Tea produce is sold at the Colombo tea auction and the highest bidder whose offer is acceptable shall be the buyer and the sale can be complete at the fall of hammer, at which point control is transferred to the customer.
Supply of Electricity	Supply of electricity to national grid. Invoices are generated at the end of each month as per the supply of Electricity to national grid. Invoices are usually payable within 2 months.	Revenue is recognized to the extent that is probable that the economic benefits will flow to the Company and the revenue associated costs incurred can be reliably measured at the fair value of the consideration or receivable net of trade discounts and sales taxes.

Dividend Income

Dividend Income is recognised in the Statement of Profit or Loss on the date when the entities right to receive payment is established.

3.14.2 Other Sources of Revenue

Finance Income

Finance income comprises interest income on funds invested (including financial assets measured at FVOCI, gains on the disposal of Financial Assets measured at FVOCI and Fair Value Gains on Financial Assets at fair value through Profit or Loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method).

Other Income - Other income recognised based on the actual basis.

Gains and losses of a revenue nature on the disposal of Property, Plant and Equipment and other non-current assets are recognised by comparing the net sales proceeds with the carrying amount of the corresponding asset and are recognised net within ‘other income’ in the Statement of Profit or Loss.

3.15 Expenses

All expenditure incurred in running the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to Statement of Profit or Loss and Other Comprehensive Income in arriving at the profit/(loss) for the year. Expenditure incurred for the purpose of acquiring and extending or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

3.15.1 Finance Cost

Finance costs comprise of interest expense on borrowings, unwinding of the discount on provisions and losses on disposal of FVTOCI financial assets, fair value losses on financial assets measured at fair value through profit or loss and impairment losses recognised on financial assets (other than trade receivables).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying assets are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on Financial Assets and Financial Liabilities are reported on a net basis as either Finance Income or Finance Cost depending on whether foreign currency movements are in a net gain or net loss position.

3.16 Taxation

Income tax expense comprises of current and deferred tax. Income tax is recognised in the Statement of Profit or Loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, contingent liabilities and Contingent assets

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 adjustment to tax payable in respect of previous years.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates and tax laws enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Current income tax relating to items recognised directly in equity is recognized in equity and not in profit or loss. 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.

Deferred Tax

Deferred Tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: goodwill not deductible for tax purposes. the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

The principal temporary differences arise from depreciation on Property, Plant and Equipment; tax losses carried forward, impairment of trade and other receivables and provisions for defined benefit obligations. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred Tax Assets are reviewed at reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred Tax Assets and Liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

3.17 Deferred Income – Grants and Subsidies

Grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is set up as deferred income. Where the Group receives non-monetary grants, the asset and that grant are recorded at nominal amounts and are released to the Statement of Profit or Loss over the expected useful life of the relevant asset by equal annual instalments.

3.18 Earnings per Share

The Group presents basic earnings/(loss) per share (EPS) data 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.

3.19 Segmental Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues an expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.20 Events Occurring After the Reporting Date

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

3.21 Cash Flow Statement

The Cash Flow Statement has been prepared using 'indirect method'. Interests paid are classified as operating cash flows while dividends paid are classified as financing cash flows. Interest and dividends received are classified as investing cash flows for the purpose of presentation Statement of Cash Flow.

3.22 Comparative Figures

Where necessary, the comparative figures have been re-classified to conform to the current year's presentation.

3.23 Capital Commitments and Contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Group's control. Contingent liabilities are disclosed in Note 34 to the Financial Statements. Commitments are disclosed in Note 33 to the Consolidated Financial Statements.

3.24 Related Party Transactions

Related Party Transaction disclosures have been made in respect of the transactions between parties who are defined as related parties as per LKAS 24 - Related Party Disclosure.

4. NEW/AMENDMENTS TO ACCOUNTING STANDARD ISSUED BUT NOT EFFECTIVE AS AT THE REPORTING DATE

The Institute of Chartered Accountants of Sri Lanka has issued following amendments to Sri Lanka Accounting Standards (SLFRSs/LKASs) which will become applicable for financial periods beginning after 1 April 2022. Accordingly, the Group has not applied these amendments in preparing these Consolidated Financial Statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's Financial Statements.

4.1 Onerous contracts – Cost of fulfilling contracts (amendments to LKAS 37)

Companies currently applying the "incremental cost" approach will need to recognise bigger and potentially more provisions for onerous contracts.

4.2 Property, plant and equipment: Proceeds before intended use (amendments to LKAS 16)

Under the amendments, proceeds from selling items before the related item of PPE is available for use should be recognised in profit or loss, together with the costs of producing those items.

Groups will therefore need to distinguish between:

- costs associated with producing and selling items before the item of PPE is available for use; and
- costs associated with making the item of PPE available for its intended use.

4.3 Classification of liabilities as current or non-current (amendments to LKAS 1)

Under existing LKAS 1 requirement, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

4.4 Deferred tax related to assets and liabilities arising from a single transaction (amendment to LKAS 12)

The amendments narrow the scope of the initial recognition exemption to exclude transaction that give rise to equal and offsetting temporary differences. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other component of equity of that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

4.5 Reference to conceptual framework (Amendments to SLFRS 03)

4.6 Disclosure of Accounting policies (Amendments to SLFRS 01)

4.7 Definition of Accounting estimates (Amendments to SLFRS 08

4.8 Annual improvements to SLFRS Standards 2018-2020

5. REVENUE

For the year ended 31st March	GROUP		COMPANY	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Gross Revenue	4,535,128	4,332,235	-	5,201
Net Revenue	4,535,128	4,332,235	-	5,201

5.1 Revenue Streams

For the year ended 31st March	GROUP		COMPANY	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Revenue from Contracts with customers				
Sale of Goods	4,486,527	4,291,539	-	-
Supply of Services	48,601	35,495	-	-
Total Revenue from Contract with Customers	4,535,128	4,327,034	-	-
Dividend Income	-	252	-	252
Gain on Disposal of Financial Assets Measured at Fair Value Through Profit or Loss	-	4,949	-	4,949
Total Revenue	4,535,128	4,332,235	-	5,201

5.2 Disaggregation of revenue from contracts with customers

	GROUP		COMPANY	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Major Products / Divisions				
Tea	4,486,527	4,291,539	-	-
Supply of Electricity to CEB	48,601	35,495	-	-
Total Revenue from Contracts with Customers	4,535,128	4,327,034	-	-

5.3 Contract Balances

	GROUP		COMPANY	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Receivables (Included in Trade and Other Receivables)	140,949	89,818	-	-
	140,949	89,818	-	-

5.4 Segmental Analysis

5.4.1 Segmental Revenue

	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Plantations	4,486,527	4,291,539	-	-
Other	48,601	40,696	-	5,201
Net Revenue	4,535,128	4,332,235	-	5,201

5.4.2 Segmental Profit before Tax

	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Plantations	59,906	176,036	-	-
Other	8,125	(9,842)	99,925	40,233
Profit before Tax	68,031	166,194	99,925	40,233

5.4.3 Segmental Assets and Liabilities

	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Segmental Assets				
Plantations	5,726,630	5,740,737	-	-
Other	283,265	279,306	58,474	67,700
	6,009,895	6,020,043	58,474	67,700
Goodwill on Consolidation	629,064	629,064	-	-
Investments in Subsidiary	-	-	1,467,481	1,098,878
	6,638,959	6,649,107	1,525,955	1,166,578
Segmental Liabilities				
Plantations	4,997,322	6,006,172	-	-
Other	749,058	506,514	736,039	478,618
	5,746,380	6,512,686	736,039	478,618

6. OTHER INCOME

For the year ended 31st March	GROUP		COMPANY	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Profit on Disposal of Property, Plant and Equipment	340	3,292	340	-
Amortisation of Capital Grants	9,355	8,849	-	-
Rent Income	19,038	15,029	-	-
Sale of Timber	767	9,841	-	-
Writeback of Taxes Payable	59,972	-	-	-
Income of Sale of Other Trees	37,948	-	-	-
Others	30,719	49,940	-	-
	158,139	86,951	340	-

7. OTHER REVERSALS

For the year ended 31st March	Note	GROUP		COMPANY	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Reversal for Impairment of Investment in Subsidiary	17.2	-	-	(139,431)	(45,959)
		-	-	(139,431)	(45,959)

8. NET FINANCE COSTS

For the year ended 31st March	GROUP 2022 Rs. '000	GROUP 2021 Rs. '000	COMPANY 2022 Rs. '000	COMPANY 2021 Rs. '000
(A) Finance Income				
Interest from Related Companies	33,378	2,229	902	5,661
Commission on Corporate Guarantee	-	-	3,200	3,200
Others	714	6,983	-	-
Total Finance Income	34,092	9,212	4,102	8,861
(B) Finance Costs				
Interest Expense on Bank Overdraft	(33,814)	(41,288)	(389)	(452)
Interest Expense on Related Party Loan	(61,335)	(41,767)	(38,325)	(12,477)
Commission on Corporate Guarantee	(5,661)	(5,661)	(1,341)	(1,341)
Interest Expense on Term Loan	(133,726)	(151,883)	-	-
Interest on Leases	(763)	(674)	-	-
Other Interest	(58,501)	(53,640)	-	-
	(293,800)	(294,913)	(40,055)	(14,270)
Amount Capitalised	23,113	25,277	-	-
Total Finance Costs	(270,687)	(269,636)	(40,055)	(14,270)
Net Finance Costs	(236,595)	(260,424)	(35,953)	(5,409)

9. PROFIT BEFORE TAXATION

	GROUP 2022 Rs. '000	GROUP 2021 Rs. '000	COMPANY 2022 Rs. '000	COMPANY 2021 Rs. '000
Is stated after charging all expenses including the following;				
Depreciation / Amortization				
Property, Plant & Equipment	68,835	67,842	-	-
Bearer Biological Assets	69,357	67,175	-	-
Right-of-Use Assets	13,621	14,598	-	-
Auditor's Remuneration				
Statutory Audit - KPMG	1,050	850	1,050	850
Other Auditors	6,463	6,450	-	-
Salaries and Wages	2,475,725	2,547,375	-	-
Defined Contribution Plan Cost - EPF & ETF	305,932	284,421	-	-
Defined Benefit Plan Cost - Retiring Gratuity	177,492	241,322	-	-

10. TAX EXPENSES

For the year ended 31st March	Note	GROUP 2022 Rs. '000	GROUP 2021 Rs. '000	COMPANY 2022 Rs. '000	COMPANY 2021 Rs. '000
Current Income Tax Expense					
Income Tax on Profit for the Year	10.1	(17,931)	(8,376)	-	-
(Under) /Over Provision in respect of Previous Years		(895)	1,530	-	-
		(18,826)	(6,846)	-	-
Deferred Tax Expense					
(Charge) / Reversal for the Year	29	(14,690)	63,559	-	-
Total Income Tax (Expense) / Reversal		(33,516)	56,713	-	-

10.1 Current Income Tax Expense

For the year ended 31st March	Note	GROUP 2022 Rs. '000	GROUP 2021 Rs. '000	COMPANY 2022 Rs. '000	COMPANY 2021 Rs. '000
Reconciliation of Accounting Profit / (Loss) to Income Tax Expense					
Profit before Taxation		68,031	166,194	99,925	40,233
Aggregate Disallowed Expenses		644,719	760,318	340	-
Aggregate Allowable Items		(630,658)	(612,379)	(140,514)	(51,245)
Business Profit / (Loss)		82,092	314,133	(40,249)	(11,012)
Tax Exempt Losses from Agro Farming		(182,961)	(164,156)	-	-
Exempt Income from Agro		298,302	527,979	-	-
Taxable Losses from Other Operations	10.2	(40,249)	(14,790)	(40,249)	(11,012)
Business Profit / (Loss)		75,092	349,033	(40,249)	(11,012)
Other Source of Income		(74,174)	(34,900)	-	-
Taxable Profit /(Loss) from the Business		918	314,133	(40,249)	(11,012)
Profits from Businesses excluding Agro Operations		74,174	34,900	-	-
Taxable Income from Businesses excluding Agro Operations				-	-
Taxable at 24%		74,174	34,900	-	-
Taxable at 14%		918	-	-	-
Taxable Profit from Agro Operations		298,302	527,979	-	-
Tax Loss Utilised during the Year		(298,302)	(527,979)	-	-
Taxable Profit Excluding Agro Operations for the Year		74,174	-	-	
Income tax at 24%		17,802	-	-	-
Income tax at 14%		129	-	-	-
Income Tax on Current Year Profit		17,931	8,376	-	-

10.2 Accumulated Tax Losses

	Note	GROUP 2022 Rs. '000	GROUP 2021 Rs. '000	COMPANY 2022 Rs. '000	COMPANY 2021 Rs. '000
Tax Loss Brought Forward		2,471,383	3,410,000	102,627	91,615
Adjustment in respect of Previous Years	10.3	(41,660)	(425,428)	-	-
Tax Loss Utilised during the Year	10.1	(298,302)	(527,979)	-	-
Tax Loss for the Year	10.1	40,249	14,790	40,249	11,1012
Tax Loss Carried Forward		2,171,670	2,471,383	142,876	102,627

10.3 AGARAPATANA PLANTATIONS LIMITED - SUBSIDIARY

Based on the Inland Revenue Amendment Act No. 10 of 2021, Agarapatana Plantations Limited is exempted to pay income tax on profit from its business of "Agro Farming" for a period of 5 years with effect from 1st April 2019.

10.4 WAVERLY POWER (PRIVATE) LIMITED - SUBSIDIARY

According to the extra ordinary gazette notification issued under section 194 of the Inland Revenue Act No. 24 of 2017 and exemption granted under section 160 of the Inland Revenue Act No. 10 of 2006 and subsequent amendments thereto, profit from business of Waverly Power (Private) Limited was exempted from income tax up to year of assessment 2019/20.

However, the Company is liable for income tax at 14% under the Inland Revenue Act No. 10 of 2022.

10.5 LANKEM DEVELOMENTS PLC - PARENT COMPANY

Based on the Inland Revenue Amendment Act No 10 of 2021, the Company is liable for income tax on its taxable profits at the rate of 24%. (2021 : 24%).

11. EARNINGS PER SHARE

11.1 Basic Earnings Per Share

Basic Earnings Per Share has been calculated based on the Profit for the Year attributable to Equity Shareholders of the Company After Tax divided by the Weighted Average Number of Ordinary Shares in issue as at the Reporting Date and is calculated as follows.

	GROUP		COMPANY	
For the year ended 31st March	2022	2021	2022	2021
Profit for the Year (Rs. 000)	34,515	222,907	99,925	40,233
Attributable to Non - Controlling Interest (Rs. 000)	(21,985)	(85,856)	-	-
Profit attributable to Owners of the Company (Rs. 000)	12,530	137,051	99,925	40,233
Weighted Average Number of Ordinary Shares (No.000)	120,000	120,000	120,000	120,000
Basic Earnings Per Share (Rs.)	0.10	1.14	0.83	0.34

11.2 Diluted Earnings Per Share

There were no dilution of ordinary shares outstanding at anytime during the Year. Therefore, diluted Earnings Per Share is same as basic earnings per share.

12. PROPERTY, PLANT & EQUIPMENT

12.1 Group

	Balance As at 01.04.2021 Rs. '000	Capitalised during the year Rs. '000	Revaluation During the Year Rs. '000	Additions/ Transfers during the year Rs. '000	Disposals during the year Rs. '000	Balance As at 31.03.2022 Rs. '000
Cost / Revalued Amount						
Land	19,809	-	2,591	-	-	22,400
Buildings	635,844	7,041	-	10,391	-	653,276
Water, Sanitation and Electricity	84,045	-	-	2,012	-	86,057
Roads	69,315	-	-	-	-	69,315
Plant & Machinery	603,472	-	-	3,600	(1,097)	605,975
Motor Vehicles	364,412	-	-	264	-	364,676
Computer Equipment	262	-	-	-	-	262
Office Equipment	81,270	-	-	7,729	-	88,999
Other Equipment	651	-	-	-	-	651
Furniture & Fittings	9,888	-	-	130	-	10,018
	1,868,968	7,041	2,591	24,126	(1,097)	1,901,629
Capital Work in Progress	7,041	(7,041)	-	2,794	-	2,794
Total Cost / Revalued Amount	1,876,009	-	2,591	26,920	(1,097)	1,904,423

Capital Work in Progress recognized above represents the cost incurred by the subsidiary, Agarapatana Plantations Limited on Buildings as at 31st March 2022

	Balance As at 01.04.2021 Rs. '000	Other Transfers Rs. '000	Charge for the year Rs. '000	Accumulated Depreciation on Disposal Rs. '000	Balance As at 31.03.2022 Rs. '000
Accumulated Depreciation					
Buildings	162,039	-	14,692	-	176,731
Water, Sanitation and Electricity	59,180	-	3,539	-	62,719
Roads	34,534	-	2,773	-	37,307
Plant & Machinery	427,096	-	31,739	(1,097)	457,738
Motor Vehicles	317,636	-	12,791	-	330,427
Computer Equipment	260	-	2	-	262
Office Equipment	66,092	-	3,166	-	69,258
Other Equipment	651	-	-	-	651
Furniture & Fittings	9,104	-	133	-	9,237
Total Depreciation	1,076,593	-	68,835	(1,097)	1,144,330
Net Carrying Value of Property, Plant & Equipment	799,416				760,093

Category wise Carrying Value of Assets

	As at 31.03.2021 Rs. '000	As at 31.03.2022 Rs. '000
Freehold		
Land	19,809	22,400
Buildings	473,805	476,545
Water, Sanitation and Electricity	24,865	23,338
Roads	34,781	32,008
Plant & Machinery	176,376	148,237

	As at 31.03.2021 Rs. '000	As at 31.03.2022 Rs. '000
Motor Vehicles	46,776	34,249
Computer Equipment	2	-
Office Equipment	15,178	19,741
Other Equipment	-	-
Furniture & Fittings	784	781
	792,376	757,299

12.2 Company

	Balance As at 01.04.2021 Rs. '000	Revaluations during the Year Rs. '000	Additions during the year Rs. '000	Disposals during the year Rs. '000	Balance As at 31.03.2022 Rs. '000
Cost / Revalued Amount					
Land	19,809	2,591	-	-	22,400
Plant & Machinery	3,407	-	-	(1,097)	2,310
Motor Vehicles	72	-	-	-	72
Computer Equipment	15	-	-	-	15
Office Equipment	1,544	-	-	-	1,544
Other Equipment	651	-	-	-	651
Furniture & Fittings	503	-	-	-	503
Total Cost / Valuation	26,001	2,591	-	(1,097)	27,495

	Balance As at 01.04.2021 Rs. '000	Revaluations during the Year Rs. '000	Charge for the Year Rs. '000	Accumulated Depreciation on Disposal Rs. '000	Balance As at 31.03.2022 Rs. '000
Accumulated Depreciation					
Plant & Machinery	3,407	-	-	(1,097)	2,310
Motor Vehicles	72	-	-	-	72
Computer Equipment	15	-	-	-	15
Office Equipment	1,544	-	-	-	1,544
Other Equipment	651	-	-	-	651
Furniture & Fittings	503	-	-	-	503
Total Depreciation	6,192	-	-	(1,097)	5,095
Net Carrying Value of Property, Plant & Equipment	19,809				22,400

The Fully Depreciated Assets of the Company as at 31st March 2022 are as follows:

	2022 Rs. '000	2021 Rs. '000
Plant & Machinery	2,310	3,407
Motor Vehicles	72	72
Office Equipment	1,544	1,544
Other Equipment	651	651
Computer Equipment	15	15
Furniture & Fittings	503	503
	5,095	6,192

The Cost of Fully Depreciated Assets, but still in use of the Group amounts to Rs. 593 Mn (As at 31st March 2021 - Rs. 573 Mn)

12.3 The Portfolio of the Land of the Group is as follows:

Company Name	:	Lankem Developments PLC
Location	:	Maguruwila Road, Gonawala
Extent in Perches	:	85.75
Date of the Latest Valuation	:	31.03.2022
Name of the Valuer	:	P.P.T Mohideen
Market Value	:	Rs. 22.4 Mn (31st March 2022)

12.4 Revaluation of Land

The Company has revalued its Lands as at 31st March 2022. The Fair Value of the Lands are determined by Mr. P.P.T.Mohideen (Incorporated Valuer), an external independent property valuer, having appropriate recognised professional qualifications and experience in the category of the property being valued.

12.5 Fair Value Hierarchy

Fair Value measurement of the Land has been categorised under Level 3 in the Fair Value Hierarchy based on the valuation techniques used.

Address of the property	Extent of the land	Significant unobservable inputs/ Market price per Perch Rs.'000	Carrying value as at the date of Valuation Rs.'000	Revalued Amount Rs.'000	Net Gain on revaluation Rs.'000	Valuation method	Interrelationship between key unobservable inputs and fair value
Magurwila Road, Gonawala	85.75 perches	300	19,809	22,400	2,591	Market comparable method	Positive correlated sensitivity

11 perches falling within the high tension wire, are valued at Zero rate.

Market Comparable Method

This method considers the selling prices of a similar properties in terms of size, nature, location and condition. (Excluding any outlier transactions) within a reasonably recent period of time in determining the fair value of the property being revalued.

12.6 Sensitivity Analysis

Possible changes at the Reporting Date to one of the significant unobservable inputs, holding the other inputs constant, would have the following impacts

As at 31st March 2022	Other comprehensive Income, net of tax	
	Increase Rs.'000	Decrease Rs.'000
Market price per perch (10% Movement)	2,240	(2,240)

12.7 If Lands were Stated at Deemed Cost, the Amounts would have been as follows

	2022 Rs.'000	2021 Rs.'000
Land	6,950	6,950

13. BEARER BIOLOGICAL ASSETS

Group

As at 31st March	Immature Plantations Rs. '000	Mature Plantations Rs. '000	Total as at 31.03.2022 Rs. '000	Total as at 31.03.2021 Rs. '000
Cost				
Balance at the Beginning of the Year	353,645	2,288,429	2,642,074	2,571,830
Additions During the Year	59,338	-	59,338	70,244
Transfer In / (Out)	(8,895)	8,895	-	-
Balance at the End of the Year	404,088	2,297,324	2,701,412	2,642,074
Depreciation				
Balance at the Beginning of the Year	-	406,544	406,544	339,369
Charge for the Year	-	69,357	69,357	67,175
Balance at the End of the Year	-	475,901	475,901	406,544
Carrying Value at the End of the Year	404,088	1,821,423	2,225,511	2,235,530

13.1 Agarapatana Plantation Limited

These are investments in immature/mature plantations since the formation of the Company. The assets (including plantation assets) taken over by way of estate leases are set out in Notes 15. Further investment in immature plantations taken over by way of these leases are shown in the note. When such plantations become mature, the additional investments since taken over to bring them to maturity are transferred from immature to mature under this note.

The Bearer Biological Assets are measured at cost less accumulated depreciations and accumulated impairment losses, if any, in terms of LKAS 16 - "Property Plant and Equipment"

Borrowing costs amounting to Rs. 23.1 Mn (2020/21 – Rs. 25.3 Mn) incurred on long term loans obtained to meet expenses relating to immature plantations have been capitalised as part of the cost of the immature plantations. Capitalisation will cease when crops are ready for harvest.

14. CONSUMABLE BIOLOGICAL ASSETS

	GROUP	
As at 31st March	2022 Rs. '000	2021 Rs. '000
Balance at the Beginning of the Year	1,289,676	1,025,776
Decrease due to Harvesting	(14,025)	(8,349)
Increased due to New Planting	7,593	8,457
Gain Arising from Changes in Fair Value for the Year	156,121	263,792
Balance at the End of the Year	1,439,365	1,289,676

Managed timber plantation were measured at fair value and corresponding gains/losses are recognised in the statement of profit and loss each year.

Managed trees include commercial timber plantations cultivated on estates. The cost of immature trees is treated at approximate to fair value particularly on the ground of little biological transformation has taken place and impact of the biological transformation on price is not material.

The fair value of managed trees was ascertained by the independent, Incorporated valuer Mr. A. A. M Fathihu, FIV for the current year in accordance with LKAS. 41, " Agriculture" using discounted cash flows (DCF) method.

A risk adjusted discount rates per annum set out in below table in real terms excluding the effect of inflation have been used in determining the present value of estimated future cash flows as at 31st March 2022. The Fair value of consumable biological assets has been classified as level 3 in terms of the fair value hierarchy.

Valuation Techniques and Significant Unobservable Inputs

Following table shows the valuation techniques in measuring Level 3 fair value of consumable biological assets as well as the significant unobservable inputs used,

1. The harvesting is approved by the PMMD and Forest Department based on the forestry development plan
2. The price adopted are net of expenditure
3. Discount rate is considered as per below table
4. Though the replanting is a condition precedent for harvesting, yet the cost are not taken in to consideration.

Assets	Valuation technique	Unobservable Inputs	Range of Unobservable Inputs (Probability weighted average)	Relation of Unobservable Input to Fair Value
Consumable Biological Assets	Discounted Cash Flow Method	Discounted Rate	Age to harvest 5 years or Below- 18% (2021 - 10.5%) Age to harvest 6 to 15 years- 19% (2021 - 11.5%) Age to harvest 15 years or Above - 20% (2021 - 12.5%)	The higher the discount rate, the lesser the fair value
		Optimum Rotation (Maturity)	25 years	Lower the rotation period, the higher the fair value
		Volume at Rotation	19.4 -88.5 cu.ft.	The higher the volume, the higher the fair value
		Price per cu.ft.	Rs. 358/= to Rs. 1,161/= (Rs. 265 to Rs. 860/-)	The higher the price per cu.ft the higher the fair value

The valuations, as presented in the external valuation models based on net present values, take into account the long term exploitation of the timber plantations. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the variables, their carrying value may differ from their realisable value. The Board of Directors retains their view that commodity markets are inherently volatile and that long term price projections are highly unpredictable. Hence, the sensitivity analysis regarding selling price and discount rate variations as included in this note allows every investor to reasonably challenge the financial impact of the assumptions used in the LKAS 41 against his own assumptions.

The biological assets of Agarapatana Plantations Limited are mainly cultivated in leased lands. When measuring the fair value of the biological assets it was assumed that these concessions can and will be renewed at normal circumstances. Timber content expects to realise in the future, included in the calculation of the fair value and takes into account the age of the timber plants and not the expiration date of the lease.

Agarapatana Plantations Limited is exposed to the following risks relating to its timber plantation

(a) Regulatory and Environmental Risks

The Company is subject to laws and regulations in Sri Lanka. The Company has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

(b) Supply and Demand Risks

The Company is exposed to risks arising from fluctuations in the price and sales volume of timber. When possible the Company manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses to ensure that the Company's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

(c) Climate and Other Risks

The Company's timber plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Company has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys.

14.1 Sensitivity Analysis

Sensitivity Variation Sales Price

Values as appearing in the Statement of Financial Position are very sensitive to price changes with regard to the average sales prices applied. Simulations made for timber show that a rise or decrease by 10% of the estimated future selling price has the following effect on the Net Present Value of Biological Assets:

	GROUP	
As at 31st March 2022	Rs. '000	Rs. '000
	-10%	+10%
Managed Timber	(144,087)	144,087
Total	(144,087)	144,087

Sensitivity variation discount rate

Values as appearing in the Statement of Financial Position are very sensitive to changes of the discount rate applied. Simulations made for timber trees show that a rise or decrease by 1% of the estimated future discount rate has the following effect on the Net Present Value of Biological Assets:

	GROUP	
As at 31st March 2022	Rs. '000	Rs. '000
	-1%	+1%
Managed Timber	38,389	(36,119)
Total	38,389	(36,119)

14.2 Produce on Bearer Biological Assets

	GROUP	
	2022	2021
	Rs. '000	Rs. '000
Balance at the Begining of the Year	8,856	2,692
Change in Fair Value Less Cost to Sell	1,996	6,164
Balance at the End of the Year	10,852	8,856

No Biological Assets are pledged as securities for liabilities during the year 2022 (2021 - Nil). There are no commitments for the development or acquisition of Biological Assets.

14.3 Change In Fair Value of Biological Assets

	GROUP	
	2022	2021
	Rs. '000	Rs. '000
Consumable Biological Assets - Gain arising from Changes in Fair Value Less Cost to Sell	156,121	263,792
Produce on Bearer Biological Assets - Gain arising from Changes in Fair Value Less Cost to Sell	1,996	6,164
	158,117	269,956

15. RIGHT- OF -USE ASSETS

As at 31st March	Note	GROUP 2022 Rs. '000	GROUP 2021 Rs. '000
Lands (JEDB/SLSPC)	15.1	149,578	156,082
Immovable Bearer Biological Assets	15.2	17,236	23,244
Immovable Assets	15.3	1,215	1,413
Motor Vehicles	15.4	-	698
Lands (Other than JEDB/SLSPC Estates)	15.5	3,554	3,768
		171,583	185,205

15.1 Land (JEDB/SLSPC Estates)

"Right-of-Use-Asset-Land"has accounted in accordance with SLFRS16-Leases with effect from 01 January 2019."Right-of-Use-Asset-Land"have been executed for all estates for a period of 53 years.The unexpired period of the lease as at the Statement of Financial Position date is 23 years.

This Right-of-Use-Asset-Land is amortized over the remaining lease term or use full life of the right whichever is shorter and is disclosed under non-current assets.

Description	Revaluation as at 22.06.1992 Rs. '000	Accumulated Amortisation 01.04.2021 Rs. '000	Amortisation for the Year Rs. '000	Accumulated Amortisation 31.03.2022 Rs. '000	Carrying Amount 31.03.2022 Rs. '000	Carrying Amount 31.03.2021 Rs. '000
Leasehold Right to Bare Land of JEDB/SLSPC Estates	341,588	185,507	6,503	192,010	149,578	156,082

15.2 Immovable Bearer Biological Assets

All the leases executed as at the reporting date will be retroactive to 22nd June 1992, the date of formation of the Company. The leasehold right to bare land on all of these estates have been taken in to the books of the Company as at 22nd June 1992 immediately after the formation of the Company. The board decided at its meeting on 8th March 1995 that these assets would be taken at their book values as they appear in the books of JEDB/SLSPC on the day immediately preceding the date of formation of the Company. These assets are taken into the balance sheet as at 22nd June 1992 and depreciated as follows:

	Capitalised value 26 June 1992		Accumulated Depreciation				
Description	Balance as at 01.04.2021 Rs. '000	Balance as at 31.03.2022 Rs. '000	Balance as at 01.04.2021 Rs. '000	Charge for the year Rs. '000	Balance as at 31.03.2022 Rs. '000	Carrying amount 31.03.2022 Rs. '000	Carrying amount 31.03.2021 Rs. '000
Coffee, Pepper, Cardamom	305	305	-	-	-	305	305
Mature Plantations	179,093	179,093	156,216	5,968	162,184	16,909	22,877
Vested Tea	1,223	1,223	1,161	40	1,201	22	62
	180,621	180,621	157,377	6,008	163,385	17,236	23,244

15.3 Immovable Assets (Other than Right to use Land and Bearer Biological Assets)

Description	Revalued Amount Balance as at 22.06.1992 Rs. '000	Transfers Rs. '000	Balance as at 01.04.2021/ 31.03.2022 Rs. '000	Accumulated Depreciation Balance as at 01.04.2021 Rs. '000	Charge for the year Rs. '000	Balance as at 31.03.2022 Rs. '000	Carrying amount 31.03.2022 Rs. '000	Carrying amount 31.03.2021 Rs. '000
Improvement to Land	5,407	-	5,407	5,182	181	5,363	44	225
Unimproved Land	998	-	998	-	-	-	998	998
Roads and Bridges	677	-	677	487	17	504	173	190
Buildings	62,634	-	62,634	62,634	-	62,634	-	-
Fences and Securities	49	-	49	49	-	49	-	-
Machinery	8,822	(621)	8,201	8,201	-	8,201	-	-
Water Supply	6,158	-	6,158	6,158	-	6,158	-	-
Power Augmentation	972	-	972	972	-	972	-	-
Other Vested Assets	30	-	30	30	-	30	-	-
	85,747	(621)	85,126	83,713	198	83,911	1,215	1,413

15.4 Motor Vehicles

As at 31st March	2022 Rs.'000	2021 Rs.'000
Cost		
Balance at the Beginning of the Year	8,374	8,374
At the End of the Year	8,374	8,374
Depreciation		
Balance at the Beginning of the Year	7,676	6,001
Charge for the Year	698	1,675
At the End of the Year	8,374	7,676
Net Carrying Amount	-	698

15.5 Lands (Other than JEDB/SCSPC Estates)

As at 31st March	2022 Rs.'000	2021 Rs.'000
Balance at the Beginning of the Year	4,196	4,196
Balance at the End of the Year	4,196	4,196
Accumulated Amortization		
Balance at the Beginning of the Year	428	214
Amortization for the Year	214	214
Balance at the End of the Year	642	428
Net Carrying Amount	3,554	3,768

16. INTANGIBLE ASSETS

As at 31st March	GROUP 2022 Rs. '000	2021 Rs. '000
Goodwill		
Balance at the Beginning of the Year	629,064	629,064
Balance at the End of the Year	629,064	629,064

This represents the excess of the cost of acquisition of the net assets of Agarapatana Plantation Limited.

Impairment of Goodwill of Agarapatana Plantations Limited has been tested by considering the assumptions disclosed under Note 17. Valuation was based on the Market Multiples and accordingly, no provision for impairment is required as at the reporting date.

17. INVESTMENTS IN SUBSIDIARIES

As at 31st March	Group Holding 2022 %	Company Holding 2022 %	No. of Shares 2022	Cost 2022 Rs. '000	No. of Shares 2021	Cost 2021 Rs. '000
Company						
Unquoted Investments						
Agarapatana Plantations Limited	68	67	281,228,778	2,111,496	235,394,302	1,882,324
Waverly Power (Pvt) Ltd	57	57	4,400,000	44,000	4,400,000	44,000
				2,155,496		1,926,324
Less: Provision for impairment in Value of Investments (Note 17.1)				(688,015)		(827,446)
				1,467,481		1,098,878

Carrying value of investments as at 31st March 2022 has been tested for Impairment and a provision for impairment amounting to Rs.688Mn as at 31st March 2022 has been recorgnised. (2021 - 827.4 Mn)

17.1 Investment in Agarapatana Plantations Limited

During the year Agarapatana Plantations Limited has issued 91,929,889 Mn additional shares, out of which the Company acquired 45,834,476 (50%) shares for a consideration of Rs. 229 Mn during the year ened 31st March 2022. As a result the ownership has decreased up to 67% as at 31st March 2022 (2021 - 72%).

17.2 Provision for Impairment in Value of Investments

	COMPANY 2022 Rs. '000	2021 Rs. '000
Unquoted Investments		
Balance at the Beginning of the Year	827,446	873,405
Reversal for the Year	(139,431)	(45,959)
Balance at the End of the Year	688,015	827,446

The Company has applied Market Multiples approach to determine fair value of Agarapatana Plantations Limited as specified in SLFRS 13 – 'Fair Value Measurement'. The recoverable value of Agarapatana Plantations Limited for the year ended 31st March 2022 has been calculated based on appropriate market multiples with adjustment to the marketability and control premium. In this calculation the Company has used a marketability adjustment within the range of 10% - 20% and acontrol premium within the range of 8% - 20%. The fair value measurement is catagorised as level 2 valuation according to the fair value hierarchy.

The applicable control premium has been determined based on comparable historical transactions.

18. OTHER FINANCIAL INVESTMENTS

18.1 Financial Assets Measured at Fair Value Through Other Comprehensive Income

The Group/Company designated the investments shown below as financial assets measured at fair value through other comprehensive income because these investments represent instruments that the Group/Company intends to hold for long term as strategic investments

		GROUP			COMPANY	
	Notes	2022 Rs. '000	2021 Rs. '000	Notes	2022 Rs. '000	2021 Rs. '000
Quoted Investments	18.1.1	1,170	1,040	18.1.4	-	-
Unquoted Investments	18.1.2	-	30,079	18.1.4	-	-
Unit Trusts	18.1.3	3,980	3,918	18.1.5	3,980	3,918
		5,150	35,037		3,980	3,918

	GROUP			
As at 31st March,	No. of Shares 2022	Carrying Value 2022 Rs. '000	No. of Shares 2021	Carrying Value 2021 Rs. '000
18.1.1 Quoted Investments				
Beruwala Resorts PLC	1,300,000	1,170	1,300,000	1,040
Total Quoted Investments		1,170		1,040
18.1.2 Unquoted Investments				
Far Eastern Exports Ltd	150,000	-	150,000	-
Union Commodities (Pvt) Ltd	1,200,000	-	1,200,000	30,079
Total Unquoted Investments		-		30,079
18.1.3 Unit Trusts				
Pyramid Unit Trust	87,321	3,980	87,321	3,918
Total Unit Trusts		3,980		3,918
		5,150		35,037

Market value per share of quoted investments are based on published stock market prices on 31st March 2022 (2020/21 - 31st March 2021). Unquoted investments in Union Commodities (Pvt) Ltd. has been valued based on the net assets per share as at 31st March 2022 of Rs. NIL. (2021 - Rs. 25.06)

	COMPANY			
As at 31st March	No. of Shares 2022	Market Value 2022 Rs. '000	No. of Shares 2021	Market Value 2021 Rs. '000
18.1.4 Unquoted Investments				
Fareastern Exports Ltd	150,000	-	150,000	-
Total Unquoted Investments		-		-
18.1.5 Unit Trusts				
Pyramid Unit Trust	87,321	3,980	87,321	3,918
Total Unit Trusts		3,980		3,918
		3,980		3,918

No transfers of cumulative gain related to these investments were recognised within the equity during the year ended 31 March 2022

19. INVENTORIES

As at 31st March	GROUP 2022 Rs. '000	GROUP 2021 Rs. '000	COMPANY 2022 Rs. '000	COMPANY 2021 Rs. '000
Raw Materials	115,099	62,654	512	512
Growing Crop-Nurseries	5,792	15,322	-	-
Producing Tea	323,444	406,974	-	-
Spares & Consumables	30,030	31,496	-	-
	474,365	516,446	512	512
Less: Provision for Obsolete Inventories	(512)	(512)	(512)	(512)
	473,853	515,934	-	-

20. TRADE AND OTHER RECEIVABLES

As at 31st March	GROUP 2022 Rs. '000	GROUP 2021 Rs. '000	COMPANY 2022 Rs. '000	COMPANY 2021 Rs. '000
Trade Debtors	141,164	90,033	215	215
Less: Provision for Impairment	(5,418)	(5,418)	(215)	(215)
Total Trade Debtors	135,746	84,615	-	-
Other Receivables	107,270	121,801	14	14
Deposits Advances & Prepayments	22,412	40,462	-	-
Total Other Receivables	129,682	162,263	14	14
	265,428	246,878	14	14

21. TAXES RECOVERABLE

As at 31st March	GROUP 2022 Rs. '000	GROUP 2021 Rs. '000	COMPANY 2022 Rs. '000	COMPANY 2021 Rs. '000
Income Tax	3,097	3,097	3,097	3,097
Economic Service Charge (ESC)	-	32,974	-	-
Withholding Tax & ACT	1,067	1,067	1,067	1,067
VAT Recoverable	50,610	31,829	6,009	6,009
	54,774	68,967	10,173	10,173
Less: Provision for Value Added Tax (VAT) Recoverable	(6,009)	(6,009)	(6,009)	(6,009)
	48,765	62,958	4,164	4,164

22. CASH AND CASH EQUIVALENTS

As at 31st March,	GROUP 2022 Rs. '000	GROUP 2021 Rs. '000	COMPANY 2022 Rs. '000	COMPANY 2021 Rs. '000
Favorable Balances				
Fixed Deposits	45,567	28,842	-	-
Cash at Bank	42,119	118,186	17	17
Cash in Hand	5,728	6,501	-	-
	93,414	153,529	17	17
Unfavorable Balances				
Bank Overdraft	(435,797)	(430,205)	(5,018)	(3,028)
Cash and Cash Equivalents for the Purpose of the Cash Flow Statement	(342,383)	(276,676)	(5,001)	(3,011)

23. STATED CAPITAL

	2022 Number of Shares Nos.'000	2022 Value of Shares Rs. '000	2021 Number of Shares Nos.'000	2021 Value of Shares Rs. '000
Fully paid Ordinary Shares				
Balance at the Beginning of the Year	120,000	1,558,006	120,000	1,558,006
Balance at the End of the Year	120,000	1,558,006	120,000	1,558,006

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per individual present at meetings of the shareholders or one vote per share in the case of poll.

24. REVALUATION RESERVE

	Notes	GROUP 2022 Rs. '000	GROUP 2021 Rs. '000	COMPANY 2022 Rs. '000	COMPANY 2021 Rs. '000
Balance at the Beginning of the Year		9,773	9,259	9,773	9,259
Surplus on revaluation		2,591	-	2,591	-
Deferred tax impact on revaluation surplus	29.2	(622)	514	(622)	514
Balance at the End of the Year		11,742	9,773	11,742	9,773

25. GENERAL RESERVE

	GROUP 2022 Rs. '000	GROUP 2021 Rs. '000	COMPANY 2022 Rs. '000	COMPANY 2021 Rs. '000
Balance at the Beginning of the Year	500	500	500	500
Balance at the End of the Year	500	500	500	500

General Reserve is a capital reserve created by the Company. The directors may utilize the reserve as they deemed appropriate.

26. INTEREST BEARING BORROWINGS

As at 31st March,	Notes	GROUP 2022 Rs. '000	GROUP 2021 Rs. '000	COMPANY 2022 Rs. '000	COMPANY 2021 Rs. '000
Payable after one Year					
Long Term Loans	26.1	830,593	862,840	-	-
Total		830,593	862,840	-	-
Payable within one Year					
Long Term Loans	26.1	442,282	490,223	-	-
Short Term Loans	26.2	35,355	103,524	-	-
Total		477,637	593,747	-	-
Total Interest Bearing Borrowings		1,308,230	1,456,587	-	-

26.1 Long Term Loans

As at 31st March,	GROUP 2022 Rs. '000	GROUP 2021 Rs. '000	COMPANY 2022 Rs. '000	COMPANY 2021 Rs. '000
Balance at the Beginning of the Year	1,353,063	1,443,140	-	-
Loans Obtained during the Year	417,727	105,700	-	-
Payments Made during the Year	(497,915)	(195,777)	-	-
Balance at the End of the Year	1,272,875	1,353,063	-	-
Maturity Analysis				
Payable within one Year	442,282	490,223	-	-
Payable after one Year	830,593	862,840	-	-
	1,272,875	1,353,063		

26.2 Short Term Loans

As at 31st March,	GROUP 2022 Rs. '000	GROUP 2021 Rs. '000	COMPANY 2022 Rs. '000	COMPANY 2021 Rs. '000
Balance at the Beginning of the Year	103,524	132,918	-	-
Loans Obtained during the Year	3,000	28,416	-	-
Payments Made during the Year	(71,169)	(57,810)	-	-
Balance at the End of the Year	35,355	103,524	-	-

26.3 Assets Pledged as Security Against Interest Bearing Borrowings

	Lender	Balance as at 31.03.2022 Rs. Mn	Balance as at 31.03.2021 Rs. Mn	Terms of Repayment	Security Pledged	Rate of Interest
Agarapatana Plantations Limited	Sampath Bank PLC	305.4	409.7	71 installments of Rs. 7 Mn and a final installment of Rs. 6.6 Mn commencing from 26.04.2019	Mortgage over leasehold rights over the estate land & Factory building of Diyagama West Estate	AWPLR+3%
	Hatton National Bank PLC Term Loan	-	2.0	47 equal monthly installments of Rs.0.21 Mn and final installment of Rs. .13Mn		-
	Bank of Ceylon	197.0	250.0	72 monthly installments commencing from 20.05.2020 including six months grace period for the capital	An additional mortgage over lease hold rights of Glenanore and Haputhale Estates including machinery fixed each of these estates	AWPLR+3.5%
	Bank of Ceylon	39.4	50.0	72 monthly installments commencing from 20.05.2020 including six months grace period for the capital	A primary mortgage over leasehold rights of Glenanore andHaputale Estates including machinery fixed each of these estate.	AWPLR+3.5%
	Seylan Bank PLC	40.7	44.2	84 installments commencing from 30.11.2018	Mortgage over leasehold rights over the estate,land & buildings,fixed & floating assets of Diyagama East Estate	16%
	Commercial Bank of Ceylon PLC	155.1	164.3	84 monthly installments commencing from 05.09.2016	Duly accepted Letter of Offer supported by board Resolution. General Terms and conditions Relating to term Loans Deposits of original title deeds and plan relating to the Damberenne Estate.	AWPLR+3%
	Tea Board	-	11.2	36 installments commencing from August 2017		-
	Tea Board	2.2	33.5	36 installments commencing from 13.07.2017		5%
	Bank of Ceylon	-	42.3	First and second installments of Rs. 416,667 & 60 installments of Rs. 4,054,598 commencing from December 2015	A primary mortgage over leasehold rights of Glenanore and Haputale Estates including machinery fixed each of these estate.	-
	Bank of Ceylon	83.3	158.3	48 monthly installment commencing from12.06.2019	Tri partite agreement with borrower,bank and the tea brokerJohn Keells PLC. Corporate Guarantee from Lankem Ceylon PLC	AWPLR+2%

	Lender	Balance as at 31.03.2022 Rs. Mn	Balance as at 31.03.2021 Rs. Mn	Terms of Repayment	Security Pledged	Rate of Interest
Agarapatana Plantations Limited	People's Leasing and Finance Company PLC	2.9	5.6	36 monthly installments commencing from 20.11.2019		20%
	People's Leasing and Finance Company PLC	3.9	7.0	60 monthly installments commencing from 10.11.2018		20%
	People's Leasing and Finance Company PLC	5.8	7.0	36 monthly installments commencing from 20.11.2019	Original certificates of Registration of the Vehicles	17.5%
	People's Leasing and Finance Company PLC	2.2	3.8	36 monthly installments commencing from 20.11.2019		20%
	People's Leasing and Finance Company PLC	2.4	4.50	36 monthly installments commencing from 20.11.2019		20%
	Seylan Merchant Bank PLC	-	16.9	36 monthly installments commencing from 13.04.2019		-
	Seylan Merchant Bank PLC	-	14.8	36 monthly installments commencing from 10.03.2020		-
	Bank of Ceylon - Rs 31 Mn	20.9	-	10 weekly installments of Rs. 1,000,000 commencing from 26.02.2020		0%
	Bank of Ceylon - Rs 72 Mn	72.3	-	36 monthly installments commencing from 30/04/2023		6.93%
	Bank of Ceylon - Rs 13Mn	68.8	-	36 monthly installments commencing from 20/11/2019		6.93%
	Bank of Ceylon - Rs 13Mn	13.5	-	24 monthly installments commencing from 09/04/2021		6.93%
	Bank of Ceylon - Rs 5 Mn	5.9	-	6 monthly installments commencing from 07/11/2021		6.93%
	Bank of Ceylon - Rs 7 Mn	7.9	-	6 monthly installments commencing from 18/11/2021	a) Loan agreement for Rs. 25 Mn.	6.93%
	Sampath Bank PLC - Rs 30Mn	30.9	-	24 monthly installments commencing from 20/04/2021	a) Loan agreement for Rs. 125 Mn.	6.93%
	Sampath Bank PLC- Rs 50 Mn	27.4	-	24 monthly installments commencing from 20/08/2021		5.8%
	Sampath Bank PLC- Rs 6 Mn	1.0	-	6 monthly installments commencing from 01/01/2022		6.18%
	Sampath Bank PLC- Rs 6.9 Mn	0.1	-	60 monthly installments commencing from 30/04//2022		5.3%
	Seylan Bank PLC- Rs 4 Mn	2.3	-	20 weekly installments of Rs. 1,000,000/- commencing from 25/11/2021		TB Rate+1%

	Lender	Balance as at 31.03.2022 Rs. Mn	Balance as at 31.03.2021 Rs. Mn	Terms of Repayment	Security Pledged	Rate of Interest
Agarapatana Plantations Limited	Seylan Bank PLC- Rs 3 Mn	2.4	-	50 weekly installments of Rs. 1,000,000/- commencing from 07/07/2021		TB Rate+1%
	Seylan Bank PLC- Rs 4.4 Mn	4.0	-	25 weekly installments of Rs. 2,640,000/- commencing from 24/11/2021		TB Rate+1%
	Seylan Mechant Bank 68 Mn	63.6	-	24 weekly installments of Rs. 312,500/- commencing from 24/11/2021		16%
Waverly Power (Pvt) Ltd	Sampath Bank PLC					
	Sampath Bank PLC Loan 1	15.8	37.5	96 monthly installments commencing one month after the date of first disbursement.	a) Loan agreement for Rs. 25 Mn. b) Primary mortgage bond for Rs. 25 Mn over entirety of shares issued by the company, supported by an irrevocable Power of Attorney.	AWPLR+2%
	Sampath Bank PLC Loan 2	76.5	88.2	96 monthly installments commencing one month after the date of first disbursement.	a) Loan agreement for Rs. 125 Mn.	AWPLR+2%
	Sampath Bank PLC Loan 3	15.8	4.2	12 monthly installments commencing from date of grant	a) Loan agreement for Rs. 4.2 Mn.	AWPLR+2%
	Sampath Bank PLC Loan 4	2.8	-			AWPLR+2%
		1,272.2				

26.4 Assets Pledged as Security Against Bank Overdrafts

Name of the Lender	Nature of the Facility	Facility Obtained Rs. Mn	Amount Outstanding as at end of the Year Rs. Mn	Security Pledged
Indian Bank	Bank Overdraft	3.3	3.6	Primary mortgage over lease hold rights to bare land and buildings of Torrington Estate. Stock in trade, movable assets and book debts Corporate Guarantee from Lankem Developments PLC
Bank of Ceylon	Bank Overdraft	32.8	33.4	A primary mortgage over leasehold rights of Glenanore and Haputale Estates including machinery fixed each of these estates. Overdraft Agreement
		36.1	37	

27. LEASE LIABILITIES

As at 31st March,	Notes	GROUP 2022 Rs. '000	GROUP 2021 Rs. '000	COMPANY 2022 Rs. '000	COMPANY 2021 Rs. '000
Payable after one year					
Lease Liabilities other than JEDB/SLSPC Estates	27.1	3,967	3,824	-	-
Net Liability to the Lessor JEDB/SLSPC Estates	27.2	126	129	-	-
		4,093	3,953	-	-
Payable within one year					
Lease Liabilities other than JEDB/SLSPC Estates	27.1	593	538	-	-
Net Liability to the Lessor JEDB/SLSPC Estates	27.2	2	2		
		595	540	-	-

27.1 Lease Liabilities (Other than JEDB/SLSPC Estates)

As at 31st March,	GROUP 2022 Rs. '000	GROUP 2021 Rs. '000	COMPANY 2022 Rs. '000	COMPANY 2021 Rs. '000
Balance at the Beginning of the Year	4,362	5,376	-	-
Payments made during the year	(565)	(1,688)	-	-
Interest Expense for the year	763	674	-	-
Balance at the End of the year	4,560	4,362	-	-
Maturity Analysis				
Payable within one year	593	538	-	-
Payable after one year	3,967	3,824	-	-
Amounts Recognised in Profit and Loss				
Interest charged during the year	763	674	-	-
Amounts Recognised in Cash Flow				
Payments during the year	(565)	(1,688)	-	-

27.2 Net liability to the Lessor of JEDB/SLSPC Estate

	GROUP 2022 Rs. '000	GROUP 2021 Rs. '000	COMPANY 2022 Rs. '000	COMPANY 2021 Rs. '000
Gross Liability	375	375	-	-
Finance charges allocated to future periods	(247)	(244)	-	-
	128	131	-	-

Net liability to lessor of JEDB/SLSCP Estates represents the Net Present Value of annual rental over the lease period discounted at a nominal discount rate of 8.16% per annum. Nominal discount rate consists of a real discount rate of 4.16% per annum and projected inflation 4% per annum.

27.3 Below note shows the contractual undiscounted future cash flows of lease liabilities

	Group
	2022
	Rs.'000
Less than one year	13
One to five years	63
More than 5 years	223
Total undiscounted lease liabilities as at 31st March	299

28. DEFERRED INCOME

As at 31st March	GROUP	
	2022	2021
	Rs. '000	Rs. '000
Cost		
At the Beginning of the Year	337,628	334,875
Additions during the year	4,821	2,753
At the End of the Year	342,449	337,628
Amortisation		
At the Beginning of the Year	140,529	131,680
Amortisation for the Year	9,355	8,849
At the End of the Year	149,884	140,529
Net Carrying Value at the End of the Year	192,565	197,099

28.1 Agarapatana Plantations Ltd

The Agarapatana Plantations Ltd., has received funding from the Plantation Housing and Social Welfare Trust, Asian Development Bank, Plantation Reform Project and Ministry of Livestock Development for the development of worker welfare facilities such as re-roofing of line rooms, latrines, water supply and sanitation etc. The funds received from Sri Lanka Tea Board are utilised for Tea Replanting. The amounts spent are included under the relevant classification of Property, Plant and Equipment and the Grant Component is reflected under Deferred Income.

29. DEFERRED TAX LIABILITIES/ ASSETS

As at 31st March		GROUP		COMPANY	
		2022	2021	2022	2021
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance at the Beginning of the Year		(8,792)	41,311	3,086	3,600
Charged / (Reversal) to the Income Statements	29.1	14,690	(63,559)	-	-
Charged / (Reversed) to the Other Comprehensive Income	29.2	61,520	13,456	622	(514)
Balance at the End of the Year		67,418	(8,792)	3,708	3,086

The Deferred Tax Liability is arrived at by applying the effective Income Tax rate of 24% (2021-24%) to the Company applicable for the year of assessment 2022/22 to the temporary difference as at 31st March 2022. Deferred tax liability of Waverly Power (Pvt) Ltd have been arrived by applying effective income tax rate of 14% (2021-14%) as per the tax rates specified in the Inland Revenue Amendment Act No. 10 of 2021.The effective tax rate used to calculate deferred tax liability for Agarapatana Plantations Limited as at 31 March, 2022 is 10.5% (2021 - 10.5%).

29.1 Amount Charged/(Reversed) to the Income Statement

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Due to change in the effective tax rate	-	(39,784)	-	-
Due to change in the temporary difference	14,690	(23,775)	-	-
	14,690	(63,559)	-	-

29.2 Amount Charged/(Reversed) to the Other Comprehensive Income

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Due to change in the effective tax rate	-	(514)	-	(514)
Due to change in the temporary difference	61,520	13,970	622	-
	61,520	13,456	622	(514)

29.3 Group

The Group recognized deferred tax liabilities attributable to below temporary differences.

	2022		2021	
	(Tax able) / Deductible Temporary Difference	Tax Effect	(Tax able) / Deductible Temporary Difference	Tax Effect
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Property, Plant and Equipment	(431,235)	(14,549)	(475,622)	(19,377)
Revaluation Reserve	(15,450)	(3,708)	(12,859)	(3,086)
Right of Use Assets	(142,609)	(14,973)	(142,609)	(14,973)
Biological Assets	3,326,160	(349,247)	(3,243,885)	(340,608)
Retirement Benefit Obligation	971,661	102,024	1,311,197	137,675
Lease Liability	111	12	104	11
Accumulated Tax Losses	2,028,794	213,023	2,368,756	249,150
	5,737,432	(67,418)	(194,918)	8,792

The deferred tax asset arising from accumulated tax losses carried forward was recognized only up to the extent of the expected futuretaxable profits. In estimating the future taxable profits, the Company / Group has considered the expected level of future businessoperations along with the impact of the implementation of new strategic plan.

29.4 Company

The recognized deferred tax liability of the company is attributable to the following temporary difference.

	2022		2021	
	Taxble Temporary Difference	Tax Effect	Taxble Temporary Difference	Tax Effect
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revaluation Reserve	(15,450)	(3,708)	(12,859)	(3,086)
	(15,450)	(3,708)	(12,859)	(3,086)

The company has not recognized deferred tax assets attributable to the following tax losses, since it is not probable that future taxable profits will be available against which these tax losses can be claimed.

	2022		2021	
	Deductible Temporary Difference	Tax Effect	Deductible Temporary Difference	Tax Effect
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Accumulated Tax Losses	142,876	34,290	102,627	24,630
	142,876	34,290	102,627	24.630

30. RETIREMENT BENEFIT OBLIGATIONS

	GROUP		COMPANY	
As at 31st March	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Movement in Present Value of Funded Obligations				
Balance at the Beginning of the Year	1,557,597	1,531,477	-	-
Current Service Cost	60,672	88,174	-	-
Interest Cost	116,820	153,148	-	-
Benefits Paid	(25,190)	(82,147)	-	-
Acturial Gain	(579,982)	(133,055)	-	
Present Value of Defined Benefit Obligations	1,129,917	1,557,597	-	-

30.1 Agarapatana Plantations Limited

The retirement benefit obligation for all workers and staff is on an actuarial basis, using the projected unit credit (PUC) method as recommended by LKAS 19. The full actuarial valuation was carried out by a professionally qualified actuary firm Messrs Actuarial & Management Consultants (Pvt) Ltd as at 31st March 2022. Assumptions used for the actuarial valuation are given as below.

	2022	2021
Rate of interest	15.00%	7.50%
Rate of Salary Increment - Worker's	8.00%	5.68%
	Per Annum	Per Annum
Staff Turnover Rate	10.00%	10.00%
Retirement age - Workers and Staff	60	60

The weighted average duration of the Defined Benefit plan obligation at the end of the reporting period is 7.71 years and 8.03 Years for staff and workers respectively.

Sensitivity Analysis

Value appearing in the Financial Statement are very sensitive to the changes of financial assumptions used. A sensitivity was carried out as follows:

A one percentage point change in the discount rate	1%	0%	-1%
As at 31st March 2022	(74,704)	1,129,917	84,303

A one percentage point change in the salary increment rate.	1%	0%	-1%
As at 31st March 2022	94,473	1,129,917	(84,472)

30.2 Expenses Recognised in the Income Statement

	GROUP		COMPANY	
As at 31st March	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Current Service Cost	60,672	88,174	-	-
Interest on Obligation	116,820	153,148	-	-
Provision for the Year	177,492	241,322	-	-

The Following payments are expected from the defined benefit plan obligation in future years.

	2022 Rs. '000	2021 Rs. '000
Within next 12 months	159.346	148,397
Between 2 and 5 years	427,838	427,916
Beyond 5 years	705,743	981,285
	1,292,927	1,557,597

31. TRADE & OTHER PAYABLES

	GROUP		COMPANY	
As at 31st March,	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Trade Payables	33,645	29,091	3,453	3,320
Other Creditors	501,318	516,880	11,360	9,218
Broker Advances	300,451	284,928	-	-
Payable to Employees	158,528	196,085	-	-
ESC Payable	9	82,516	-	-
EPF / ETF Payable	861,113	866,781	-	-
	1,855,064	1,976,281	14,813	12,538

32. RELATED PARTY TRANSACTIONS

32.1 AMOUNTS DUE FROM RELATED PARTIES

32.1.1 Amounts due from Related Parties-Non Trade

		GROUP		COMPANY	
As at 31st March,	Note	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Agarapatana Plantations Ltd		-	-	800	11,046
Marawila Resorts PLC		-	134	-	-
Kotagala Plantations PLC		8,087	-	-	-
Sherwood Holidays Ltd		14,171	13,159	-	-
Lankem Ceylon PLC		57,465	64,481	9,141	12,417
Colombo Fort Group Services (Pvt) Ltd		-	12	-	-
Lankem Tea and Rubber Plantations (Pvt) Ltd		2,336	-	-	-
Colombo Fort Hotels Ltd		14,238	12,270	8,475	7,575
Total Amounts due from Related Parties		96,297	90,056	18,416	31,038
Less: Provision for Impairment	32.1.2	-	-	(680)	(1,324)
		96,297	90,056	17,736	29,714

32.1.2 Provision for Impairment - Amount due from Related Parties

	GROUP		COMPANY	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Balance at the Beginning of the year	-	-	1,324	1,536
Reversal for the Year	-	-	(644)	(212)
Balance at the End of the Year	-	-	680	1,324

32.1.3 Loans due from Related Parties

As at 31st March	Note	GROUP 2022 Rs. '000	GROUP 2021 Rs. '000	COMPANY 2022 Rs. '000	COMPANY 2021 Rs. '000
Colombo Fort Hotels Ltd		23,144	23,145	10,600	10,600
Consolidated Tea Plantations Ltd		396,440	365,031	-	-
Less: Provision for Impairment	32.1.3.1	-	-	(437)	(536)
Total Loans Due From Related Parties		419,584	388,176	10,163	10,064
Total Amounts Due From Related Parties		515,881	478,232	27,899	39,778

32.1.3.1 Provision for Impairment - Loans due from Related Parties

	COMPANY 2022 Rs. '000	COMPANY 2021 Rs. '000
Balance at the Beginning of the year	536	662
Reversal for the Year	(99)	(126)
Balance at the End of the Year	437	536

The Company granted a loan of Rs. 80Mn to Colombo Fort Hotels Limited (CFHL) on 1st of April 2012 at 15% interest per annum to facilitate working capital requirements of CFHL. The interest rate was revised from Financial Year 2013/2014 onwards to AWPLR +2% per annum payable monthly and subject to fluctuations at the discretion of the Lender.

Waverly Power (Pvt) Ltd., granted a loan of Rs. 12.54 Mn to Colombo Fort Hotels Ltd., on 12th February 2018 at an interest rate of AWPLR +2% per annum payable monthly and subject to fluctuations at the discretion of the Lender.

Agarapatana Plantations Limited has granted a loan of Rs.360 Mn to Consolidated Tea Plantations Limited during the year ended 31st March 2021. An interest of AWPLR + 2% is charged on this balance.

32.2 Loans Due To Related Parties

As at 31 st March,	Note	GROUP 2022 Rs. '000	GROUP 2021 Rs. '000	COMPANY 2022 Rs. '000	COMPANY 2021 Rs. '000
Non Current					
Lankem Tea & Rubber Plantations (Pvt) Ltd		-	82,796	-	82,796
Current					
Lankem Tea & Rubber Plantations (Pvt) Ltd.	32.2.1	82,796	-	82,796	-
Consolidated Tea Plantations Ltd	32.2.2	360,000	360,000	360,000	360,000
The Colombo Fort Land & Buildings PLC	32.2.3	66,930	-	66,930	-
Union Commodities (Pvt) Ltd	32.2.4	91,000	-	91,000	-
		600,726	442,796	600,726	442,796

32.2.1 Pursuant to the addendum to the agreement signed between the Company and Lankem Tea & Rubber Plantations (Private) Limited dated 31st March 2022, Lankem Tea and Rubber Plantations (Private) Limted has extended the grace period upto 31st March 2023 for the repayment of this loan. However, interest is continued to be charged at the rate of AWPLR + 2% on the capital outstanding.

32.2.2 The Company obtained a loan of Rs.360 Mn from Consolidated Tea Plantations Ltd, on 11th March 2022 at an interest rate of AWPLR +2% per annum and subject to fluctuations at the discretion of the Lender. This amount is payable on demand at the discretion of the Lender.

32.2.3 As per an arrangement reached between Lankem Developments PLC and its subsidiary Agarapatana Plantations Ltd Rs. 66.93Mn of debt of Agarapatana Plantations Ltd owing to The Colombo Fort Land & Building PLC restructured under Lankem Developments PLC at an interest rate of AWPLR +2% per annum and subject to fluctuations at the discretion of the Lender.

32.2.4 As per an arrangement reached between Lankem Developments PLC and its subsidiary Agarapatana Plantations Ltd Rs. 9Mn of debt of Agarapatana Plantations Ltd owing to Union Commodities (Pvt) Ltd restructured under Lankem Developments PLC at an interest rate of AWPLR +2% per annum and subject to fluctuations at the discretion of the Lender.

32.3 Amounts Due To Related Parties

	GROUP		COMPANY	
As at 31 st March,	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Lankem Ceylon PLC	4,830	48,454	-	-
E.B. Creasy & Co. PLC	1,699	60,908	-	1,517
The Colombo Fort Land & Building Company PLC	39,147	91,266	37,257	-
Lankem Tea & Rubber Plantations (Pvt) Ltd	6,428	37,944	6,428	-
Waverly Power Pvt Ltd	-	-	9,273	10,413
Creasy Plantation Management Ltd	4,624	4,635	-	-
Kotagala Plantations PLC	-	22,303	-	-
Darley Butler & Co., Ltd	1,011	41,815	-	-
Union Commodities (Pvt) Ltd	24,559	107,805	22,950	-
Sigiriya Village Hotels PLC	9,464	10,000	-	-
Colombo Fort Group services (Pvt) Ltd	2,811	3,262	-	-
Consolidated Tea Plantations Ltd	35,866	5,240	35,866	5,240
	130,439	433,632	111,774	17,170

32.4 Related Party Transactions

32.4.1 Parent and Ultimate Controlling Party

The Company's parent undertaking is Consolidated Tea Plantations Ltd. while the ultimate parent undertaking and controlling party is The Colombo Fort Land & Building PLC.

Except for the following transactions, there were no non-recurrent related party transactions entered into by the Company during the financial year, the value of which exceeded 10% of shareholders equity or 5% of the total assets of the group or recurrent related party transactions the value of which exceeded 10% of gross revenue of the group during the year ended 31st March 2022.

Name of the Related Party	Related Party Relationship	Value of the related party transactions entered into during the financial year Rs.	Value of the related party transactions as a % of Equity and as a % of Total Assets	Terms and Conditions	The rational for entering into the transaction
Agarapatana Plantations Ltd	Subsidiary	216,866,886	31.5% of equity and 18.5% of total assets	Restructure debts of Agarapatana Plantations Ltd (APL) and aquisitions of shares in APL in lieu of debt	To Facilitate the restructure of debts of Agarapatana Plantations Ltd

32.4.2 Related Party Transactions

The Company has a related party relationship with its related Group Companies. The following transactions were carried out with related parties during the year ended 31st March, 2022 and 2021.

32.4.3 The Company's transaction with its Related Companies

Name of Related Party	Name of Directors	Nature of the Transactions	2022 Amount Rs. '000	2021 Amount Rs. '000
Lankem Ceylon PLC - Common Control	Mr. S. D. R Arudpragasam	Intercompany Settlements	1,935	6,371
	Mr. Anushman Rajaratnam	Commission on Corporate Guarantee	(1,341)	(1,341)
	Mr.P.M.A.Sirimane			
Colombo Fort Hotels Limited - Common Control	Mr. S. D. R Arudpragasam	Interest Income	901	1,016
	Mr. Anushman Rajaratnam			
Agarapatana Plantations Ltd - Subsidiary	Mr. S. D. R Arudpragasam	Interest Income	-	4,646
	Mr. Anushman Rajaratnam	Investment in shares	(229,172)	(360,000)
	Mr. C. P. R. Perera	Transfer of loans	215,726	-
		Commission on Corporate Guarantee	3,200	3,200
Lankem Tea & Rubber Plantations(Pvt) Ltd - Common Control	Mr. S. D. R Arudpragasam	Interest Expense	6,228	7,237
	Mr. Anushman Rajaratnam			
	Mr. C.P.R. Perera			
Waverly Power (Pvt) Ltd - Subsidiary	Mr. S. D. R Arudpragasam	Intercompany Payable	-	(1,000)
	Mr. Anushman Rajaratnam	Settlement	(1,141)	-
Consolidated Tea Plantation Limited - Parent Company	Mr. Anushman Rajaratnam	Loan Received	-	360,000
	Mr.S.D.R.Arudpragasam	Interest Expense	30,626	5240
	Mr. C.P.R. Perera			
Union Commodities (Pvt) Ltd - Common Control	Mr.S.D.R.Arudpragasam	Transfer of loans	113,229	-
	Mr. Anushman Rajaratnam			
E. B Creasy & Co. PLC - Common Control	Mr. S. D. R. Arudpragasam	Settlement	1,516	-
	Mr. R. N Bopearatchy			
	Mr.P.M.A.Sirimane			
	Mr. S. N. P. Palihena			
The Colombo Fort Land & Buildings PLC - Ultimate Parent Company	Mr. S. D. R. Arudpragasam	Transfer of loans	103,637	-
	Mr. Anushman Rajaratnam			
	Mr. C. P. R. Perera			
	Mr.P.M.A.Sirimane			

NOTES TO THE FINANCIAL STATEMENTS

32.4.4 Waverly Power (Pvt) Ltd

Name of Related Party	Name of Directors	Nature of the Transactions	2022 Amount Rs. '000	2021 Amount Rs. '000
Lankem Ceylon PLC - Common Control	Mr. S. D. R.Arudpragasam Mr. Anushman Rajaratnam	Reimbursement of Expenses	(3,589)	(2,075)
Agarapatana Plantations Ltd - Common Control	Mr. Anushman Rajaratnam	Lease Rental Paid	(565)	(539)
	Mr. S. D. R Arudpragasam	Inter Company Settlements	1,141	-
	Mr. G. D. V. Perera (Resigned w.e.f 31.03.2022)			
Colombo Fort Group Services (PVT) Ltd - Common Control	Mr. S. D. R.Arudpragasam	Reimbursement of Expenses	-	(134)
	Mr. Anushman Rajaratnam	Inter Company Settlements	116	-
		Transfer from other Payables	(64)	-
Colombo Fort Hotel Ltd	Mr. S. D. R. Arudpragasam	Interest Receivable	1,067	1,201
- Common Control	Mr. Anushman Rajaratnam			
	Mr. S. Rajaratnam			
	Mr.Amrit Rajaratnam			

32.4.5 Agarapatana Plantations Ltd

Name of Related Party	Name of Directors	Nature of the Transactions	2022 Amount Rs. '000	2021 Amount Rs. '000
Lankem Tea & Rubber Plantations (Pvt) Ltd - Common Control	Mr. S. D. R. Arudpragasam	Transfer of Intercompany Balances	-	(1,092)
	Mr. C. P. R. Perera	Settlements	(1,467)	(3,148)
	Mr. Anushman Rajaratnam	Advances Given	2,002	-
	Mr.D.R. Madena	Issue of Shares	36,476	-
Lankem Ceylon PLC - Common Control	Mr. S. D. R. Arudpragasam	Commission on Bank Guarantee	(4,319)	(4,569)
	Mr. Anushman Rajaratnam	Management expenses Charged	(15,000)	(4,319)
		Issue of Shares	62,943	-
Sigiriya Village Hotels PLC - Common Control	Mr. S. D. R. Arudpragasam	Settlements	536	-
	Mr. Anushman Rajaratnam			
	Mr. C. P. R. Perera			
Kotagala Plantations PLC - Common Control	Mr. S. D. R. Arudpragasam	Settlements	-	(35,328)
	Mr. Anushman Rajaratnam	Transfer of Intercompany balances	6,230	-
	Mr. C. P. R. Perera	Issure of Shares	17,116	-
	Mr.S.S.Poholiyadda			
The Colombo Fort Land & Building PLC - Ultimate Parent	Mr. S. D. R. Arudpragasam	Rent on Building & Other Expenses	(9,000)	(8,056)
	Mr. Anushman Rajaratnam	Settlements	1,500	9,848
	Mr. C. P. R. Perera	Transfer of Intercompany balances	103,637	-
		Interest Charged	6,762	9,238
Creasy Plantation Management Ltd - Common Control	Mr. S. D. R. Arudpragasam	Settlements	11	159

Name of Related Party	Name of Directors	Nature of the Transactions	2022 Amount Rs. '000	2021 Amount Rs. '000
Sherwood Holidays Ltd - Common Control	Mr. S. D. R. Arudpragasam	Rent and Bungalow Upkeep Expenses	1,547	1,434
		Settlements	(536)	-
Ceylon Tea Brokers PLC - Common Control	Mr. C. P. R. Perera	Broker Advance Received	(330,500)	(351,000)
		Broker Advance Paid	341,436	314,043
		Sale of Tea	373,280	326,822
		Sale Proceeds Received	(367,009)	(318,213)
Marawila Resorts PLC - Common Control	Mr.S.D.R.Arudpragasam	Settlements	(133)	-
	Mr. Anushman Rajaratnam			
	Mr.C.P.R.Perera			
Union Commodities (Pvt) Ltd - Common Control	Mr.S.D.R.Arudpragasam	Interest Charged	(7,032)	(10,649)
	Mr. Anushman Rajaratnam	Transfer of Intercompany balances	113,229	-
E. B Creasy & Co. PLC - Common Control	Mr. S. D. R. Arudpragasam	Interest Charged	(5,841)	(5,915)
		Transfer of Intercompany balances	(6,230)	-
		Share Issure	69,763	-
Lanka Special Steel Ltd - Common Control	Mr. S. D. R. Arudpragasam	Interest Charged	-	(641)
		Settlements	-	19,316
Colombo Fort Group Services (Pvt) Ltd - Common Control	Mr.S.D.R.Arudpragasam	IT Support Services Expenses	(2,500)	(3,310)
	Mr. Anushman Rajaratnam	Payments Made	2,997	2,720
Darley Butler & Co, Ltd - Common Control	Mr.S.D.R.Arudpragasam	Advances Received	-	(39,651)
		Interest Charged	(3,373)	(2,162)
Consolidated Tea Plantations Ltd - Intermediate Parent	Mr.S.D.R.Arudpragasam	Term Loan Granted	-	360,000
		Interest Charged	30,626	5,030
	Mr. Anushman Rajaratnam			
	Mr.C.P.R.Perera			

32.5 Terms and Conditions of Transactions with Related Parties

Transactions with related parties are carried out in the ordinary course of the business at commercial rates. Outstanding balances at year end clarified an amounts due to/from related parties are unsecured and no interest was charged during the year. Interest on balances transferred to loans from/to related parties are charged at the market rate.

32.6 Transactions with Key Management Personnel

According to Sri Lanka Accounting Standard 24 - Related Party Disclosures, Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, Key Management Personnel include the members of the Board of Directors of Lankem Developments PLC and its subsidiary companies.

32.6.1 Loans to Key Management Personnel

No loans have been given to Key Management Personnel during the year.

32.6.2 Key Management Personnel Compensation

Details of compensation for Executive and Non - Executive Directors are disclosed below.

	GROUP		COMPANY	
As at 31 st March,	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Short - Term Employee Benefits	21,789	12,506	-	-

32.6.3 Transactions with Close Family Members

There were no transactions with close family member during the year.

33. CAPITAL AND FINANCIAL COMMITMENTS

33.1 Company

The Company had no material capital or financial commitments as at the reporting date.

33.2 Group

33.2.1 Agarapatana Plantations Limited

The following are the capital commitments approved as at the reporting date.

	2022 Rs. Mn	2021 Rs. Mn
Field Development	86.3	99.6
Machinery & Factory Development	151	153.4

34. CONTINGENT LIABILITIES

34.1 Company

The company has issued a corporate guarantee amounting to Rs. 160 Mn to Indian Bank - Colombo 01 on behalf of Agarapatana Plantations Limited.

34.2 Group

There are no material contingent liabilities as at the reporting date which require adjustments / disclosure in the financial statements other than below.

Gazetted Increase in Daily Wage Rate – Agarapatana Plantations Limited

A "Writ Application" was instituted by the RPC's in the Court of Appeal seeking an interim order, staying and /or suspending the operation of the Gazette issued on 5th March 2021 by the Wages Board declaring the wage rate of Tea / Rubber workers as Rs. 1,000/- per day.

As at the date of the Statement of financial position, this matter was under the purview of the Court of Appeal. The estimated retirement benefit obligation liability considering the gazetted daily wage rate would increase by Rs. 163 Mn of which Rs. 8 Mn may be charged to Profit or Loss and Rs. 155 Mn may be charged to Other Comprehensive Income for the year ended 31st March 2022. Subsequent to the date of the statement of financial position on, 9th August 2022 the Court of Appeal has declined to issue the interim order prayed for above. Consequent to this decision, RPCs at its meeting held on 29th August 2022 in consultation with lawyers decided to appeal against the judgement of the Court of Appeal. Accordingly, the Board of Directors of Agarapatana Plantations Limited has resolved to appeal against the judgement.

35. GOING CONCERN

The Board of Directors of the Company / group has determined that the use of going concern assumption in the preparation of financial statements as as 31st March 2022 is appropriate based on following factors.

35.1 Company

The Company's current liabilities exceeds its current assets by Rs.700.2 Mn. (2021 - Rs 348.8 Mn) Its accumulated losses as of 31st March 2022 was Rs. 780.9 Mn (2021: Rs. 880.8 Mn). These factors raised concerns over the appropriateness of the use of going concern assumption of the preparation of financial statements of the Company. However, the Board of Directors of the Company has determined that the use of going concern assumption in the preparation of financial statements of the Company for the year ended 31st March 2022 is appropriate based on the following factors.

As disclosed in Note 1.2 to the financial statements, the Company's principal operation is to manage its investments portfolio. Carrying amount of the investment in Agarapatana Plantations Limited ("APL") represents approximately 95% of the carrying value of the Company's investment in subsidiaries. The Company has recognized a reversal of Rs.139.4Mn (2021: Rs 45.9 Mn) on the impairment of its investment in APL for the year ended 31st March 2022.

The management of APL has taken several steps to improve its profitability which comprises of investment initiatives on mechanization relating to plucking process to overcome the issue of workers shortage and proper application of agricultural inputs details of which are described in Note 35.2(a) below. Actions taken by the management of APL together with the positive market conditions have already resulted in a substantial improvement in the operational results of APL for the year ended 31st March 2022.

As such, a further reversal of the impairment provision made against the investment based on improved performances in subsidiary APL will make an improvement in the future profitability and the accumulated loss situation of the Company. Additionally, the Board has already negotiated with related parties to whom the Company has short term payable balances with regard to the settlement of them in a manner that would not affect the liquidity situation of the Company.

35.2 Group

The Group accumulated losses were Rs. 868.8 Mn as of 31st March 2022 (2021: Rs. 1,214.5 Mn) and as of that date the Group's current liabilities exceeded its current assets by Rs. 2,113.6 Mn (2021: Rs. 2,342 Mn).The Directors of Group are confident that the financial position of the Group will improve during the year 2022/23 as a result of following steps taken by the subsidiary Company.

(a) Agarapatana Plantations Limited

These financial statements are prepared on the assumption that the company is a going concern, i.e. as continuing in operation for the foreseeable future. It is therefore assumed that the company has neither the intention nor the necessity of liquidation or of curtailing materially the scale of its operations.

However, as of the Statement of Financial Position date, the company's current liabilities exceeded its current assets by Rs. 1,481.8 Mn (2021 - Rs. 2,060.1 Mn).

After reviewing the financial position and cash flows of the Company the Board of Directors are of the belief that the Company has adequate resources to continue company operation well into the foreseeable future.

The Directors of the Company are confident that the financial position of the Company will significantly improve during the year 2022/23 as a result of the profitable performance achieved during last two years. The significant reduction in the working capital deficit by Rs.578 Mn during the current year is evident that the Company was able to generate profitable cash flows, The fact that the tea industry strongly believe that the current prices will remain firm in the next year too and based on the following action plans appended below it could be fairly justified that the working capital position will be well improved in the near future.

The Company has successfully restructured the BOC loans, by utilizing the Escrow Reserve balance of Rs. 67Mn to settle a term loan of Rs. 47 Mn and the balance of Rs. 20 Mn was utilised for working capital purposes. Further, BOC granted a term loan facility of Rs. 75 Mn for the procurement of plucking machines towards the cost-effective improvements in harvesting.

The management has committed to bring in significant savings in the costs of harvesting by introducing machine plucking, with an increase in the production at a reduced labour cost which accounts for 60% of the COP. In this regard the management has strategized for 30% of the plucking extent to be mechanized within the next two years.

The Company has successfully implemented the first phase of the mechanized plucking during the year 2020/21, whereby almost 165 machines were already in operation.

Machine plucking operates by way of two puckers per machine, harvesting at the rate of 35 to 50 Kgs per pluckier per day, with a norm of 30 to 40 Kgs and the over kilos are paid at Rs.30/-, whereas manual plucking average is 16 Kgs per plucker with a norm of 18 Kgs and the over kilos are paid at Rs.40/- . The Company has lost a fair number of workers due to retirement etc and as such, currently the required plucking rounds cannot be undertaken due to shortage of workers, which will be mitigated by mechanized plucking.

The management's stringent operational policy on labour management has been successfully implemented and followed by the estate management during the year 2021/22, whereby each estate should maintain the total monthly wage bill to a maximum of 60% of revenue.

The Board of Directors of Lankem Tea & Rubber Plantations (Pvt) Ltd, Managing Agents have decided to extend the moratorium placed on Management Fees for the coming financial year too.

Further during the year 2021/22, the related party debts amounting to Rs.459 Mn has been converted to equity to further strengthen the capital structure of the company and shall continue extending similar financial assistance should the need arise.

(b) Waverly Power (Pvt) Ltd (WPL)

In addition, the Board of Directors also believe that the 'Waverly Power (Pvt) Ltd, a subsidiary of the Group, operates in the power generation sector, which has reported net assets of Rs. 93.5 Mn for the year will continue to perform well and further improves the company and group net assets in coming years. WPL is currently having a power purchase agreement with CEB for 20 years.

Based on the above factors, the Board of Directors has determined that the use of going concern assumption in the preparation of financial statements of the Group for the year ended 31st March 2022 is appropriate.

36. EVENTS AFTER REPORTING DATE

There were no material events occurring after the reporting date that require adjustments to or disclosure in the financial statements.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

Financial Risk Management - Overview

The Group has exposure to the following risk arising from financial instruments:

- Credit risk
- Market Risk
- Liquidity Risk

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

Risk Management Framework

The Company's Board of Directors has overall responsibility of the establishment and oversight of the Group's risk management Framework. They are responsible for the developing and monitoring the Group's risk management policies and reports regularly to the Board of Directors on its activities.

The Group's risk management Policies are established to identify and analyse the risks faced by the Group, 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 the changes in market conditions and the Group's activities. The Group 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 Audit Committee of Lankem Developments PLC, oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

37.1 Credit risk

Credit risk is the risk of financial loss to the Group, if a customer or counter-party to a financial instrument fails to meet its contractual obligation, and arises principally from the Group's receivables from customers, amounts due from related companies placements with banking instruments and in government securities.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

		Group		Company	
As at 31st March		2022	2021	2022	2021
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Amount due from Related Companies- Loan	32.1.3	419,584	388,176	10,600	10,600
Amount due from Related Companies	32.1.1	96,297	90,056	18,416	31,038
Trade and Other Receivables	20	248,434	211,834	229	229
Cash and Cash Equivalents	22	99,142	147,028	17	17
		863,457	777,094	29,262	41,884

37.2 Impairment Losses of Trade and Other Receivables

Group	Gross	Impairment	Gross	Impairment
	2022	2022	2021	2021
As at 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Past due 0 - 365 days	243,016	-	206,416	-
More than one year	5,418	5,418	5,418	5,418
	248,434	5,418	211,834	5,418

Company	Gross	Impairment	Gross	Impairment
	2022	2022	2021	2021
As at 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Past due 0 - 365 days	-	-	-	-
More than one year	229	215	229	215
	229	215	229	215

The movements in the allowance for impairment in respect of trade and receivable, amount due to related parties and loan from related parties are disclosed in the respective notes of the Financial Statements.

Based on historic default rates, the Company believe that, apart from the above, no impairment allowance is necessary in respect of amounts due from related companies.

37.3 Liquidity Risk

The following are the contractual maturities of financial liabilities, Excluding estimated interest payments.

As At 31st March	2022				2021			
	Carrying Amount	Contractual Cash Flows	12 months or less	1-5 Years	Carrying Amount	Contractual Cash Flows	12 months or less	1-5 Years
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Group								
Non-Derivative Financial Liabilities								
Interest Bearing Borrowings	1,308,230	1,308,230	477,637	830,593	1,456,587	1,456,587	593,747	862,840
Trade and Other Payables	1,554,613	1,554,613	1,554,613	-	1,691,353	1,691,353	1,691,353	-
Loan due to Related Parties	600,726	600,726	600,726	-	442,796	442,796	360,000	82,796
Amounts due to Related Companies	731,165	731,165	731,165	-	433,632	433,632	433,632	-
Bank Overdraft	435,797	435,797	435,797	-	430,205	430,205	430,205	-
	4,630,531	4,630,531	3,799,938	830,593	4,454,573	4,454,573	3,508,937	945,636

As At 31st March	2022				2021			
	Carrying Amount	Contractual Cash Flows	12 months or less	1-5 Years	Carrying Amount	Contractual Cash Flows	12 months or less	1-5 Years
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Company								
Non-Derivative Financial Liabilities								
Trade and Other Payables	14,813	14,813	14,813	-	12,538	12,538	12,538	-
Loan due to Related Parties	600,726	600,726	600,726	-	442,796	442,796	360,000	82,796
Amount due to Related Companies	111,774	111,774	111,774		17,170	17,170	17,170	-
Bank Overdraft	5,018	5,018	5,018	-	3,028	3,028	3,028	-
	732,331	732,331	732,331	-	475,532	475,532	392,736	

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

37.4 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates affecting the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

37.4.1 Currency Risk

Foreign currency risk is that the fair value or future cash flows of a financial instrument fluctuating, due to change in foreign exchange rates.

Exposure to Currency Risk

At the reporting date the Group/ Company has not been exposed to Currency Risk.

37.4.2 Interest Rate Risk

At the reporting date, the interest rate profit of the Group's interest bearing financial instruments was as follows;

	Group		Company	
	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Fixed Rate instruments				
Financial Assets	45,567	28,842	-	-
	45,567	28,842	-	-
Variable Rate Instruments				
Financial Assets	396,440	365,031	10,600	10,600
Financial Liabilities	1,908,956	1,899,382	600,726	360,000
	2,305,396	2,264,413	611,326	370,600

Sensitivity Analysis

The following table demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the profit before tax. A reasonably possible of +/- 0.1% is used, consistent with current trends in interest rates.

	+0.8% (800 Basis Points) Impact on Profit	-0.8% (800 Basis Points) Impact on Profit	+0.8% (800 Basis Points) Impact on Profit	-0.8% (800 Basis Points) Impact on Profit
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
31st March 2022				
Sensitivity to 100 bp- Effect	(12,100)	12,100	(4,721)	4,721
31st March 2021				
Sensitivity to 100 bp- Effect	(1,375)	1,375	(349)	349

37.5 Fair Value Hierarchy

The table below analyses Financial Instruments carried at fair value by valuation method. Fair value disclosures are given below:

The different levels have been defined as follows:

Level 1 : Quoted market price (unadjusted) in active markets for an identical instrument

Level 2 : Valuation techniques based on observable inputs either directly - i.e as prices or indirectly - i.e. derived from prices. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or the valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 : Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation techniques includes inputs not based on observable date and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

	GROUP			
	Level 1	Level 2	Level 3	Total

31st March 2022	Rs'000	Rs'000	Rs'000	Rs'000
Financial Assets Measured at Fair Value Through Other Comprehensive Income	5,150	-	-	5,150
	5,150	-	-	5,150

	GROUP			
	Level 1	Level 2	Level 3	Total
31st March 2021	Rs'000	Rs'000	Rs'000	Rs'000
Financial Assets Measured at Fair Value Through Other Comprehensive Income	4,958	-	30,079	35,037
	4,958	-	30,079	35,037

	Company			
	Level 1	Level 2	Level 3	Total
31st March 2022	Rs'000	Rs'000	Rs'000	Rs'000
Financial Assets Measured at Fair Value Through Other Comprehensive Income	3,980	-	-	3,980
	3,980	-	-	3,980

	Company			
	Level 1	Level 2	Level 3	Total
31st March 2021	Rs'000	Rs'000	Rs'000	Rs'000
Financial Assets Measured at Fair Value Through Other Comprehensive Income	3,918	-	-	3,918
	3,918	-	-	3,918

37.6 Accounting classifications and fair value

The vale of financial assets and liabilities, together with carrying amounts shown in the Financial Statements of financial position as follows:

As at 31.03.2022	GROUP Amortised Cost Rs. 000	Financial Assets Measured at FVOCI Rs. 000	Other Financial Liabilities Rs. 000	Total Carrying Amount Rs. 000	Fair Value Rs. 000
Group					
Cash and Cash Equivalents	93,414	-	-	93,414	93,414
Trade & Other Receivables	243,016	-	-	243,016	243,016
Financial Assets Measured at FVOCI	-	5,150	-	5,150	5,150
Loans given to Related Parties	419,584	-	-	419,584	419,584
Amounts due from Related Parties	96,297	-	-	96,297	96,297
	852,311	5,150	-	857,461	857,461
Trade and other payables	-	-	1,554,613	1,554,613	1,554,613
Bank Overdraft	-	-	435,797	435,797	435,797
Interest Bearing Borrowings	-	-	1,308,230	1,308,230	1,308,230
Amounts due to Related Parties - Loan	-	-	600,726	600,726	600,726
Amount due to Related Parties	-	-	130,439	130,439	130,439
Lease Liabilities	-	-	4,688	4,688	4,688
	-	-	4,034,493	4,034,493	4,034,493

As at 31.03.2021	GROUP Amortised Cost Rs. 000	Financial Assets Measured at FVOCI Rs. 000	Other Financial Liabilities Rs. 000	Total Carrying Amount Rs. 000	Fair Value Rs. 000
Group					
Cash and Cash Equivalents	153,529	-	-	153,529	153,529
Trade & Other Receivables	206,416	-	-	206,416	206,416
Financial Assets Measured at FVOCI	-	35,037	-	35,037	35,037
Loans given to Related Parties	388,176	-	-	388,176	388,176
Amounts due from Related Parties	90,056	-	-	90,056	90,056
	838,177	35,037	-	873,214	873,214
Trade and Other Payables	-	-	1,691,353	1,691,353	1,691,353
Bank Overdraft	-	-	430,205	430,205	430,205
Amounts due to Related Parties - Loan	-	-	1,456,586	1,456,586	1,456,586
Amount due to Related Parties	-	-	442,796	442,796	442,796
Interest Bearing Borrowings	-	-	433,632	433,632	433,632
Lease Liabilities	-	-	4,493	4,493	4,493
	-	-	4,459,065	4,459,065	4,459,065

NOTES TO THE FINANCIAL STATEMENTS

	COMPANY				
As at 31.03.2022	Amortised Cost	Financial Assets Measured at FVOCI	Financial Liabilities at amortised cost	Total Carrying Amount	Fair Value
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Company					
Cash and Cash Equivalents	17	-	-	17	17
Trade & Other Receivables	14	-	-	14	14
Financial Assets Measured at FVOCI	-	3,980	-	3,980	3,980
Loans given to Related Parties	10,163	-	-	10,163	10,163
Amounts due from Related Parties	17,736	-	-	17,736	17,736
	27,930	3,980	-	31,910	31,910
Trade and other Payables	-	-	14,813	14,813	14,813
Bank Overdraft	-	-	5,018	5,018	5,018
Amounts due to Related Parties - Loan	-	-	600,726	600,726	600,726
Amount due to Related Parties	-	-	111,774	111,774	111,774
	-	-	732,331	732,331	732,331

	COMPANY				
As at 31.03.2021	Amortised Cost	Financial Assets Measured at FVOCI	Financial Liabilities at amortised cost	Total Carrying Amount	Fair Value
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Company					
Cash and Cash Equivalents	17	-	-	17	17
Trade & Other Receivables	14	-	-	14	14
Financial Assets Measured at FVOCI	-	3,918	-	3,918	3,918
Loans given to Related Parties	10,063	-	-	10,063	10,063
Amounts due from Related Parties	29,714	-	-	29,714	29,714
	39,808	3,918	-	43,726	43,726
Trade and other Payables	-	-	12,538	12,538	12,538
Bank Overdraft	-	-	3,028	3,028	3,028
Amounts due to Related Parties - Loan	-	-	442,796	442,796	442,796
Amount due to Related Parties	-	-	17,170	17,170	17,170
	-	-	475,532	475,532	475,532

38. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong financial position and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may or may not make dividend payments to shareholders, return capital to shareholders or issue new shares or other instruments.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings by total equity. Total borrowings including non-current and current borrowings as shown in the statements of financial position. Total equity is calculated as 'Total equity' in the statements of financial position.

The Company's Debt to Equity ratio at the end of the reporting periods is as follows:

	GROUP		Company	
As at 31st March	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Total Liabilities	5,892,274	6,512,686	736,039	478,618
Less: Cash and cash equivalents	(93,414)	(153,529)	(17)	(17)
Net debts	5,798,860	6,359,157	736,022	478,601
Total Equity	480,858	260,362	789,916	687,960
Debt to Equity ratio(Gearing Ratio)	12.06	24.42	0.93	0.70

39. NEGATIVE MACRO ECONOMIC OUTLOOK

Background

Sri Lankan economy presented signs of recovery from the impact of COVID-19 pandemic during the year ended 31 March 2022. However, it continued to present a negatively impacted outlook from late March 2022 mainly due to insufficient foreign reserves/ liquidity and the global price increases of fuel. These factors resulted in the country to impose certain strict restrictions on the imports to preserve foreign reserves to meet the essential import needs to the public. The situation got aggravated when the credit rating of the country was downgraded to "Default Imminent(C)" with the announcement by the government of Sri Lanka on with holding repayments of foreign currency bonds and debts. These conditions added up to a rapid increase in the inflation rates of the country. As a control measure, rigorous counter actions such as increase in policy interest rates and floating the Sri Lankan rupee were introduced by the government to temper the continuously growing inflationary pressure.

Impact to the industry

The Company's business operation is to manage its investments portfolio which mainly consist of investment in subsidiaries operating in the plantations and power generation industries. Accordingly, the impact of the negative macro-economic outlook explained above would be limited to the impact towards these industries. The Group evaluated the impact of the economic uncertainty towards these industries and concluded the following.

Plantations Industry

The significant depreciation of Sri Lankan Rupee against the Unites States Dollar has in return shown promising results to the industry as a result of the increases in prices of Tea sold at the auction. As a result, the subsidiary operated in the plantations industry expects the profitability to be increased in the upcoming year. Subsidiary has already taken measures to curb the expenses with the view of achieving the maximum profit levels over the period. Lift of the ban on chemical fertilizer has also impacted positively on the industry as it is expected to increase the yield levels currently maintained by the estates.

Power Generation Industry

Increase in global fuel prices coupled with the severe shortage of the foreign reserves of the country has resulted in the government imposing severe restrictions on import of fuel. As a result, the segment of power generation through fossil fuels are expected to be maintained at minimum levels in the future. The subsidiary, Waverly Power (Private) Limited operates a power generation plant which used hydro power to generate electricity. Accordingly, the Group expects the negative macro-economic outlook of the country would positively impact the revenue generation and in return maintain higher profits in future.

Considering the above, the Group concluded that the negative macro-economic outlook of the country would not have a severe impact on the Groups future operating results.

40. NON-CONTROLLING INTERESTS

The following table summarizes the information relating to each of the group's subsidiaries that has a material NCI, before any intra-group eliminations:

	Agarapatana Plantations Ltd		Waverly Power (Pvt) Ltd	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
NCI percentage (%)	32.55%	26.80%	43.59%	43.59%
Total assets	5,726,629	5,732,796	247,926	245,441
Total liabilities	5,015,209	5,890,121	154,466	160,551
Net assets	711,420	(157,325)	93,460	84,890
Carrying amount of NCI	231,567	(43,375)	40,739	37,004
Revenue	4,486,527	4,291,538	48,601	35,495
Profit/(Loss) after tax	59,906	230,201	8,570	(1,233)
Total comprehensive income	516,968	303,134	8,570	(1,157)
Total comprehensive income / (Expense) allocated to NCI	168,273	83,574	3,736	(504)
Cash flows from/(used in) operating activities	(336,730)	(92,217)	13,413	9,145
Cash flows from/(used in) investing activities	(53,934)	(87,892)	(2,012)	2,016
Cash flows from/(used in) financing activities, before dividend to NCI	335,210	252,703	(19,663)	(11,099)
Cash flows from financing activities	335,210	252,703	(19,663)	(11,099)
Net increase in cash and cash equivalents	(55,454)	72,594	(8,262)	62

SHARE INFORMATION

TOP 20 SHAREHOLDERS AS AT 31.03.2022

		2022		2021	
Position	Full Name Of Shareholder	No of Ord. Vot. Shares	Percentage	No of Ord. Vot. Shares	Percentage
1	CONSOLIDATED TEA PLANTATIONS LIMITED	59,762,295	49.80%	59,762,295	49.80%
2	HATTON NATIONAL BANK PLC/ANUSHMAN RAJARATNAM	2,845,686	2.37%	-	-
3	UNION BANK OF COLOMBO PLC/LANKEM CEYLON PLC	2,480,626	2.07%	2,480,626	2.07%
4	ACUITY PARTNERS (PVT) LIMITED/UNION INVESTMENTS (PVT) LIMITED	2,400,000	2.00%	2,500,000	2.08%
5	ACUITY PARTNERS (PVT) LIMITED/COLOMBO FORT INVESTMENTS PLC	2,000,000	1.67%	2,000,000	1.67%
6	ACUITY PARTNERS (PVT) LIMITED/COLOMBO INVESTMENT TRUST PLC	1,819,600	1.52%	1,819,600	1.52%
7	MR. PITIPANA ARACHCHIGE SENAKA KUMARA	1,700,000	1.42%	-	-
8	PEOPLE'S LEASING & FINANCE PLC/MR.M.I.SAMSUDEEN	935,930	0.78%	317,788	0.26%
9	MR. RAVINDRA ERLE RAMBUKWELLE	912,500	0.76%	1,148,000	0.96%
10	HATTON NATIONAL BANK PLC/MR. RAVINDRA EARL RAMBUKWELLA	900,000	0.75%	1,787,500	1.49%
11	MR. UDUWAKA HEWA GAMAGE NISHAN ARJUNA HEWAGAMAGE	865,000	0.72%	-	-
12	MR. CHAMINDA DILRUKSHAN SENARATH RATHNAYAKE	847,916	0.71%	-	-
13	MR. PITIPANA ARACHCHIGE JEHAN KUMARA	746,778	0.62%	-	-
14	MR. SELLE HENNADIGE ISHAN RANDEER DE SILVA	612,200	0.51%	-	-
15	MERCHANT BANK OF SRI LANKA & FINANCE PLC/D.A.M.A.D.C. DEEGAHAWATHURA	602,095	0.50%	-	-
16	SANDWAVE LIMITED	591,807	0.49%	-	-
17	MR. ABDUL AZEEZ MOHAMED RAZIK	589,192	0.49%	-	-
18	UNION COMMODITIES (PVT) LTD.	550,000	0.46%	550,000	0.46%
19	MR. CHAMPIKA LAKMAL WIJESURIYA	500,000	0.42%	-	-
20	SEYLAN BANK PLC/MILLAWITANA ARACHCHIGE DON CHANDIMA NALIN WICKRAMARATNA	500,000	0.42%	-	-
21	MR. SITHAMBARAM PILLAI JAYAKUMAR	500,000	0.42%	718,983	0.60%
22	HATTON NATIONAL BANK PLC/SENDANAYAKE ARACHCHIGE SURANGA PRASATH PERERA	500,000	0.42%	-	-
23	HATTON NATIONAL BANK PLC/SRI DHAMAN RAJENDRAM ARUDPRAGASAM	500,000	0.42%	-	-
		83,661,625	69.74%	73,084,792	60.91%

MARKET VALUE

The market value of the Company's shares on 31st March 2022 was Rs. 3.80 (31st March 2021- Rs.3.30). Highest during the year was Rs. 12.00 and lowest during the year was Rs. 3.00.

NET ASSET PER SHARE

GROUP

The net assets per share as at 31st March 2022 - Rs. 4.89
The net assets per share as at 31st March 2021 - Rs. 2.27

COMPANY

The net assets per share as at 31st March 2022 - Rs. 6.58
The net assets per share as at 31st March 2021- Rs. 5.73

SHARE INFORMATION

PUBLIC HOLDING

The percentage of shares held by the public as at 31st March 2022 was 38.54%.(31st March 2021 - 41.07%)

The applicable option under Colombo Stock Exchange Listing Rule 7.14.1 (i) (a) on minimum Public Holding is option 5 and the Float Adjusted Market Capitalisation as at 31st March 2022 was Rs. 175.74 Mn.

PUBLIC SHAREHOLDERS

The number of Public Shareholders as at 31st March 2022 were 3,292 (2021 - 3,085)

ANALYSIS OF ORDINARY SHAREHOLDERS

	As At 31st March 2022			As At 31st March 2021		
	No. of Shareholders	%	Total Holdings	No. of Shareholders	%	Total Holdings
Individuals	3,147	34,740,739	28.95	2,955	30.55	36,656,249
Institutions	161	85,259,261	71.05	145	69.45	83,343,751
	3,308	120,000,000	100	3,100	100.00	120,000,000

DISTRIBUTION OF SHARES

			As at 31.03.2022			As at 31.03.2021		
No of Shares held			No of Shareholders	Total Holding	Holding %	No of Shareholders	Total Holding	Holding %
1	-	1,000	1,729	498,489	0.42	1,630	470,798	0.39
1,001	-	10,000	1,021	4,097,501	3.41	922	3,592,158	3.00
10,001	-	100,000	459	15,803,146	13.17	440	15,221,321	12.68
100,001	-	1,000,000	92	26,592,657	22.16	97	22,544,833	18.79
Over 1,000,000			7	73,008,207	60.84	11	78,170,890	65.14
			3,308	120,000,000	100.00	3,100	120,000,000	100.00

FIVE YEAR SUMMARY

For the Year ended 31st March	Group					Company				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Trading Results										
Turnover	4,535,128	4,332,235	3,217,870	4,082,833	4,731,146	-	5,201	50,899	9,926	-
Profit / (Loss) before Taxation	-	166,194	(1,215,640)	(60,359)	558,913	99,925	40,233	(135,952)	(33,503)	270,622
Taxation	-	56,713	(16,964)	25	(33,057)	-	-	-	-	-
Profit / (Loss) after Taxation	-	222,907	(1,232,604)	(60,334)	525,856	99,925	40,233	(135,952)	(33,503)	270,622
Total Assets										
Property, Plant & Equipment and Biological assets	4,424,969	4,324,622	4,269,349	4,168,341	4,038,853	22,400	19,809	19,809	19,811	6,954
Intangible Assets	629,064	629,064	629,064	629,064	629,064	-	-	-	-	-
Investment in Subsidiaries	-	-	-	-	-	1,467,481	1,098,878	692,919	874,783	911,066
Other Long Term Investments	176,733	229,034	82,529	191,257	192,988	3,980	3,918	5,259	5,607	6,171
Current Assets	1,408,193	1,466,387	850,167	1,019,920	1,197,344	32,094	43,973	33,198	23,824	24,757
	6,638,959	6,649,107	5,831,109	6,008,582	6,058,249	1,525,955	1,166,578	751,185	924,025	948,948
Equity and Liability										
Stated Capital	1,558,006	1,558,006	1,558,006	1,558,006	1,558,006	1,558,006	1,558,006	1,558,006	1,558,006	1,558,006
Reserves	(971,477)	(1,297,644)	(1,430,551)	(613,186)	(525,674)	(768,090)	(870,046)	(912,251)	(775,951)	(751,643)
Non Controlling Interest	306,050	(123,941)	(288,846)	241,364	297,095	-	-	-	-	-
Current liabilities	3,521,794	3,808,401	3,085,571	2,357,626	2,151,463	732,331	392,736	26,271	138,370	142,085
Non-Current Liabilities	1,027,251	1,146,688	1,334,141	1,102,267	1,383,084	108	82,796	75,559	-	-
Retired Benefit Obligation	1,129,917	1,557,597	1,531,477	1,341,107	1,177,096	-	-	-	-	-
Deferred Tax Liability	67,418	-	41,311	21,398	18,179	3,600	3,086	3,600	3,600	-
	6,638,959	6,649,107	5,831,109	6,008,582	6,058,249	1,525,955	1,166,578	751,185	924,025	948,448
Net Cash Generated from / (Used in) :										
Operating Activities	(256,325)	268,281	(191,540)	91,178	36,316	(2,330)	(9,032)	29,948	(334)	9,248
Investing Activities	(53,688)	(77,064)	(118,324)	(134,285)	(328,130)	340	(348,795)	-	600	(160,860)
Financing Activities	244,306	(118,406)	265,263	(120,714)	637,909	-	360,000	(30,700)	-	148,595
Key Financial Indicators										
Profit/(Loss) per share	0.10	1.14	(6.42)	(0.36)	2.92	0.83	0.34	(1.13)	(0.28)	2.43
Net Assets per Share	4.89	2.17	1.06	7.87	8.59	6.58	5.73	5.38	6.52	6.72
Market Value per Share	3.30	3.30	1.50	3.40	2.60	3.30	3.30	1.50	3.40	7.30
Market Capitalisation	175,742	162,640	66,186	150,840	876,000	175,742	162,640	66,186	150,840	876,000

NOTES

FORM OF PROXY

I/We………………………….................……………………......………………………………....…………………………………………………
………………………..... of ……………………………..
.... being a member/members of Lankem Developments PLC, hereby appoint ……………………………
………... of ……
.... whom failing.

1. Sri Dhaman Rajendram Arudpragasam	of Colombo or failing him,
2. Ranjit Noel Bopearatchy	of Colombo or failing him,
3. Kamalanesan Ponniah David	of Colombo or failing him,
4. Chrisantha Priyange Richard Perera	of Colombo or failing him,
5. Parakrama Maithree Asoka Sirimane	of Colombo or failing him,
6. Shanthikumar Nimal Placidus Palihena	of Colombo or failing him,
7. Anushman Rajaratnam	of Colombo

As my/our proxy to represent me/us and to speak and vote on my/our behalf at the Annual General Meeting of the Company to be held on 27th September 2022 and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting.

	For	Against
• To receive the Annual Report of the Board of Directors and the Statement of Accounts of the Company for the year ended 31st March 2022 with the Report of the Auditors thereon.	…	…
• To re-elect Mr. K. P. David as a Director.		
• To re-appoint Mr. R.N. Bopearatchy as a Director.	…	…
• To re-appoint Mr. C.P.R. Perera as a Director.	…	…
• To re-appoint Mr. S.N.P. Palihena as a Director.	…	…
• To re-appoint Mr. S.D.R. Arudpragasam as a Director.	…	…
• To re-appoint as Auditors Messrs KPMG and to authorize the Directors to determine their remuneration.	…	…

The Proxy may vote as he/she thinks fit on any other resolution brought before the meeting.

As witness my hand/our hands this ……….. day of..................Two Thousand and Twenty Two.

Signature

Note:
A Proxy need not be a member of the Company. If no words are deleted or there is in the view of the Proxy doubt (by reason of the manner in which the instructions contained in the Form of Proxy have been completed) as to the way in which the Proxy should vote, the Proxy may vote as he/she thinks fit.

Instructions as to completion are noted on the reverse hereof.

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION

1. Perfect the Form of Proxy, after filling in legibly your full name, address and by signing in the space provided and filling in the date of signature.
2. In the case of corporate members the Form of Proxy must be under the Common Sealof the Company or under thehand of an Authorized Officer or Attorney.
3. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company's Secretaries, the original POA together with a photocopy of the same, or a copy certified by a Notary Public must be lodged with the Company's Secretaries, along with the Form of Proxy.
4. The completed Form of Proxy should be deposited at the Registered Office of the Company's Secretaries, Corporate Managers & Secretaries (Pvt) Limited., 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1, not less than forty-eight (48) hours before the time appointed for the meeting.

CORPORATE INFORMATION

NAME OF COMPANY
Lankem Developments PLC

LEGAL FORM
Public Quoted Company with Limited Liability
Domiciled in Sri Lanka

DATE OF INCORPORATION
14th October 1974

COMPANY NUMBER
PQ 86

STOCK EXCHANGE LISTING
The ordinary shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka

BOARD OF DIRECTORS
Mr. S. D. R. Arudpragasam (Chairman)
Mr. R. N. Bopearatchy
Mr. K. P. David
Mr. C. P. R. Perera
Mr. P.M.A. Sirimane
Mr. S.N.P. Palihena
Mr. Anushman Rajaratnam

SECRETARIES
Corporate Managers and Secretaries (Private) Limited

REGISTERED OFFICE
No. 98, Sri Sangaraja Mawatha, Colombo 10.

LAWYERS
Messrs Julius & Creasy
Attorneys-at-Law

AUDITORS
KPMG
Chartered Accountants

BANKERS
Commercial Bank of Ceylon PLC

SUBSIDIARY COMPANIES AND THEIR PRINCIPAL ACTIVITIES

Agarapatana Plantations Limited
Cultivation and Processing of Tea

Waverly Power (Pvt) Ltd
Generation of Power Energy/ Electricity using Hydro Resources

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