



**LANKEM**  
Developments PLC

**ANNUAL REPORT 2023/24**



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# NOTICE OF MEETING

Notice is hereby given that the 49th Annual General Meeting of Lankem Developments PLC will be held on 27th September 2024, at 12.00 noon 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 2024 with the Report of the Auditors thereon.
2. To re-elect as a Director, Mr. Anushman Rajaratnam who retires in accordance with Articles 84 & 85 of the Articles of Association.
3. To reappoint as a Director, Mr. R. N. Boppearatchy 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 a Director Mr. A.M.de S. Jayaratne, 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 9).
8. To reappoint as Auditors, Messrs KPMG and authorize the Directors to determine their remuneration.
9. Special Business  
To consider and if thought fit to pass the following Special Resolution to amend the Articles of Association of the Company in compliance with the Listing Rules in the manner following:  
Special Resolution  
Resolved –  
“that the existing Article 74(1) be deleted and the following be substituted therefor:  
74(1). The Directors shall not be less than five nor more than fifteen in number. Subject to the provisions of the Act and these presents, the Company may from time to time, by Special Resolution, increase or reduce the number of Directors.  
that the existing Article 105 be deleted and the following be substituted therefor:

105 (1) A Director may, by notice in writing left at the office, appoint any person to be his Alternate to act in his place for such period as the appointor may stipulate and such appointment shall become effective upon approval thereof by the Board, provided however that:-

- (a) An Alternate Director shall only be appointed in exceptional circumstances and for a maximum period of one (1) year from the date of appointment.
  - (b) If an Alternate Director is appointed by a Non-Executive Director such Alternate should not be an Executive of the Company.
  - (c) If an Alternate Director is appointed by an Independent Director, the person so appointed should meet the criteria of independence specified in the Listing Rules of the Colombo Stock Exchange and the Company shall satisfy the requirements relating to the minimum number of Independent Directors specified in the Listing Rules. The Nominations and Governance Committee of the Company shall review and determine that the person so nominated as the Alternate would qualify as an Independent Director before such appointment is made.
  - d) The Company shall make an immediate Market Announcement on the Colombo Stock Exchange regarding the appointment of an Alternate Director. Such announcement shall include the following :
    - i) the exceptional circumstances leading to such appointment
    - ii) the information on the capacity in which such Alternate Director is appointed, i.e. whether as an Executive, Non-Executive or Independent Director.
    - (iii) the time period for which he/she is appointed, which shall not exceed one (1) year from the date of appointment and
    - iv) a statement by the Company indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Company.
- (2) A person appointed to be an Alternate Director shall not in respect of such appointment be entitled to receive any remuneration from the Company, nor be required to hold any share qualification, but the Board may repay the Alternate Director such reasonable expenses as he may incur in attending and returning from meetings of the Directors which he is entitled to attend or which he may otherwise properly incur in or about the business of the Company or may pay such allowances as the Board may think proper in respect of these expenses.
- (3) An Alternate Director shall be entitled to receive notices (on his giving an address for such notices to be served upon him) of all meetings of the Directors and to attend and vote as Director at any such meeting at which the Director appointing him is not personally present and generally at such meeting to perform all the functions of his appointor as a Director in the absence of such appointor.

- (4) If an Alternate Director is also a Director in his own right he shall have at any Board meeting two (2) votes, one (1) vote in his own right and one (1) vote in his capacity as an Alternate Director.
- (5) An Alternate Director shall ipso facto cease to be an Alternate Director on the happening of any of the following events;
  - (a) Upon the Appointor's resumption of duties as a Director;
  - (b) If the appointment of the Alternate Director is revoked by notice in writing left at the office by his appointor.
  - (c) If his appointor ceases for any reason to be a Director, Provided that if any Director retires by rotation but is re-elected at the meeting at which such retirement took effect, any appointment made by him pursuant to this Article which was in force immediately prior to his retirement shall continue to operate after his re-election as if he had not so retired;
  - (d) If the Alternate Director shall have a receiving order made against him or compounds with his creditors or is adjudicated insolvent;
  - (e) If the Alternate Director becomes lunatic or becomes of unsound mind;
  - (f) If the Alternate Director resigns by a notice in writing given under his hand to the Company;
  - (g) If the Board resolves that the appointment of the Alternate Director be terminated; provided that such termination shall not take effect until the expiration of thirty (30) days after the date of the resolution of the Board;
  - (h) If he becomes subject to any of the provisions of Article 83 of these Present which, if he were a Director of the Company, would render his office vacated.
- (6) A Director shall not vote on the question of the approval of an Alternate Director to act for him or on the question of the termination of the appointment of such an Alternate Director under the foregoing sub-clause of this Article, and if he does so, his vote shall not be counted; nor for the purpose of any resolution for either of these purposes shall he be counted in the quorum present at the Meeting.
- (7) The attendance of any Alternate Director at any meeting subject to (6) above, including Board Committee meetings shall be counted for the purpose of quorum.

By Order of the Board  
**CORPORATE MANAGERS & SECRETARIES (PRIVATE)  
 LIMITED**  
 Secretaries  
 Colombo  
 29th August 2024

**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 29th August 2024 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 three 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 eighty 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 seven 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 three 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. "
9. 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. A.M.de S. Jayaratne who is eighty four 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. A.M. de S. Jayaratne. "

# CHAIRMAN'S MESSAGE

On behalf of the Board of Directors of Lankem Developments PLC, it is my pleasure to present to you the Annual Report and Audited Financial Statements for the financial year ended March 31, 2024 together with highlights of our performance amidst a challenging yet gradually recovering economic landscape.

## NAVIGATING A REBOUNDED ECONOMY

Sri Lanka's economy faced continued contraction throughout 2023, albeit at a reduced pace compared to the previous year. The Central Bank's Annual Economic Review 2023 estimates a contraction of 2.3% for the year, an improvement from the 7.3% decline in 2022. Notably, the latter half of the year showed positive growth, with the economy expanding by 1.6% and 4.5% in the third and fourth quarters, respectively. This revival was driven by improvements in agricultural productivity, although industrial and service sectors continued to face difficulties.

In 2023, the tea industry faced a challenging landscape marked by significant fluctuations in rupee tea prices. Following the appreciation of the Sri Lankan Rupee from March 2023, tea prices in rupee terms experienced a notable slump. This depreciation, coupled with the volatility of the currency, led to a decline in tea revenues for many plantation companies compared to the previous year.

Despite these domestic challenges, the global tea market exhibited a mixed performance. Sri Lanka's tea export volumes decreased to 241.9 million kilograms in 2023, down from 250.1 million kilograms in 2022. However, the export value of tea saw an increase, rising to USD 1,310 million from USD 1,259 million in the previous year. This increase in value despite lower export volumes highlights a rise in export prices on the global stage.

The Middle East remained the largest export market for Ceylon Tea, although export volumes to this region decreased from 114 million kilograms in 2022 to 111 million kilograms in 2023. Despite this reduction, the value of exports to the Middle East increased from USD 531 million to USD 562 million. On the other hand, exports to the CIS countries declined both in volume and value, with volumes dropping from 41 million kilograms to 36 million kilograms, and export value decreasing from USD 219 million to USD 199 million. In contrast, exports to the European Union saw a modest increase, with volumes rising from 22 million kilograms to 23 million kilograms and export earnings improving from USD 148 million to USD 162 million.

At Agarapatana Plantations PLC, we achieved a commendable increase in tea outputs in 2023-24 compared to the previous year. This achievement underscores the effectiveness of our crop management practices and dedication to optimising production. However, the volatility of exchange rates during the 2023-24 period impacted our tea income, presenting a challenge in an otherwise successful production year.

In this context of economic fluctuation, the Group has exhibited remarkable resilience and adaptability. Our ability to navigate through these turbulent times and deliver strong performance is a testament to our strategic foresight and the unwavering commitment of our team.

Looking ahead to the new financial year, analysts forecast a global increase in tea outputs of 1.5% to 3% in Sri Lanka. Additionally, global tea prices may continue to experience volatility due to ongoing trade restrictions affecting Russia and Iran, weak economic conditions in Turkey, and increased costs associated with rerouting trade from the Red Sea.

## GROUP PERFORMANCE AND STRATEGIC ACHIEVEMENTS

During the broader economic uncertainties, Agarapatana Plantations PLC achieved a tea crop of 6.8 million kgs marking a 9% increase year-on-year. This growth reflects our strategic initiatives aimed at enhancing tea production and implementing stringent cost-control measures. These efforts have not only streamlined operational expenses but have also led to a substantial profit after tax of Rs. 454 million, compared to the previous year's figures.

Our subsidiary, Waverly Power (Pvt) Ltd, also demonstrated exceptional performance, with Power generation units of 4.6 million, an impressive increase of 19% over previous year with revenue reaching Rs. 62 million. The growth in revenue and profit was significantly supported by favourable weather conditions, which facilitated rise in power generation. This achievement highlights our commitment to optimizing resource utilization and underscores the role of renewable energy in our business strategy.

For the financial year ending March 31, 2024, the Group reported a revenue of Rs. 7,215 billion and a net profit of Rs. 401 million. This performance is primarily driven by the achievements of Agarapatana Plantations PLC with the subsidiary Waverly Power (Pvt) Ltd., reflecting our ongoing efforts to drive growth and profitability amidst economic challenges.

## **GROUP'S COMMITMENT TO GOVERNANCE AND SUSTAINABILITY**

Our commitment to corporate governance remains unwavering. We continue to uphold the highest standards of transparency and integrity, ensuring that our practices align with industry best practices and regulatory requirements. Our governance framework supports our strategic objectives, balancing stakeholder expectations with sustainable business growth.

We are dedicated to enhancing our environmental responsibility. The adoption of gravity-fed irrigation systems and the exploration of solar-powered water pumps are key initiatives aimed at improving sustainability and efficiency. Additionally, our focus on maximizing power generation from renewable sources through Waverly Power aligns with our goal of reducing operational costs and promoting environmental stewardship.

## **LOOKING AHEAD**


As the Group embarks on a new chapter with Agarapatana Plantations PLC transitioning to a public quoted company, with the vision of becoming a leading producer in the "High Grown" tea sector is taking shape. We are committed to leveraging innovative technologies, such as mechanized tea harvesting, drone assisted fertilizer application and modernized tea factories, to boost productivity and reduce costs. Our ongoing efforts to integrate automation and advanced agricultural technology are integral to our long-term strategy.

## **GRATITUDE AND APPRECIATION**

I extend my sincere appreciation to our shareholders for your continued support and confidence in our journey. Group's achievements this year are a result of the collective efforts and dedication of the management team and employees. I am deeply grateful for their commitment and look forward to their continued contributions.

Lastly, I would like to thank my fellow Board members for their valuable counsel and unwavering support. Their efforts have been instrumental in guiding the Group through another successful year.

Thank you for your trust and partnership as we strive to build a sustainable and prosperous future.



S. D. R. Arudpragasum  
Chairman  
29th August 2024

# 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 C M Holdings 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. After graduation he served in Research in the Plant Pathology Division of the Tea Research Institute and later joined Chemical Industries Colombo Limited and was appointed to its Board. He 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 held office as 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 serves as a Director of several companies in The Colombo Fort Land & Building Group.

He holds a Bachelor of Science degree from the University of Ceylon, and a Masters Degree 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.

## P.M.A. SIRIMANE

(FCA, MBA)

*Director*

Mr. P.M.A. Sirimane was appointed to the Board in June 2017. Mr. Sirimane serves on the Board of The Colombo Fort Land and Building PLC (CFLB) and also serves on the Boards of several subsidiary companies in the CFLB Group. 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 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 overseas 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.

## **A.M.DE S. JAYARATNE**

B.Sc. (Econ.), FCA (Eng. & Wales) FCA (ICASL)

### **Director**

Mr. A.M.de S. Jayaratne was appointed to the Board on 8th December 2022. He is a former Chairman of Forbes & Walker Ltd., Colombo Stock Exchange, Ceylon Chamber of Commerce and The Finance Commission. He also served as Sri Lanka's High Commissioner in Singapore. Mr. Jayaratne is a Director of several listed and unlisted companies. He holds a Bachelor of Science Degree in Economics and is a Fellow of the Institute of Chartered Accountants of England and Wales and of Sri Lanka.

## **S.S. POHOLIYADDE**

FIPM

### **Director**

Mr. S.S. Poholiyadde was appointed to the Board on 15th December 2022. He currently holds the position of Managing Director, Lankem Tea & Rubber Plantations (Pvt) Ltd. (LTRP), Managing Agents of Kotagala Plantations PLC and Agarapatana Plantations PLC.

Mr. Poholiyadde is the former Managing Director of the Plantations Sector and Head of Group Human Resources of the Richard Pieris Group. He was also the former CEO/Executive Director of Kegalle Plantations PLC, Namunukula Plantations PLC, Maskeliya Plantations PLC and an Executive Director AEN Palm oil processing Pvt Ltd. He has over four decades of experience in the Plantations Industry.

He is a past Chairman of the Planters' Association of Ceylon, Former chairman of the Colombo Rubber Traders' Association and has served as Chairman of the Plantation Services Group of the Employers Federation of Ceylon (EFC). He was also a member of the Board of Directors of the Sri Lanka Tea Board, the Rubber Research Board. He has also served as a Council Member of the Ceylon Chamber of Commerce.

Mr. Sunil Poholiyadde is a Fellow of the National Institute of Plantation Management.

## **M. KOWDU K. MOHIDEEN**

FCA, FCMA (UK)

### **Director**

Mr. Kowdu Mohideen was appointed to the Board on 15th December 2022. He is a Fellow of the Institute of Chartered Accountants of Sri Lanka and The Chartered Institute of Management Accountants. (UK). He commenced his career at M/s Ernst & Young, Sri Lanka and later moved to various Commercial Sectors both locally and overseas.

He possesses a wide exposure in the areas of Plantation Industry, Hyper Market Operations, Fast Food Industry, Investment & Finance and Manufacturing spanning over 25 years in local and overseas companies during which period he has held several senior positions in Finance and Management including the position of Director, Finance & IT in a local Company and has also served as Managing Director in a Super Market operation overseas.

Having extensive experience in the field of Finance, Mr. Kowdu Mohideen joined the Lankem Plantations Group in the year 2012 as General Manager- Finance. He currently holds the position of Director Finance and heads the Financial Management Unit of the Plantations Sector which comprises of several Companies including two Regional Plantation Companies.

# 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 2024.

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 19th 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, confirm that the Company has not engaged in any activities that contravene laws, regulations and prudential requirements and that there are no non-compliances.

## FINANCIAL STATEMENTS

The Financial Statements of the Company are given on pages 29 to 86.

## AUDITORS' REPORT

The Auditors' Report on the Financial Statements is given on pages 25 to 28.

## ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Financial Statements are given on pages 33 to 46. 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 72 to 77.

During the financial year the Company has not entered into any contracts in which the Directors have had a material interest.

Neither the Directors nor their close family members have had any material business relationship with other Directors.

## 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 31.03.2024	As at 31.03.2023
Mr. K. P. David	4,314	4,314
Mr. Anushman Rajaratnam	327,742	527,742

## DIRECTORS' REMUNERATION

Key management compensation in respect of the Company and the Group for the financial year 2023/2024 are given in Note 32. 6. 2 on page 78 to the Financial Statements.

## CORPORATE DONATIONS

No donations were made during the year (2022/2023 - Nil).

## DIRECTORATE

The names of the Directors who held office during the financial year are given below and are profiled on pages 6 and 7.

Mr. S. D. R. Arudpragasam - Chairman

Mr. C. P. R. Perera

Mr. R. N. Bopearatchy

Mr. Anushman Rajaratnam

Mr. K. P. David

Mr. P. M. A. Sirimane

Mr. S. S. Poholiyadde

Mr. A. M. de S. Jayaratne

Mr. S. N. P. Palihena

Mr. M. Kowdu K. Mohideen

In terms of Articles 84 and 85 of the Articles of Association, Mr. Anushman Rajaratnam 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.

Mr. A.M.de S. Jayaratne 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 are 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.1.42Mn (2022/2023 - Rs. 1.26Mn) as audit fees and fees for audit-related services by the Company. Further, there were no non-audit related services during the year 2023/2024 (2022/2023 - 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 (2022/2023 - Nil)

## RESULTS

The Company made a Net Loss before Tax of Rs 101.3 in the current financial year. The Net Profit before Tax for the previous year was Rs. 767.1 Mn

## INVESTMENTS

Investments made by the Company are given in Notes 17 and 18 on pages 60 to 62.

## PROPERTY, PLANT & EQUIPMENT

During 2023/2024 the Company did not invest in Property, Plant & Equipment (2022/2023 - 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, 2024. Market value of freehold land is given in Note 12 on pages 51 to 55.

## STATED CAPITAL

The Stated Capital of the Company as at 31st March, 2024 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 2024 comprised of general reserves of Rs 0.5 Mn and accumulated loss of Rs. 115 Mn whereas the total reserves of the Company as at 31st March 2023 comprised of general reserves of Rs. 0.5 Mn and accumulated loss of Rs. 14 Mn.

## TAXATION

The Company's Liability to Taxation has been computed in accordance with the provisions of the Inland Revenue Act No. 45 of 2022 and subsequent amendments thereto.

# ANNUAL REPORT OF THE BOARD OF DIRECTORS

## RELATED PARTY TRANSACTIONS

During the financial year there were no recurrent or Non-recurrent related party transactions which exceeded the respective thresholds mentioned in Section 9.14 of the Colombo Stock Exchange Listing Rules. 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 72 to 75.

## SHARE INFORMATION

Information relating to Earnings, Dividend, Net Assets, and Market Value per share and share trading are given on pages 87 and 88.

## 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 79.

## CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital Commitments and Contingent Liabilities as at the Reporting date are disclosed in Notes 33 and 34 on page 78.

## 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.

There are no material issues pertaining to staff or industrial relations arising from the year under review.

## 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 to 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 covering financial, operational, risk management and the compliance with applicable laws, rules and regulations and have obtained reasonable assurance of their effectiveness and successful adherence. 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. S. Poholiyadde  
Director



M. Kowdu K. Mohideen  
Director

By Order of the Board



Corporate Managers & Secretaries (Private) Limited  
Secretaries  
Colombo  
29th August 2024

# 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.

We present below the Corporate Governance practices adopted and practiced by Lankem Developments PLC in accordance with the rules on Corporate Governance set out in the Colombo Stock Exchange Listing Rules.

## BOARD

### Composition of the Board

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

During the financial year ended 31st March 2024 the Board comprised of 10 Non-Executive Directors 4 of whom were Independent.

The Directors are named below:

Mr. S. D. R. Arudpragasam - Chairman/Non-Executive  
Mr. R. N. Boppearatchy - 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. Paliheena - Independent - Non-Executive  
Mr. Anushman Rajaratnam - Non-Executive  
Mr. A.M.de S. Jayaratne - Independent - Non-Executive  
Mr. S.S. Poholiyadde - Non-Executive  
Mr. M. Kowdu K. Mohideen - 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 functions as the Deputy Chairman of the Ultimate Parent Company The Colombo Fort Land & Building PLC (CFLB) and holds Directorships of several subsidiaries of the CFLB. He has served on the listed entity and on the Boards of several subsidiaries of CFLB for more than nine years and is a Director on the Boards of certain companies within the CFLB group, of which a majority of the Directors serve on the Board of another. He also holds Directorships in some companies

within the CFLB group which have a significant shareholding in another. He is also over 70 years of age. 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 The Colombo Fort Land & Building PLC (CFLB) and holds Directorships on several subsidiaries of CFLB and he has served on the Boards of some of these subsidiaries for over a period of nine years. He is a Director on the Boards of certain such 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 within CFLB Group. He had been employed by a subsidiary of the Ultimate Parent Company, during the period of three years immediately preceding his appointment to the Board of the Company. However, the Board having considered the fact that Mr. Sirimane 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. P.M.A. Sirimane is nevertheless independent.

Mr. S.N.P. Paliheena is a Director of several subsidiaries of the Ultimate Parent Company, The Colombo Fort Land & Building PLC (CFLB) 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 within the CFLB Group of companies. He is also over 70 years of age. However, the Board having considered the fact that Mr. Paliheena 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. Paliheena is nevertheless independent.

Mr. A.M. de S. Jayaratne is a Director of the Ultimate Parent Company The Colombo Fort Land & Building PLC (CFLB) and serves on the Boards of several subsidiaries of CFLB. He has served on the Board of CFLB and on the Boards of several subsidiary companies of CFLB for a period exceeding nine years. He is a Director of certain subsidiary companies of which a majority of the Directors serve on the Board of another and also a Director of some companies which have a significant shareholding in another within the CFLB Group of Companies. He is also over 70 years of age. The Board however having considered the fact that Mr. A. M. de S. Jayaratne is not directly involved in the management of the Company and the Directors having taken into consideration all other circumstances listed in the Rules pertaining to the Criteria for defining Independence is of the opinion that Mr. A.M. de S. Jayaratne is nevertheless Independent.

# CORPORATE GOVERNANCE

## BOARD MEETINGS

The Board has met on two occasions during the year under review. In addition to the decisions taken at Board Meetings, matters are referred to the Board and decided by resolutions in writing.

The attendance at Board Meetings was as follows:

Mr. S. D. R. Arudpragasam - 2/2  
Mr. R. N. Bopearatchy - 1/2  
Mr. K. P. David - 1/2  
Mr. C. P. R. Perera - 2/2  
Mr. P. M. A. Sirimane - 2/2  
Mr. S. N. P. Palihena - Excused  
Mr. Anushman Rajaratnam - 1/2  
Mr. A. M. de S. Jayaratne - 2/2  
Mr. S. S. Poholiyadde - 2/2  
Mr. M. Kowdu K. Mohideen - 2/2

The Directors have made themselves aware of applicable laws, rules and regulations and are aware of changes particularly to the Listing Rules and applicable Capital Market provisions.

## FIT AND PROPER ASSESSMENT

The Company's fit and proper assessment for Directors is in line with the guidelines set out in the Listing Rules and include criteria on honesty, integrity and reputation, competence and capability and financial soundness. The Chairman and the Directors satisfy the fit and proper assessment criteria stipulated in the Listing Rules of the Colombo Stock Exchange.

## 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 six finance professionals who possess the necessary knowledge to offer the Board guidance on matters of finance.

## DIRECTORS OTHER DIRECTORSHIPS

The details pertaining to the names of the companies (in Sri Lanka) in which the Directors serve as a Director or Key Management Personnel are presented on pages 13 to 17.

## 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

New Directors are proposed for appointment by the Nomination Committee in consultation with the Chairman of the Company in keeping with the provisions of the Articles of Association of the Company in relation to same and in compliance with the Rules on Corporate Governance.

The details of the new appointments to the Board are made available to the shareholders by making announcements to the Colombo Stock Exchange.

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

## 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 21.

## REMUNERATION COMMITTEE

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

The Remuneration Committee Report is set out on page 20.

## RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions are disclosed in Note 32 to the financial statements.

The Report of the Related Party Transactions Review Committee appear on page 19.

## DETAILS IN RESPECT OF DIRECTORS

The following table illustrates the total number of Board seats held by each Director of the Company.

### Abbreviations:

- C - Chairman
- GMD - Group Managing Director
- DC - Deputy Chairman
- MD - Managing Director
- EC - Executive Chairman
- JMD - Joint Managing Director
- EX - Executive Director
- CEO -Chief Executive Officer
- NE - Non-Executive Director
- D - Director
- INE - Independent Non-Executive Director
- Alt - Alternate Director

PUBLIC QUOTED COMPANIES	Mr. S.D.R. Arudpragasam	Mr. C. P. R. Perera	Mr. R. N. Bopearatchy	Mr. Anushman Rejartnam	Mr. K. P. David	Mr. P. M. A. Sirirame	Mr. S.S. Poholiyadde	Mr. A. M. de S. Jayaratne	Mr. S. N. P. Palithena	Mr. M. Kowdu K. Mohideen
The Colombo Fort Land and Building PLC	C/ NE	DC/ INE		GMD/ EX		INE		INE		
C M Holdings PLC*	C/ NE			NE				INE		
York Arcade Holdings PLC*	C/ NE			NE				INE	INE	
Lankem Ceylon PLC*	C/ NE			EX		INE				
Lankem Developments PLC*	C/ NE	INE	NE	NE	NE	INE	NE	INE	INE	NE
Kotagala Plantations PLC*	C/ NE	DC / INE		NE		INE	EX	INE		EX
Agarapatana Plantations PLC*	C/ NE	DC / INE		NE		INE	EX	INE		EX
E.B. Creasy & Company PLC*	C/ MD/ EX		EX			NE		INE	INE	
Muller & Phipps (Ceylon) PLC*	C/ NE		NE			NE			INE	
Laxapana PLC*	C/ NE		NE			INE			INE	
Beruwala Resorts PLC*	C/ NE	DC/ INE		NE						
Marawila Resorts PLC*	C/ NE	DC/ INE		NE						
Sigiriya Village Hotels PLC*	C/ NE	DC/ INE		NE						

## CORPORATE GOVERNANCE

PUBLIC QUOTED COMPANIES	Mr. S.D.R. Arudpragasam	Mr. C. P. R. Perera	Mr. R. N. Bopearatchy	Mr. Anushman Rajaratnam	Mr. K. P. David	Mr. P. M. A. Sirimane	Mr. S.S. Poholiyadde	Mr. A. M. de S. Jayaratne	Mr. S. N. P. Palihena	Mr. M. Kowdu K. Mohideen
C W Mackie PLC*	NE	INE		NE				INE		
ACME Printing & Packaging PLC*	NE			NE		INE				
Colombo Fort Investments PLC*	C/ NE			NE		INE		INE		
Colombo Investment Trust PLC*	C/ NE			NE		INE		INE		
Ceylon Tea Brokers PLC		INE								
ACL Cables PLC								INE		
Overseas Reality (Ceylon) PLC								C/ INE		
C. F. Travels Limited*										
Candy Delights Limited*	C/ MD		D			D		D	D	
Capital Investments Limited*	D									
Capital Leasing Company Limited*	C			D		D				
Ceyflex Rubber Limited*	C		D			D				
Colombo Fort Holdings Limited*	D									
Colombo Fort Hotels Limited*	C			D						
Colonial Motors (Ceylon) Limited*	DC			D				C		
Consolidated Tea Plantaions Limited*	D	D		D		D	D	D		D
Corporate Systems Limited*	C		D							
Darley Butler & Company Limited*	C/ MD		D			D		D	D	
E. B. Creasy Logistics Limited*	C		D			D				
Gardian Asset Management Limited*	D									
Imperial Hotels Limited*	C			D						
J.F.Packaging Limited*	C			D	MD	D				
JF Ventures Limited*	C		D	D	D	D				
Lanka Special Steel Limited*	C		D			D				
Lankem Chemicals Limited*	C		D	D	D					
Lankem Consumer Products Limited*	C		D	D	D					
Lankem Paints Limited*	C		D	D	D					
Lankem Plantation Services Limited*	D									
Lankem Research Limited*	C		D	D	D					
Nature's Link Limited*	C		D		D					
Sherwood Holidays Limited*	C									
SunAgro Farms Limited*	C		D	D	D					



PUBLIC QUOTED COMPANIES	Mr. S.D.R. Arudpragasam	Mr. C. P. R. Perera	Mr. R. N. Bopearatchy	Mr. Anushman Rajaratnam	Mr. K. P. David	Mr. P. M. A. Sirimane	Mr. S.S. Poholiyadde	Mr. A. M. de S. Jayaratne	Mr. S. N. P. Pailhena	Mr. M. Kowdu K. Mohideen
SunAgro LifeScience Limited*	C		D	D	D	D				
Alliance Five (Private) Limited*	C			D	MD	D				
BOT Hotel Services (Private) Limited*	C				D			D		
Ceylon Tapes (Private) Limited*	C			D	MD	D				
Colombo Fort Group Services (Private) Limited*	D			D		D				
E B Creasy Ceylon (Private) Limited*	C		D			D				
Galle Fort Hotel (Private) Limited *	D			D						
Group Three Associate (Private) Limited*	C		D							
Kiffs (Private) Limited	C			D	MD	D				
Lankem Exports (Private) Limited*	C				D					
Lankem Tea & Rubber Plantations (Private) Limited*	C	D		D		D	MD	D		D
Transways (Private) Limited*				D						
Union Commodities (Private) Limited*	C			D		D	D	D		D
Union Investments (Private) Limited*	D			D				D		
Waverly Power (Private) Limited*	C	D		D		D	D	D		D
American Lloyd Travels Limited*	D			D						
C. W. M. Hotel Holdings Limited	D			D						
Century Equity Trust Limited	D									
Colombo Fort Travels Limited	D									
Creasy Plantation Management Limited	D									
E.B. Creasy Trading Limited*	D		D							
Far Eastern Exports (Colombo) Limited*	D			D						
Financial Trust Limited				D						
Fortland Finance Limited	C									
Great Eastern Resorts Ltd				D						
Lankem Agrochemicals Limited*	C		D	D	D					
Lankem Cargo Storage Limited*	D			D						
Lankem Minerals Limited*	D			D		D				
Lankem Technology Services Limited *	C		D		D					

## CORPORATE GOVERNANCE

PUBLIC QUOTED COMPANIES	Mr. S.D.R. Arudpragasam	Mr. C. P. R. Perera	Mr. R. N. Bopearatchy	Mr. Anushman Rajaratnam	Mr. K. P. David	Mr. P. M. A. Sirimane	Mr. S.S. Poholiyadde	Mr. A. M. de S. Jayaratne	Mr. S. N. P. Palihena	Mr. M. Kowdu K. Mohideen
Muller & Phipps (Health Care) Limited* (Formerly known as Pettah Pharmacy (Pvt) Limited	C		D			D			D	
Nutriklim (Ceylon) Limited	D									
Rubber & Allied Products (Colombo) Limited*	C	D		D		D	D	D		D
Sigiriya Resorts Limited				D						
Sunrise Resorts Limited				D						
Tropical Beach Resorts Limited				D						
Udaveriya Plantations Limited	D			D						
Weligama Hills Limited	D			D						
York Hotel Management Services Limited*	C			D						
York Tours Limited*				D						
Associated Farms (Private) Limited*	C				D					
Ceytape (Private) Limited*	C			D	D	D				
Colombo Residencies (Private) Limited	D									
Company Holdings (Private) Limited	D									
Consolidated Commercial Investments (Private) Limited				D						
Consolidated Holdings (Private) Limited	D			D						
Maitland & Knox (Private) Limited	D			D						
Motor Mart Ceylon (Private) Limited*	D			D						
Oakley Investments (Private) Limited	D			D						
Property and Investment Holdings (Private) Limited	D			D						
Teacom (Private) Limited*	C			D						
Unicom Clearing and Forwarding (Private) Limited*	C			D						
Union Commodities Exports (Private) Limited*	C			D						

PUBLIC QUOTED COMPANIES	Mr. S.D.R. Arudpragasam	Mr. C. P. R. Perera	Mr. R. N. Bopearatthy	Mr. Anushman Rajaratnam	Mr. K. P. David	Mr. P. M. A. Sirimane	Mr. S.S. Poholiyadde	Mr. A. M. de S. Jayaratne	Mr. S. N. P. Paliyana	Mr. M. Kowdu K. Mohideen
Union Commodities Teas (Private) Limited*	C			D						
Union Group (Private) Limited*	D			D						
Mayfield Investments (Pvt) Ltd				D						
Horton Plains Resorts and Spa Ltd*				D						
Kelani Valley Canneries Ltd*				D						
Voyages Ceylan (Private) Limited*				D						
York Conventions (Private) Limited*				D						
Sterling Steels (Pvt) Ltd*	D									
Acme Packaging Solutions (Pvt) Ltd*	D			D		D				
Colombo Fort Properties (Pvt) Ltd				D						
Insite Holdings (Pvt) Ltd		C								
Insite Factories (Pvt) Ltd		C								
Logicare (Pvt) Ltd		D								
Tempest PE Partners (Pvt) Ltd		D								
Mireka Capital Land (Pvt) Ltd								D		
Innovest Investments (Pvt) Ltd								C		
Sunquick Lanka (Pvt) Ltd				D						
Sunquick Lanka Properties (Pvt) Ltd				D						

Note: the Companies marked with an \* are Subsidiaries or Associates of the The Colombo Fort Land and Building Group

# 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 Group 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 States 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 for the financial year ended 31st March 2024 comprised of the following members:

Mr. A.M. de S. Jayaratne – Chairman - Independent/Non-Executive Director

Mr. P.M.A. Sirimane - Independent/Non-Executive Director

Mr. C.P.R. Perera - Independent/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 2024 and the attendance was as follows:

Mr. A.M. de S. Jayaratne - Chairman - 3/4

Mr. P.M.A. Sirimane - 3/4

Mr. C.P.R. Perera - 4/4

The above meetings were held once in every quarter.

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 9.14 of the Listing Rules of the Colombo Stock Exchange.

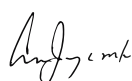
### Functions

- 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 or non recurrent related party transactions which exceeded the respective thresholds mentioned in Section 9.14 of the Colombo Stock Exchange Listing Rules. The Company has complied with the requirements of the Listing Rules on Related Party Transactions.



A.M. de S. Jayaratne  
Chairman

Related Party Transactions Review Committee  
29th August 2024

# REMUNERATION COMMITTEE REPORT

The Remuneration Committee of Lankem Developments PLC for the financial year ended 31st March 2024 comprised of the following members:

Mr. A.M. de S. Jayaratne - Chairman -  
Independent Non- Executive Director

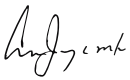
Mr. C. P. R. Perera – Member - Independent Non-Executive

Mr. S. D. R. Arudpragasam - Non-Executive

The Remuneration Committee met during the financial year and all the Members were present at the meeting

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 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.



A.M. De S. Jayaratne  
*Chairman*  
Remuneration Committee  
29th August 2024

# 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 2024, comprised of 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)

Mr. C. P. R. Perera - Member  
(Independent, Non-Executive Director)

Mr. P.M.A. Sirimane - Member  
(Independent, Non-Executive Director)

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 2024 and the attendance was as follows:

Mr. A. M. de S. Jayaratne – Chairman - 3/4

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 and 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, 2024 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 2025 subject to the approval of the Shareholders at the Annual General Meeting of the Company.

A. M. de S. Jayaratne  
Chairman  
Audit Committee  
29th August 2024

# MANAGEMENT DISCUSSION AND REVIEW

## THE GLOBAL ECONOMY

The global economy demonstrated notable resilience throughout 2023, navigating a complex landscape shaped by lingering pandemic effects, geopolitical tensions, and inflationary pressures. While the global economy continued its recovery journey, it fell short of pre-pandemic performance levels and exhibited uneven progress across regions.

### Growth Trajectory and Economic Outlook

According to the IMF's January 2024 World Economic Outlook update, global growth decelerated from 3.5% in 2022 to 3.1% in 2023. The forecast for 2024 suggests a continuation of this subdued growth rate at approximately 3.1%, with a slight rebound to 3.2% expected in 2025. This anticipated improvement is largely attributed to a robust recovery in key economies like the United States and China. Despite these projections, the global output for 2023 remains 3.4% below pre-pandemic projections, amounting to about \$3.6 trillion in current prices.

### Sectoral and Regional Insights

Advanced economies have seen labour force participation rates surpass pre-pandemic levels while emerging markets have faced lower participation rates, leading to weaker social protection and output losses. Tight monetary policies have also placed strain on housing markets, investments, and overall economic activity, contributing to slow growth. High commodity prices, particularly those influenced by energy imports from Russia, have further exacerbated core inflation, especially in the Euro area.

During the first half of 2023, headline inflation showed improvement due to decreased food and energy prices. However, core inflation remained persistently above target levels, highlighting ongoing inflationary pressures despite easing in certain areas.

Sri Lanka's tea industry, a vital component of the nation's economy, faces mounting challenges due to escalating tensions in key export markets. Over 50% of Sri Lankan tea is exported to the Middle East, encompassing countries such as Iran, Iraq, and Palestine. However, recent geopolitical developments, including Houthi attacks in the Red Sea, have significantly impacted tea deliveries and driven up prices.

Tea plantations in Sri Lanka are heavily reliant on exports, with the Middle East and Russia accounting for approximately 70% of the country's annual tea exports. The current geopolitical climate poses a substantial threat to this crucial sector. Historical precedents, such as the significant drop in tea exports to Iran following the reimposition of US sanctions in 2017, highlight the vulnerability of Sri Lanka's tea exports to regional tensions. Similar disruptions could potentially impact the sale of Ceylon tea in high-risk markets across the Middle East.

## Sri Lankan Tea Industry: 2023 Overview and 2024 Outlook

In 2023, Sri Lanka's tea industry faced a mixed bag of challenges and opportunities. Compared to the significant price increases experienced in 2022, tea prices, particularly for rupee tea, saw a decline starting from March 2023. This drop was largely attributed to the appreciation of the Sri Lankan Rupee amidst a backdrop of currency volatility. Consequently, many plantation companies experienced a decrease in tea revenues relative to the previous year.

Despite this, the national figures for tea export earnings painted a more positive picture. In 2023, the value of tea exports rose to USD 1,310 Mn, up from USD 1,259 Mn in 2022. This increase occurred even as export volumes declined to 241.9 million kilograms from 250.1 million kilograms the previous year. The higher export value was driven by increased export prices.

### Regional Export Performance

Middle East: The primary export market for Ceylon Tea, saw a reduction in export volumes from 114 million kilograms in 2022 to 111 million kilograms in 2023. However, export earnings from this region grew from USD 531 million to USD 562 million, indicating improved prices despite reduced volume.

CIS Countries: Exports to Commonwealth of Independent States (CIS) countries also fell from 41 million kilograms to 36 million kilograms. The value of these exports similarly decreased from USD 219 million to USD 199 million.

European Union (EU): Exports to EU countries, the third largest market for Ceylon Tea, experienced a slight increase in both volume and value. Volumes rose from 22 million kilograms to 23 million kilograms, with export earnings increasing from USD 148 million to USD 162 million.

## Sri Lanka's Renewable Energy Landscape: 2023 Overview

Throughout 2023, Sri Lanka's renewable energy sector experienced a profound transformation, driven by regulatory changes, evolving market demands, and increased competition. This dynamic environment significantly influenced our strategic direction and opportunities within the sector.



## Regulatory and Policy Developments

The Sri Lankan government demonstrated a strong commitment to advancing renewable energy, reinforcing its goals through comprehensive policy support. A major milestone in this commitment is the target to achieve 70% renewable power generation by 2030. This ambitious objective is supported by new incentives designed to enhance the attractiveness of renewable energy investments.

Key policy measures introduced included tax benefits, streamlined approval processes, and appealing feed-in tariffs. These incentives have improved the economic viability of renewable projects, including solar, wind, and hydro energy. By reducing barriers and enhancing financial incentives, the government has created a more favourable environment for renewable energy investments.

## Market Dynamics and Demand

The demand for renewable energy surged in 2023, particularly from the commercial and industrial sectors. This increased demand can be attributed to a growing awareness of sustainability and the economic advantages of renewable energy adoption. Businesses and industries are increasingly recognizing the long-term benefits of transitioning to renewable sources, including cost savings and enhanced corporate responsibility.

One notable trend is the shift towards decentralized energy systems. Rooftop solar installations, in particular, have gained popularity as more businesses and households seek to capitalize on the benefits of generating their own clean energy. This shift has opened new avenues for diversification and expansion within the renewable energy market.

## Strategic Implications

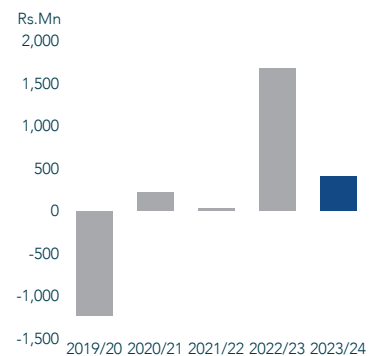
The evolving landscape has prompted us to adapt our strategic approach. The increased competition and regulatory shifts necessitate a focus on innovation and flexibility. By aligning our strategies with government policies and market trends, we can better capitalize on emerging opportunities.

The rise in demand for decentralized energy solutions presents a significant opportunity for us to broaden our service offerings. Expanding into new areas such as rooftop solar installations allows us to reach a wider market and address the growing needs of both commercial and residential customers.

## Group Performance

Lankem Development PLC experienced significant shifts in financial performance across its key sectors—Tea and Hydro Power during the 2023/24 financial year. Both sectors encountered various challenges that impacted their revenue and profitability, with each sector exhibiting distinct trends.

### Group - Profit After Tax

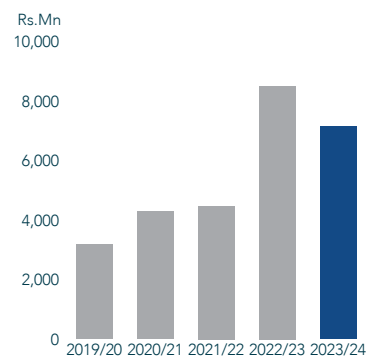


## Tea Sector

For the tea sector, Lankem Development PLC saw a notable decline in revenue, which decreased to Rs. 7,153 million from Rs. 8,518 Mn in 2022/23. This drop in revenue reflects ongoing difficulties, including price volatility and increased production costs.

Gross profit for the tea segment also fell sharply to Rs. 831 Mn, down from Rs. 2,656 Mn the previous year. This significant reduction in gross profit underscores the adverse effects of cost pressures and reduced revenue. Consequently, profit before tax in the tea sector declined to Rs. 743 Mn from Rs. 2,387 Mn. Profit after tax also experienced a steep decline, dropping to Rs. 454 Mn from Rs. 1,782 Mn, illustrating the broader challenges impacting profitability.

### Tea Revenue



# MANAGEMENT DISCUSSION AND REVIEW

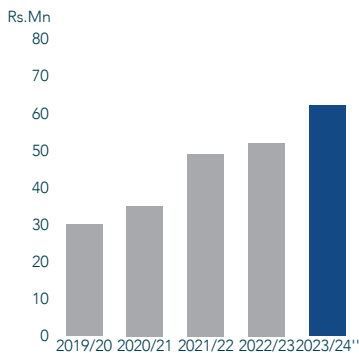
## Hydro Power Sector

In contrast, the hydropower sector demonstrated better performance due to favourable weather patterns experienced during the year. Revenue in this segment increased to Rs. 62 Mn from Rs. 52 Mn in 2022/23. Further, the hydropower sector managed to maintain a relatively strong gross profit of Rs. 41 Mn compared to Rs. 32 Mn the previous year. This indicates effective cost reduction.

Profit before tax for the hydropower sector was Rs. 16 Mn, showing a significant increase from a loss of 0.5 Mn in 2022/23, reflecting strong operational performance. Profit after tax increased to Rs. 11 Mn from a loss of Rs. 18 Mn, for the year 2022/23.

Through the generation of carbon credits from renewable energy production, we play a proactive role in environmental sustainability by reducing greenhouse gas emissions and fostering cleaner practices. Each carbon credit signifies a concrete reduction in emissions, effectively counterbalancing our carbon footprint. Our involvement in the carbon credit market not only helps offset our own impact but also motivates other organizations to embrace eco-friendly practices. This, in turn, creates a positive ripple effect, advancing the transition towards a more sustainable and resilient environment for future generations.

**Hydro Power Revenue**



# INDEPENDENT AUDITORS' REPORT



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(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 subsidiary ("the Group"), which comprise the statement of financial position as at 31st March 2024, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information set out on pages 29 to 86.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31st March 2024, 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 for professional Accountants 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 Investment in Subsidiary and Goodwill

(Refer to the material accounting policies in Notes 3.2, 3.10.2 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 2024. Recoverable amounts of the identified CGUs have been determined based on fair value less cost to sell calculation. The Company's investment in subsidiary amounted to Rs. 2,111.5 Mn as at 31st March 2024. The subsidiary operating in the plantation industry has already been tested for impairment in previous years. The Management carried out an impairment assessment for investment of this subsidiary as at 31st March 2024 as per the requirements of LKAS 36 – "Impairment of Assets" and determined that no impairment was required as at 31st March 2024.

We considered the audit of management's impairment assessment of goodwill and investment in subsidiary to be a key audit matter due to the magnitude of the carrying amounts of goodwill and investment in subsidiary in the financial statements as at 31st March 2024. 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.

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

C.P. Jayatilake FCA  
Ms. S. Joseph FCA  
R.M.D.B. Rajapakse FCA  
M.N.M. Shameel FCA  
Ms. P.M.K. Sumanasekara FCA  
T.J.S. Rajakarier FCA  
W.K.D.C. Abeyratne FCA  
Ms. B.K.D.T.N. Rodrigo FCA  
Ms. C.T.K.N. Perera ACA  
R.W.M.O.W.D.B. Rathnadiwakara FCA

W.W.J.C. Perera FCA  
G.A.U. Karunaratne FCA  
R.H. Rajan FCA  
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad FCMA (UK), FCIT, K. Somasundaram ACMA(UK), R.G.H. Raddella ACA

# INDEPENDENT AUDITORS' REPORT



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.
- Assessing the appropriateness of the input data to supporting evidence and assessing the arithmetical accuracy and reasonableness of the use of control premiums in fair value less cost to sell calculation.
- 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 material accounting policy in Note 3.6 and explanatory Notes 13 and 14 of the consolidated Financial Statements).

## Risk Description

The Group has reported biological assets amounting to Rs. 4,061 Mn as at 31st March 2024. This amount consists of bearer biological assets amounting to Rs. 2,229 Mn and consumable biological assets amounting to Rs. 1,832 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 at 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 the external valuation expert and were subject 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 subsidiary.
- Assessing the completeness and accuracy of the key data used by the external valuer, by tracing those to the underlying books and records maintained by the subsidiary. 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 significant assumptions, judgements and estimates made by the valuer such as discount rate, expected timber volume, price per cubic foot and valuation technique in assessing the fair value of consumable biological assets by comparing 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;

- Obtaining an understanding of management's expense allocation process and evaluating the design of relevant key controls over the identification of expenses to be capitalized in relation to immature plantations.
- Testing the significant expenses incurred by examining related invoices, capital expenditure authorizations and other corroborative evidence.
- Testing transfer of immature plants to respective matured plantation categories by examining ageing profile of immature plantations.
- Assessing the reasonableness of depreciation provided on the matured plantations by performing independent computations.
- Inspecting the ageing profile of the immature biological assets as of the reporting date to ensure that possible indicators of impairment have been identified, assessed for probable impairment charges/ losses 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 material accounting policy in Note 3.13, explanatory Notes 30 of the consolidated financial statements).

### Risk Description

The Group has recognized retirement benefit obligation of Rs. 1,791 Mn as at 31st March 2024. 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/wage 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 auditor of the plantation sector on behalf of us and/or the Group engagement team;

- Assessing the competency, independence, capability and objectivity of the external actuary engaged by the entities within the Group.
- Reading the external actuary's report and identifying the key estimates made and the approach taken by the actuary in determining the value of the retirement benefit obligation.
- Checking the completeness and accuracy of the data used in the valuation of retirement benefit obligations by agreeing key information to source documents and accounting records.
- Assessing the reasonableness of the significant judgements, assumptions and estimates made by the external actuary such as discount rate and future salary / wage growth rate in measuring the value of the retirement benefit obligation.
- 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 this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the 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.

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.

# INDEPENDENT AUDITORS' REPORT



- 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 relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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.

Chartered Accountants  
Colombo  
29th August 2024

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March	Notes	GROUP		COMPANY	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Revenue	5	7,214,937	8,570,559	-	-
Cost of Sales		(6,300,047)	(5,841,339)	-	-
<b>Gross Profit</b>		<b>914,890</b>	<b>2,729,220</b>	<b>-</b>	<b>-</b>
Change in Fair Value of Biological Assets	14.3	299,665	115,821	-	-
Other Income	6	129,536	127,742	-	200,820
Administrative Expenses		(399,432)	(326,273)	(8,095)	(5,619)
Other Expenses	7	(3,097)	-	(3,097)	688,015
Reversal of Impairment of Amount due from Related Parties	32	208	309	208	808
<b>Results from operating activities</b>		<b>941,770</b>	<b>2,646,819</b>	<b>(10,984)</b>	<b>884,024</b>
Finance Income	8	99,945	52,872	-	5,100
Finance Costs	8	(346,149)	(396,315)	(90,317)	(122,067)
Net Finance Costs		(246,204)	(343,443)	(90,317)	(116,967)
<b>Profit / (Loss) before Tax</b>	9	<b>695,566</b>	<b>2,303,376</b>	<b>(101,301)</b>	<b>767,057</b>
Tax Expenses	10	(294,395)	(622,148)	-	-
<b>Profit / (Loss) for the Year</b>		<b>401,171</b>	<b>1,681,228</b>	<b>(101,301)</b>	<b>767,057</b>
<b>Other Comprehensive Income / (Expense)</b>					
<b>Items that will not be reclassified to Profit or Loss</b>					
Actuarial Loss on Retirement Benefit Obligation	30	(455,257)	(123,876)	-	-
Tax Effect on Components of OCI	29	136,577	34,479	-	-
Deferred Tax Effect on Revaluation Reserve due to Change in Tax Rate	29.2	-	(927)	-	(927)
Changes in Fair Value of Financial Assets Classified as FVOCI	18	937	45	937	(605)
Other Comprehensive (Expenses)/Income for the Year		(317,743)	(90,279)	937	(1,532)
<b>Total Comprehensive Income/ (Expense) for the Year</b>		<b>83,428</b>	<b>1,590,949</b>	<b>(100,364)</b>	<b>765,525</b>
<b>Profit / (Loss) the Year Attributable to:</b>					
Owners of the Company		182,706	1,113,271	(101,301)	767,057
Non- Controlling Interest		218,465	567,957	-	-
<b>Profit / (Loss) the Year</b>		<b>401,171</b>	<b>1,681,228</b>	<b>(101,301)</b>	<b>767,057</b>
<b>Total Comprehensive Income / (Expense) Attributable to:</b>					
Owners of the Company		4,386	1,051,526	(100,364)	765,525
Non- Controlling Interest		79,042	539,423	-	-
<b>Total Comprehensive Income / (Expense) for the Year</b>		<b>83,428</b>	<b>1,590,949</b>	<b>(100,364)</b>	<b>765,525</b>
Basic Earnings / (Loss) per Share (Rs.)	11.1	1.52	9.28	(0.84)	6.39

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 33 to 86.

# STATEMENT OF FINANCIAL POSITION

As at 31st March	Notes	GROUP		COMPANY	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, Plant and Equipment	12	995,404	816,036	22,400	22,400
Bearer Biological Assets	13	2,228,651	2,236,929	-	-
Consumable Biological Assets	14	1,832,487	1,532,913	-	-
Right to Use Assets	15	142,682	155,170	-	-
Intangible Assets	16	629,064	629,064	-	-
Investments in Subsidiaries	17	-	-	2,111,496	2,111,496
Financial Assets Measured at Fair Value Through Other Comprehensive Income	18	47,662	46,725	25,288	24,351
<b>Total Non-Current Assets</b>		<b>5,875,950</b>	<b>5,416,837</b>	<b>2,159,184</b>	<b>2,158,247</b>
<b>Current Assets</b>					
Inventories	19	922,075	1,151,748	-	-
Produce on Bear Biological Assets	14	19,547	23,265	-	-
Trade & Other Receivables	20	761,253	602,729	-	-
Amounts due from Related Parties	32.1.1	440,329	92,006	5,379	5,171
Taxes Recoverable	21	7,242	4,164	1,067	4,164
Cash & Cash Equivalents	22	822,067	84,549	17	17
<b>Total Current Assets</b>		<b>2,972,513</b>	<b>1,958,461</b>	<b>6,463</b>	<b>9,352</b>
<b>TOTAL ASSETS</b>		<b>8,848,463</b>	<b>7,375,298</b>	<b>2,165,647</b>	<b>2,167,599</b>
<b>EQUITY AND LIABILITIES</b>					
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	10,815	10,815	10,815	10,815
Reserve for Financial Assets at Fair Value Through OCI		(116,039)	(116,976)	940	3
Retained Earnings/(Accumulated Losses)		169,123	68,364	(115,184)	(13,883)
<b>Equity Attributable to Equity Holders of the Parent</b>		<b>1,622,405</b>	<b>1,520,709</b>	<b>1,455,077</b>	<b>1,555,441</b>
Non-Controlling Interest		1,503,002	773,639	-	-
<b>Total Equity</b>		<b>3,125,407</b>	<b>2,294,348</b>	<b>1,455,077</b>	<b>1,555,441</b>
<b>Non-Current Liabilities</b>					
Interest Bearing Borrowings	26	262,874	588,880	-	-
Deferred Income	28	174,150	183,604	-	-
Deferred Tax Liabilities	29	787,006	638,032	4,635	4,635
Lease Liabilities	27	122	124	-	-
Retirement Benefit Obligations	30	1,791,113	1,198,673	-	-
<b>Total Non-Current Liabilities</b>		<b>3,015,265</b>	<b>2,609,313</b>	<b>4,635</b>	<b>4,635</b>
<b>Current Liabilities</b>					
Trade & Other Payables	31	1,184,916	1,113,125	18,396	16,061
Income Tax Payable		1,676	10,163	-	-
Amounts due to Related Parties	32.3	202,640	154,315	211,726	132,803
Loans due to Related Parties	32.2	342,255	424,923	470,755	453,423
Interest Bearing Borrowings	26	716,295	538,109	-	-
Lease Liabilities	27	2	2	-	-
Bank Overdraft	22	260,007	231,000	5,058	5,236
<b>Total Current Liabilities</b>		<b>2,707,791</b>	<b>2,471,637</b>	<b>705,935</b>	<b>607,523</b>
<b>Total Liabilities</b>		<b>5,723,056</b>	<b>5,080,950</b>	<b>710,570</b>	<b>612,158</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,848,463</b>	<b>7,375,298</b>	<b>2,165,647</b>	<b>2,167,599</b>
Net Asset per Share (Rs.)		13.52	12.67	12.13	12.96

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 33 to 86.

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



Induka Chandrapala  
Management Accountant

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 S Poholiyadde  
Director  
Colombo  
29th August 2024



Kowdu Mohideen  
Director



# STATEMENT OF CHANGES IN EQUITY

## GROUP

	Equity Attributable to Owners of the Company							
	Stated Capital	General Reserve	FVOCI Reserve	Revaluation Reserve	Retained Earnings/ Accumulated Losses	Total	Non-Controlling Interest	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April 2022	1,558,006	500	(115,001)	11,742	(868,718)	586,529	306,050	892,579
Profit for the Year	-	-	-	-	1,113,271	1,113,271	567,957	1,681,228
Other Comprehensive Expense for the Year	-	-	(1,975)	(927)	(58,843)	(61,745)	(28,534)	(90,279)
Effect of changes in Effective Holdings in Subsidiaries (Note 39)	-	-	-	-	(117,346)	(117,346)	(71,834)	(189,180)
Balance as at 1st April 2023	1,558,006	500	(116,976)	10,815	68,364	1,520,709	773,639	2,294,348
Profit for the year	-	-	-	-	182,706	182,706	218,465	401,171
Other Comprehensive Income/ (Expense) for the Year	-	-	937	-	(179,257)	(178,320)	(139,423)	(317,743)
Effect of changes in effective holding in subsidiary (Note 39)	-	-	-	-	97,310	97,310	650,321	747,631
Balance as at 31st March 2024	1,558,006	500	(116,039)	10,815	169,123	1,622,405	1,503,002	3,125,407

## COMPANY

	Stated Capital	General Reserve	FVOCI Reserve	Revaluation Reserve	Accumulated Losses	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April 2022	1,558,006	500	608	11,742	(780,940)	789,916
Profit for the Year	-	-	-	-	767,057	767,057
Other Comprehensive Expense for the Year, Net of Tax	-	-	(605)	(927)	-	(1,532)
Balance as at 1st April 2023	1,558,006	500	3	10,815	(13,883)	1,555,441
Loss for the Year	-	-	-	-	(101,301)	(101,301)
Other Comprehensive Income for the Year, Net of Tax	-	-	937	-	-	937
Balance as at 31st March 2024	1,558,006	500	940	10,815	(115,184)	1,455,077

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 33 to 86.

# STATEMENT OF CASH FLOWS

For the year ended 31st March	Notes	GROUP		COMPANY	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
<b>Cash Flows from Operating Activities</b>					
Profit/(Loss) before Tax		695,566	2,303,376	(101,301)	767,057
<i>Adjustments for :</i>					
Depreciation of Property, Plant & Equipment	12	86,584	72,124	-	-
Depreciation of Bearer Biological Assets	13	70,594	69,712	-	-
Amortization of Right of Use Assets	15	12,488	12,860	-	-
Interest Expense	8	346,149	449,985	90,317	122,067
Profit on Disposal of Property, Plant & Equipment	6	(1,831)	-	-	-
Profit on Disposal of Investment in subsidiary		-	-	-	(200,820)
Interest Income	8	(99,945)	(52,872)	-	(5,100)
Provision for Retirement Benefit Obligation	30	280,303	236,473	-	-
Provision Reversal for Impairment of Loans and Amounts due from Related Parties	32.1	(208)	(309)	(208)	(808)
Provision for Tax Recoverable		3,097	14	3,097	14
Reversal for Impairment of Investment in Subsidiaries	17.2	-	-	-	(688,015)
Net Gain on Change in Fair Value of Biological Assets	14.3	(299,665)	(115,821)	-	-
Provision for Impairment of Trade & Other Receivable		12,321	-	-	-
Amortization of Deferred Income	6	(9,454)	(9,361)	-	-
Profit from sale of Valuable Timber Trees		(21,468)	(24,489)	-	-
Provision for Surcharge		65,301	106,699	-	-
<b>Operating Profit/ (Loss) before Working Capital Changes</b>		<b>1,139,832</b>	<b>3,048,391</b>	<b>(8,095)</b>	<b>(5,605)</b>
Decrease / (Increase) in Inventories		229,673	(677,895)	-	-
Increase in Trade & Other Receivables		(170,846)	(292,715)	-	-
(Increase) / Decrease in Amounts due from Related Parties		(348,114)	3,981	-	7,660
Increase / (Decrease) in Trade & Other Payables		6,491	(712,738)	2,333	1,246
Decrease in Loan Granted to Related Parties		(82,668)	-	-	-
Increase / (Decrease) in Amounts due to Related Parties		48,324	23,873	(10,468)	(99,763)
<b>Cash Generated from / (Used in) Operations</b>		<b>822,692</b>	<b>1,392,897</b>	<b>(16,230)</b>	<b>(96,462)</b>
Income Tax, WHT and Other Tax Paid		(23,506)	(29,354)	-	-
Interest Paid		(377,922)	(396,315)	(926)	(1,275)
Gratuity Paid	30	(143,120)	(553,604)	-	-
<b>Net Cash (Used in) / Generated From Operating Activities</b>		<b>278,144</b>	<b>413,624</b>	<b>(17,156)</b>	<b>(97,737)</b>
<b>Cash Flows from Investing Activities</b>					
Acquisition of Property, Plant & Equipment	12	(269,847)	(128,067)	-	-
Investment in Subsidiaries		-	(189,180)	-	-
Investment in Bearer Plants	13	(30,543)	(27,460)	-	-
Investment in Consumable Biological Assets	14	(8,921)	(3,615)	-	-
Interest Received		99,945	52,872	-	-
Proceeds from Sale of Trees		34,198	37,963	-	-
Proceeds from Disposal of Property, Plant & Equipment		5,726	-	-	-
Proceeds from Disposal of Subsidiary		-	-	-	244,820
<b>Net Cash (Used in) / Generated From Investing Activities</b>		<b>(169,442)</b>	<b>(257,487)</b>	<b>-</b>	<b>244,820</b>
<b>Cash Flows from Financing Activities</b>					
Capital Grants Received		-	400	-	-
Proceeds from Interest Bearing Borrowings	26	1,142,677	858,256	-	-
Loans Obtained from Related Parties		-	580,637	100,000	212,697
Repayment of Loans Due to Related Parties		-	(360,000)	(82,666)	-
Repayment of Interest Bearing Borrowings	26	(1,290,497)	(1,039,498)	-	(359,998)
Repayment of Lease Rental	27	(2)	-	-	-
Share issued by the Subsidiary to Non Controlling Interest		747,631	-	-	-
<b>Net Cash Generated from / (Used in) Financing Activities</b>		<b>599,809</b>	<b>39,795</b>	<b>17,334</b>	<b>(147,301)</b>
Net Increase / (Decrease) in Cash & Cash Equivalents		708,511	195,932	178	(218)
Cash & Cash Equivalents at the Beginning of the Year	22	(146,451)	(342,383)	(5,219)	(5,001)
<b>Cash &amp; Cash Equivalents at the End of the Year</b>	22	<b>562,060</b>	<b>(146,451)</b>	<b>(5,041)</b>	<b>(5,219)</b>
<b>Analysis of Cash &amp; Cash Equivalents at the End of the Year</b>					
Short Term Investments		-	41,138	-	-
Cash in Hand and at Bank		822,067	43,411	17	17
Bank Overdrafts		(260,007)	(231,000)	(5,058)	(5,236)
<b>Cash &amp; Cash Equivalents at the End of the Year</b>		<b>562,060</b>	<b>(146,451)</b>	<b>(5,041)</b>	<b>(5,219)</b>

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 33 to 86.

# 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 2024, comprise of the Company and its subsidiaries (together referred to as the Group, individually as 'group Entities').

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 Group consists of subsidiaries named, Agarapatana Plantations PLC and Waverly Power (Pvt) Ltd. Principal activities of Agarapatana Plantations PLC is cultivation, manufacture and sale of black tea and the principal activities of 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 29th August 2024.

### 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 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 2024 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 34 - Contingent Liabilities

Note 16. - Recoverable value of goodwill

Note 13 - Valuation of Bearer Biological Assets

Note 14 - Valuation of Consumable Biological Assets

# NOTES TO THE FINANCIAL STATEMENTS

## 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 Finance Director.

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.

## 3. MATERIAL 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 Changes in Material Accounting Policies

### 3.1.1 Deferred tax related to assets and liabilities arising from a single transaction.

The Group adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12) from 1st April 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g., leases. For leases, the Group is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the Group applies the amendments to transactions that occur on or after the beginning of the earliest period presented. The Group previously accounted for deferred tax on leases by applying the "integrally linked" approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis.

Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under LKAS 12. There was also no impact on the opening retained earnings as at 1st April 2022 as a result of the change. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised.

### 3.1.2 Material Accounting Policy Information

The Group also adopted Disclosure of Accounting Policies (Amendments to LKAS 1) from 1st April 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity specific accounting policy information that users need to understand other information in the financial statements. Management reviewed the accounting policies and made updates to the information disclosed under respective notes to these financial statements (2023: Significant accounting policies) in certain instances in line with the amendments.

## 3.2 Basis of Consolidation

### 3.2.1 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.

### 3.2.2 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.

### 3.2.3 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.

### 3.2.4 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.

### 3.2.5 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3.3 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.

## 3.4 Financial Instruments

### 3.4.1 Recognition and Initial Measurement

Trade receivables 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.

### 3.4.2 Classification and Subsequent Measurement

#### 3.4.2.1 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 to hold 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.

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.

#### 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.

### 3.4.2.2 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 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.

### 3.4.2.3 Financial Liabilities

#### ***i) Classification, subsequent measurement and gains and losses***

Financial liabilities are classified as measured at amortised cost. 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.

### 3.4.3 De-recognition

#### 3.4.3.1 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.

#### 3.4.3.2 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3.4.4 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.

## 3.4.5 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.

## 3.5 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.

### 3.5.1 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.

### 3.5.2 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.

### 3.5.3 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 Profit or Loss. 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 Profit or Loss 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.

### 3.5.4 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.

### 3.5.5 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.



### 3.5.6 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.

### 3.5.7 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 (PRIVATE) LIMITED

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
Rubber	20 Years
Cinnamon	25 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

### 3.5.8 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3.5.9 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.

## 3.6 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.

### 3.6.1 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.

### 3.6.2 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
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. Here the Valuer has considered timber prices published by State Timber Corporation as the sector benchmark as the appropriate basis for determining the fair value of the subject timber trees.
Planting Cost	Estimated costs for the further development of immature areas are deducted.

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.

### 3.6.3 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.

### 3.6.4 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.

### 3.6.5 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.

### 3.7 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 the 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 deflator, the Group shall annually reassess the liability considering such variable and recognise the amount of remeasurement of the lease liabilities as an adjustment to the right-of-use asset.

### 3.8 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 its carrying value, an impairment loss is recognised. Impairment losses relating to goodwill cannot be revised in future periods.

### 3.9 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.

#### 3.9.1 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3.10 Impairment

### 3.10.1 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 Comprehensive 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.

### 3.10.2 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.

## 3.11 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.

## 3.12 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.

Incremental cost directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of tax.

### 3.13 Employee Benefits

#### 3.13.1 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.

#### 3.13.2 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.

#### 3.13.3 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.

### 3.14 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.

### 3.15 Revenue Recognition

#### 3.15.1 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 and Dividend 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.

# NOTES TO THE FINANCIAL STATEMENTS

## *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	<p>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.</p> <p>Invoices are usually payable immediately or in advance not exceeding 20 days or on credit terms ranging from 7 to 15 days.</p>	<p>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.</p> <p>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.</p>
Supply of Electricity	<p>Supply of electricity to national grid. Invoices are generated at the end of each month as per the supply of Electricity to national grid.</p> <p>Invoices are usually payable within 2 months.</p>	<p>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.</p>

## *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.

## **3.15.2 Other Sources of Revenue**

### **Finance Income**

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

Other Income - Other income recognised based on the accrual 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.

### 3.16 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.

#### 3.16.1 Finance Cost

Finance costs comprise of interest expense on borrowings, unwinding of the discount on provisions and losses on disposal of FVOCI financial assets, 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.

### 3.17 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 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.

### 3.18 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3.19 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.

## 3.20 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 and 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.

## 3.21 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.

## 3.22 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.

## 3.23 Comparative Figures

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

## 3.24 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.

## 3.25 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 1st April 2024. 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 Classification of liabilities as current or non-current and non-current liabilities with covenants (amendments to LKAS 1)

The amendments, as issued on 2020 and 2022, aim to clarify the requirements on determining whether a liability is current or non-current, and require new disclosures for non-current liabilities that are subject to future covenants. The amendments apply for annual reporting periods beginning on or after 1st January 2024.

### 4.2 Supplier finance arrangements (Amendments to LKAS 7 and SLFRS 7)

The amendments introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the effects of these arrangements on an entity's liabilities and cash flows and on an entity's exposure to liquidity risk. The amendments apply for annual periods beginning on or after 1st January 2024.

### 4.3 Lease liability in a sale and leaseback (Amendments to SLFRS 16)

### 4.4 Lack of exchangeability (Amendments to LKAS 21)

Further, The Institute of Chartered Accountants of Sri Lanka has issued following new Sri Lanka Accounting Standards (SLFRSs/LKRSs) which will become applicable for financial periods beginning after 1st April 2025.

Accordingly, the Group has not applied these standards in preparing these financial statements.

- SLFRS S1 - General Requirements for Disclosure of sustainability related financial information.
- SLFRS S2 - Climate Related Disclosures



## 5. REVENUE

For the year ended 31st March	GROUP		COMPANY	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Gross Revenue	7,214,937	8,570,559	-	-
Net Revenue	7,214,937	8,570,559	-	-

### 5.1 Revenue Streams

For the year ended 31st March	GROUP		COMPANY	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Revenue from Contracts with customers				
Sale of Goods	7,153,269	8,518,203	-	-
Supply of Services	61,668	52,356	-	-
Total Revenue from Contracts with Customers	7,214,937	8,570,559	-	-

### 5.2 Disaggregation of revenue from contracts with customers

	GROUP		COMPANY	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Major Products / Divisions				
Tea	7,153,269	8,518,203	-	-
Supply of Electricity to CEB	61,668	52,356	-	-
Total Revenue from Contracts with Customers	7,214,937	8,570,559	-	-

### 5.3 Contract Balances

	GROUP		COMPANY	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Receivables (Included in Trade and Other Receivables)	201,690	208,099	-	-
	201,690	208,099	-	-

### 5.4 Segmental Analysis

#### 5.4.1 Segmental Revenue

	GROUP		COMPANY	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Plantations	7,153,269	8,518,203	-	-
Other	61,668	52,356	-	-
Net Revenue	7,214,937	8,570,559	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## 5.4.2 Segmental Profit/(Loss) before Tax

	GROUP		COMPANY	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Plantations	743,134	2,387,156	-	-
Other	(47,568)	(83,778)	(101,301)	767,057
<b>Profit before Tax</b>	<b>695,566</b>	<b>2,303,378</b>	<b>(101,301)</b>	<b>767,057</b>

## 5.4.3 Segmental Assets and Liabilities

	GROUP		COMPANY	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Segmental Assets</b>				
Plantations	7,978,336	6,434,073	-	-
Other	241,063	312,161	54,151	56,103
	<b>8,219,399</b>	<b>6,746,234</b>	<b>54,151</b>	<b>56,103</b>
Goodwill on Consolidation	629,064	629,064	-	-
Investments in Subsidiary	-	-	2,111,496	2,111,496
	<b>8,848,463</b>	<b>7,375,298</b>	<b>2,165,647</b>	<b>2,167,599</b>
<b>Segmental Liabilities</b>				
Plantations	5,168,460	4,458,171	-	-
Other	554,596	622,779	710,570	612,158
	<b>5,723,056</b>	<b>5,080,950</b>	<b>710,570</b>	<b>612,158</b>

## 6. OTHER INCOME

For the year ended 31st March	GROUP		COMPANY	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Profit on Disposal of Property, Plant and Equipment	1,831	-	-	-
Profit on Disposal of Investment in subsidiary	-	-	-	200,820
Amortisation of Capital Grants	9,454	9,361	-	-
Rent Income	17,918	29,924	-	-
Sale of Timber	21,468	24,489	-	-
Write-back of Taxes Payable	37,911	29,795	-	-
Others	40,954	34,173	-	-
	<b>129,536</b>	<b>127,742</b>	<b>-</b>	<b>200,820</b>

## 7. OTHER EXPENSES / (REVERSALS)

For the year ended 31st March	Note	GROUP		COMPANY	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Reversal of Impairment of Investment in Subsidiary	17.2	-	-	-	(688,015)
Provision for Income Tax Receivable	21	3,097	-	3,097	-
		<b>3,097</b>	<b>-</b>	<b>3,097</b>	<b>(688,015)</b>

## 8. NET FINANCE COST

For the year ended 31st March	GROUP		COMPANY	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
<b>(A) Finance Income</b>				
Interest on Amount due from Related Companies	99,945	52,872	-	1,900
Commission on Corporate Guarantee	-	-	-	3,200
<b>Total Finance Income</b>	<b>99,945</b>	<b>52,872</b>	<b>-</b>	<b>5,100</b>
<b>(B) Finance Costs</b>				
Interest Expense on Bank Overdraft	(48,985)	(55,022)	(926)	(1,275)
Interest Expense on Related Party Loan	(71,394)	(117,959)	(88,740)	(119,370)
Commission on Corporate Guarantee	(3,403)	(6,004)	(651)	(1,422)
Interest Expense on Term Loan	(164,441)	(207,351)	-	-
Interest on Leases	(10)	-	-	-
Other Interest	(89,689)	(63,649)	-	-
	(377,922)	(449,985)	(90,317)	(122,067)
Amount Capitalised	31,773	53,670	-	-
<b>Total Finance Costs</b>	<b>(346,149)</b>	<b>(396,315)</b>	<b>(90,317)</b>	<b>(122,067)</b>
<b>Net Finance Costs</b>	<b>(246,204)</b>	<b>(343,443)</b>	<b>(90,317)</b>	<b>(116,967)</b>

## 9. PROFIT / (LOSS) BEFORE TAXATION

Is stated after charging all the expenses including the following;	GROUP		COMPANY	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
<b>Depreciation / Amortization</b>				
Property, Plant & Equipment	86,584	72,124	-	-
Bearer Biological Assets	70,594	69,712	-	-
Right-of-Use Assets	12,488	12,860	-	-
<b>Auditor's Remuneration</b>				
Statutory Audit - KPMG	1,420	1,260	1,420	1,260
Other Auditors	7,975	6,519	-	-
Salaries and Wages	2,979,776	2,496,717	-	-
Defined Contribution Plan Cost - EPF & ETF	303,066	293,202	-	-
Defined Benefit Plan Cost - Retiring Gratuity	280,303	236,473	-	-

## 10. TAX EXPENSES

For the year ended 31st March	Note	GROUP		COMPANY	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
<b>Current Income Tax Expense</b>					
Income Tax on Profit for the Year	10.1	(8,844)	(17,772)	-	-
Under Provision in respect of Previous Years		-	(210)	-	-
		(8,844)	(17,982)	-	-
<b>Deferred Tax Expense</b>					
Charge for the Year	29	(285,551)	(604,166)	-	-
<b>Income Tax Expense</b>		<b>(294,395)</b>	<b>(622,148)</b>	<b>-</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 10.1 Current Income Tax Expense

For the year ended 31st March	Note	GROUP		COMPANY	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
<b>Reconciliation of Accounting Profit / (Loss) to Income Tax Expense</b>					
Profit / (Loss) before Taxation		695,566	2,303,376	(101,301)	767,057
Aggregate Disallowed Expenses		656,459	602,520	-	13
Aggregate Non Taxable Items		-	(889,643)	-	(889,643)
Aggregate Allowable Items		(723,898)	(1,489,343)	-	-
Inter Group Adjustments		(37,448)	850,318	-	-
<b>Business Profit / (Loss)</b>		<b>590,679</b>	<b>1,377,228</b>	<b>(101,301)</b>	<b>(122,573)</b>
Tax Exempt Losses from Agro Farming		334,631	838,405	-	-
Taxable Income from Agro Farming		204,387	596,346	-	-
Other Source of Income		176,361	69,525	-	-
Taxable Income from Power Generation		29,481	4,935	-	-
Taxable Losses from Other Operations	10.2	(101,301)	(122,573)	(101,301)	(122,573)
<b>Business Profit / (Loss)</b>		<b>643,559</b>	<b>1,386,638</b>	<b>(101,301)</b>	<b>(122,573)</b>
<b>Other Source of Income</b>		<b>(176,361)</b>	<b>(69,525)</b>	<b>-</b>	<b>-</b>
<b>Taxable Profit / (Loss) from the Business</b>		<b>467,198</b>	<b>1,317,113</b>	<b>(101,301)</b>	<b>(122,573)</b>
Profits from Businesses excluding Agro Operations		176,361	69,525	-	-
Taxable Income from Businesses excluding Agro Operations					
Taxable at 14%		-	2,468	-	-
Taxable at 24%		-	69,525	-	-
Taxable at 30%		29,481	2,468	-	-
Taxable Profit / (Loss) from Agro Operations		380,748	1,434,751	-	-
<b>Tax Loss Utilised during the Year</b>	10.2	<b>(380,748)</b>	<b>(623,203)</b>	<b>-</b>	<b>-</b>
Taxable Profit / (Loss) excluding Agro Operations for the Year		29,481	886,009	-	-
Taxable at 14%		-	346	-	-
Taxable at 24%		-	16,686	-	-
Taxable at 30%		8,844	740	-	-
<b>Income Tax on Current Year Profit</b>		<b>8,844</b>	<b>17,772</b>	<b>-</b>	<b>-</b>

Effective tax rate of the Group is 30%.

## 10.2 Accumulated Tax Losses

	Note	GROUP		COMPANY	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Tax Losses Brought Forward		1,665,373	2,171,670	259,782	142,876
Adjustment in respect of Previous Years		5,100	(5,667)	5,100	(5,667)
Tax Loss Utilised during the Year	10.1	(380,748)	(623,203)	-	-
Tax Loss for the Year	10.1	101,301	122,573	101,301	122,573
<b>Tax Losses Carried Forward</b>		<b>1,391,026</b>	<b>1,665,373</b>	<b>366,183</b>	<b>259,782</b>

### 10.3 AGARAPATANA PLANTATIONS PLC - SUBSIDIARY

According to the Inland Revenue (Amendment) Act No. 45 of 2022 Agro farming is exempt from income tax for a period of 5 years effective from 1st April 2019 and agro processing is liable at 30%. Accordingly, where applicable, the Company has separated its income and expenses as agro farming and agro processing and applied respective tax rates. Other income of the Company is also taxed at 30% ( 2023; 30%) as per the above Act.

### 10.4 WAVERLY POWER (PRIVATE) LIMITED - SUBSIDIARY

According to the Inland Revenue (Amendment) Act no. 45 of 2022, the Company is liable for tax rate of 30% (2023: 30%) for its taxable profits.

### 10.5 LANKEM DEVELOPMENTS PLC - PARENT COMPANY

Based on the Inland Revenue Amendment Act No 45 of 2022, the Company is liable for income tax on its taxable profits at the rate of 30%. (2023 : 30%).

## 11. EARNINGS PER SHARE

### 11.1 Basic Earnings / (Loss) Per Share

Basic Earnings / (Loss) Per Share has been calculated based on the Profit / (Loss) 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.

For the year ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
Profit/(Loss) for the Year (Rs. 000)	401,171	1,681,228	(101,301)	767,057
Attributable to Non - Controlling Interest (Rs. 000)	(218,465)	(567,957)	-	-
Profit/(Loss) attributable to Owners of the Company (Rs. 000)	182,706	1,113,271	(101,301)	767,057
Weighted Average Number of Ordinary Shares (No.000)	120,000	120,000	120,000	120,000
Basic Earnings / (Loss) Per Share (Rs.)	1.52	9.28	(0.84)	6.39

### 11.2 Diluted Earnings / (Loss) Per Share

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

# NOTES TO THE FINANCIAL STATEMENTS

## 12. PROPERTY, PLANT & EQUIPMENT

### 12.1 Group

	Balance As at 01.04.2023 Rs. '000	Additions/ Transfers during the year Rs. '000	Disposals/ Transfers during the year Rs. '000	Balance As at 31.03.2024 Rs. '000
<b>Cost / Revalued Amount</b>				
Land ( Note 12 . 3)	22,400	-	-	22,400
Buildings	663,448	16,618	-	680,066
Water, Sanitation and Electricity	86,057	-	-	86,057
Roads	69,315	-	-	69,315
Plant & Machinery	667,796	162,356	-	830,152
Motor Vehicles	364,676	26,579	(3,250)	388,005
Computer Equipment	262	-	-	262
Office Equipment	144,474	62,302	-	206,776
Other Equipment	651	-	-	651
Furniture & Fittings	10,058	1,138	-	11,196
	2,029,137	268,993	(3,250)	2,294,880
Capital Work in Progress	3,353	854	(3,353)	854
<b>Total Cost / Revalued Amount</b>	<b>2,032,490</b>	<b>269,847</b>	<b>(6,603)</b>	<b>2,295,734</b>

Capital Work in Progress recognized above represents the cost incurred by the subsidiary, Agarapatana Plantations Limited on Buildings as at 31st March 2024.

	Balance As at 01.04.2023 Rs. '000	Charge for the year Rs. '000	Accumulated Depreciation on Disposal Rs. '000	Balance As at 31.03.2024 Rs. '000
<b>Accumulated Depreciation</b>				
<b>Freehold</b>				
Buildings	194,003	17,272	-	211,275
Water, Sanitation and Electricity	66,128	3,227	-	69,355
Roads	40,080	2,773	-	42,853
Plant & Machinery	487,106	35,826	-	522,932
Motor Vehicles	343,262	14,207	(2,708)	354,761
Computer Equipment	262	-	-	262
Office Equipment	75,579	13,092	-	88,671
Other Equipment	651	-	-	651
Furniture & Fittings	9,383	187	-	9,570
<b>Total Depreciation</b>	<b>1,216,454</b>	<b>86,584</b>	<b>(2,708)</b>	<b>1,300,330</b>
<b>Net Carrying Value of Property, Plant &amp; Equipment</b>	<b>816,036</b>			<b>995,404</b>

## Category wise Carrying Value of Assets

	As at 31.03.2024 Rs. '000	As at 31.03.2023 Rs. '000
Land	22,400	22,400
Buildings	468,791	469,445
Water, Sanitation and Electricity	16,702	19,929
Roads	26,462	29,235
Plant & Machinery	307,220	180,690
Motor Vehicles	33,244	21,414
Computer Equipment	-	-
Office Equipment	118,105	68,895
Other Equipment	-	-
Furniture & Fittings	1,626	675
Capital Work in Progress	854	3,353
	<b>995,404</b>	<b>816,036</b>

## 12.2 Company

	Balance As at 01.04.2023 Rs. '000	Balance As at 31.03.2024 Rs. '000
<b>Cost / Revalued Amount</b>		
Land (Note 12.3)	22,400	22,400
Plant & Machinery	2,310	2,310
Motor Vehicles	72	72
Computer Equipment	15	15
Office Equipment	1,544	1,544
Other Equipment	651	651
Furniture & Fittings	503	503
<b>Total Cost / Valuation</b>	<b>27,495</b>	<b>27,495</b>

	Balance As at 01.04.2023 Rs. '000	Balance As at 31.03.2024 Rs. '000
<b>Accumulated Depreciation</b>		
Plant & Machinery	2,310	2,310
Motor Vehicles	72	72
Computer Equipment	15	15
Office Equipment	1,544	1,544
Other Equipment	651	651
Furniture & Fittings	503	503
<b>Total Depreciation</b>	<b>5,095</b>	<b>5,095</b>
<b>Net Carrying Value of Property, Plant &amp; Equipment</b>	<b>22,400</b>	<b>22,400</b>

The company did not have any additions or disposals during the year ended 31st March 2024. (2023 : Nil)

## NOTES TO THE FINANCIAL STATEMENTS

The Fully Depreciated Assets of the Company as at 31st March 2024 are as follows:

	2024 Rs. '000	2023 Rs. '000
Plant & Machinery	2,310	2,310
Motor Vehicles	72	72
Office Equipment	1,544	1,544
Other Equipment	651	651
Computer Equipment	15	15
Furniture & Fittings	503	503
	5,095	5,095

The Cost of Fully Depreciated Assets, but still in use of the Group amounts to Rs. 780Mn (As at 31st March 2023 - Rs. 640 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	:	Mr. P.P.T Mohideen
Market Value	:	Rs. 22.4 million ( 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 2024	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

	2024 Rs.'000	2023 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 31.03.2024 Rs. '000	Total as at 31.03.2023 Rs. '000
<b>Cost</b>				
Balance at the Beginning of the Year	455,816	2,326,726	2,782,542	2,701,412
Additions During the Year	62,316	193,509	255,825	110,532
Transfer Out	(193,509)	-	(193,509)	(29,402)
<b>Balance at the End of the Year</b>	<b>324,623</b>	<b>2,520,235</b>	<b>2,844,858</b>	<b>2,782,542</b>
<b>Depreciation</b>				
Balance at the Beginning of the Year	-	545,613	545,613	475,901
Charge for the Year	-	70,594	70,594	69,712
Balance at the End of the Year	-	616,207	616,207	545,613
<b>Carrying Value at the End of the Year</b>	<b>324,623</b>	<b>1,904,038</b>	<b>2,228,651</b>	<b>2,236,929</b>

### 13.1 Agarapatana Plantations PLC

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 above notes. 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. 31.8 Mn (2022/23 – Rs. 53.7 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 14. CONSUMABLE BIOLOGICAL ASSETS

As at 31st March	GROUP	
	2024 Rs. '000	2023 Rs. '000
Balance at the Beginning of the Year	1,532,913	1,439,365
Decrease due to Harvesting	(12,730)	(13,475)
Increased due to New Planting	8,921	3,615
Gain Arising from Changes in Fair Value for the Year	303,383	103,408
<b>Balance at the End of the Year</b>	<b>1,832,487</b>	<b>1,532,913</b>

Managed timber plantation were measured at fair 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 2024. 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 The valuation model considers present value of future net cash flows expected to be generated by the plantation from the timber content of managed timber plantation on a tree per-tree basis.	Discounted Rate	Age to harvest 5 years or below 15% (2023 - 21.5%) Age to harvest 6 to 15 years - 16% (2023 - 22.5%) Age to harvest 15 years or above 17% (2023 - 23.5%)	The higher the discount rate, the lesser the fair value
		Optimum Rotation (Maturity)	25 years (2023 - 25 Years)	Lower the rotation period, the higher the fair value
		Volume at Rotation	19.4 - 88.5 cu.ft. (2023- 19.4 - 88.5 cu.ft.)	The higher the volume, the higher the fair value
		Price per cu.ft.	Rs.390/- to Rs.1,231/- (2023 - Rs.390/- to Rs.1,231/-)	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 PLC 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 PLC 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:

As at 31st March 2024	GROUP	
	Rs. '000 -10%	Rs. '000 +10%
Managed Timber	(183,428)	183,428
<b>Total</b>	<b>(183,428)</b>	<b>183,428</b>

### 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:

As at 31st March 2024	GROUP	
	Rs. '000 -1%	Rs. '000 +1%
Managed Timber	42,002	(39,554)
<b>Total</b>	<b>42,002</b>	<b>(39,554)</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 14.2 Produce on Bearer Biological Assets

	GROUP	
	2024 Rs. '000	2023 Rs. '000
Balance at the Beginning of the Year	23,265	10,852
Change in Fair Value Less Cost to Sell	(3,718)	12,413
Balance at the End of the Year	19,547	23,265

No Biological Assets are pledged as securities for liabilities during the year 2024 (2023 - Nil). There are no commitments for the development or acquisition of Biological Assets.

## 14.3 Change In Fair Value of Biological Assets

	GROUP	
	2024 Rs. '000	2023 Rs. '000
Consumable Biological Assets - Gain arising from Changes in Fair Value Less Cost to Sell	303,383	103,408
Produce on Bearer Biological Assets - (Loss)/Gain arising from Changes in Fair Value Less Cost to Sell	(3,718)	12,413
	299,665	115,821

## 15. RIGHT- OF -USE ASSETS

As at 31st March

	Note	GROUP	
		2024 Rs. '000	2023 Rs. '000
Lands (JEDB/SLSPC)	15.1	136,572	143,075
Immovable Bearer Biological Assets	15.2	4,973	10,941
Immovable Assets	15.3	1,137	1,154
Motor Vehicles	15.4	-	-
Lands (Other than JEDB/SLSPC Estates)	15.5	-	-
		142,682	155,170

### 15.1 Land (JEDB/SLSPC Estates)

"Right-of-Use-Asset-Land" is 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 21 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 01.04.2023 Rs. '000	Amortisation for the Year Rs. '000	Accumulated Amortisation 31.03.2024 Rs. '000	Carrying Amount 31.03.2024 Rs. '000	Carrying Amount 31.03.2023 Rs. '000
Leasehold Right to Bare Land of JEDB/SLSPC Estates	341,588	198,513	6,503	205,016	136,572	143,075

## 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:

Description	Capitalised value 26 June 1992		Accumulated Depreciation				
	Balance as at 01.04.2023	Balance as at 31.03.2024	Balance as at 01.04.2023	Charge for the year	Balance as at 31.03.2024	Carrying amount 31.03.2024	Carrying amount 31.03.2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Coffee, Pepper, Cardamom	305	305	305	-	305	-	-
Mature Plantations	179,093	179,093	168,152	5,968	174,120	4,973	10,941
Vested Tea	1,223	1,223	1,223	-	1,223	-	-
	180,621	180,621	169,680	5,968	175,648	4,973	10,941

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

Description	Revalued Amount			Accumulated Depreciation				
	Balance as at 22.06.1992	Transfers	Balance as at 01.04.2023/31.03.2024	Balance as at 01.04.2023	Charge for the year	Balance as at 31.03.2024	Carrying amount 31.03.2024	Carrying amount 31.03.2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Improvement to Land	5,407	-	5,407	5,407	-	5,407	-	-
Unimproved Land	998	-	998	-	-	-	998	998
Roads and Bridges	677	-	677	521	17	538	139	156
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	83,972	17	83,989	1,137	1,154

## 15.4 Motor Vehicles

As at 31st March	2024	2023
	Rs.'000	Rs.'000
<b>Cost</b>		
Balance at the Beginning of the Year	8,374	8,374
Balance at the End of the Year	8,374	8,374
<b>Depreciation</b>		
Balance at the Beginning of the Year	8,374	8,374
Balance at the End of the Year	8,374	8,374
<b>Net Carrying Amount</b>	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## 15.5 Lands (Other than JEDB/SCSPC Estates)

As at 31st March	2024	2023
	Rs.'000	Rs.'000
Balance at the Beginning of the Year	-	4,196
De recognized during the year	-	(4196)
Balance at the End of the Year	-	-
<b>Accumulated Amortization</b>		
Balance at the Beginning of the Year	-	642
De recognition during the year	-	(642)
Balance at the End of the Year	-	-
Net Carrying Value	-	-

## 16. INTANGIBLE ASSETS

As at 31st March	GROUP	
	2024	2023
	Rs. '000	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 Agarapathana Plantations PLC.

Impairment of Goodwill of Agarapatana Plantations PLC has been tested by considering the assumptions disclosed under Note 17. Valuation was based on the Adjusted Market Value and accordingly, no provision for impairment is required as at the reporting date. In assessing the impairment of goodwill the group has considered Agarapatana Plantations Limited as the cash generating unit.

### 16.1 Impairment testing for CGUs containing goodwill

The Management has identified that a reasonably possible change in below key assumption could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which this assumption would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

In percent	Change required for carrying amount to equal recoverable amount	
	2024	2023
Control premium	-4.8	-1.5

## 17. INVESTMENTS IN SUBSIDIARIES

As at 31st March	Group Holding	Company Holding	No. of Shares	Cost	No. of Shares	Cost
	2024	2024	2024	2024	2023	2023
	%	%		Rs. '000		Rs. '000
Company						
Quoted Investments						
Agarapatana Plantations PLC	56	56	281,228,778	2,111,496	281,228,778	2,111,496
				2,111,496		2,111,496
Less: Provision for impairment in Value of Investments (Note 17. 1)				-		-
				2,111,496		2,111,496

## 17.1 Provision for Impairment in Value of Investments

	COMPANY	
	2024 Rs. '000	2023 Rs. '000
<b>Quoted Investments</b>		
Balance at the Beginning of the Year	-	688,015
Reversal for the Year	-	(688,015)
Balance at the End of the Year	-	-

The Company has applied market approach to determine fair value of Agarapatana Plantations PLC as specified in SLFRS 13 – 'Fair Value Measurement'. The recoverable value of Agarapatana Plantations PLC for the year ended 31st March 2024 has been calculated based on appropriate market prices with an adjustment on control premium. In this calculation the Company has used a control premium within the range of 8% - 20%. The fair value measurement is categorised as level 2 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.

	Notes	GROUP		Notes	COMPANY	
		2024 Rs. '000	2023 Rs. '000		2024 Rs. '000	2023 Rs. '000
Quoted Investments	18.1.1	1,820	1,820	18.1.4	-	-
Unquoted Investments	18.1.2	41,100	41,100	18.1.4	20,546	20,546
Unit Trusts	18.1.3	4,742	3,805	18.1.5	4,742	3,805
		47,662	46,725		25,288	24,351

	GROUP			
	No. of Shares 2024	Carrying Value 2024 Rs. '000	No. of Shares 2023	Carrying Value 2023 Rs. '000
As at 31st March,				
<b>18.1.1 Quoted Investments</b>				
Beruwala Resorts PLC	1,300,000	1,820	1,300,000	1,820
<b>Total Quoted Investments</b>		1,820		1,820
<b>18.1.2 Unquoted Investments</b>				
Colombo Fort Hotels Ltd	4,418,083	41,100	4,418,083	41,100
Far Eastern Exports Ltd	150,000	-	150,000	-
Union Commodities (Pvt) Ltd	1,200,000	-	1,200,000	-
<b>Total Unquoted Investments</b>		41,100		41,100
<b>18.1.3 Unit Trusts</b>				
Pyramid Unit Trust	87,321	4,742	87,321	3,805
<b>Total Unit Trusts</b>		4,742		3,805
		47,662		46,725

## NOTES TO THE FINANCIAL STATEMENTS

Market value per share of quoted investments are based on published stock market prices on 31st March 2024. Unquoted investments in Union Commodities (Pvt) Ltd. and Far Eastern Export Limited have been valued based on the net assets per share as at 31st March 2024 of Rs. NIL. (2023 : Rs. NIL)

Unquoted investment in Colombo Fort Hotels Limited by Group and Company has been valued based on the net assets per share as at 31st March 2024 of Rs. 9.2.

As at 31st March	COMPANY			
	No. of Shares 2024	Market Value 2024 Rs. '000	No. of Shares 2023	Market Value 2023 Rs. '000
<b>18.1.4 Unquoted Investments</b>				
Fareastern Exports Ltd	150,000	-	150,000	-
Colombo Fort Hotels Ltd.	2,231,462	20,546	2,231,462	20,546
<b>Total Unquoted Investments</b>		<b>20,546</b>		<b>20,546</b>
<b>18.1.5 Unit Trusts</b>				
Pyramid Unit Trust	87,321	4,742	87,321	3,805
<b>Total Unit Trusts</b>		<b>4,742</b>		<b>3,805</b>
		<b>25,288</b>		<b>24,351</b>

No transfers of cumulative gain related to these investments were recognised within the equity during the year ended 31st March 2024.

## 19. INVENTORIES

As at 31st March	GROUP		COMPANY	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Raw Materials	275,613	406,635	512	512
Growing Crop-Nurseries	5,078	6,180	-	-
Producing Tea	552,883	622,552	-	-
Spares & Consumables	89,013	116,893	-	-
	<b>922,587</b>	<b>1,152,260</b>	<b>512</b>	<b>512</b>
Less: Provision for Obsolete Inventories	(512)	(512)	(512)	(512)
	<b>922,075</b>	<b>1,151,748</b>	<b>-</b>	<b>-</b>

## 20. TRADE AND OTHER RECEIVABLES

As at 31st March	GROUP		COMPANY	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Trade Debtors	201,913	208,322	223	223
Employee Related debtors	88,161	62,074	-	-
VAT Recoverable	44,630	44,601	-	-
Less: Provision for Impairment (Note 20.1)	(17,747)	(5,426)	(223)	(223)
<b>Total Trade Debtors</b>	<b>316,957</b>	<b>309,571</b>	<b>-</b>	<b>-</b>
Other Receivables	79,659	76,030	-	-
Deposits Advances & Prepayments	364,637	217,128	-	-
<b>Total Other Receivables</b>	<b>444,296</b>	<b>293,158</b>	<b>-</b>	<b>-</b>
	<b>761,253</b>	<b>602,729</b>	<b>-</b>	<b>-</b>



## 20.1 Provision for Impairment

As at 31st March	GROUP		COMPANY	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Opening Provision	5,426	5,418	223	215
Provision for the year	12,321	8	-	8
Closing Provision	17,747	5,426	223	223

## 21. TAXES RECOVERABLE

As at 31st March	GROUP		COMPANY	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Income Tax	5,705	3,097	3,097	3,097
Withholding Tax & ACT	4,634	1,067	1,067	1,067
VAT Recoverable	5,993	5,993	5,993	5,993
	16,332	10,157	10,157	10,157
Less: Provision for Tax Recoverable	(9,090)	(5,993)	(9,090)	(5,993)
	7,242	4,164	1,067	4,164

## 22. CASH AND CASH EQUIVALENTS

As at 31st March,	GROUP		COMPANY	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
<b>Favorable Balances</b>				
Fixed Deposits	743,251	41,138	-	-
Cash at Bank	76,010	42,971	17	17
Cash in Hand	2,806	440	-	-
	822,067	84,549	17	17
<b>Unfavorable Balances</b>				
Bank Overdraft	(260,007)	(231,000)	(5,058)	(5,236)
Cash and Cash Equivalents for the Purpose of the Cash Flow Statement	562,060	(146,451)	(5,041)	(5,219)

## 23. STATED CAPITAL

	2024		2023	
	Number of Shares	Value of Shares	Number of Shares	Value of Shares
	Nos.'000	Rs. '000	Nos.'000	Rs. '000
Balance at the Beginning of the Year	120,000	1,558,006	120,000	1,558,006
<b>Balance at the End of the Year</b>	<b>120,000</b>	<b>1,558,006</b>	<b>120,000</b>	<b>1,558,006</b>

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 24. REVALUATION RESERVE

	Notes	GROUP		COMPANY	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Balance at the Beginning of the Year		10,815	11,742	10,815	11,742
Deferred tax impact on revaluation surplus	29.2	-	(927)	-	(927)
Balance at the End of the Year		10,815	10,815	10,815	10,815

Revaluation reserve consists gain related to freehold land of the Company.

## 25. GENERAL RESERVE

	GROUP		COMPANY	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 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,	GROUP		COMPANY	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
<b>Payable after one Year</b>				
Long Term Loans (Note 26.1)	262,874	588,880	-	-
<b>Total</b>	262,874	588,880	-	-
<b>Payable within one Year</b>				
Long Term Loans (Note 26.1)	289,142	353,150	-	-
Short Term Loans (Note 26.2)	427,153	184,959	-	-
<b>Total</b>	716,295	538,109	-	-
<b>Total Interest Bearing Borrowings</b>	979,169	1,126,989	-	-

### 26.1 Long Term Loans

As at 31st March,	GROUP		COMPANY	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Balance at the Beginning of the Year	942,030	1,272,875	-	-
Loans Obtained during the Year	-	535,789	-	-
Payments Made during the Year	(390,014)	(866,634)	-	-
Balance at the End of the Year	552,016	942,030	-	-
<b>Maturity Analysis</b>				
Payable within one Year	289,142	353,150	-	-
Payable after one Year	262,874	588,880	-	-
	552,016	942,030	-	-

## 26.2 Short Term Loans

As at 31st March,	GROUP		COMPANY	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Balance at the Beginning of the Year	184,959	35,355	-	-
Loans Obtained during the Year	1,142,677	322,468	-	-
Payments Made during the Year	(900,483)	(172,864)	-	-
Balance at the End of the Year	427,153	184,959	-	-

## 26.3 Assets Pledged as Security Against Interest Bearing Borrowings

Lender	Balance as at	Balance as at	Terms of Repayment	Security Pledged	Rate of Interest	
	31.03.2024 Rs. Mn	31.03.2023 Rs. Mn				
Agarapatana Plantations PLC	Sampath Bank PLC	124.7	215.05	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%
	Bank of Ceylon	102.27	147.73	72 monthly installments commencing from 20.05.2020 including six months grace period for the capital	A primary mortgage over lease hold rights of Glenanore and Haputhale Estates including machinery fixed each of these estates	AWPLR+3.5%
	Bank of Ceylon	-	29.54	72 monthly installments commencing from 20.05.2020 including six months grace period for the capital	A primary mortgage over leasehold rights of Glenanore and Haputale Estates including machinery fixed each of these estate.	AWPLR+3.5%
	Seylan Bank PLC	26.65	34.65	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	85.87	136.9	48 monthly installments commencing from 21.01.2022	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%
	Bank of Ceylon	-	33.3	48 monthly installments commencing from 12.06.2019	Tri partite agreement with borrower,bank and the tea broker John Keells PLC.	AWPLR+2%

## NOTES TO THE FINANCIAL STATEMENTS

	Lender	Balance as at 31.03.2024 Rs. Mn	Balance as at 31.03.2023 Rs. Mn	Terms of Repayment	Security Pledged	Rate of Interest
Agarapatana Plantations PLC	Bank of Ceylon - Rs 31 Mn	-	1.49	10 weekly installments of Rs. 1,000,000 commencing from 26.02.2020		0%
	Bank of Ceylon - Rs 72 Mn	-	34.02	36 monthly installments commencing from 30/04/2023		6.93%
	Bank of Ceylon - Rs 68 Mn	28.65	51.58	36 monthly installments commencing from 13/04/2020		6.93%
	Bank of Ceylon - Rs 13Mn	5.62	10.11	24 monthly installments commencing from 10/03/2020		6.93%
	Bank of Ceylon - Rs 5 Mn	-	0.59	6 monthly installments commencing from 07/11/2021		6.93%
	Bank of Ceylon - Rs 75 Mn	27.56	50.47	36 monthly installments commencing from 30/04/2023		AWPLR + 3%
	Seylan Bank PLC- Rs 4 Mn	-	0.17	20 weekly installments of Rs. 1,000,000/- commencing from 25/11/2021		TB Rate+1%
	Seylan Bank PLC- Rs 3 Mn	-	0.68	50 weekly installments of Rs. 1,000,000/- commencing from 07/07/2021		TB Rate+1%
	Seylan Merchant Bank 68 Mn	47.48	58.90	60 monthly installments commencing from 30/07/2022		16%
	Seylan Merchant Bank 57 Mn	40.61	51.99	60 Monthly installments from 30/07/2022		18%
	Amana Bank	180.0	-	within 2 months Commencing from 11/03/2024		11%
	Bank of Ceylon	16.89	-	within 2 months		AWPLR+2.5%
	Bank of Ceylon	180.26	-	within 4 months		AWPLR+2.5%
	Forbes & Walker Tea Brokers (Pvt) Ltd	50.0	-	12 weekly installments of Rs. 4,166,666/- from 03/04/2024		19%
	Srilanka Tea Board Loan	-	100.41			
	Forbes & Walker Tea Brokers (Pvt) Ltd	-	62.49			
	<b>916.57</b>	<b>1,020.09</b>				

	Lender	Balance as at 31.03.2024 Rs. Mn	Balance as at 31.03.2023 Rs. Mn	Terms of Repayment	Security Pledged	Rate of Interest
Waverly Power (Private) Limited	Sampath Bank PLC					
	Sampath Bank PLC Loan 1	8.26	12.02	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	46.08	60.8	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	8.26	12.02	12 monthly installments commencing from date of grant	a) Loan agreement for Rs. 4.2 Mn.	AWPLR+2%
	Sampath Bank PLC Loan 4	-	-			
	Sampath Bank PLC Loan 5		22.06	18 months installments payable after 6 months grace period		AWPLR + 2%
			62.60	106.90		
		979.17	1,126.99			

## 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
Bank of Ceylon	Bank Overdraft	200Mn	201.12	A primary mortgage over leasehold rights of Glenanore and Haputale Estates including machinery fixed each of these estates. Overdraft Agreement

## 27. LEASE LIABILITIES

As at 31st March,	Notes	GROUP		COMPANY	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
<b>Payable after one year</b>					
Lease Liabilities other than JEDB/SLSPC Estates	27.1	-	-	-	-
Net Liability to the Lessor JEDB/SLSPC Estates	27.2	122	124	-	-
		122	124	-	-
<b>Payable within one year</b>					
Lease Liabilities other than JEDB/SLSPC Estates	27.1	-	-	-	-
Net Liability to the Lessor JEDB/SLSPC Estates	27.2	2	2	-	-
		2	2	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## 27.1 Lease Liabilities (Other than JEDB/SLSPC Estates)

As at 31st March,	GROUP		COMPANY	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Balance at the Beginning of the Year	-	4,560	-	-
De-recognized during the year	-	(4,560)	-	-
Balance at the End of the year	-	-	-	-

## 27.2 Net liability to the Lessor of JEDB/SLSPC Estate

	GROUP		COMPANY	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Gross Liability	263	375	-	-
Finance charges allocated to future periods	(139)	(249)	-	-
	124	126	-	-

Net liability to lessor of JEDB/SLSPC 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
	2024 Rs.'000
Less than one year	13
One to five years	63
More than 5 years	210
Total undiscounted lease liabilities as at 31st March	286

## 28. DEFERRED INCOME

As at 31st March	GROUP	
	2024 Rs. '000	2023 Rs. '000
<b>Cost</b>		
At the Beginning of the Year	342,849	342,449
Additions during the year	-	400
<b>At the End of the Year</b>	<b>342,849</b>	<b>342,849</b>
<b>Amortisation</b>		
At the Beginning of the Year	159,245	149,884
Amortisation for the Year	9,454	9,361
<b>At the End of the Year</b>	<b>168,699</b>	<b>159,245</b>
<b>Net Carrying Value at the End of the Year</b>	<b>174,150</b>	<b>183,604</b>

### 28.1 Agarapatana Plantations PLC

Agarapatana Plantations PLC., 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	Notes	GROUP		COMPANY	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Balance at the Beginning of the Year		638,032	67,418	4,635	3,708
Charged to the Income Statement	29. 1	285,551	604,166	-	-
Charged / (Reversed) to the Other Comprehensive Income	29. 2	(136,577)	(33,552)	-	927
Balance at the End of the Year		787,006	638,032	4,635	4,635

The Deferred Tax Liability is arrived at by applying the effective Income Tax rate of 30% for the Group applicable for the year of assessment 2023/24 to the temporary difference as at 31st March 2024. (2022/23: 30%).

### 29.1 Amount Charged to the Income Statement

	GROUP		COMPANY	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Due to change in the effective tax rate	-	17,157	-	-
Due to change in the temporary difference	285,551	587,009	-	-
	285,551	604,166	-	-

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

	GROUP		COMPANY	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Due to change in the effective tax rate	-	927	-	927
Due to change in the temporary difference	(136,577)	(34,479)	-	-
	(136,577)	(33,552)	-	927

### 29.3 Group

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

	2024		2023	
	(Taxable) / Deductible Temporary Difference Rs. '000	Tax Effect Rs. '000	(Taxable)/ Deductible Temporary Difference Rs. '000	Tax Effect Rs. '000
Property, Plant and Equipment	(999,962)	(299,989)	(858,125)	(257,438)
Revaluation Reserve	(15,450)	(4,635)	(15,450)	(4,635)
Right of Use Assets	(142,682)	(42,804)	(142,682)	(42,804)
Biological Assets	(4,061,138)	(1,218,341)	(3,495,130)	(1,075,478)
Retirement Benefit Obligation	1,791,113	537,334	1,077,645	323,294
Lease Liability	124	37	117	35
Accumulated Tax Losses	790,976	237,293	1,405,592	418,994
Provision for Impairment	13,665	4,099	-	-
	(2,623,354)	(787,006)	(2,028,033)	(638,032)

## NOTES TO THE FINANCIAL STATEMENTS

### 29.4 Company

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

	2024		2023	
	Taxable Temporary Difference	Tax Effect	Taxable Temporary Difference	Tax Effect
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revaluation Reserve	(15,450)	(4,635)	(15,450)	(4,635)
	(15,450)	(4,635)	(15,450)	(4,635)

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.

Company	2024		2023	
	Deductible Temporary Difference	Tax Effect	Deductible Temporary Difference	Tax Effect
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Accumulated Tax Losses	366,183	109,855	259,782	77,935
	366,183	109,855	259,782	77,935

The Group 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.

Group	2024		2023	
	Deductible temporary difference	Tax Effect	Deductible temporary difference	Tax Effect
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Accumulated Tax Losses	600,050	180,015	259,781	77,934

## 30. RETIREMENT BENEFIT OBLIGATIONS

As at 31st March	GROUP		COMPANY	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Movement in Present Value of Funded Obligations				
Balance at the Beginning of the Year	1,198,673	1,129,917	-	-
Current Service Cost	58,548	66,985	-	-
Interest Cost	221,755	169,488	-	-
Benefits Paid	(143,120)	(291,593)	-	-
Actuarial Loss	455,257	123,876	-	-
Present Value of Defined Benefit Obligations	1,791,113	1,198,673	-	-



### 30.1 Agarapatana Plantations PLC

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 2024. Assumptions used for the actuarial valuation are given as below.

	2024	2023
Discount Rate	12%	18.5%
Rate of Salary Increment - Worker's	10%	10%
	Per Annum	Per Annum
Rate of Salary Increment - Staff	25%+5%	25%+5%
	Once in 3 years	Once in 3 years
Staff Turnover Rate	10%	10%
Retirement age - Workers and Staff	60	60
Daily Wage Rate	1,000	1,000

A long term treasury bond rate of 12% p.a. (2023 : 18.5%) has been used to discount future liabilities taking in to consideration remaining working life of eligible employees.

### 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 2024	(128,470)	1,791,113	146,435
A one percentage point change in the salary increment rate.			
As at 31st March 2024	152,960	1,791,113	(136,323)

The weighted average duration of the Defined Benefit Plan obligation at the end of the reporting period is 7.4 years and 8.6 years for staff and workers respectively.

### 30.2 Expenses Recognised in the Income Statement

As at 31st March	GROUP		COMPANY	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Current Service Cost	58,548	66,985	-	-
Interest on Obligation	221,755	169,488	-	-
Provision for the Year	280,303	236,473	-	-

According to the valuation done based on the full actuarial valuation carried out by a professionally qualified actuary firm M/s. Actuarial and Management Consultants (Pvt) Ltd as at 31st March 2024, the liability is Rs.1,791,113,186/-. If the Company had provided for gratuity for all employees on the basis of 14 days wages for workers and a half month salary for staff for each completed year of service for the year ended 31st March 2024, the liability would have been Rs. 1,968,671,768/- (2023 - Rs.2,131,308,807/) Hence, there is a contingent liability of Rs.177,558,584/- which would crystallize only if the Company ceases to be a going concern.

Waverly Power (Pvt) Ltd. receives all staff and labour from Agarapatana Plantations PLC. Therefore, retirement benefit liabilities are not taken into consideration by Waverly Power (Pvt) Ltd. in their financial statements.

The Present Value of Retirement Benefit Obligation is carried out on annual basis.

# NOTES TO THE FINANCIAL STATEMENTS

The following payments are expected from defined benefit obligation in future years:

	2024 Rs. '000	2023 Rs. '000
Within next 12 months	216,543	177,983
Between 2 and 5 years	550,309	446,702
Beyond 5 years	1,024,261	573,988
	1,791,113	1,198,673

## 31. TRADE & OTHER PAYABLES

As at 31st March,	GROUP		COMPANY	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Trade Payables	87,108	172,496	3,454	3,452
Other Creditors	502,797	420,770	14,942	12,609
Broker Advances	317,386	233,183	-	-
Payable to Employees	180,098	168,405	-	-
ESC Payable	-	9	-	-
EPF / ETF Payable	97,527	118,262	-	-
	1,184,916	1,113,125	18,396	16,061

## 32. RELATED PARTY TRANSACTIONS

### 32.1 AMOUNTS DUE FROM RELATED PARTIES

#### 32.1.1 Amounts due from Related Parties-Non Trade

As at 31st March,	Note	GROUP		COMPANY	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Rubber & Allied Products (Colombo) Ltd		124,174	-	-	-
Sherwood Holidays Ltd		147	94	-	-
Lankem Ceylon PLC		48,052	48,052	-	-
Consolidated Tea Plantations Ltd		-	6,451	-	-
Union Commodities (Pvt) Ltd		20,537	17,078	-	-
Colombo Fort Group Services (Pvt) Ltd		-	485	-	-
Lankem Tea and Rubber Plantations (Pvt) Ltd		27,782	14,675	-	-
Consolidated Tea Plantations Ltd		219,738	11,930	5,480	5,480
<b>Total Amounts due from Related Parties</b>		<b>440,430</b>	<b>92,315</b>	<b>5,480</b>	<b>5,480</b>
Less: Provision for Impairment	32.1.2	(101)	(309)	(101)	(309)
		440,329	92,006	5,379	5,171

#### 32.1.2 Provision for Impairment - Amount due from Related Parties - Non-Trade

	GROUP		COMPANY	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Balance at the Beginning of the year	309	-	309	680
(Reversal)/Provision for the Year	(208)	309	(208)	(371)
<b>Balance at the End of the Year</b>	<b>101</b>	<b>309</b>	<b>101</b>	<b>309</b>

### 32.1.3 Loans due from Related Parties

As at 31st March	Note	GROUP		COMPANY	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Colombo Fort Hotels Ltd		-	-	-	-
Consolidated Tea Plantations Ltd		-	-	-	-
Less: Provision for Impairment	32.1.2.1	-	-	-	-
<b>Total Loans Due From Related Parties</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Amounts Due From Related Parties</b>		<b>440,329</b>	<b>92,006</b>	<b>5,379</b>	<b>5,171</b>

#### 32.1.3.1 Provision for Impairment - Loans due from Related Parties

	COMPANY	
	2024 Rs. '000	2023 Rs. '000
Balance at the Beginning of the year	-	437
Reversal for the Year	-	(437)
Balance at the End of the Year	-	-

### 32.2 Loans Due To Related Parties

As at 31 st March,	Note	GROUP		COMPANY	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
<b>Current</b>					
Lankem Tea & Rubber Plantations (Pvt) Ltd.	32.2.1	82,796	82,796	82,796	82,796
Colombo Fort Land & Buildings PLC	32.2.2	66,930	66,930	66,930	66,930
Lankem Ceylon PLC	32.2.3	139,197	184,197	139,197	184,197
Agarapatana Plantations PLC	32.2.4	-	-	128,500	28,500
Union Commodities (Pvt) Ltd	32.2.5	53,332	91,000	53,332	91,000
		<b>342,255</b>	<b>424,923</b>	<b>470,755</b>	<b>453,423</b>

**32.2.1** Pursuant to the addendum to the agreement signed between the Company and Lankem Tea & Rubber Plantations (Private) Limited dated 31st March 2021, Lankem Tea and Rubber Plantations (Private) Limited has extended the grace period upto 31st March 2024 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** As per an arrangement reached between Lankem Developments PLC and its subsidiary Agarapatana Plantations PLC Rs. 66.93Mn of debt of Agarapatana Plantations PLC owing to The Colombo Fort Land & Building PLC is restructured under Lankem Developments PLC at an interest rate of AWPLR +2% per annum and interest rate is subject to fluctuations at the discretion of the Lender.

**32.2.3** The Company has obtained a loan of Rs. 184 Mn from Lankem Ceylon PLC on October 2022 at an interest rate of AWPLR + 2%. Rs. 45 Mn is settled during the financial year and for the balance, grace period has been granted up to 31st March 2024.

**32.2.4** The Company has obtained a loan of Rs. 100 Mn from Agarapatana Plantations Limited during the period on demand. Interest is charged at AWPLR +2%.

**32.2.5** As per an arrangement reached between Lankem Developments PLC and its subsidiary Agarapatana Plantations PLC, Rs. 91Mn of debt of Agarapatana Plantations PLC owing to Union Commodities (Pvt) Ltd is restructured under Lankem Developments PLC at an interest rate of AWPLR +2% per annum and interest rate is subject to fluctuations at the discretion of the Lender. Rs. 38 Mn is settled during the period.

# NOTES TO THE FINANCIAL STATEMENTS

## 32.3 Amounts Due To Related Parties

As at 31 st March,	GROUP		COMPANY	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Lankem Ceylon PLC	64,899	29,344	60,574	27,771
E.B. Creasy & Co. PLC	16,698	16,698	-	-
The Colombo Fort Land & Building Company PLC	66,341	53,959	66,341	53,959
Lankem Tea & Rubber Plantations (Pvt) Ltd	39,261	25,284	39,261	25,284
Waverly Power Pvt Ltd	-	-	6,873	6,873
Creasy Plantation Management Ltd	4,598	4,613	-	-
Kotagala Plantations PLC	4,460	8,605	-	-
Agarapatana plantations PLC	-	-	32,749	3,257
Union Commodities (Pvt) Ltd	5,928	15,659	5,928	15,659
Colombo Fort Group services (Pvt) Ltd	455	153	-	-
	202,640	154,315	211,726	132,803

## 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 Group 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 2024.

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 rationale for entering into the transaction
Agarapatana Plantations PLC	Subsidiary	100,000,000	6.6% of equity and 1.4% of total assets	At interest Rate of AWPLR + 2%	To facilitate Inter Company restructuring.

### 32.4.2 Related Party Transactions

The Company has related party relationships with its related Group Companies. The following transactions were carried out with related parties during the year ended 31st March, 2024 and 2023.

### 32.4.3 The Company's transaction with its Related Companies

Name of Related Party	Name of Directors	Nature of the Transactions	2024 Amount Rs. '000	2023 Amount Rs. '000
Lankem Ceylon PLC - Common Control	Mr. S. D. R Arudpragasam	Intercompany Settlements	45,000	8,834
	Mr. Anushman Rajaratnam	Commission on Corporate Guarantee	(651)	(1,422)
	Mr.P.M.A.Sirimane	Loan Taken During the year	-	184,197
		Interest Expense.	(32,152)	26,656
Colombo Fort Hotels Ltd - Common Control	Mr. S. D. R Arudpragasam	Interest Income	-	1,900
	Mr. Anushman Rajaratnam	Intercompany Settlements	-	(20,976)
		Investment in Shares	-	20,976

Name of Related Party	Name of Directors	Nature of the Transactions	2024 Amount Rs. '000	2023 Amount Rs. '000
Agarapathana Plantations PLC - Subsidiary	Mr. S. D. R Arudpragasam	Advances	(11,864)	-
	Mr. Anushman Rajaratnam	Commission on Corporate Guarantee	-	3,200
	Mr. C. P. R. Perera	Loan Taken During the year	(100,000)	(28,500)
	Mr. S.S. Poholiyadde	Interest Expense.	(17,628)	(1,793)
	Mr. P.M.A. Sirimane	Sale of Shares	-	244,840
	Mr. Kowdu Mohideen Mr. A.M. De S. Jayaratne	Intercompany Settlements	-	(250,284)
Lankem Tea & Rubber Plantations(Pvt) Ltd - Common Control	Mr. S.D.R Arudpragasam	Interest Expense	(13,977)	(18,856)
	Mr. Anushman Rajaratnam			
	Mr. C.P.R. Perera			
	Mr. A. M. de S. Jayaratne			
	Mr. S.S. Poholiyadde			
	Mr. P.M.A. Sirimane Mr. Kowdu Mohideen			
Waverly Power (Pvt) Ltd - Subsidiary	Mr. S. D. R Arudpragasam	Advance	-	2,400
	Mr. Anushman Rajaratnam			
	Mr. C.P.R. Perera			
	Mr. S.S. Poholiyadde			
	Mr. P.M.A. Sirimane			
	Mr. Kowdu Mohideen Mr. A.M. De S. Jayaratne			
Consolidated Tea Plantation Limited - Parent Company	Mr. S.D.R Arudpragasam	Interest Expense	-	(32,654)
	Mr. Anushman Rajaratnam	Settlement	-	434,000
	Mr. C.P.R. Perera			
	Mr. S.S. Poholiyadde			
	Mr. P.M.A. Sirimane			
	Mr. Kowdu Mohideen Mr. A.M. De S. Jayaratne			
Union Commodities (Pvt) Ltd - Common Control	Mr.S.D.R.Arudpragasam	Interest Expense	(12,601)	(22,709)
	Mr. Anushman Rajaratnam	Settlement	60,000	30,000
	Mr. S.S. Poholiyadde			
	Mr. P.M.A. Sirimane			
	Mr. Kowdu Mohideen Mr. A.M. De S. Jayaratne			
The Colombo Fort Land & Buildings PLC - Ultimate Parent	Mr. S. D. R. Arudpragasam	Interest Expense	(12,381)	(16,702)
	Mr. Anushman Rajaratnam			
	Mr. C. P. R. Perera			
	Mr.P.M.A.Sirimane			
	Mr. A.M. De S. Jayaratne			

## NOTES TO THE FINANCIAL STATEMENTS

### 32.4.4 Waverly Power (Pvt) Ltd

Name of Related Party	Name of Directors	Nature of the Transactions	2024 Amount Rs. '000	2023 Amount Rs. '000
Lankem Ceylon PLC - Common Control	Mr. S. D. R.Arudpragasam Mr. Anushman Rajaratnam Mr. P.M.A. Sirimane	Reimbursement of Expenses	-	(272)
Colombo Fort Group Services (Pvt) Ltd - Common Control	Mr. S. D. R.Arudpragasam Mr. Anushman Rajaratnam Mr. P.M.A. Sirimane	Reimbursement of Expenses	(79)	(69)
		Inter Company Settlements	-	(83)
		Transfer from Other payables	-	-
Colombo Fort Hotels Ltd - Common Control	Mr. S. D. R. Arudpragasam Mr. Anushman Rajaratnam Mr. S. Rajaratnam Mr.Amrit Rajaratnam	Interest Receivable	-	2,245
		Transfer for Shares	-	(20,554)

### 32.4.5 Agarapatana Plantations PLC

Name of Related Party	Name of Directors	Nature of the Transactions	2024 Amount Rs. '000	2023 Amount Rs. '000
Lankem Tea & Rubber Plantations (Pvt) Ltd - Common Control	Mr.S.D.R.Arudpragasam Mr.C.P.R. Perera Mr. S.S.Poholiyadde Mr. Anushman Rajaratnam Mr.D.R. Madena Mr. K.M.M. Kowdu Mr. P.M.A. Sirimane Mr. A.M. de S. Jayaratne	Settlements	33,325	69,998
		Advances given	27,782	14,675
		Professional Consultancy Fee Charged	(48,000)	(72,000)
Lankem Ceylon PLC - Common Control	Mr.S.D.R.Arudpragasam Mr. Anushman Rajaratnam Mr. P.M.A. Sirimane Mr. G.K.B. Dasanayaka	Interest charge on bank guarantee	(2,752)	(4,582)
		Share of group expenses reimbursed	(36,400)	(38,750)
		Acquisition of Shares	-	(189,179)
		Settlements	36,400	235,769
Sigiriya Village Hotels PLC - Common Control	Mr.S.D.R.Arudpragasam Mr.C.P.R. Perera Mr. Anushman Rajaratnam	Settlements	-	9,464
			-	-
			-	-
Kotagala Plantations PLC - Common Control	Mr.S.D.R.Arudpragasam Mr.C.P.R. Perera Mr. S.S.Poholiyadde Mr. Anushman Rajaratnam Mr. A.M. de S. Jayaratne Mr. P.M.A. Sirimane Mr. G.K.B. Dasanayaka Mr. K.M.M. Kowdu	Transfer of inter company balances	-	(9,240)
		Settlements	(173,191)	-
		Advances given	161,000	-
		Advances recived	-	(7,155)
		Interest Charged	16,038	-
The Colombo Fort Land & Building PLC - Ultimate Parent	Mr.S.D.R.Arudpragasam Mr.C.P.R. Perera Mr. Anushman Rajaratnam Mr. P.M.A. Sirimane Mr. A.M. De S. Jayaratne	Rent on building & Other expenses	-	(9,338)
		Settlements	-	11,228

Name of Related Party	Name of Directors	Nature of the Transactions	2024 Amount Rs. '000	2023 Amount Rs. '000
Creasy Plantation Management Ltd - Common Control	Mr.S.D.R.Arudpragasam	Settlements	15	11
Sherwood Holidays Ltd - Common Control	Mr.S.D.R.Arudpragasam	Rent and bungalow upkeep expenses	2,399	5,175
		Settlements	(2,346)	(28,492)
		Transfer of inter company balances	-	9,240
Union Commodities (Pvt) Ltd - Common Control	Mr.S.D.R.Arudpragasam	Interest charged	3,459	3,687
	Mr. Anushman Rajaratnam	Advances given	-	55,000
	Mr. P.M.A. Sirimane	Settlements	-	(40,000)
	Mr. A.M. de S. Jayaratne			
	Mr. S.S.Poholiyadde			
Colombo Fort Group Services (Pvt) Ltd - Common Control	Mr.S.D.R.Arudpragasam	IT/HR support service expenses	(4,272)	(3,208)
	Mr. Anushman Rajaratnam	Settlement	3,562	5,973
	Mr. P.M.A. Sirimane	Advances given	-	485
Ceylon Tea Brokers PLC - Common Director	Mr. C.P.R. Perera	Broker advances received	(417,336)	(380,951)
		Broker advances recovered	402,216	414,265
		Sale of tea	632,298	439,744
		Sales proceeds received	(618,374)	(424,624)
E B Creasy & Co. PLC - Common Control	Mr.S.D.R.Arudpragasam	Share of group expenses reimbursed	(30,000)	(30,000)
	Mr. P.M.A. Sirimane			
	Mr. A.M. de S. Jayaratne	Settlements	30,000	15,001
Darley Butler & Co. Ltd - Common Control	Mr.S.D.R.Arudpragasam	Settlements	-	(1,010)
	Mr. P.M.A. Sirimane			
	Mr. A.M. De S. Jayaratne			
Consolidated Tea Plantations Ltd - Immediate Parent	Mr.S.D.R.Arudpragasam	Interest charged	10,365	33,072
	Mr.C.P.R. Perera	Advances given	293,441	6,451
	Mr. Anushman Rajaratnam	Settlements	(96,000)	(429,512)
	Mr. S.S.Poholiyadde			
	Mr. P.M.A. Sirimane			
	Mr. A.M. de S. Jayaratne			
Rubber & Allied Products (Colombo) Ltd. - Common Control	Mr.S.D.R.Arudpragasam	Advances given	125,000	-
	Mr.C.P.R. Perera	Settlements	(13,325)	-
	Mr. Anushman Rajaratnam	Interest charged	12,499	-
	Mr. S.S.Poholiyadde			
	Mr. P.M.A. Sirimane			
	Mr. A.M. de S. Jayaratne			
	Mr. K.M.M. Kowdu			

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 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.

As at 31 st March,	GROUP		COMPANY	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Short - Term Employee Benefits	36,342	27,369	-	-

### 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 PLC

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

	2024 Rs. Mn	2023 Rs. Mn
Field Development	125.1	112.9
Machinery & Factory Development	307.1	214.4

## 34. CONTINGENT LIABILITIES

### 34.1 Company

There are no material contingent liabilities outstanding as at the reporting date which require adjustment/disclosure in the Financial Statements.

### 34.2 Group

There are no material contingent liabilities outstanding as at the reporting date which require adjustments / disclosure in the Financial Statements.



## 35. GOING CONCERN

The Company has incurred a loss of Rs. 101 Mn (2023: Profit of Rs.767 Mn) for the year ended 31st March 2024 and as at that date the Company's accumulated losses amounted to Rs 115 Mn (2023: Rs. 14 Mn). The Company's Current liabilities exceeds its current assets by Rs.699 Mn (2023: Rs. 598 Mn) and has reported a negative operating cashflow of Rs. 17 Mn (2023: Rs. 97 Mn) for the year ended 31st March 2024. Included in current liabilities are amounts payable to related parties amounting to Rs.682 Mn (2023: Rs. 586 Mn).

Notwithstanding this, the Board of Directors of the Company has concluded that the use of going concern basis for the preparation of financial statements is appropriate since related companies to whom the Company has short term loans & payable balances have confirmed that such balances due from the Company will not be recalled in a manner that will impact the entity's ability to meet its financial obligations as and when they fall due and payable. Also, the Company has an investment in subsidiary, which has current market value of Rs.2 Bn as at the reporting date (2023: Rs. 2 Bn).

Further, the Board of Directors of the Company does not have any intention to liquidate the Company and its subsidiary or to cease the operations in the near future.

## 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 except for the below.

### Agarapatana Plantations PLC

On 13th August 2024, the Department of Labour issued an Extraordinary Gazette No. 2397/27 under the wage board ordinance, proposing an amendment to the minimum rate of daily wage. Accordingly, it was proposed a daily wage rate of Rs. 1,350/- including the daily budgetary relief allowance and a productivity-based incentive of Rs. 350/- for workers in the Tea Growing and Manufacturing Trade and the Rubber Growing and Raw Rubber Manufacturing Trade, bringing the total daily wage to Rs. 1,700/-. Further any objection to the aforesaid proposal will be received by the Chairman of the Wage Board until 12.00 noon on 28th August 2024.

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 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 institutions.

### Exposure to credit risk

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

As at 31st March	Note	Group		Company	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Amount due from Related Companies	32.1.1	440,430	92,315	5,480	5,480
Trade and Other Receivables	20	369,733	346,426	223	223
Cash and Cash Equivalents	22	819,261	84,109	17	17
		1,629,424	522,850	5,720	5,720

## 37.2 Impairment Losses of Trade and Other Receivables

Group	As at 31st March	Gross		Impairment	
		2024 Rs. '000	2024 Rs. '000	2023 Rs. '000	2023 Rs. '000
Past due 0 - 365 days		351,986	-	341,000	-
More than one year		17,747	17,747	5,426	5,426
		369,733	17,747	346,426	5,426

Company	As at 31st March	Gross		Impairment	
		2024 Rs. '000	2024 Rs. '000	2023 Rs. '000	2023 Rs. '000
Past due 0 - 365 days		-	-	-	-
More than one year		223	223	223	223
		223	223	223	223

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	2024				2023			
	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
<b>Group</b>								
<b>Non-Derivative Financial Liabilities</b>								
Interest Bearing Borrowings	979,169	979,169	716,295	262,874	1,126,989	1,126,989	538,109	588,880
Lease Liabilities	124	124	2	122	126	126	2	124
Trade and Other Payables	867,531	867,531	867,531	-	879,942	879,942	879,942	-
Loan due to Related Parties	342,255	342,255	342,255	-	424,923	424,923	424,923	-
Amounts due to Related Companies	202,640	202,640	202,640	-	154,313	154,313	154,313	-
Bank Overdraft	260,007	260,007	260,007	-	231,000	231,000	231,000	-
	<b>2,651,726</b>	<b>2,651,726</b>	<b>2,388,730</b>	<b>262,996</b>	<b>2,817,293</b>	<b>2,817,293</b>	<b>2,228,289</b>	<b>589,004</b>

As At 31st March	2024				2023			
	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
<b>Company</b>								
<b>Non-Derivative Financial Liabilities</b>								
Trade and Other Payables	18,396	18,396	18,396	-	16,061	16,061	16,061	-
Loan due to Related Parties	470,755	470,755	470,755	-	453,423	453,423	453,423	-
Amount due to Related Companies	211,726	211,726	211,726	-	132,803	132,803	132,803	-
Bank Overdraft	5,058	5,058	5,058	-	5,236	5,236	5,236	-
	<b>705,935</b>	<b>705,935</b>	<b>705,935</b>	<b>-</b>	<b>607,523</b>	<b>607,523</b>	<b>607,523</b>	<b>-</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

## 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	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
<b>Fixed Rate instruments</b>				
Financial Assets	743,251	41,138	-	-
	743,251	41,138	-	-
<b>Variable Rate Instruments</b>				
Financial Assets	-	-	-	-
Financial Liabilities	1,581,431	1,782,912	475,813	458,650
	1,581,431	1,782,912	475,813	458,650

## 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.

	+0.1% (10 Basis Points) Impact on Profit Rs. '000	-0.1% (10 Basis Points) Impact on Profit Rs. '000
	<b>31st March 2024</b>	
Sensitivity to 10 bp- Effect	1,581	(1,581)
<b>31st March 2023</b>		
Sensitivity to 10 bp- Effect	1,783	(1,783)

### 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 data 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 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
<b>31st March 2024</b>				
Financial Assets Measured at Fair Value Through Other Comprehensive Income	1,820	4,742	41,100	47,662
	1,820	4,742	41,100	47,662

	GROUP			
	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
<b>31st March 2023</b>				
Financial Assets Measured at Fair Value Through Other Comprehensive Income	1,820	3,805	41,100	46,725
	1,820	3,805	41,100	46,725

	Company			
	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
<b>31st March 2024</b>				
Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	4,742	20,546	25,288
	-	4,742	20,546	25,288

	Company			
	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
<b>31st March 2023</b>				
Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	3,805	20,546	24,351
	-	3,805	20,546	24,351

## NOTES TO THE FINANCIAL STATEMENTS

### 37.6 Accounting Classifications and Fair Value

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

As at 31.03.2024	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
<b>Group</b>					
Cash & Cash Equivalents	822,067	-	-	822,067	822,067
Trade & Other Receivables	351,986	-	-	351,986	351,986
Financial Assets Measured at FVTPL	-	-	-	-	-
Financial Assets Measured at FVOCI	-	47,664	-	47,664	47,664
Loans given to Related Parties	-	-	-	-	-
Amounts due from Related Parties	440,328	-	-	440,328	440,328
	1,614,381	47,664	-	1,662,045	1,662,045
Trade & Other Payables	-	-	867,531	867,531	867,531
Interest Bearing Borrowings	-	-	979,169	979,169	979,169
Lease Liabilities	-	-	124	124	124
Amounts due to Related Parties - Loan	-	-	342,255	342,255	342,255
Amount due to Related Parties	-	-	202,640	202,640	202,640
Bank Overdraft	-	-	260,007	260,007	260,007
	-	-	2,651,726	2,651,726	2,651,726

As at 31.03.2023	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
<b>Group</b>					
Cash and Cash Equivalents	84,549	-	-	84,549	84,549
Trade & Other Receivables	341,000	-	-	341,000	341,000
Financial Assets Measured at FVOCI	-	46,725	-	46,725	46,725
Amounts due from Related Parties	92,006	-	-	92,006	92,006
	517,555	46,725	-	564,280	564,280
Trade & Other Payables	-	-	879,942	879,942	879,942
Interest Bearing Borrowings	-	-	1,126,989	1,126,989	1,126,989
Lease Liabilities	-	-	126	126	126
Amounts due to Related Parties - Loan	-	-	424,923	424,923	424,923
Amount due to Related Parties	-	-	154,315	154,315	154,315
Bank Overdraft	-	-	231,000	231,000	231,000
	-	-	2,817,295	2,817,295	2,817,295

As at 31.03.2024	COMPANY				
	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
<b>Company</b>					
Cash and Cash Equivalents	17	-	-	17	17
Trade & Other Receivables	-	-	-	-	-
Financial Assets Measured at FVOCI	-	25,288	-	25,288	25,288
Amounts due from Related Parties	5,379	-	-	5,379	5,379
	5,396	25,289	-	30,684	30,684
Trade and other Payables	-	-	18,396	18,396	18,396
Amounts due to Related Parties - Loan	-	-	470,755	470,755	470,755
Amount due to Related Parties	-	-	211,726	211,726	211,726
Bank Overdraft	-	-	5,058	5,058	5,058
	-	-	705,935	705,935	705,935

As at 31.03.2023	COMPANY				
	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
<b>Company</b>					
Cash and Cash Equivalents	17	-	-	17	17
Trade & Other Receivables	-	-	-	-	-
Financial Assets Measured at FVOCI	-	24,351	-	24,351	24,351
Amounts due from Related Parties	5,171	-	-	5,171	5,171
	5,188	24,351	-	29,539	29,539
Trade and other Payables	-	-	16,061	16,061	16,061
Amounts due to Related Parties - Loan	-	-	453,423	453,423	453,423
Amount due to Related Parties	-	-	132,803	132,803	132,803
Bank Overdraft	-	-	5,236	5,236	5,236
	-	-	607,523	607,523	607,523

# NOTES TO THE FINANCIAL STATEMENTS

## 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:

As at 31st March	GROUP		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Total Liabilities	5,723,056	5,080,950	710,570	612,158
Less: Cash and cash equivalents	(822,067)	(84,549)	(17)	(17)
<b>Net debts</b>	<b>4,900,989</b>	<b>4,996,401</b>	<b>710,553</b>	<b>612,141</b>
<b>Total Equity</b>	<b>1,622,405</b>	<b>1,520,709</b>	<b>1,455,077</b>	<b>1,555,441</b>
Debt to Equity ratio(Gearing Ratio)	3.02	3.29	0.49	0.39

## 39. 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 PLC	
	2024 Rs.'000	2023 Rs.'000
NCI percentage (%)	43.75%	32.55%
Total assets	8,532,761	7,205,510
Total liabilities	5,350,247	4,486,425
Net assets	3,449,085	2,719,085
Impact Due to Change in NCI	650,381	(71,834)
Carrying amount of NCI	1,508,975	885,062
Revenue	7,214,937	8,550,440
Profit after tax	465,024	1,737,252
<b>Total comprehensive income</b>	<b>146,343</b>	<b>1,648,504</b>
Total comprehensive income allocated to NCI	79,042	536,588
Cash flows from operating activities	377,909	940,639
Cash flows used in investing activities	(269,386)	(586,876)
Cash flows from/(used in) financing activities, before dividend to NCI	599,810	(172,356)
<b>Cash flows from/ (used in) financing activities</b>	<b>599,810</b>	<b>(172,356)</b>
Net increase in cash and cash equivalents	708,333	181,407

### 39.1 Change in holding percentage of Agarapatana Plantations PLC

Agarapatana Plantations PLC listed in the Colombo Stock Exchange during the year ended 31st March 2024 and issued shares by the way of an initial public offer raising additional stated capital of Rs. 748 Mn/-. Since Lankem Developments PLC did not subscribe to the above share issue, the holding percentage of the Group decreased by 11.21%.

Accordingly Non controlling interest of the Group has increased by Rs. 650 Mn as at 31st March 2024.



# SHARE INFORMATION

## TOP 20 SHAREHOLDERS

Position	Full Name Of Shareholder	2024		2023	
		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/ALMAS HOLDINGS (PRIVATE) LIMITED	4,679,933	3.90%	3,074,818	2.56%
3.	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	4,074,999	3.40%	4,074,999	3.40%
4	COMMERCIAL BANK OF CEYLON PLC/ANDARADENIYA ESTATE (PVT) LTD	3,000,000	2.50%	3,000,000	2.50%
5	UNION BANK OF COLOMBO PLC/LANKEM CEYLON PLC	2,480,626	2.07%	2,480,626	2.07%
6	ACUITY PARTNERS (PVT) LIMITED/UNION INVESTMENTS (PVT) LIMITED	2,400,000	2.00%	2,400,000	2.00%
7	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	2,324,991	1.94%	2,324,991	1.94%
8.	ACUITY PARTNERS (PVT) LIMITED/COLOMBO FORT INVESTMENTS PLC	1,380,000	1.15%	1,380,000	1.15%
9	ACCESS ENGINEERING PLC	1,305,000	1.09%	1,423,628	1.19%
10	ACUITY PARTNERS (PVT) LIMITED/COLOMBO INVESTMENT TRUST PLC	1,194,600	1.00%	1,194,600	1.00%
11	HATTON NATIONAL BANK PLC/ALMAS CAPITAL(PRIVATE) LIMITED	1,149,137	0.96%	1,639,109	1.37%
12	DR. MOHAMED ARAFATH AKRAM MOHAMED AKRAM	1,103,000	0.92%	-	-
13	COMMERCIAL BANK OF CEYLON PLC/G.S.N.PEIRIS	954,801	0.80%	-	-
14	HATTON NATIONAL BANK PLC / MUSHTAQ MOHAMED FUAD	810,400	0.68%	814,960	0.68%
15	MR. MOHAMED ISMAIL MOHAMED SHAFIE/ MRS. FATHIMA RIZNA SHAFIE	800,000	0.67%	800,000	0.67%
16	HATTON NATIONAL BANK PLC / ANUSHMAN RAJARATNAM	762,902	0.64%	1,914,392	1.60%
17	ALMAS HOLDINGS (PRIVATE) LIMITED	520,185	0.43%	606,456	0.51%
18	HATTON NATIONAL BANK PLC/RAVINDRA ERLE RAMBUKWELLE	519,000	0.43%	740,100	0.62%
19	HATTON NATIONAL BANK PLC/SRI DHAMAN RAJENDRAM ARUDPRAGASAM	500,000	0.42%	-	-
20	SEYLAN BANK PLC/RIZMI AHAMED RISHARD	500,000	0.42%	-	-
		90,221,869	75.22%	87,630,974	73.06

## MARKET VALUE

The market value of the Company's shares on 31st March 2024 was Rs. 16.90 (31st March 2023 - Rs.25.00) Highest during the year was Rs. 29.50 and lowest during the year was Rs. 13.80.

## NET ASSET PER SHARE

### GROUP

The net assets per share as at 31st March 2024 - Rs. 13.52

The net assets per share as at 31st March 2023 - Rs. 12.67

### COMPANY

The net assets per share as at 31st March 2024 - Rs. 12.13

The net assets per share as at 31st March 2023- Rs. 12.96

## PUBLIC HOLDING

The percentage of shares held by the public as at 31st March 2024 was 41.86%.(31st March 2023 – 40.80%)

The applicable option under Colombo Stock Exchange Listing Rule 7.13.1 (i) (a) on minimum Public Holding is option 5 and the Float Adjusted Market Capitalization as at 31st March 2024 was Rs. 848,920,800/-

# SHARE INFORMATION

## PUBLIC SHAREHOLDERS

The number of Public Shareholders as at 31st March 2024 were 3,385 (2023 - 3,243)

## ANALYSIS OF ORDINARY SHAREHOLDERS

	As At 31st March 2024			As At 31st March 2023		
	No. of Shareholders	%	Total Holdings	No. of Shareholders	%	Total Holdings
Individuals	3,204	24,296,232	20.25	3,070	24,808,489	20.67
Institutions	197	95,703,768	79.75	189	95,191,511	79.33
	3,401	120,000,000	100.00	3,259	120,000,000	100.00

## DISTRIBUTION OF SHARES

No of Shares held	As at 31.03.2024			As at 31.03.2023		
	No of Shareholders	Total Holding	Holding %	No of Shareholders	Total Holding	Holding %
1 - 1,000	2,023	569,904	0.48	1,956	530,075	0.44
1,001 - 10,000	930	3,553,816	2.96	882	3,237,865	2.69
10,001 - 100,000	361	11,663,090	9.72	344	12,075,057	10.07
100,001 - 1,000,000	75	19,358,609	16.13	65	19,487,545	16.24
Over 1,000,000	12	84,854,581	70.71	12	84,669,458	70.56
	3,401	120,000,000	100.00	3,259	120,000,000	100.00

# FIVE YEAR SUMMARY

For the Year ended 31st March	Group					Company				
	2024 Rs.'000	2023 Rs.'000	2022 Rs.'000	2021 Rs.'000	2020 Rs.'000	2024 Rs.'000	2023 Rs.'000	2022 Rs.'000	2021 Rs.'000	2020 Rs.'000
<b>Trading Results</b>										
Turnover	7,214,937	8,570,559	4,535,128	4,332,235	3,217,870		-		5,201	50,899
Profit / (Loss) before Taxation	695,566	2,303,377	68,031	166,194	(1,215,640)	(101,301)	767,057	99,925	40,233	(135,952)
Taxation	(294,395)	(622,149)	(33,516)	56,713	(16,964)		-		-	-
Profit / (Loss) after Taxation	401,171	1,681,228	34,515	222,907	(1,232,604)	(101,301)	767,057	99,925	40,233	(135,952)
<b>Total Assets</b>										
Property, Plant & Equipment and Biological assets	5,056,541	4,585,877	4,424,969	4,324,622	4,269,349	22,400	22,400	22,400	19,809	19,809
Intangible Assets	629,064	629,064	629,064	629,064	629,064		-		-	-
Investment in Subsidiaries		-		-	-	2,111,496	2,111,496	1,467,481	1,098,878	692,919
Other Long Term Investments	190,345	201,895	176,733	229,034	82,529	25,289	24,351	3,980	3,918	5,259
Current Assets	2,972,512	1,958,462	1,408,193	1,466,387	850,167	6,463	9,352	32,094	43,973	33,198
	8,848,462	7,375,298	6,638,959	6,649,107	5,831,109	2,165,647	2,167,599	1,525,955	1,166,578	751,185
<b>Equity and Liability</b>										
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	64,398	(37,296)	(971,477)	(1,297,644)	(1,430,551)	(102,929)	(2,562)	(768,090)	(870,046)	(912,251)
Non Controlling Interest	1,503,002	773,639	306,050	(123,941)	(288,846)		-		-	-
Current liabilities	2,707,790	2,471,635	3,521,794	3,808,401	3,085,571	705,935	607,521	732,331	392,736	26,271
Non-Current Liabilities	437,147	772,609	1,027,251	1,146,688	1,334,141		-	108	82,796	75,559
Retired Benefit Obligation	1,791,113	1,198,673	1,129,917	1,557,597	1,531,477		-		-	-
Deferred Tax Liability	787,006	638,031	67,418	-	41,311	4,635	4,635	3,600	3,086	3,600
	8,848,462	7,375,298	6,638,959	6,649,107	5,831,109	2,165,647	2,167,599	1,525,955	1,166,578	751,185
<b>Cash Flow</b>										
Net Cash Generated from / (Used in) :										
Operating Activities	278,144	413,623	(256,325)	268,281	(191,540)	(17,156)	(97,737)	(2,330)	(9,032)	29,948
Investing Activities	(169,441)	(257,487)	(53,688)	(77,064)	(118,324)		244,820	340	(348,795)	-
Financing Activities	599,809	39,796	244,306	(118,406)	265,263	17,334	(147,301)		360,000	(30,700)
<b>Key Financial Indicators</b>										
Profit/(Loss) per share	1.52	9.28	0.10	1.14	(6.42)	(0.84)	9.28	0.83	0.34	(1.13)
Net Assets per Share	13.52	12.67	4.89	2.17	1.06	12.13	12.96	6.58	5.73	5.38
Market Value per Share	16.90	25.00	3.30	3.30	1.50	16.90	25.00	3.30	3.30	1.50
Market Capitalisation	848,921	1,224,000	175,742	162,640	66,186	848,921	1,224,000	175,742	162,640	66,186

# 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 Maithri Asoka Sirimane     | of Colombo or failing him, |
| 6. Shanthikumar Nimal Placidus Palihena | of Colombo or failing him, |
| 7. Anushman Rajaratnam                  | of Colombo or failing him, |
| 8. Ajit Mahendra de Silva Jayaratne     | of Colombo or failing him, |
| 9. Sunil Somindranath Poholiyadde       | of Colombo or failing him, |
| 10. Mohamed Kowdu Kalungu Mohideen      | 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 2024 and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting.

	For	Against
1. To receive the Annual Report of the Board of Directors and the Statement of Accounts of the Company for the year ended 31st March 2024 with the Report of the Auditors thereon.		
2. To re-elect Mr. Anushman Rajaratnam as a Director.		
3. To re-appoint Mr. R.N. Bopearatchy as a Director.		
4. To re-appoint Mr. C.P.R. Perera as a Director.		
5. To re-appoint Mr. S.N.P. Palihena as a Director.		
6. To re-appoint Mr. S.D.R. Arudpragasam as a Director.		
7. To re-appoint Mr. A.M. de S. Jayaratne as a Director.		
8. To re-appoint as Auditors Messrs. KPMG and to authorize the Directors to determine their remuneration.		
9. Special Business – To amend the Articles of Association by a Special Resolution as set out in the Notice of Meeting		

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 Four.

.....  
 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 Seal of the Company or under the hand 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

Mr. A.M.de S. Jayaratne

Mr. S.S. Poholiyadde

M. Kowdu K. Mohideen

## 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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