



2022 | **2023**

ANNUAL REPORT

ACME PRINTING & PACKAGING PLC

Excellence in Printing & Packaging Redefined

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ABOUT US

We are a public quoted company and the leading flexible packaging manufacturer in Sri Lanka, providing quality flexible packaging solutions for a period spanning nearly 74 years. Our continuous efforts to enhance our standards have resulted in the Company achieving the ISO certification since year 2000 and today we are an ISO: 9001-2015, ISO: 22000-2018, FSMS, Q.M.S and FSSC-22000 Version 5.1 certified Company.



ACME VISION

To be the preferred dynamic provider of flexible packaging solutions.



ACME MISSION

To become the major supplier of packaging material in Sri Lanka and be the leader of our chosen business through continuous search for Excellence.

CORPORATE INFORMATION

NAME OF THE COMPANY

ACME Printing and Packaging PLC

LEGAL FORM

A Public Quoted Company with limited liability incorporated Under the provisions of Companies Act No. 7 of 2007.

DATE OF INCORPORATION

20th December 1949

COMPANY REGISTRATION NO.

PQ 196

SUBSIDIARY COMPANY

ACME Packaging Solutions (Private) Limited
A Fully owned Subsidiary Company with limited liability incorporated Under the provisions of Companies Act No. 7 of 2007.

DATE OF INCORPORATION

12th October 2006

COMPANY REGISTRATION NO.

PV 7432

DIRECTORS

1. A. Hettiarachchy
2. S. D. R. Arudpragasam
3. A. Rajaratnam
4. P. S. Goonewardene
5. G. K. B. Dasanayaka
6. A. C. S. Jayaranjan
7. P. M. A. Sirimane
8. J. M. Swaminathan
9. H. K. P. Jayasuriya

REGISTERED OFFICE

#98, Sangaraja Mawatha,
Colombo 10.

Tel : +94 - 11 - 5566000

Fax : +94 - 11 - 2807480

E-mail: info@acmelk.com

Web : www.acmelk.com

FACTORIES

Factory & Office - Piliyandala

#318, Gonamaditta Road, Piliyandala, Sri Lanka.

Tel : +94 11 4368468, +94 - 11 - 4641818

Fax : +94 11 4209830,

E-mail: info@acmelk.com

Factory & Office - Pannala

Katugampola Industrial Estate (West)

Makandura, Gonawila, Sri Lanka

Tel : +94 31 2298201-2,

Fax : +94 31 2298165,

E-mail: solutions@acmelk.com

SECRETARIES

S S P Corporate Services (Private) Limited

101, Inner Flower Road,

Colombo 03.

EXTERNAL AUDITORS

KPMG,

Chartered Accountants,

P. O. Box 186,

Colombo 03.

BANKERS

1. National Development Bank PLC
2. Hatton National Bank PLC
3. Sampath Bank PLC
4. Seylan Bank PLC
5. Nations Trust Bank PLC
6. People's Bank
7. Commercial Bank of Ceylon PLC
8. Amana Bank PLC

LAWYERS

Julius & Creasy

No. 371, R.A. de Mel Mawatha,

Colombo 03.

NOTICE OF MEETING

ACME PRINTING AND PACKAGING PLC

Notice is hereby given that the Seventy Fourth Annual General Meeting of Acme Printing and Packaging PLC (the 'Virtual AGM') will be held via Online meeting platform at 2p.m.(Sri Lanka time) on Monday 25th September 2023 for the purpose of transacting the following items of business:

AGENDA

1. To receive and consider the Audited Financial Statements for the year ended 31st March 2023 together with the Annual Report of the Board of Directors and of the Auditors thereon.
2. To re-elect as a Director Mr. H.K.P.Jayasuriya, who retires in terms of Article No.91 of the Articles of Association as recommended by the Board of Directors.
3. To re-elect as a Director Mr. A. Rajaratnam, who retires by rotation in terms of Article 84 and 85 of the Articles of Association as recommended by the Board of Directors.
4. To re-elect as a Director Mr. P.S. Goonewardene, who retires by rotation in terms of Article 84 and 85 of the Articles of Association as recommended by the Board of Directors.
5. To consider and if thought fit to pass the following Ordinary Resolution pertaining to the re-appointment of Dr. J.M. Swaminathan, as a Director who is over 70 years of age, in compliance with Section 211 of the Companies Act No.7 of 2007; and whose reappointment is recommended by the Board of Directors

ORDINARY RESOLUTION

"That the age limit of 70 years referred to in Section 210 of the Companies Act, No.7 of 2007 shall not apply to Dr. Jayantha Mootatamby Swaminathan, Director who is 82 years of age (having reached 70 years of age on 9th January 2011) and accordingly that Dr. Jayantha Mootatamby Swaminathan be and is hereby re-appointed a Director of the Company in terms of Section 211 of the Companies Act No.7 of 2007".

6. To consider and if thought fit to pass the following Ordinary Resolution pertaining to the re-appointment of Mr. A. Hettiarachchy, as a Director who is over 70 years of age, in compliance with Section 211 of the Companies Act No.7 of 2007; and whose reappointment is recommended by the Board of Directors

ORDINARY RESOLUTION

"That the age limit of 70 years referred to in Section 210 of the Companies Act, No.7 of 2007 shall not apply to Mr. Ariyawansa Hettiarachchy, Director who is 74 years of age

(having reached 70 years of age on 21st January 2019) and accordingly that Mr. Ariyawansa Hettiarachchy be and is hereby re-appointed a Director of the Company in terms of Section 211 of the Companies Act No.7 of 2007".

7. To consider and if thought fit to pass the following Ordinary Resolution pertaining to the re-appointment of Mr. S.D.R. Arudpragasam, as a Director who is over 70 years of age, in compliance with Section 211 of the Companies Act No.7 of 2007; and whose reappointment is recommended by the Board of Directors

ORDINARY RESOLUTION

"That the age limit of 70 years referred to in Section 210 of the Companies Act, No.7 of 2007 shall not apply to Mr. Sri Dhaman Rajendram Arudpragasam,, Director who is 72 years of age (having reached 70 years of age on 16th August 2021) and accordingly that Mr. Sri Dhaman Rajendram Arudpragasam be and is hereby re-appointed a Director of the Company in terms of Section 211 of the Companies Act No.7 of 2007".

8. To consider and if thought fit to pass the following Ordinary Resolution pertaining to the re-appointment of Mr. A.C.S. Jayaranjan, as a Director who is over 70 years of age, in compliance with Section 211 of the Companies Act No.7 of 2007; and whose reappointment is recommended by the Board of Directors

ORDINARY RESOLUTION

"That the age limit of 70 years referred to in Section 210 of the Companies Act, No.7 of 2007 shall not apply to Mr. Anthony Crossette Selvanayagam Jayaranjan, Director who is 73 years of age (having reached 70 years of age on 8th October 2019) and accordingly that Mr. Anthony Crossette Selvanayagam be and is hereby re-appointed a Director of the Company in terms of Section 211 of the Companies Act No.7 of 2007".

9. To authorize the Board of Directors to determine the remuneration of the auditors, Messrs KPMG, who are deemed to have been re-appointed as Auditors..
10. To authorise the Board of Directors to determine contributions to charities.

**By Order of the Board of Directors of
ACME Printing & Packaging PLC.**

(Sgd.)
S S P CORPORATE SERVICES (PRIVATE) LIMITED
SECRETARIES
Colombo
31st August 2023

1. A shareholder entitled to attend and vote at the above mentioned meeting is entitled to appoint a proxy to attend and vote instead of him/her. Such proxy need not be a Shareholder of the Company.
2. A Form of Proxy is enclosed.
3. The completed Form of Proxy should be deposited at the Registered Office of the Company, No.98, Sri Sangaraja Mawatha, Colombo 10, not later than 48 hours before the time appointed for the holding of the meeting.

BOARD OF DIRECTORS

MR. A. HETTIARACHCHY

[C.Eng, MIEE, MIProdE, MIChemE]

Executive Chairman

Mr. Hettiarachchy was appointed to the Board on the 12th January 2022 and as the Executive Chairman on 15th January 2023.

Mr. Hettiarachchy is a Chartered Chemical Engineer. He is Chairman of the Board of ISL Services Limited, Deputy Chairman of Lankem Ceylon PLC and a Director of Sri Lanka Institute of Nano Technology. He is a Board Member of Central Industries PLC and serves as the Chairman of its Audit Committee. He has served on the Boards of Richard Pieris Finance Ltd, Hayleys PLC and functioned as Managing Director on the Boards of Haycarb PLC, Recogen Limited and Puritas Limited and also served on several other subsidiaries of Haycarb PLC and Hayleys PLC both in Sri Lanka and Overseas.

He was also a Board Member of the National Science Foundation, Coconut Research Institute, Member of the National Nano Committee, Chief of Research and Engineering Systems – Sri Lanka Institute of Nano Technology, and a member of several advisory Boards of the NSF.

MR. S. D. R. ARUDPRAGASAM

[FCMA (UK)]

Non-Executive Director

Mr. S. D. R. Arudpragasam was appointed to the Board on 12th January 2022.

Mr. S. D. R. Arudpragasam 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 from 2011 was appointed Chairman CFLB with effect from 1st July 2022. He also serves as Chairman of several subsidiaries of The Colombo Fort Land and Building PLC including Chairman Lankem Ceylon PLC, Chairman/Managing Director of E.B. Creasy & Company PLC in addition to serving on the Boards of other companies in the CFLB Group.

MR. ANUSHMAN RAJARATNAM

[B.Sc (Hons.), CPA, MBA]

Non-Executive Director

Mr. Anushman Rajaratnam was appointed to the Board on 30th November 2021.

He is the Group Managing Director of The Colombo Fort Land & Building PLC (CFLB), in addition, he serve on the boards of several subsidiary companies including Lankem Ceylon PLC. Prior to joining the CFLB group, he worked overseas for a leading global Accountancy Firm.

MR. P. SUREN GOONEWARDENE

BBA(Aus.), CPA(Aus.), FCMA (SL), FCIM (UK)

Non-Executive Director

Mr. Suren Goonewardene was appointed to the Board on 30th November 2021.

He holds a bachelor's degree in Business Accounting from Monash University Australia, Member of the Certified Practising Accountants-Australia and is a Fellow Member of the Chartered Institute of Marketing U.K. and Certified Management Accountants of Sri Lanka.

He is the Managing Director of Lankem Ceylon PLC since August 2020. He has functioned in the capacity of Chairman and Managing Director, Bharti Airtel Lanka Limited, Chief Operating Officer, Dialog Television and Fixed Line Services, Group Managing Director, Lanka Bell Limited and has also served on the Boards of Ceylon Shipping Corporation and the Civil Aviation Authority of Sri Lanka. He was a Council Member of the Employers' Federation of Ceylon and a former Vice President of the Indian Chamber of Commerce in Sri Lanka. He currently serves on the Boards of Associated Motor Finance PLC, First Guardian Equities Limited, and Dawi Investment Trust (Private) Limited.

Mr. Goonewardene's experience spans across multiple industries and possess expertise in the fields of Telecommunication, Information Technology, Strategic Planning, Organizational Restructuring, Investment/Credit Management, Finance, Marketing & Sales, General Management and Business Consultancy.

MR. G. K. B. DASANAYAKA

[Attorney-at-Law]

Independent Non-Executive Director

Mr. Gotabaya Dasanayaka was appointed on the Board on 15th May 2015.

He is an Attorney at Law by profession, worked for the International Labour Organization (ILO) as the Senior Specialist, Employers Activities for the South Asian Region from 2007 to February 2015. Prior to joining the ILO he worked with the Employers' Federation of Ceylon (EFC) from 1979 and was the DirectorGeneral / CEO from 2000 to 2006. While at the EFC he specialized in Employment Law and Relations and had firsthand experience in dealing with key stakeholders on major labour issues, at operational and policy level. Since his retirement from the ILO he provides consultancy services in Employment Law and Employee Relations. Mr. G.K.B. Dasanayake resigned w.e.f. 28th September 2021 and reappointed w.e.f. 08th December 2021.

MR. A. C. S. JAYARANJAN

[FCA, FCMA (UK), CGMA]

Independent Non-Executive Director

Mr. A. C. S. Jayaranjan was appointed on the Board on 12th January 2022

He started his career as a professional at KPMG. Thereafter he has been working for over forty five years in the commercial and industrial sectors at senior managerial level. He was the Chief Accountant at James Finlay & Company PLC and Deputy Chief Executive Officer/Executive Director Shaw Wallace & Hedges PLC.

Mr. Jayaranjan then joined as the Group Finance Director of Pership Group and later joined John Keells Holdings PLC, as Senior Vice President, Head of Learning & Development. His experience covers diverse areas in commerce and industry. Mr. Jayaranjan is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, and a Fellow Member of the Chartered Institute of Management Accountants (UK). He was a visiting lecturer for post graduate programs in management and finance.

MR. P.M.A. SIRIMANE

[FCA, MBA]

Independent Non-Executive Director

Mr. P.M.A. Sirimane was appointed to the Board on 1st September 2017.

He serves on the Board of The Colombo Fort Land & 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 Finance Officer of Sri Lanka Telecom Ltd., and Director of 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. P.M.A. Sirimane is a Fellow of the Institute of Chartered Accountants of Sri Lanka and also holds a Master's in Business Administration from the University of Swinburne, Victoria, Australia.

DR. J. M. SWAMINATHAN

[Attorney-at-Law, LLB(Ceylon), LLM, M.Phil.(Colombo) and LLD(Honoris Causa)]

Independent Non-Executive Director

Dr. J. M. Swaminathan was Appointed on the Board in August 2011.

He holds LLB (Ceylon), LLM, M.Phil.(Colombo) and LLD (Honoris Causa) Degrees and is an Attorney-at-Law with over 57 years in practice. He was the former Senior Partner of Messrs. Julius & Creasy. He is a Member of the Office for Reparations Sri Lanka. He has served as a Member of the Law Commission of Sri Lanka and Member of the Council of Legal Education and the Council of the University of Council. He is also a Member of the Company Law Advisory Commission and The Intellectual Property Law Advisory Commission. He is the Chairman of the Board of Studies of the Council of Legal Education and also a Consultant at the Institute of Advanced Legal Studies of the Council of Legal Education. He is a Member of the Visiting Faculty of the LLM Course of the University of Colombo. He is also an External Member of the Faculty of Law Board of the Sir John Kothalawala Defence University. He also serves on the Boards of several public and private companies.

MR. H. K. P JAYASURIYA

Executive Director

Mr. Harith Jayasuriya appointed to the Board on 26th September 2022.

He was appointed as Director / Chief Executive Officer of AMCE Printing & Packaging PLC with effect from 7th March 2022. He holds a Master of Business Administration from University of Wales and is a Fellow Member of the Chartered Institute of Marketing UK. He has functioned in the capacity of Group Director / Chief Marketing Officer at MAC Holdings Pvt Ltd, Director / Chief Executive Officer MAC Travels Pvt Ltd. He started his career at Coats Thread Lanka Pvt Ltd, a multinational company headquartered in UK. He was a Council Member of the Sri Lanka Australia New Zealand Business Council and a former President of the Sri Lanka Canada Business Council. Mr. Jayasuriya's experience spans over 20 years across multiple industries and possess expertise in the fields of Freight & Logistics, Travel & Tourism, Shipping & Aviation, Strategic Planning, Marketing & Sales, General Management and Business Consultancy.

CHAIRMAN'S STATEMENT

Dear Shareholders,

2022/23 was the first complete financial year of ACME Printing and Packaging PLC under the umbrella of "Lankem Group".

During this same period the country was in turmoil, both politically and economically, resulting from fiscal policies implemented by GOSL and the monetary policies adopted by the Central Bank. The weakening Global economic conditions due to the Ukrainian war saw a drop in inward remittances from exports. At the same time, the inward remittances to Sri Lanka from overseas employment were reduced. This brought about a lack of foreign exchange for daily necessities. To combat this, GOSL imposed controls on imports and managed foreign exchange transactions strictly.

The foreign exchange crisis in the first half of the year the caused Sri Lankan Rupee to depreciate because the Rupee was floated as against being managed by the Central Bank. A big basket of imports was banned which led to shortages of essential commodities including electricity, gas, and fuel. The inflation skyrocketing brought in frustrations amongst people of the country and thus resulted in turmoil.

The economy which was trying to lift its head from 2019 which deteriorated with the easter attack worsened by the COVID-19 Pandemic was further crippled by social and political unrest. The market was affected by the deteriorating consumer demand for non-essentials. Amidst this background, the company's dedicated team with the group's backing lifted its head above water during this year.

The impact the macroeconomic implications have on the company's own operations is immeasurable as we are totally dependent on imported raw materials. The high cost of importation during the crisis still results in the averages in cost of production being high, even though the Sri Lankan Rupee has appreciated during the new financial year.

We are creating synergies in the packaging industry by new innovations including research on environmentally friendly packaging. We are also developing the export market to bring in much-needed foreign currency to the country and to ourselves. The constant assistance from the group and the innovative thinking brought about by the new management created a healthy recovery path in terms of volumes and profitability.

COMPANY PERFORMANCE

The Company operations have improved during this financial year and the Group recorded a profit of Rs 25 million. The Strategic moves and the stringent cost analysis during the crisis period have contributed to this new positioning. The competition in the packaging sector which undercuts the other at any cost is impacting the future profitability of the company. We are of the view the new step to create a packaging cluster under the 'ACME Group' with the new initiatives to centralise functions relating to

logistics and finance will give the synergies required to compete in the price war situation in the future.

FINANCIAL RESULTS

The Group reported a profit before tax of Rs 23.5 Mn after several years of making losses. In 2021/22 the Group reported a Loss of Rs. 261 Mn. The Group's revenue for the year was 4.5% more than the previous years and stood at almost Rs 1billion. Gross Profit of Rs. 356 Mn is an increase of Rs. 389 Mn compared to the Gross loss of Rs 33 Mn in 2021/22. The main reason for the increase in margins was the direct result of the efficient management of the cost and the availability of raw materials when required to meet the demand. The Bank's patience in renegotiating all the facilities enhanced the working capital to be used prudently. The impact of the hyperinflation is seen mainly in the calendar year 2023. The management is working tirelessly to increase the sales volumes to counteract the competition and the price war. The demand for FMCG products has dropped considerably and the market has shrunk by 35% this year.

The continued loss in the subsidiary company is being addressed with improvements in the processes adopted, closer direction and cost control initiatives. The Team building is being addressed to achieve better productivity in both entities

FUTURE OUTLOOK

We have drawn a long long-term plan in terms of where Our strategies include process improvements to achieve cost reductions, to convert our customers to partners on a long-term journey to have mutually rewarding benefits and to achieve production efficiencies by improved capacity utilization. The company is creating a cluster in packaging to greater service to the industries in Sri Lanka and in the region.

ACKNOWLEDGMENTS

I am grateful for the continued support extended and thank all the stakeholders for being with us during this turbulent period. My sincere gratitude to our clients, suppliers, employees, and management for being with us and sharing our vision to be the preferred and dynamic flexible packaging provider in the market. I take this opportunity to thank the Board and the committees for their support and guidance during the year.

(Sgd.)

A. Hettiarachchy

Executive Chairman,

Colombo

31st August 2023

CORPORATE GOVERNANCE

Corporate Governance at ACME means creating value to shareholders whilst promoting a culture of ethical behavior and practice. ACME is committed to maintaining the highest standard of ethical values and professionalism in all its activities. The Group provides all the market participants and regulatory authorities with timely, accurate, complete and reliable information of the Company while continuing to regulate and improve its corporate governance structure. Further an important element of corporate governance is to ensure the accountability of certain individuals in an organization through mechanisms that try to reduce or eliminate the cost of principal agent problem. Corporate governance covers a very wide range of issues and disciplines from company secretarial and legal, through to business strategy, executive and non-executive management and investor relations, to accounting and information systems and remuneration.

THE BOARD OF DIRECTORS

The primary role of the Board is to protect and enhance long-term shareholder value. It sets the overall strategy for the Group and supervises executive management. It also ensures that good corporate governance policies and practices are implemented within the Group. In the course of discharging its duties, the Board acts in good faith, with due diligence and care, and in the best interests of the company and its shareholders.

The Board consisted of 09 Directors out of which 07 were non-executive directors. The names and profiles of the Directors are given in pages 7 to 8 of this annual report. They possess the skill, experience and knowledge, to set the directions and oversee the operations of the company. The Board has determined that the 3 Independent Non-Executive Directors, satisfy the criteria for Independent set out in the Listing Rules and annually each Non-Executive Director declares his independence/ non independence i.e compliance with the relevant statutory regulations.

The Chairman meets with the Independent Non-Executive Directors as and when necessary.

RESPONSIBILITIES OF THE BOARD

- ◇ Ensuring the implementation of an effective internal control system and risk management system.
- ◇ Ensuring Compliance with Highest Ethical and Legal Standards.
- ◇ Approval of the Annual and Interim Financial Statements prior to publication.
- ◇ Providing direction and guidance to the Company in the formulation of its strategies and in the pursuance of its operational and financial goals.
- ◇ Monitoring systems of governance and compliance.

- ◇ Approving major acquisitions, disposals and capital expenditure.
- ◇ Approving annual budgets and strategic plans.
- ◇ Reviewing the statutory and SEC governance rules and ensuring compliance.
- ◇ Formulating proposals for dividend and bonus distributions, and for the increase or reduction of capital.
- ◇ Exercising other powers, functions and duties as conferred by the Company's articles of association.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

There is a clear demarcation of the responsibilities between our Executive Chairman and our Chief Executive Officer. The functions performed by each are distinct and separated, ensuring the balance of power and authority within the organization that no person has unfettered powers of decision making implementation.

ROLE OF CHAIRMAN

Our Chairman is responsible for providing leadership and preserving order at Board Meetings and the good corporate governance of our group whilst facilitating the effective discharge of Board functions and business strategies. He is responsible for;

- ◇ Ensuring the Board adheres to procedures and the relevant statutes whilst being in complete control of the affairs of the Company,
- ◇ Ensuring that its obligations to the various stakeholders and regulatory bodies are met,
- ◇ Encouraging effective participation by both Executive and Non-Executive Directors on matters taken up for consideration and,
- ◇ Ensuring that shareholders are given adequate opportunity to make observations, express their views and seek clarifications at meetings of shareholders.

ROLE OF CHIEF EXECUTIVE OFFICER

- ◇ Day to day management of the Group's business operations, with the support of the Executive Directors and the senior management team.
- ◇ Revision and implementation of the Company's strategies and policies,
- ◇ Maintaining a close working relationship with the Chairman and being a sounding board for the Chairman as and when necessary,
- ◇ He is accountable for guaranteeing that the correct Board procedures are followed and that

Corporate Governance

the applicable rules and regulations are reviewed regularly and compiled with,

- ◊ Advises the Board on corporate governance matters and acts as the interface between the management and regulatory authorities as and when necessary,
- ◊ Manages the procedure whereby the Directors and the Board can, as needed, obtain independent professional advice at the Company's expense in discharging their/its duties,
- ◊ Reviews and approves the operational and financial budgets/targets in line with the short, medium and long term objectives of the Company and the Group,
- ◊ Evaluation of pearl wisdom and performance conducted by the Board on regular basis and,
- ◊ Providing the Board explanations for variances and recommend any corrective action that needs to be adopted.

FINANCIAL ACUMEN

The Board of ACME consists of professionals as well as entrepreneurs who have many years of experience in the corporate world. Their proficiency in the diverse areas of

business, academic and/or entrepreneurial financial skills, business acumen, broad practical wisdom and unique perspectives enable the efficient and effective decision making and leadership of the Group.

THE BOARD BALANCE

Coming from diverse business and professional backgrounds, the non-executive directors (including independent non-executive directors) of the Company have shared their valuable experiences to the Board for promoting the best interests of the Company and its shareholders. The non-executive directors have actively participated in the board committees of the Company and they have made significant contribution of their skills and expertise to these committees. The composition of the Executive and Non-Executive Directors in the Board satisfies the requirements laid down in the Listing Rules of the Colombo Stock Exchange.

HOLDING REGULAR BOARD MEETINGS

The Board meets regularly at least four times a year at quarterly intervals and holds additional meetings as and when the Board thinks appropriate. During the year under review, 11 Board meetings were held. All meetings were presided over by the Chairman.

The attendance record of each of the directors for the Board meetings, held during FY 2022/23 is listed as follows:

NAME OF THE DIRECTOR	Attendance at Board Meetings 2022/23										
	05/04/22	23/05/22	28/06/22	26/08/22	07/09/22	26/09/22	06/10/22	17/10/22	08/12/22	16/02/23	16/03/23
1. Mr. A. Hettiarachchy	√	√	√	√	√	√	√	√	√	√	√
2. Dr. J.M. Swaminathan	√	√	√	×	√	×	√	√	√	√	√
3. Mr. R. Seevaratnam	√	×	×	×	×	X	√	√	√	-	-
4. Mr. A. C. S. Jayaranjan	√	√	√	√	√	√	√	√	√	√	√
5. Mr. A. Rajaratnam	√	√	√	×	√	√	√	√	√	×	√
6. Mr. P. S. Goonewardene	√	√	√	√	√	√	√	√	√	√	√
7. Mr. G. K. B. Dasanayaka	√	√	√	√	√	√	√	√	√	√	√
8. Mr. S. D. R. Arudpragasam	√	√	√	√	√	√	√	√	√	√	√
9. Mr. P. M. A. Sirimane	√	√	√	×	√	√	√	√	√	√	√
10. Mr. H. K. P. Jayasuriya	-	-	-	-	-	√	√	√	√	√	√

✓ Present × Excused - Not applicable

Corporate Governance

BOARD COMMITTEES

The Board delegates its powers and authorities from time to time to committees in order to ensure the operational efficiency and specific issues are being handled with relevant expertise. Three board committees have been established and each of them has its specific duties and authorities set out in its own terms of reference.

a. Audit Committee

The Audit Committee consists of four Non-Executive Directors majority of whom are independent. The role of the Committee is to review the accounting principles, policies and the practices adopted in the preparation of financial information. The Committee is responsible for consideration and the appointment of the external auditors. Further the Committee supports the Board in discharging their responsibilities in areas such as the overseeing of internal controls, business risk and statutory compliances.

The Audit Committee report including the subjects reviewed during the financial year 2022/23 are reported in detail on pages 34 to 36

b. Remuneration Committee

The Remuneration Committee consists of two Independent Non-Executive Directors and a Non-Executive Director. The role of the Committee is to determine the remuneration policy for the Chief Executive Officer and the Senior Managers, and to ensure that the statutory and legal requirements pertaining to the remuneration are complied with.

The Remuneration Committee report and the subjects reviewed during the financial year are presented in pages 37 to 38

c. Related Party Transactions Review Committee

The Related Party Transaction Review Committee consists of three Non-Executive Directors majority of whom are independent. The objective of the Committee is to exercise oversight on behalf of the Board, that all Related Party Transactions are taken note of and dealt with in a manner consistent with the code of listing rules.

The Related Party Transactions Review Committee report and the subjects reviewed during the financial year are presented in pages 39 to 40

All related party transactions as defined by the applicable accounting standards are disclosed on note 29 of the Financial Statements on pages 85 to 87 of this Annual Report.

ACCESS TO INDEPENDENT PROFESSIONAL ADVICE

The Directors obtain independent professional advice whenever required to assist in discharging their duties.

COMPANY SECRETARY

All directors have access to the advice and services of the Company Secretary, who is responsible to the Board in ensuring that Board procedures are followed and that applicable rules and regulations are complied with. Any question of the removal of the Company Secretary should be a matter of to the Board as a whole. S S P Corporate Services (Pvt) Ltd functions as the Secretary of the Board.

INDEPENDENT JUDGEMENT OF THE DIRECTORS

The Independent Directors remain independent from day to day management and are free from any business and / or other relationship which may hinder their exercise of unbiased judgement. This enables them to act critically and independently in the best interest of the Company.

DEDICATION OF ADEQUATE TIME & EFFORT

Adequate time is devoted at every meeting to ensure that the Board's responsibilities are discharged satisfactorily.

TRAINING FOR THE DIRECTORS

The policy on Directors training is to provide adequate opportunities for continuous development subject to requirement and relevance for each Director.

SUPPLY OF INFORMATION

The notices of Board Meetings are provided along with the agenda well ahead of the scheduled meeting. The Board Papers are circulated among the Directors ahead of the meeting providing adequate time to review and call for any additional information and clarification to assist them to formulate independent views.

AVAILABILITY OF A NOMINATION COMMITTEE

The Company has not formed a specific Nomination Committee. However performance of the Board and its composition are being evaluated annually.

APPOINTMENTS TO THE BOARD

The Company has a formal and transparent procedure for appointment of new Directors to the Board.

APPRAISAL OF BOARD PERFORMANCE

The performance of the Board, its sub Committees and individual Directors are being evaluated annually.

DISCLOSURE OF INFORMATION IN RESPECT OF DIRECTORS

The names of the Directors and their profiles are disclosed on pages 07 to 08 of this Annual Report. Directors' interests in contracts are indicated in Note 29 of the Financial Statements on pages 84 to 85 of this Annual Report.

Corporate Governance

APPRAISAL OF CHIEF EXECUTIVE OFFICER

The performance of the Chief Executive Officer is being evaluated annually.

CONSTRUCTIVE USE OF ANNUAL GENERAL MEETING

We ensure that all proxy votes are counted and the quantum of proxies lodged on each resolution is conveyed to our Chairman. Separate resolution is proposed at an Annual General Meeting on each substantial separate issue. At the Annual General Meeting the respective Chairmen of the Remuneration Committee and Audit Committee are present to provide any clarification to shareholders as necessary. The notice and the agenda for the Annual General Meeting together with the Annual Report of the Company containing the relevant documents are sent to the shareholders giving 15 working days' notice prior to the date of the Annual General Meeting.

COMMUNICATION WITH SHAREHOLDERS

All shareholders are invited and encouraged to be present, actively participate and vote at the Annual General Meeting. The Annual general Meeting provides an opportunity for shareholders to seek and obtain clarifications and information on the performance of the Company. The external Auditors are invited to attend the Annual General Meeting, for any professional assistance that may be requested. Shareholders who are not in the position to attend the Annual General Meeting in person are entitled to have their voting rights exercised by a proxy of their own choice.

MAJOR TRANSACTIONS

There were no major transactions during the financial year that materially altered our Company's net asset base or the consolidated Group net asset base.

FINANCIAL REPORTING

The Board responsibility to present the Financial Statements accepts in the Statement of Directors' Responsibility shown on page 43. The report of the directors on the state of affairs of the Company is given on this Annual Report on pages 48 to 49. The Auditor's Report on the Financial Statements for the year ended 31st March 2023 is presented on pages 50 to 52 of this Annual Report. The management discussion and analysis of the company is presented on page 33 of this Annual Report. The Board is satisfied that the Company will continue its operations in the foreseeable future. For this reason, the Company continues to adopt the going concern basis in preparing the Financial Statements.

INTERNAL CONTROL

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets. The Board's policy is to have systems in place which optimize the Company's ability to manage risk in an effective and

appropriate manner. The Board has delegated to the Audit Committee responsibility for identifying, evaluating and monitoring the risks facing the Company and for deciding how these are to be managed. In addition to internal audit carried out by an external professional body, members of the Audit Committee are expected to report to the Board as necessary the occurrence of any material control issues, serious incident or events that have had a major commercial impact, or any significant new risks which have been identified.

CODE OF BUSINESS CONDUCT AND ETHICS

The Company has developed and institutionalized a strong set of corporate values and code of conduct that is circulated to Directors and all employees. The Board ensures that Directors and employees strictly comply with the code of Business Conduct and Ethics at all levels in the performance of their official duties, communications, role modeling and in any other circumstances, so as to prevent the tarnishing of our Company's image in any manner. The violation of the code of ethics is an offence that is subject to disciplinary action.

CORPORATE GOVERNANCE / COMPLIANCE STATEMENT

ACME Printing & Packaging PLC is complied with the Corporate Governance, listing requirement of the Colombo Stock Exchange and adheres to the different regulating authorities. (Mandatory Provisions - Fully Complied)

- ◇ Companies Act No.7 of 2007
- ◇ Code of Best Practices on Corporate Governance issued jointly by the CA Sri Lanka and the Securities & Exchange Commission of Sri Lanka
- ◇ Inland Revenue Act
- ◇ Exchange Control Act
- ◇ Customs Ordinance

The tables given below presents the details and disclosures on the level of compliance with

1. Section 168 of Companies Act, No. 07 of 2007, pertaining to Corporate Governance.
2. Section 7.6 of Listing Rules of the Colombo Stock Exchange;
3. Section 7.10 of Listing Rules of the Colombo Stock Exchange
4. Section 9 of the Listing Rules of the Colombo Stock Exchange.
5. Code of best practices on Corporate Governance jointly issued by the Institute of Chartered Accountants of Sri Lanka and the Securities Exchange Commission of Sri Lanka

Corporate Governance

These are discussed in the sections that follows.

1. Level of compliance with Section 168 of Companies Act, No. 07 of 2007, pertaining to Corporate Governance.

RULE NO.	DISCLOSURE REQUIREMENT	PAGE REFERENCE TO THE ANNUAL REPORT
Section 168 (1) a	Changes during the accounting period in the nature of the business of the Company.	9
Section 168 (1) b	Financial Statements for the accounting period completed and signed in accordance with section 151.	53-91
Section 168 (1) c	Auditor's report on the Financial Statements	50-52
Section 168 (1) d	Change in accounting policies made during the accounting period.	59
Section 168 (1) e	Particulars of entries in the interests register made during the accounting period.	43
Section 168 (1) f	Remuneration and other benefits of directors during the accounting period	43-69
Section 168 (1) g	Amount of donations made by the Company during the accounting period.	43
Section 168 (1) h	Names of the persons holding office as Directors of the Company as at the end of the accounting period and the names of any persons who ceased to hold office as Directors of the Company during the accounting period.	4/43
Section 168 (1) i	Amounts payable by the Company to the auditor of the Company as audit fees and as a separate item, fees payable by the Company for other services provided by that firm.	69
Section 168 (1) j	Particulars of any relationship (other than that of auditor) which the auditor has with or any interests which the auditor has in, the Company.	43
Section 168 (1) k	Sign the Annual Report on behalf of the Board by two Directors of the Company and the Secretary of the Company.	43-46

Corporate Governance

2. Level of compliance with Section 7.6 of Listing Rules of the Colombo Stock Exchange;

RULE NO.	DISCLOSURE REQUIREMENT	PAGE REFERENCE TO THE ANNUAL REPORT
Rule 7.6 (i)	Names of persons who during the financial year were Directors of the Entity.	43-46
Rule 7.6 (ii)	Principal activities of the Entity during the year and any changes therein.	7-8/57
Rule 7.6 (iii)	The names and the number of shares held by the 20 largest holders of shares and the percentage of such shares held.	95
Rule 7.6 (iv)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement.	94
Rule 7.6 (v)	Directors' and Chief Executive Officer's holding in shares of the Entity at the beginning and end of financial year.	43
Rule 7.6 (vi)	Information pertaining to material foreseeable risk factors of the Entity.	41-42
Rule 7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity.	42/83
Rule 7.6 (viii)	Extent, locations, valuations of land and buildings and investment properties.	90
Rule 7.6 (ix)	Number of shares presenting the Entity's stated capital.	94
Rule 7.6 (x)	Distribution schedule of the number of holders in each class of security, and the percentage of their holding as per given categories	94
Rule 7.6 (xi)	Ratios and market price information	45/93/94
Rule 7.6 (xii)	Significant changes in the Entity's fixed assets and the market value of land if differs substantially from the book value.	71-73
Rule 7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 c and 7.10.6. c	17-18
Rule 7.6 (xvi)	Details of Related party transactions as per the specified criteria.	84

Corporate Governance

3. Level of compliance with Section 7.10 of Listing Rules of the Colombo Stock Exchange, pertaining to Corporate Governance

RULE NO.	SUBJECT	APPLICABLE REQUIREMENT	DETAILS	COMPLIANCE STATUS
7.10.1(a)	Non-Executive Directors	At least two or one third of the Directors, whichever is higher, should be Non- Executive Directors	Except Chairman and Executive Director/CEO all the Directors are Non- Executive Directors as at 31 st March 2023.	Complied
7.10.2(a)	Independent Directors	Two or one-third of Non- Executive Directors, whichever is higher, should be independent.	Three out of Eight Non- Executive Directors are independent as at 31 st March 2023	Complied
7.10.2(b)	Independence Declaration of Directors	Each Non-Executive Director should submit a declaration Independence / Non- Independence.	All Non-Executive Directors have submitted their confirmation of independence as per the criteria set by the CSE listing rules.	Complied
7.10.3(a)	Disclosures relating to Directors	The names of Independent Directors should be disclosed in the Annual report.	Refer page 07 to 08 to the Annual Report.	Complied
7.10.3(b)	Independence of Directors	The Board shall make a determination annually as to the Independence or Non- Independence of each Non- Executive Director.	The Board has determined that Three (3) Non- Executive Directors satisfy the criteria for "Independence" set in the Listing Rules.	Complied
7.10.3(c)	Disclosures relating to Directors	A brief resume of each Director should be included in the Annual Report including the Director's areas of expertise.	Board of Directors' resume is given in pages 07 to 08 to the Annual Report.	Complied
7.10.3(d)	Appointment of new Directors	A brief resume of new Directors appointed to the Board to be provided to Colombo Stock Exchange.	When the necessary arise the Company has submitted the brief resume of newly appointed directors to Colombo Stock Exchange.	Complied
7.10.5	Remuneration Committee	A listed company shall have a Remuneration Committee.	The Company has a Remuneration Committee. Refer page 37 to the Annual Report.	Complied
7.10.5(a)	Composition of Remuneration Committee	Shall comprise of Non-Executive Directors, a majority of whom will be Independent.	The Remuneration Committee comprised of Three (3) Non- Executive Directors.	Complied
7.10.5(b)	Functions of the Remuneration Committee	The Remuneration Committee shall recommend the remuneration of the Executive Directors and the Chief Executive Officer.	The Committee recommends the remuneration payable to Executive Chairman / Chief Executive Officer and Senior Management Personnel.	Complied

Corporate Governance

RULE NO.	SUBJECT	APPLICABLE REQUIREMENT	DETAILS	COMPLIANCE STATUS
7.10.5(c)	Disclosure in The Annual Report relating to Remuneration Committee	The Annual Report should set out the names of the Directors comprising the Remuneration Committee, Statement of Remuneration policy and the aggregate remuneration paid to Executive and Non-Executive Directors.	Names of Remuneration Committee members and the Statement of Remuneration policy are given in the report of the Remuneration Committee on page 37 and the remuneration paid to Directors is given in the Note 07 to the Financial Statement on page 69	Complied
7.10.6	Audit Committee	A listed company shall have an Audit Committee.	The Company has an Audit Committee. Refer pages 34 & 36 to the Annual Report.	Complied
7.10.6(a)	Composition of Audit Committee	Shall comprise of Non-Executive Directors, a majority of whom will be independent.	The Audit Committee comprised of four (4) Non-Executive Directors out of which three (3) are Independent.	Complied
		Shall appoint Non-Executive Director as a Chairman to the Committee.	Composition of the Committee is given under Corporate Governance Report on page 34 to the Annual Report.	Complied
		Chief Executive Officer and the Chief Financial Officer should attend Audit Committee Meetings.	The Executive Chairman attend to the meeting as acting CEO to the meeting. Manager - Finance attend Audit Committee meetings by invitation.	Complied
		The Chairman of the Audit Committee or one member should be a member of a professional accounting body.	The Chairman of the Audit Committee is a Fellow member of The Institute of Chartered Accountants of Sri Lanka.	Complied
7.10.6(b)	Functions of Audit Committee	Functions outlined in the Section 7.10.6 (b) of the Listing Rules.	Audit Committee functions are stated in the Audit Committee Report on page 34.	Complied
7.10.6(c)	Disclosure in the Annual Report relating to the Audit Committee	The Annual Report should set out the names of the Directors comprising the Audit Committee, shall make a determination of the independence of the Auditors and disclose the basis for such determination and Annual Report shall contain a Report of the Audit Committee.	Refer the Audit Committee report on page 34 to the Annual Report.	Complied

Corporate Governance

4. Level of compliance with the Code of Best practices on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka and the Section 9 of the Listing Rules of the Colombo Stock Exchange.

RULE NO.	SUBJECT	APPLICABLE REQUIREMENT	DETAILS	COMPLIANCE STATUS
9.2.1	Related Party Transactions Review Committee (RPTRC)	Related Party Transactions should be reviewed by the RPTRC.	Refer RPTRC Report on pages 39 to 40 to the Annual Report.	Complied
9.2.2	Composition of RPTRC	Shall comprise a combination of Non-Executive Directors and Independent Non-Executive Directors. Chairman of the committee should be Independent Non-Executive Director.	The RPTRC comprised of Three (3) Non-Executive Directors out of which two (2) are independent including the Chairman of the Committee.	Complied
9.2.3	Involvement of Parent Company's RPTRC	Parent Company's RPTRC may be permitted to function as Parent Company's RPTRC of the subsidiary	Not Applicable.	Not Applicable.
9.3.1	Immediate Disclosures	As outlined in the Section 9.3.1 of the Listing Rules.	There were instance of Non-recurrent Related Party Transactions during the year under review which required immediate disclosure to the Exchange. Refer note no. 29.	Complied
9.3.2(a)	Disclosure -Non Recurrent Related Party Transactions	Disclosure of Non recurrent Related Party Transactions, if aggregate value of the Non-recurrent Related Party Transactions exceeds 10% of the equity or 5% of the total assets, whichever is lower, of the listed entity as per the latest Audited Financial Statements.	During the year, there were instance of non-recurrent Related Party Transactions with aggregate value exceeding 10% of the equity or 5% of the Total assets, whichever is lower. Accordingly, required Disclosure has been made in note 29.2.C to the Financial Statements.	Complied
9.3.2(b)	Disclosure Recurrent Related Party Transactions	Disclosure of recurrent Related Party Transactions, if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the Gross Revenue / Income as per the latest Audited Financial Statements.	During the year, there were instances where aggregate recurrent Related Party Transactions value exceeded the threshold of 10% of Gross Revenue. Accordingly, required Disclosure has been made in note 29. 2. a to the Financial Statements.	Complied

Corporate Governance

RULE NO.	SUBJECT	APPLICABLE REQUIREMENT	DETAILS	COMPLIANCE STATUS
9.3.2(c)	Report by the RPTRC	Committee report shall include; Names of Committee members, statement that Committee has reviewed the RPTs and communicated observations to the Board, policies and procedures Adopted in reviewing RPTs and number of times Committee met during the year.	Refer pages 39 to 40 for the Related Party Transactions Review Committee report.	Complied
9.3.2(d)	A declaration by the Board of Directors in the Annual Report.	This should be an affirmative statement of the compliance and full disclosure of Related Party Transactions or a negative statement in the event the entity does not have Related Party Transactions.	Refer pages 43 of the Annual Report of the Board of Directors.	Complied

Corporate Governance

5. Code of best practices on Corporate Governance jointly issued by the Institute of Chartered Accountants of Sri Lanka and the Securities Exchange Commission of Sri Lanka

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE	COMPLIANCE	DETAILS OF COMPLIANCE
THE COMPANY		
A. Directors		
<p>A.1 The Board</p> <p>Every public company should be headed by an effective Board, which should lead and control the Company. The Board should include a balance of Executive and Non-Executive Directors such that no party can dominate the Board's decision making. The Board of a Listed Company includes two or one third of Non-Executive Directors appointed to the Board of Directors as "independent director".</p>	Complied	<p>The Board consists of 9 Directors out of which 7 are non-executive directors. The names and profiles of the Directors are given on pages 07 of this Annual Report. They Possess the skill, experience and knowledge, to set the directions and oversee the operations of the Company. The composition of the Executive and Non-executive Directors satisfies the requirements laid down in the Listing Rules of the Colombo Stock Exchange.</p> <p>The Board has determined that the 3 Independent Non-Executive Directors, satisfy the criteria for Independent set out in the Listing Rules and annually each Non-Executive Director declares his independence/ non independence i.e compliance with the relevant statutory regulations.</p> <p>Requirement to appoint a "Senior Non-Executive Director" is not relevant to the Company as the Chairman's and the Chief Executive Officer's roles are segregated.</p> <p>The Chairman meets with the Independent Non-Executive Directors as and when necessary.</p>
<p>A.1.1 Frequency of Board Meetings</p> <p>The Board should meet regularly and the Board Meeting should be held at least once a quarter of a financial year.</p>	Complied	<p>The Board generally meets on a monthly basis, but more frequently whenever it is necessary. During the year under review, 11 Board meetings were held. The meetings were presided over by the Chairman. The attendance by each of the Directors is set out on page 12</p>
<p>A.1.2 Responsibilities of the Board</p> <p>The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed.</p>	Complied	<p>Please refer "Responsibilities of the Board of Directors" on page 11</p>
<p>A.1.3 Compliance with laws and access to independent professional advice.</p> <p>There should be a procedure agreed by the Board of Directors, in furtherance of their duties to take professional advice if necessary.</p>	Complied	<p>The Board collectively and the Directors individually act in accordance with the laws of the country of operation which are applicable to the business enterprise. The Board of Directors ensures that procedures and processes are in place to ensure that the Company complies with all applicable laws and regulations.</p> <p>A procedure has been established for Directors to seek independent professional advice from external parties when necessary at the expense of the Company.</p>

Corporate Governance

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE	COMPLIANCE	DETAILS OF COMPLIANCE
<p>A.1.4 Board Secretary</p> <p>All Directors should have access to the advice and services of a Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.</p>	Complied	<p>The Directors have access to the advice and services of the Board Secretary. The Board Secretary ensures that Board procedures, relevant statutory obligations and other applicable rules and regulations are complied with.</p> <p>The Board Secretary had provided the Board with support and advice relating to Corporate Governance matters, Board procedures, and applicable rules and regulations during the financial year. The Board Secretary ensures that the Board members are provided with timely and accurate information to fulfill their duties.</p> <p>The appointment and removal of the Board Secretary is a decision taken by the Board as a whole.</p> <p>S S P Corporate Services (Pvt) Ltd functions as the Secretary of the Board.</p>
<p>A.1.5 Independent judgement</p> <p>All Directors should bring independent judgement to bear, in discharging their duties and responsibilities on matters relating to the Board including strategy, performance, resource allocation, risk management, compliance and standards of business conduct.</p>	Complied	<p>The Independent Directors remain independent from day to day management and are free from any business and/or other relationship which may hinder their exercise of unbiased judgement. This enables them to act critically and independently in the best interest of the Company.</p>
<p>A.1.6 Dedication of adequate time and effort by the Board and Board Committees</p> <p>Every Director should dedicate adequate time and effort to matters of the Board and the Company.</p>	Complied	<p>Adequate time is devoted at every meeting to ensure that the Board's responsibilities are discharged satisfactorily.</p>
<p>A.1.7 Ability to present resolution to the Board</p> <p>One third of directors can call for a resolution to be presented to the Board where they feel it is in best interest to the company to do so.</p>	Complied	<p>This was not exercised during the financial year 2022/23.</p>
<p>A.1.8 Induction and Training for Directors</p> <p>Every Director should receive appropriate training on the first occasion that he or she is appointed to the Board of a listed Company and subsequently as necessary.</p>	Complied	<p>The policy on Directors training is to provide adequate opportunities for continuous development subject to requirement and relevance for each Director.</p>
<p>A.2 & A.2.1 Chairman and Chief Executive Officer</p> <p>There should be a clear division of responsibilities between the Chairman and the Chief Executive Officer to ensure a balance of power and authority, in such a way that any individual has no unfettered powers of decisions.</p>	Complied	<p>There is a clear demarcation of the responsibilities between our Executive Chairman and our Chief Executive Officer. The functions performed by our Chairman and our Chief Executive Officer are distinct and separate, ensuring the balance of power and authority within the organization, so that no person has unfettered powers of decision making implementation.</p>

Corporate Governance

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE	COMPLIANCE	DETAILS OF COMPLIANCE
<p>A.3 Chairman's Role</p> <p>The Chairman should lead and manage the Board, ensuring that it discharges its legal and regulatory responsibilities effectively and fully, and preserves order, and facilitates the effective discharge of the Board function.</p>	Complied	<p>The Chairman of the Board facilitates the effective discharge of Board proceedings. All the Directors are encouraged to participate in decision making and their views are obtained to ensure that the Board functions in an efficient manner which is beneficial to the stakeholders and the Company.</p> <p>Please refer page 11 for the Chairman's role.</p>
<p>A.4 Financial Acumen</p> <p>The Board should ensure the availability within of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.</p>	Complied	<p>The Board of ACME consists of professionals as well as entrepreneurs who have many years of experience in the corporate world. Their proficiency in the diverse areas of business, academic and/or entrepreneurial financial skills, business acumen, broad practical wisdom and unique perspectives enable the efficient and effective decision making and leadership of the Group.</p>
<p>A.5 Board Balance</p> <p>There should be balance of Executive and Non-Executive Directors so that no individual or small group of individuals can dominate the Board's decision-making.</p>	Complied	<p>All Directors are Non-Executive Directors except Executive Chairman and Director/CEO. Each of them brings vast experience and the ability to exercise independence and judgement when taking informed decisions.</p>
<p>A.5.1 Presence of Non-Executive Directors</p>	Complied	<p>Please refer "Board of Directors" profile on page 07</p>
<p>A.5.2 Independent Directors</p>	Complied	<p>Three out of the 7 Non-Executive Directors were considered independent. The requirement as per the Code has been complied with throughout the financial year.</p>
<p>A.5.3 Criteria to evaluate Independence of Non-Executive Directors</p>	Complied	<p>The Board considers Non-Executive Directors' independence on an annual basis and concluded for the financial year that each of them continues to be free from any business or other relationship that could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgement.</p>
<p>A.5.4 Signed declaration of independence by the Non-Executive Directors</p>	Complied	<p>Independent Directors have submitted written declarations of their independence as required by Schedule K of the Code and section 7.10.2(b) of the Listing Rules.</p>
<p>A.5.5 Determination of independence of the Directors by the Board</p>	Complied	<p>The Board annually determines the independence of each Non-Executive Independent Director based on the declarations submitted by them. Circumstances have not arisen for the determination of independence by the Board, beyond the criteria set out in the Code.</p>

Corporate Governance

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE	COMPLIANCE	DETAILS OF COMPLIANCE
A.5.6 Alternate Directors	Not Applicable	No alternative directors have been appointed.
A.5.7 Senior Independent Directors The Chairman should lead and manage the Board, ensuring that it discharges its legal and regulatory responsibilities effectively and fully, and preserves order, and facilitates the effective discharge of the Board function.	Not Applicable	A senior Independent Director has not been appointed by the Board as the Chairman and the Chief Executive Officer roles are separated. The requirement to appoint a Senior Independent Director does not arise under this Code.
A.5.8 Confidential discussion with the Senior Independent Director	Not Applicable	Please refer the comments in A.5.7 above.
A.5.9 Meeting of Non-Executive Directors The Chairman should hold meetings with the Non-Executive Directors only, without the Executive Directors being present, as necessary and at least once each year.	Complied	The Chairman meets with the Non-Executive Directors without the presence of the Executive Director on a need basis. However, there were no formal specific meetings held with Non-Executive Directors during the year.
A.5.10 Recording of concerns in Board Minutes Where Directors have concerns about the matters of the Company which cannot be unanimously resolved, they should ensure their concerns are recorded in the Board Minutes.	Complied	All concerns raised by the Directors on matters of the Company and wished to be recorded have been duly recorded in the Board minutes in sufficient detail.
A.6, A.6.1 & A.6.2 Supply of Information Obligation of the Management to provide appropriate and timely information and adequate time for circulation of respective Board documents.	Complied	The notices of Board Meetings are provided along with the agenda well ahead of the scheduled meeting. The Board Papers are circulated among the Directors ahead of the meeting providing adequate time to review and call for any additional information and clarification to assist them to formulate independent views.
A.7 Appointments to the Board A formal and transparent procedure should be followed for the appointment of new Directors to the Board.	Complied	The Board assesses the suitability of the prospective nominees to the Board and approves the persons as "fit and proper" to serve as a member of the Board.
A.7.1 Appointments to the Board	Complied	The Board has not established a Formal Nominations Committee to make recommendations on Board appointments. Hence, appointments to the Board are made collectively and with the consent of all the Directors.
A.7.2 Assessment of Board composition	Complied	An assessment is made of the Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company when considering new appointments to the Board.

Corporate Governance

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE	COMPLIANCE	DETAILS OF COMPLIANCE
A.7.3 Disclosure of details of new Directors to shareholders	Complied	<p>Details of new Directors are disclosed to the shareholders at the time of their appointment by way of public announcements to the Colombo Stock Exchange as well as in the Annual Report, along with a brief resume of the Director which includes;</p> <ul style="list-style-type: none"> ◊ The nature of his expertise in relevant functional area. ◊ Other Directorships or memberships in Board Sub-Committees. ◊ Whether the Director is considered "Independent" ◊ Appointment of new directors are disclosed in pages 43to 44.
<p>A.8, A 8.1 & A 8.2 Re-election</p> <p>All Directors should be required to submit themselves for Re-election at regular intervals and at least every three years.</p>	Complied	<p>According to the Articles of association of the company, four directors retire by rotation and being eligible for re-election will stand for re-election by shareholders at the Annual General Meeting.</p>
<p>A.8.3 Resignation</p> <p>In the event of a resignation of a director prior to completion of his appointed term, the director should provide a written communication to the board of his reasons for resignation.</p>	Complied	<p>There were no resignation during the year 2022/2023.</p>
<p>A.9, A.9.1, A.9.2, A.9.3 & A.9.4 Appraisal of board performance</p> <p>The Board should periodically appraise its own performance against the preset targets in order to ensure that the Board responsibilities are satisfactorily discharged.</p>	Complied	<p>The performance of the Board, its sub Committees and individual Directors are being evaluated annually.</p>
<p>A.10 Disclosure of Information in respect of Directors</p> <p>Details in respect of each Director should be disclosed in the Annual Report for the benefit of the shareholders.</p>	Complied	<p>The biographical details of the Directors including their qualifications, nature of expertise in relevant functional areas, and other directorships are given on page 7 Directors' attendance at Board and Board Sub-Committee meetings are given on page 11, 34, 37 & 39 , and Directors' interest in contracts with the Company are disclosed on page 85 to 86 of this Report.</p>
<p>A.11, A.11.1 & A.11.2 Appraisal of the Chief Executive Officer</p> <p>Setting of the annual targets and the appraisal of the CEO.</p>	Complied	<p>The performance of the Chief Executive Officer is being evaluated annually.</p>
B. Directors' Remuneration		
<p>B.1 Remuneration Procedure</p> <p>The Company should establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.</p>	Complied	<p>The Company has a formal and transparent procedure for developing policy on executive remuneration and fixing the remuneration packages of individual Directors. No Director has been involved in deciding his remuneration in order to avoid the self-review threat.</p>

Corporate Governance

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE	COMPLIANCE	DETAILS OF COMPLIANCE
<p>B.1.1 Remuneration Committee</p> <p>To avoid potential conflicts of interest, the Board of Directors should set up a Remuneration Committee to make recommendations to the Board, within agreed terms of reference, on the Company's framework of remunerating executive directors.</p>	Complied	<p>The Remuneration Committee makes recommendations to the Board on remuneration policy for the Executive Director and the corporate management that is consistent with the objectives of the Company. The Committee determines and agrees with the Board the broad policy framework for the remuneration of the Chief Executive Officer. The Chief Executive Officer participates at meetings when deciding the remuneration of the corporate management in order to recruit, retain and motivate the corporate management team.</p>
<p>B.1.2 & B 1.3 Composition of the Remuneration Committee</p> <p>Remuneration Committee should consist exclusive of Non-Executive Directors who are Independent of Management. The members of the Remuneration Committee should be listed in the Board's remuneration report to the shareholders.</p>	Complied	<p>The Remuneration Committee comprises of the following Non-Executive Directors.</p> <ul style="list-style-type: none"> ◇ Mr. G.K.B. Dasanayaka – Chairman ◇ Dr. J.M. Swaminathan ◇ Mr. R. Rajarathnam <p>Further details of the Remuneration Committee are given on this Annual Report on page 39 to 40.</p>
<p>B.1.4 Remuneration of the Non-Executive Directors</p> <p>The Board as a whole, or where required by the Articles of Association, the shareholders should determine the remuneration of Non-Executive Directors, including members of the Remuneration Committee, within the limits set in the Articles of Association. Where permitted by the Articles, the Board may delegate this responsibility to a subcommittee of the Board, which might include the CEO.</p>	Complied	<p>Non-Executive Directors are remunerated in accordance with the Articles of Association of the Company. The fees and reimbursable expenses are payable in consideration of the basis of contribution/ services performed at the Board and Committee Meetings, and the Company's year end financial performance.</p>
<p>B.1.5 Consultation of the Chairman and access to professional advice</p>	Complied	<p>The Committee consults the Chairman on proposals relating to the remuneration of the Executive Director and has access to professional advice in discharging their duties.</p>
<p>B.2 Level and make-up of Remuneration</p> <p>The level of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the Directors needed to run the Company successfully. A proportion of Executive Directors' remuneration should be structured to link rewards to the corporate and individual performance.</p>	Complied	<p>Please refer Remuneration Committee Report on Page 37 to 38</p>

Corporate Governance

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE	COMPLIANCE	DETAILS OF COMPLIANCE
<p>B.2.1& B.2.2 Level and make-up of the remuneration of the Executive Director</p> <p>The Remuneration Committee should provide the packages needed to attract, retain and motivate Executive Directors of the quality required but should avoid paying more than is necessary for this purpose.</p> <p>Executive directors' remuneration should be designed to promote the long-term success of the company.</p>	Complied	<p>The Board makes assessments on the fact that the remuneration of Executive and the Non-Executive Directors reflects the market expectations and is sufficient enough to attract and retain the quality of Directors needed to run the Company.</p> <p>The remuneration package of the Chief Executive Officer is structured to link rewards to corporate and individual performance, ensuring there is strong alignment between the short-term and long-term interests of the Company.</p>
<p>B.2.3 Comparison of remuneration with other companies</p> <p>The Remuneration Committee should judge where to position levels of remuneration of the Company, relative to other companies. It should be aware what comparable companies are paying and should take account of relative performance, but should use such comparisons with caution, mindful of the risk that they can result in an increase of remuneration levels with no corresponding improvement in performance.</p>	Complied	<p>The Committee ensures that remuneration of executives at each level of management is competitive and in line with their performance. Surveys are conducted as and when necessary to ensure that the remuneration is on par with those of competitive companies.</p>
<p>B.2.4 Comparison of remuneration with other companies in the Group</p>	Complied	<p>It also takes into consideration data concerning executive pay among the related group companies when determining annual salary increases.</p>
<p>B.2.5 Performance related payments to the Chief Executive Officer</p>	Complied	<p>Performance based incentives have been determined to ensure that the total earnings of the Chief Executive Officer is aligned with the achievement of objectives and budgets of the Company.</p>
<p>B.2.6 Executive share options</p>	Complied	<p>The Company has no share option made available to the Directors, Executives or employees of the Company.</p>
<p>B.2.7 Deciding the Executive Directors' Remuneration</p>	Complied	<p>In deciding the remuneration of the Chief Executive Officer, the Committee takes note of the provisions set out in Schedule E of the Code.</p>
<p>B.2.8 Early termination of Directors</p> <p>Remuneration Committees should consider what compensation commitments (including pension contributions) their Directors' contracts of service, if any, entail in the event of early termination. Remuneration Committees should in particular, consider the advantages of providing explicitly for such compensation commitments to apply other than in the case of removal for misconduct, in initial contracts.</p>	Complied	<p>Not applicable to the Board except for the Executive Directors including Chief Executive Officer who is an employee of the Company and his terms of Employment is governed by the employment contract.</p>
<p>B.2.9 Early termination not included in the initial contract</p> <p>Where the initial contract does not explicitly provide for compensation commitments, Remuneration Committees should, within legal constraints, tailor their approach in early termination cases to the relevant circumstances. The broad aim should be, to avoid rewarding poor performance while dealing fairly with cases where departure is not due to poor performance.</p>	Complied	<p>Please refer comment in B.2.8 above.</p>

Corporate Governance

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE	COMPLIANCE	DETAILS OF COMPLIANCE
B.2.10 Remuneration of Non-Executive Director	Complied	Please refer details of the Compliance given in B.1.4 on page 26
B.3 & B 3.1 Disclosure of Remuneration The Company should disclose the Remuneration Policy and the details of Remuneration of the Board as a whole.	Complied	The names of the members of our Remuneration Committee are indicated in page 39 Please refer Note 07to the Financial Statements for the details of remuneration paid to Board of Directors and Key Management Personnel.
C. Relations with Shareholders		
C.1 Constructive use of the Annual General Meeting and Conduct of General Meetings The Board should use the AGM to communicate with shareholders and should encourage their participation.	Complied	The Company conducts Annual General Meeting on effective manner to communicate with shareholders and encourage their active participation.
C.1.1 Notice of the AGM Companies should arrange for the Notice of the AGM and related papers to be sent to shareholders as determined by statute, before the meeting.	Complied	The notice and the agenda for the Annual General Meeting together with the Annual Report of the Company containing the relevant documents are sent to the shareholders giving 15 working days' notice prior to the date of the Annual General Meeting as required by section 135 (1) of the Companies Act No 7 of 2007.
C.1.2 Separate resolutions for all separate issues	Complied	Separate resolutions are proposed at an Annual General Meeting on each substantial separate issue.
C.1.3 Use of proxy votes	Complied	We ensure that all proxy votes are counted and the quantum of proxies lodged on each resolution is conveyed to our Chairman.
C.1.4 Availability of all Board Sub-Committee Chairmen at the Annual General Meeting	Complied	At the Annual General Meeting the respective Chairmen of the Subcommittees are present to provide any clarification to shareholders as necessary.
C.1.5 Adequate notice of Annual General Meeting and summary of procedure	Complied	Please refer comment C.1.1 above.
C.2.1 to C2.7 Board should use the Annual General Meeting to communicate with investors and encourage their participation	Complied	All shareholders are invited and encourage to be present, actively participate and vote at the Annual General Meeting. The Annual general Meeting provides an opportunity for shareholders to seek and obtain clarifications and information on the performance of the Company. The external Auditors are invited to attend the Annual General Meeting, for any professional assistance that may requested. Shareholders who are not in the position to attend the Annual General Meeting in person are entitled to have their voting rights exercised by a proxy of their own choice.

Corporate Governance

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE	COMPLIANCE	DETAILS OF COMPLIANCE
<p>C.3, C.3.1 & C 3.2 Major and Material Transactions</p> <p>Directors should disclose to shareholders all proposed material transactions which would materially alter the net asset position of the Company, if entered into.</p>	Complied	There were no major transactions during the financial year 2022/2023 that materially altered our Company's net asset base or the consolidated Group net asset base.
D. Accountability and Audit		
<p>D.1 Financial Reporting</p> <p>The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.</p>	Complied	<p>ACME has reported a true and fair view of its financial position and performance for the year ended 31st March 2023 and at the end of each quarter of 2022/23 financial year.</p> <p>The Board ensures that the quarterly and annual Financial Statements of the Company and Group are prepared and Published in compliance with the requirements of the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards (LKASs and SLFRSs) and the Rules of the Colombo Stock Exchange.</p>
<p>D.1.1 & D.1.2 Board responsibility to present the Financial Statements and Annual Report of the Directors</p>	Complied	Please refer the Statement of Directors' Responsibility shown on page 50 and the Directors have made the required declaration on pages 45 to 48 of this Annual Report.
<p>D.1.3 Before approve financial statements for a financial period, A declaration should be made by Chief Executive Officer and Chief Financial Officer to the Board</p> <p>In their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the system of risk management and internal control was operating effectively.</p>	Complied	The required declaration has been given to the board for the financial year of 2022/2023.
<p>D.1.4 Directors Report</p>	Complied	Please refer the Report of the Directors on the State of Affairs of the Company on pages 45 to 48
<p>D.1.5 Statement by the Directors and the Auditors</p>	Complied	The Statement of Directors' Responsibilities is on page 50 of this Annual Report. The Auditor's Report on the Financial Statements for the year ended 31 st March 2023 is presented on pages 52 to 54 of this Annual Report.
<p>D.1.6 Management discussion and analysis</p>	Complied	The management discussion and analysis of the company is on pages 34 to 35 of this Annual Report.
<p>D.1.7 Requirement for an Extraordinary General Meeting in a situation of serious loss of capital</p>	Complied	This is not applicable to us however subsidiary company has an issue of such and EGM was held to notify this to share holder accordingly.

Corporate Governance

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE	COMPLIANCE	DETAILS OF COMPLIANCE
D.1.8 Disclosure of related party transactions	Complied	The Directors disclose their interest in transactions in companies in as and when basis. However, they make disclosures of their interest in transactions with the Company in compliance with the requirements of the companies act and other statutory requirements. The Company maintains an interest register as stipulated in the Companies Act.
D.2 Risk Management and Internal Control The Board should have a process of risk management and a sound system of internal controls to safeguard shareholders' investments and Company's assets.	Complied	The Board of Directors acknowledges its overall responsibility for maintaining a process of risk management and a sound system of internal controls, to safe guard shareholders' investment and the Company's assets.
D.2.1 Annual evaluation of the risks facing the Company and the effectiveness of the system of internal controls	Complied	The Board has appointed a Audit Committee comprising of Non-Executive Directors. The Audit Committee meets quarterly basis monitor the company's risk management system and internal control system in the context of likelihood and their impact to the Group along with the effectiveness of the system of internal controls to address them to a satisfactory level.
D.2.2 Robust assessment of the principal risks facing	Complied	The assessment of the principal risks facing the company and risk mitigation strategies have been discussed on Risk Management Report on pages 43 to 44.
D.2.3 Internal audit function	Complied	The internal auditors under the direction of the Audit Committee are tasked with reviewing the adequacy and the effectiveness of the internal controls of the Company. Internal audit function is outsourced to a firm of Chartered Accountants.
D.2.4 Review of the process and effectiveness of risk management and internal controls by the Audit Committee	Complied	<p>The Audit Committee monitors, reviews and evaluates the effectiveness of the risk management and internal control system including the internal controls over financial reporting. The internal auditors review the adequacy and effectiveness of the Internal control system and report their findings to the Audit Committee.</p> <p>In the financial year under review, the Board of Directors was satisfied with the effectiveness of the system of internal controls of the Company. Please refer Audit Committee Report on pages 36 to 38</p>
D.2.5 Responsibilities of Directors in maintaining a sound system of internal control	Complied	Please refer Report of the Directors on the State of Affair of the Company on pages 45 to 48

Corporate Governance

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE	COMPLIANCE	DETAILS OF COMPLIANCE
<p>D.3, D.3.1 & D.3.2 Audit Committee, Composition, Duties & Responsibilities and Disclosures of Audit Committee</p> <p>The Board should have a formal and transparent arrangement in selecting and applying the accounting policies, financial reporting and internal control & risk management principles and maintaining an appropriate relationship with the Company's External Auditors.</p>	Complied	Please refer Audit Committee Report on pages 36. to 38
<p>D.4, D.4.1 to D.4.3 Related Party Transaction Review Committee, Composition, Duties & Responsibilities and Disclosures of Related Party Transaction Review Committee</p> <p>The Board should establish a procedure to ensure that the Company does not engage in transactions with "related parties" in a manner that would grant such parties "more favorable treatment" than that accorded to third parties in the normal course of business.</p>	Complied	Please refer Related Party Transactions Review Committee Report on pages 41 to 42
<p>D.5, D.5.1 to D.5.4 Code of Business Conduct and Ethics</p> <p>The Company should develop a Code of Business Conduct and Ethics for Directors and members of the senior management team.</p>	Complied	The Company has developed and institutionalized a strong set of corporate values and code of conduct that is circulated to Directors and all employees. The Board ensures that Directors and employees strictly comply with the code of Business Conduct and Ethics at all levels in the performance of their official duties, communications, role modeling and in any other circumstances, so as to prevent the tarnishing of our Company's image in any manner. The violation of the code of ethics is an offence that is subject to disciplinary action.
<p>D.5 & D.5.1 Corporate Governance Disclosures</p>	Complied	We are adhering to the highest standards of corporate governance as is evident in this Annual Report on pages 11 to 33.
SHAREHOLDERS		
E. Institutional Investors		
<p>E.1 & E.1.1 Shareholders voting</p> <p>Institutional shareholders are required to make considered use of their votes and encouraged to ensure their voting intentions are translated into practice.</p>	Complied	<p>The Company is committed to maintain good communications with investors. The Chairman conducts a structured dialogue with the shareholders based on the mutual understanding of objectives and ensures that the views of the shareholders are communicated to the Board as a whole.</p> <p>The Annual General Meeting is used to have an effective dialogue with the shareholders on matters which are relevant and concern to the general membership.</p>

Corporate Governance

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE	COMPLIANCE	DETAILS OF COMPLIANCE
E.2 Evaluation of Corporate Governance initiatives	Complied	Institutional investors are encouraged to give due weight to all relevant factors drawn to their attention when evaluating the governance arrangements particularly in relation to Board structure and composition.
F. Other Investors		
F.1 & F.1.1 Investing/ Divesting decision by Individual Shareholders	Complied	Individual shareholders are encouraged to carry out adequate analysis and seek the independent advice prior to make investing or divesting directly in shares of the Company.
F.2 Individual shareholders voting	Complied	All shareholders are encouraged to participate at meetings of the Company and a Form of Proxy accompanies each Notice providing shareholders who are unable to attend such meeting the opportunity to cast their vote.
G. Internet of Things and Cyber-Security		
<p>G.1 The Board should have a process to identify how in the organization's business model, IT devices within and outside the organization can connect to the organization's network to send and receive information and the consequent cyber security risks that may affect the business.</p> <p>Internal and external parties could have computing devices embedded in everyday objects which may enable them to interconnect with the Company's network to send and receive data. Such access could be authorized or unauthorized.</p>	Complied	The board assigned this responsibility to the Information Technology Division which ensures security of the IT system.
<p>G.2 The Board should appoint a Chief Information Security Officer (CISO) with sufficient expertise, authority and budgetary allocation to introduce and implement a Cyber-security risk management policy which should be approved by the Board. The policy should include a robust Cyber security. Risk management process, incident response system, vendor management system, disaster recovery plan and a governance structure to monitor effective implementation, reporting and the need for Cyber security insurance.</p>	Complied	IT Manager performs the duties of Chief Information Security Officer (CISO).

Corporate Governance

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE	COMPLIANCE	DETAILS OF COMPLIANCE
H. Environment, Society and Governance (ESG)		
<p>H.1 & H 1.1 Companies should provide information in relation to:</p> <ul style="list-style-type: none"> ◊ The relevance of environmental, social and governance factors to their business models and strategy. ◊ How ESG issues may affect their business. ◊ How risks and opportunities pertaining to ESG are recognized managed, measured and reported. 	Complied	Sustainability principles related to ESG factors are embedded in the operations of the Company and initiatives implemented to ensure adherence by the Company.
<p>H.1.2 Environmental governance of an organization should adopt an integrated approach that takes into consideration the direct and indirect economic, social, health and environmental implications of their decisions and activities.</p>	Complied	Refer H.1 & H.1.1 above.
<p>H.1.4 Companies should establish a governance structure to support its ability to create value and manage risks in the short, medium and long-term, recognizing managing and reporting on all pertinent aspects of ESG.</p> <p>The Company should recognize the key resources/capitals deployed in its business and establish financial and non-financial measures for resource/capital management and related outputs and outcomes.</p> <p>The Company should have a process to ascertain, assess and manage risks which have an impact on the sustainability of the Company.</p> <p>The company should have a process to recognize material matters relating to significant stakeholders and a method of engagement relevant to their level of interest and influence.</p> <p>The disclosures should deal with how the Company has complied with the mandatory and voluntary codes of corporate governance and how its leadership structure, organizational culture, code of conduct and business model supports sustainability of the company in the short, medium and long-term.</p>	Complied	Process of managing risks in line with ESG aspects is discussed in the Risk management report on pages 43 to 44

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ECONOMY

Global growth is forecast to 2.7 percent in 2023 from 3.2 percent in 2022. The Sri Lankan economy is intricately linked to the world economy, and external factors significantly influence its performance. Global economic fluctuations, trade dynamics, tourism patterns, foreign investments, and remittances all play critical roles in shaping the country's economic prospects. The world economy was on a downhill trend which was brought by the Ukrainian war and the world population is experiencing diminution buying power.

LOCAL ECONOMY

The Sri Lankan economy experienced the worst economic and political crisis at the beginning of the year 2022-23 with major setbacks in the nation. The nationwide power outages together with long queues, caused serious hardships to people. The movements were restricted due to lack of petroleum products and the shortages of goods led to hyperinflation. The socio-economic situation was aggravated by the reduction of the tax-free allowance and the increased tax rates. The reducing resources led to less cash available for consumption. Society almost came to a standstill except to manage the basic necessities of the households. The GDP showed a negative 8.7 in the year 2022 compared to a positive figure of 3.3 in the previous year.

Because of reduced exports due to the recession in the world the Sri Lankan Rupee declined sharply with the US \$ crisis. This led to import restrictions. The country's rating too was reduced due to the nonpayment of foreign loans, and it further led to a crisis, where suppliers insisted on payments upfront for importation of goods. The aggravated foreign currency deficit undoubtedly affected the supply chain right throughout the country leading to nonavailability of essentials, including medicines. Even though there is hope with the SL Rupee appreciation as a result in Government policy decisions the migration of all categories of skilled and unskilled work force will result in shortage of manpower thus delaying the recovery of our stalled economy.

PERFORMANCE OF THE PRINTING INDUSTRY

The Flexible Packaging industry in Sri Lanka is catering to Industries such as Pharmaceutical, Food and Beverages and is producing over 1500 MT per month. The demand in the local market, especially in the FMCG sector, is reduced due to the recent economic crisis the country faced. In the second half of 2023 it has shown a turnaround of volumes. There are more than 15 major players in the industry and the need to introduce sustainable packaging alternatives are the need of the industry.

COMPANY PERFORMANCE

ACME is one of the oldest in the industry, with almost a 75 years' history in packaging. The Company is having two operations, one in Piliyandala and another fully owned subsidiary held plant in Pannala.

ACME has shown improved performance during the year with efficient material sourcing, when the industry was facing the brunt of the import restrictions due to the non-availability foreign exchange and the streamlined processes both in manufacturing and administrative, which brought about cost reductions.

The Group reported a profit before taxation of Rs 25 million during the year against the loss of Rs 279 Mn last year. The after tax profit is Rs 119 Mn for the year due to deferred tax adjustment arising due to the change in rate of taxes.

The economy is showing signs of recovery, and this would help us gain our export markets once again. Our efforts in developing the biodegradable products will make it a sustainable product, even though the initial product development will require investment.

The working capital cycle extended during the year due to the sluggish market. The high rates of interest in the market need to be negotiated for the cost of capital to be brought under control. Stringent cost control to be achieved by better management of all direct and indirect costs. The lowering margins beyond the industry norm due to competition will require new investment in the future to improve efficiencies. We are committed to making the company and the group profitable in the long run with the direction and leadership of the Group as well as the management of the company.

AUDIT COMMITTEE REPORT

The responsibilities of the Audit Committee are governed by the Audit Committee Charter, which is approved and adopted by the Board. The terms of reference comply with the requirements of the Corporate Governance Rules as per section 7.10 of the Listing Rules of Colombo Stock Exchange (CSE).

The Committee is tasked with assisting the Board in fulfilling its oversight responsibility to the shareholders, potential shareholders, the investment community, and other stakeholders in relation to the integrity of Financial Statements of the Group, that a sound financial reporting system is in place and is well managed to give accurate, appropriate and timely information, and complied with Companies Act and other legislative reporting requirements and adequate disclosures are made in the Financial Statements in accordance with the Sri Lanka Accounting Standards.

COMPOSITION

The Audit Committee consists of four Independent, Non-Executive Directors in conformity with the listing rules of Colombo Stock Exchange, who are;

Mr. A. C. S. Jayaranjan

Chairman/Independent Non-Executive Director
(Appointed as Chairman w.e.f.2nd February 2023.)

Mr. R. Seevaratnam

Chairman - Non-Executive Director
(Deceased on 19th January 2023)

Dr. J. M. Swaminathan

Member / Independent Non-Executive Director

Mr. G. K. B. Dasanayaka

Member / Independent Non-Executive Director

Mr. P. M. A. Sirimane

Member / Non-Executive Director
(Appointed w.e.f.9th February 2023.)

The composition follows the requirement to have a minimum of two Independent Non-Executive Directors in terms of the rules on Corporate Governance for Listed Companies issued by the Colombo Stock Exchange.

The Audit Committee comprises individuals with extensive experience and expertise in the fields of Finance, Corporate Management, Economics, Human Resources, and Corporate Law. The Chairperson of the Audit Committee is a Chartered Accountant.

Brief profiles of each member are given on pages xx to xx of this report under the section Board of Directors. Their individual and collective financial knowledge and business acumen, and the independence of the Committee are brought to bear on their deliberations and judgments on the matters that come within the Committee's purview.

MEETINGS

The Audit Committee meets as often as may be deemed necessary or appropriate in its judgment and at least quarterly each year. During the year under review, there

were five (5) meetings and attendance of the Committee members are given below;

Name of The Member	Attendance	Dates of Meetings				
		20th May	29th July	24th August	9th November	09th February
R. Seevaratnam	2/4	✓	✗	✗	✓	-
J. M. Swaminathan	3/5	✓	✗	✗	✓	✓
G. K. B. Dasanayaka	5/5	✓	✓	✓	✓	✓
A.C.S. Jayaranjan	5/5	✓	✓	✓	✓	✓
P. M. A. Sirimane	1/1	-	-	-	-	✓

✓ Present ✗ Excused - Not applicable

in discharging its responsibilities, the Audit Committee has unrestricted access to the Company's Management, books, and records; and directly communicates with the external and internal auditors through periodical meetings.

SECRETARY TO THE COMMITTEE

S S P CORPORATE SERVICES (PVT) LTD

PARTICIPANTS BY INVITATION

The other members who participated, by invitation, at the Audit Committee meetings are

Mr. A. Hettiarachchy

Executive Chairman

Mr. Harith Koshala Perera Jayasuriya

Chief Executive Officer

Mrs. Upekha Abeysekera

Chief Financial Officer
Lankem Ceylon PLC.

Mr. S.A.S.Asiri

Finance Manager

Mrs. Ramani Dissanayake Perera

Manager Finance
(Appointed w.e.f. 9th February 2023)

ROLE OF THE AUDIT COMMITTEE

ACME Audit Committee is a formally constituted sub-committee of its Board of Directors that operates under a written charter adopted by the Board of Directors. The primary role of the Audit Committee is to assist the Board of

Audit Committee Report

Directors in fulfilling its oversight responsibilities relating to:

1. The quality and integrity of the Company's financial statements.
2. The adequacy and effectiveness of the Company's internal controls and procedures.
3. The effectiveness of Management's enterprise risk management process.
4. Performance of external and internal auditors and ensuring their objectivity and independence.
5. Compliance by the Company with statutory requirements.

Rules on Corporate Governance under listing rules of the Colombo Stock Exchange and Code of Best Practices on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and Securities and Exchange Commission of Sri Lanka further regulate the composition, role, and functions of the Audit Committee.

ACTIVITIES

Review the adequacy and the integrity of internal control systems and management information systems, including systems for compliance with applicable laws, rules, directives and guidelines.

6. Propose best practices on disclosures in financial results and Annual Reports of the Company in line with the principles set out in the Code of Corporate Governance, other applicable laws, rules, directives and guidelines.
7. Propose an adequate system of risk management for Management to safeguard Company's assets.
8. Examine any matter relating to financial and other connected affairs of the Company.
9. Review Internal and External Audit Reports and follow up on recommendations.
10. Ensure that a well-managed, sound financial reporting system is in place to provide timely, reliable information to the Board of Directors, Regulatory Authorities, and all other stakeholders.

The Quorum for a meeting is two members. The agenda and the papers for the meetings are circulated among the members with sufficient notice. The proceedings of the Audit Committee are regularly reported to the Board of Directors, and the minutes of the meetings are made available to the Board of ACME Printing & Packaging PLC

COMPLIANCE WITH RULES AND REGULATIONS

The Audit Committee reviewed the reports submitted by the Management and the Internal Auditors on compliance

with applicable laws and regulations. The Committee is satisfied that Laws and Regulations are duly complied with and statutory payments have been made on a timely basis.

FINANCIAL REPORTING

As part of its responsibility to oversee the Company's financial reporting process on behalf of the Board of Directors, the Committee has reviewed and discussed with the Management the annual and the quarterly Financial Statements before their issuance, including the extent of compliance with the Sri Lanka Financial Reporting Standards and the Companies Act No.07 of 2007.

- ◇ The Committee reviewed financial statements and notes for the year ended 31st March 2023
- ◇ The Committee reviewed the interim financial statements

RISK MANAGEMENT AND INTERNAL CONTROL

In its review of the effectiveness of internal controls, the Committee examined the business processes to ensure that reasonable assurance can be provided to the directors that assets are safeguarded and that the financial reporting system can be relied upon in the preparation and presentation of the Financial Statements. The Audit Committee monitors and guides the firm of Chartered Accountants engaged in the Internal Audit, in its audits, according to the plan of activities which covers financial and operational audits, risk assessments and IT security reviews. The reports of the Internal Auditors have been reviewed, discussed by the Committee, and initiated corrective measures.

The Committee identifies and assesses the risks attached to different areas of operation and the effectiveness of internal controls. Formal confirmations and assurances are obtained from Management regularly regarding the efficiency of the internal control system and risk management system, and compliance with applicable laws and regulations. The Board of Directors and Audit Committee obtain and are guided by technical advice from external consultants as required.

EXTERNAL AUDIT / INDEPENDENT AUDITORS

The Audit Committee assessed the independence and performance of the Company's external auditors and made recommendations to the Board on appointment/ re-appointment.

Due consideration has been given to the nature of the services provided by the Auditors and the level of audit and non-audit fees received by the Auditors from the Group.

The Committee met with the External Auditor during the year to discuss their audit approach and procedures, including matters relating to the scope of the audit.

AUDIT COMMITTEE REPORT

The Committee perused transactions with the External Auditors and ensured that there was no significant material transaction between the External Auditors and the companies in the Group. The Committee further perused the share register and ensured that the External Auditors held no shares

AUDIT COMMITTEE REPORT

The Committee is satisfied that the independence and objectivity of the Independent External Auditors has not been impaired by any event or service that gives rise to a conflict of interest.

The Audit Committee recommends the re-appointment of Messrs. KPMG for the financial year ending 31st March 2023, subject to the shareholders' approval at the Annual General Meeting.

CONCLUSION

In its continuous assessments, the Audit Committee is satisfied that based on the reports submitted by the External Auditors, the Internal Auditors and the Group's accounting policies, operational controls and risk management processes provide reasonable assurance that the affairs of the Group are managed in accordance with Group policies and that Group assets are properly accounted for and adequately safeguarded.

We at Audit Committee would like to express our sincere gratitude for the passion, commitment, guidance and innovate spirit of our late chairman Mr. R. Seevaratnam, whose efforts indisputably facilitated our Journey.

Finally, I would like to thank the members of the Committee, Dr. J. M. Swaminathan, Mr. G. K. B. Dasanayaka and Mr. P. M. A. Sirimane for their valuable contribution with their vast commercial experience and professional expertise. I also thank the Chairman of the Group and the Secretary to the Committee for their contribution.

On behalf of the Audit Committee

(Sgd.)

A.C.S. Jayaranjan

Chairman,
Audit Committee.
Colombo
31st August 2023

REMUNERATION COMMITTEE REPORT

COMPOSITION OF THE REMUNERATION COMMITTEE

As of the reporting date, the Committee comprises Three Non-executive directors, two of whom are independent. The Composition of the Committee mentioned below fulfilled the requirements of the Listing Rules No. 7.10.5 of the Colombo Stock Exchange.

MEMBERS OF THE COMMITTEE

Mr. G.K.B. Dasanayaka

Chairman / Independent Non-Executive Director)

Dr. J.M. Swaminathan

Member / Independent Non-Executive Director.

Mr. A. Rajaratnam

Non-Executive Director

The members of the Committee refrain from taking part in determining in their own remuneration

REGULAR ATTENDEES BY INVITATION

Mr. A. Hettiarachchy

Executive Chairman)

Harith Koshala Perera Jayasuriya

Chief Executive Officer

S S P Corporate Services (Pvt) Ltd

Secretary to the Committee

ROLE & RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

The Committee is responsible for determining the remuneration policy of the Directors and the Management and determines the overall individual remuneration packages, which includes compensation on termination of employment. The Committee also evaluates the performance of the Directors and Senior Management of the Business Units.

MEETINGS

The Chairman of the Committee can convene a special meeting in the event a requirement arises, provided all members are given sufficient notice of such a special meeting. The Quorum for a meeting is two members. The Executive Chairman was invited to participate in the Committee meetings as and when required, considering the topics for deliberation at such meeting.

The Committee met once during the year under review, and the attendance of the Remuneration Committee meeting was as follows,

Name of The Member	Attendance	Dates of Meetings
		9 th Nov 2022
Mr. G. K. B. Dasanayaka	1/1	✓
Dr. J. M. Swaminathan	1/1	✓
Mr. A.Rajaratnam	1/1	✓

The Minutes of the Remuneration Committee approved by the said Committee are circulated and affirmed by the Board of Directors.

SCOPE OF THE COMMITTEE

The scope and the responsibility of the Remuneration Committee include,

1. The committee study and recommends the remuneration policy of Directors & Key Management Personnel. Decisions on the matters relating to remuneration of Senior Management Team were arrived in consultation with the Chairman.
2. Review the performances of Key Management Personnel on a periodic basis.
3. Seek independent external professional advice on matters within its purview, if considered necessary.
4. To approve annual salary increments, bonuses and changes in incentives.

The Committee is not responsible for setting the level of remuneration of Non-Executive Directors, which is determined by the Board.

EMPLOYMENT REPORT

The success and growth of ACME is dependent on the knowledge and collective skills of its employees. The Company recognizes its responsibilities towards employees and is committed to facilitating learning and development in order to create a highly skilled and motivated workforce, thereby reaching a higher level of excellence.

Remuneration Committee Report

The table below reflects the employment report of the Company as at 31st March 2023.

LEVELS	NUMBER OF EMPLOYEES
Top Management	02
Senior Management	01
Professionally Qualified and Experienced Middle Management	10
Technically Qualified Executives and Other Executives	19
Clerical and Office Staff	11
Factory Staff and Foremen	29
Factory Workers (Skilled Machine Operators and Helpers)	84
Total Number of employees as at 31st March 2023	156
Number of vacant positions as at 31 st March 2023	39

FEES

Director's emoluments in aggregate for Executive and Non-Executive Directors are disclosed in note xx to the financial statements on page xx.

REMUNERATION POLICY

The Company's remuneration policy is designed to attract, motivate, and retain the Company's executive team, with market competitive remuneration and benefits to achieve the objectives of the Company. Accordingly, salaries and other benefits are reviewed periodically, taking into account the performance of the individual and industry standards to attract and retain Executive Directors and the senior management team members.

The Remuneration package includes basic salary, traveling allowance, fixed monthly allowances, performance based monthly incentives and healthcare insurance. The Committee meets from time to time to review and assure alignment of the Company's compensation structure and human resource requirements with the strategic decisions taken by the Board and compensation offered by competitors.

The Committee also reviews the policies pertaining to the remuneration and perquisites of the Executives of the Company.

CONCLUSION

The Committee is satisfied that it has completed the responsibilities that were delegated to it by the Board and the necessary objectives were achieved.

The Company will continue to focus on introducing and strengthening HR policies, practices & systems in the area of performance management, employee recognition and employee engagement.

APPRECIATION

I would like to thank my colleagues in the Committee for their valuable contribution to the Committee's progress.

(Sgd.)

G.K.B. Dasanayaka

Chairman

Human Resources & Remuneration Committee

Colombo

31st August 2023

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The key focus of the Committee is to review all proposed Related Party Transactions before entering or completing the transaction according to the procedures laid down by Section 9 of the Listing Rules of the Colombo Stock Exchange.

COMPOSITION OF THE COMMITTEE

As of the date of this report, the Committee of ACME Printing & Packaging PLC consists of three (03) Members. The members of the Committee during the year were:

Dr J.M. Swaminathan

Chairman / Independent Non-Executive Director

Mr. G.K.B. Dasanayaka

Member, Independent Non-Executive Director

Mr. P.M.A.Sirimane

Non-Executive Director

REGULAR ATTENDEES BY INVITATION

Mr. A. Hettiarachchy

Executive Chairman

Mr. Harith Koshala Perera Jayasuriya

Chief Executive Officer

Mrs.Upekha Abeysekera

Chief Financial officer

Mr. S. A. S. Asiri

Finance Manager

Mrs. Ramani Dissanayake Perera

Manager Finance

(Appointed w.e.f. 9th February 2023)

S S P Corporate Services (Pvt) Ltd

Secretary to the Committee

MEETINGS

The Committee formally held four meetings during the year under review, and the attendance of the Related Party Transactions Review Committee meeting was as follows,

Name of The Member	Attendance	Dates of Meetings					9th Feb 2023
		23rd May 2022	7th Sept 2022	6th Oct 2022	17th Oct 2022		
J. M. Swaminathan	5/5	✓	✓	✓	✓	✓	
G. K. B. Dasanayaka	5/5	✓	✓	✓	✓	✓	
P. M. A. Sirimane	5/5	✓	✓	✓	✓	✓	

The Quorum for a meeting is two members. The proceedings of the Committee meetings were regularly reported to the Board of Directors.

SCOPE OF THE COMMITTEE

The Committee is responsible for making appropriate disclosure on Related Party Transactions in the Annual

Report to the shareholders, as required by Section 9 of the continuing Listing requirements of Colombo Stock Exchange

To exercise oversight on behalf of the Board, that all Related Party Transactions ("RPTs", other than those exempted by the CSE listing rules on the Related Party Transactions) of ACME Printing & Packaging PLC and all its subsidiaries are carried out and disclosed in a manner consistent with the CSE listing rules

- ◇ To advise and update the Board of Directors on the related party transactions of each of the subsidiaries on a quarterly basis.
- ◇ To ensure compliance with the CSE listing rules on the Related Party Transactions.
- ◇ To review policies and procedures of Related Party Transactions of the Group.
- ◇ To ensure shareholder interests are protected and that fairness and transparency are maintained.

DUTIES & RESPONSIBILITIES OF THE RELATED PARTY TRANSACTIONS REVIEW

- ◇ Formulate and recommend a policy for the adoption of related party transactions for the Company which is consistent with the provisions of the Code and the Rules.
- ◇ Review in advance all proposed related party transactions of the group other than those transactions explicitly exempted which are in conformity with the Listing Rules and with a view to best serve the interests of the Company.
- ◇ To monitor all related party transactions to ensure that they are carried out on normal commercial terms so that they are not in any way disadvantageous to the best interests of the Company and its minority shareholders.
- ◇ Obtain expert knowledge and advice from within the Company or outside to assess proposed related party transactions.
- ◇ To review both recurrent and non-recurrent-related party transactions.
- ◇ Recommend to the Board and obtain their approval before executing related party transactions, whenever necessary.
- ◇ Make immediate market disclosures on applicable related party transactions as required by the Continuing Listing Requirements of the CSE.

Related Party Transactions Review Committee Report

- ◇ Include appropriate disclosures on related party transactions in the annual report as required by the Continuing Listing Requirements of the CSE.

PROCEDURES FOR REPORTING RPTS

The Finance Manager is responsible for reporting to the Committee, for its review and approval the information set out under Rule 30 of the Code at the minimum, in respect of each related party transaction proposed to be entered into other than the exceptions given in Rule 27 of the code. Moreover, on a quarterly basis, the Finance Manager is required to report to the Committee on the approved related party transactions actually entered into by the Company.

RELATED PARTY TRANSACTIONS DURING THE YEAR 2022/2023

The Committee reviewed all related party transactions of the Company for the financial year 2022/23. It was observed that all related party transactions entered during the year were of a recurrent trading nature and were necessary for the Company's day-to-day operations. In the opinion of the Committee, the terms of these transactions were not more favorable to the related parties than those generally available to the public. The details of related party transactions entered into during the year are given in Note xx to the Financial Statements, on pages xx to xx of this Annual Report.

DECLARATION

A declaration by the Board of Directors in the annual report to the effect that no related party transaction falling within the provisions of the Listing Rules was entered into by the Company during the year under review, is given in the annual report of the Board of Directors in pages xx to xx On behalf of the Related Party Transaction Review Committee

(Sgd.)

Dr. J. M. Swaminathan

Chairman

Related Party Transaction review committee.

Colombo

31st August 2023

ENTERPRISE RISK MANAGEMENT

Risk management involves identifying potential risk exposure faced by the Company and implementing proper risk management techniques to mitigate such risks. A disciplined approach to risk management is important in order to ensure successful execution of strategic objectives and to express our acceptance towards risk management for which we have adequately compensated for.

The Board of Directors 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; executive development and evaluation; regulatory and litigation compliance; health, safety and environmental compliance; financial reporting and controls; and information technology and security. The Company has established appropriate internal control systems and other risk mitigation techniques to ensure the delivery of shareholder wealth and to meet its obligations to other stakeholders.

INTERNAL CONTROLS

The Directors acknowledged their responsibility for the Company's system of internal control. The system is designed to give assurance regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information generated, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

BUSINESS RISK

The business risk management is a dynamic process due to the constant change and complexity in the operating environment of the Group. The different business operations of the Group and their performance are subject to a variety of risk factors which are constantly monitored and evaluated by the management in order to respond effectively.

COMPETITIVE ENVIRONMENT

Our businesses are highly competitive. Failure to compete with competitors on areas including price, product range, quality and service would have an adverse effect on the Group's financial results. Hence we aim to have a broad appeal in price range and format in a way that allows us to compete effectively.

PEOPLE CAPABILITIES

Our greatest asset is our employees. It is critical to our success to attract, retain, develop and motivate the best people with the right capabilities at all levels of operations. We review our people and policies regularly and are committed to investing in development and incentives for our people. There are clear processes for understanding and responding to employees' needs through HR initiatives, and communication of business developments.

HEALTH AND SAFETY RISKS

The safety of our staff and customer is of paramount importance to us. We operate stringent health and safety processes in line with best practices in our manufacturing facilities, stores and offices.

IT SYSTEMS AND INFRASTRUCTURE

The business is dependent on efficient information technology (IT) systems. We have extensive controls in place to maintain the integrity and efficiency of our IT infrastructure and to ensure consistency of delivery, and all relevant staff is effectively engaged to mitigate IT related risks through effective policy and procedures as well as increased awareness.

INTEREST RATE AND EXCHANGE RATE RISK

The Group mostly uses its foreign currency proceeds to settle import bills, which effectively provides for foreign exchange exposure by minimizing any adverse impact.

By having a centralized treasury management system and through appropriate financial risk management techniques, the Group has been able to mitigate losses arising through interest rate fluctuations.

CREDIT RISK

Credit risks arise due to the non-payment by debtors which can lead to working capital issues. Export sales are done on letter of credits as much as possible. Company extends credit facilities to customers during the course of business. We undertake actions such as implementation of Group credit policy, evaluation of customers prior to granting credits, periodic review of receivables by the Group Management Committee and credit suspension on overdue accounts and legal procedures for recovery of long overdue receivables to mitigate the credit risk.

MARKET RISK

A broad definition of market risk is exposure to adverse movements in the securities markets for both equity and fixed income investments, which can result in value loss as well as variations in the anticipated returns from those securities. All financial institutions face market risks, created by changes in the macro environment related to political factors, national security economic management and globalisation influences which have an impact on systematic risk factors such as interest rates, currency parity, inflation, and availability of credit. Therefore, understanding market risks requires considering multiple dimensions and complexity in the macro environment.

Market risks are inherent in every security and are thus collectively considered at the portfolio level to take into account the asset allocation decisions of the portfolio.

Enterprise Risk Management

INVENTORY MANAGEMENT RISK

Plan monthly production based on budgets and sales forecasts and review during production planning meetings held regularly. Adopt various quality standards at different stages to verify the quality until the product is delivered. Carryout stocks verifications on periodically to identify non-moving stocks and regularly monitor inventory days.

TECHNOLOGICAL AND QUALITY RELATED RISK

Develop a long term plan to replace existing machines with technology advanced machines, obtain certificates from relevant authorities and ensure products comply with most of the local and international standards and already the equipment required to test the quality of products are in place.

GENERAL SECURITIES RISK

Any trading in securities carries inherent investment risks, associated with the entity issuing those securities in particular the price of value of any security can and does fluctuate and may even become valueless, resulting in possible loss not only of returns and profits but even also of all or part of the principal sums invested. These risks arise as a result of the overall risks faced by the issuing entity which affects its ability to provide a return to the investors holding the securities issued by it. Particularly in the case of equities past performance of any investment is not necessary indicative of future performance.

LEGAL COMPLIANCE

ACME Printing and Packaging PLC complies with all legal and regulatory provisions applicable to it. The legal function pro-actively identifies and sets up appropriate systems and processes for legal and regulatory compliance in respect of all our investments. The internal audit function of the Group ensures the safeguarding of Company assets and recommends process improvements in areas where process control failures are noted.

REGULATORY COMPLIANCE

The operations of the ACME Printing and Packaging PLC come within the rules and regulations applicable to companies listed on the CSE and regulations applicable to securities trading set by the Securities and Exchange Commission of Sri Lanka. Our systems and processes are structured to satisfy the criteria set by these regulations and staff are constantly kept aware of the compliance needs imposed by these regulations.

OPERATIONAL RISKS

We manage operational risks by identifying areas of risk, formulating plans for their management, promoting best practices, implementing internal controls and systems and monitoring compliance. Operational risks mainly cover the areas of system failure, continuity of decision making, dealing with contingencies and ensuring efficiency in operations and correct application of recommended management practices.

ISSUES PERTAINING TO EMPLOYEES AND INDUSTRIAL RELATIONSHIP

The Board of ACME Printing and Packaging PLC assesses all the issues with regard to employees and industrial relation which influence the performance of the Group. ACME Printing and Packaging PLC takes considerable number of steps to ensure employees are satisfied at all the levels and their issues are addressed in order to retain talented employees. A well structured grievance handling system is in place to handle the grievances of employees at all levels. We make sure to maintain pertinent industrial relationship with all the governmental agencies. There are no issues which affect the Company's performance to be disclosed.

ACME PRINTING AND PACKAGING PLC

REPORT OF THE DIRECTORS ON THE STATE OF AFFAIRS OF THE COMPANY

The Board of Directors is pleased to present their Report and the Audited Financial Statements of the Company for the year ended 31st March 2023. The details set out herein provide pertinent information required by the Companies Act, No.7 of 2007, the Listing Rules of the Colombo Stock Exchange and are guided by recommended best accounting practices.

01. REVIEW OF THE YEAR

The Chairman's Statement at page 09 reviews the affairs of the Company for the financial year ended 31st March 2023. These reports form an integral part of the report of the Board of Directors.

02. PRINCIPAL ACTIVITY

The principal activity of the Company is the manufacture of a wide range of flexible packaging material for local and export markets. The main industrial sectors serviced are tea, food, confectionary, milk powder, pharmaceuticals and consumer products.

03. FINANCIAL STATEMENTS

The audited financial statements of the Company and Group are given on pages 53 to 91

04. AUDITORS' REPORT

The Auditor's report on the financial statements is given on page 50-52

05. ACCOUNTING POLICIES

The accounting policies adopted in preparation of Financial Statements and the other explanatory notes are given on pages 57 to 67. There were no material changes in the Accounting Policies adopted and are consistent with those followed in the preparation of financial statements for the year ended 31st March 2023.

06. INTEREST REGISTER

The Company maintains an Interest Register and the particulars of those directors who were directly or indirectly interested in a contract of the Company are stated therein.

07. DIRECTORS' INTEREST

None of the directors had a direct or indirect interest in any contracts or proposed contracts with the Company other than as disclosed in Note 29, related party transactions to the financial statements.

08. DIRECTORS' REMUNERATION AND OTHER BENEFITS

Directors remuneration in respect of the Company for the financial year ended 31st March 2023 is given in Note 07 to the financial statements.

09. CORPORATE DONATIONS

No Donations were made for political purpose or otherwise by the Company during the year 2022/2023 as well as in 2021/2022.

10. DIRECTORS AND THEIR SHAREHOLDINGS

The Directors of the Company and their respective shareholdings as at 31st March 2023.

	NUMBER OF SHARES HELD	
	31.03.2023	31.03.2022
Mr. A. Hettiarachchy Executive Chairman	Nil	Nil
Dr. J.M. Swaminathan Independent Non-Executive	Nil	Nil
Mr. R. Rajaratnam Non-Executive	Nil	Nil
Mr. P.S. Goonewardene Non-Executive	Nil	Nil
Mr.P.M.A. Sirimane Non-Executive	Nil	Nil
Mr. G.K.B. Dasanayaka Independent Non-Executive	76,939	Nil
Mr. S.D.R. Arudpragasam Hatton National Bank/Mr. S.D.R. Arudpragasam Non-Executive	111,628 100,000	200,000
Mr.A.C.S. Jayaranjan Independent Non-Executive	Nil	Nil
Mr. H.K.P. Jayasuriya (Chief Executive Officer/ Executive Director)	Nil	Nil

Mr. H.K.P. Jayasuriya was appointed an Executive Director of the Company with effect from 26th September 2022.

Mr. R. Seevaratnam, Non-Executive Director passed away on 19th January 2023.

The Board wishes to place on record the Company's sincere appreciation to the late Mr. R. Seevaratnam for the valuable contribution extended to the Company during his tenure on the Board.

In terms of Article 91 of the Articles of Association of the Company, Mr. H.K.P. Jayasuriya retires and being eligible offers himself for re-election as recommended by the Directors.

In terms of Article 84 and 85 of the Articles of Association of the Company, Messrs. A. Rajaratnam and Mr. P.S. Goonewardene retire by rotation at the Annual General Meeting and being eligible offer themselves for re-election as recommended by the Directors.

A resolution for the re-appointment of Dr. J.M. Swaminathan, as a Director who is 82 years of age will be proposed at

ACME PRINTING AND PACKAGING PLC

REPORT OF THE DIRECTORS ON THE STATE OF AFFAIRS OF THE COMPANY

the Annual General Meeting in terms of Section 211 of the Companies Act No.7 of 2007. Dr. J.M. Swaminathan's re-appointment is recommended by the Directors.

A resolution for the re-appointment of Mr. A. Hettiarachchy, as a Director who is 74 years of age will be proposed at the Annual General Meeting in terms of Section 211 of the Companies Act No.7 of 2007. Mr.A. Hettiarachchy's re-appointment is recommended by the Directors.

A resolution for the re-appointment of Mr. S.D.R. Arudpragasam, as a Director who is 71 years of age will be proposed at the Annual General Meeting in terms of Section 211 of the Companies Act No.7 of 2007. Mr. S.D.R. Arudpragasam's re-appointment is recommended by the Directors.

A resolution for the re-appointment of Mr. A.C.S. Jayaranjan, as a Director who is 73 years of age will be proposed at the Annual General Meeting in terms of Section 211 of the Companies Act No.7 of 2007. Mr. A.C.S. Jayaranjan's re-appointment is recommended by the Directors.

11. BOARD SUB-COMMITTEES

The following Board Sub-Committees are functional.

◇ AUDIT COMMITTEE

Mr. A.C.S. Jayaranjan

Chairman/Independent Non-Executive Director

Dr. J.M. Swaminathan

Member/Independent Non-Executive Director

Mr. G.K.B. Dasanayaka

Member/Independent Non-Executive Director

Mr. P.M.A. Sirimane

Member/Non-Executive Director

The report of the audit committee appears on pages to

◇ REMUNERATION COMMITTEE

Mr. G.K.B. Dasanayaka

Chairman/Independent Non-Executive Director

Dr. J.M. Swaminathan

Member/Independent Non-Executive Director

Mr. A. Rajaratnam

Member/Non-Executive Director

The report of the Remuneration committee appears on pages to

◇ RELATED PARTY TRANSACTION REVIEW COMMITTEE

Dr. J.M. Swaminathan

Chairman/Independent Non-Executive Director

Mr. G.K.B. Dasanayaka

Member/Independent Non-Executive Director

Mr.P.M.A. Sirimane

Non-Executive Director

The Board of Directors confirms that all applicable rules in the Code of Best Practice on Related Party Transactions and Section 9 of CSE Listing Rules have been complied with by the Group as at the date of this Report.

The report of the Related Party Transaction Review Committee appears on pages To ...

◇ HR COMMITTEE

Mr. G.K.B. Dasanayaka

Chairman/Independent Non-Executive Director

Mr. A.C.S. Jayaranjan

Member/Independent Non-Executive Director

Mr. A. Hettiarachchy

Member/Executive Director

◇ FINANCE COMMITTEE

Mr. S.D.R. Arudpragasam

Chairman/Non-Executive Director

Mr. A. Rajaratnam

Member/Non-Executive Director

Mr. P.M.A. Sirimane

Member/Non-Executive Director

Mr. P.S. Goonewardene

Member/Non-Executive Director

◇ TECHNICAL COMMITTEE

Mr. A.C.S. Jayaranjan

Chairman/Independent Non-Executive Director

Mr. G.K.B. Dasanayaka

Member/Independent Non-Executive Director

Mr. P.S. Goonewardene

Member/Non-Executive Director

Mr. A. Rajaratnam

Member/Non-Executive Director

Mr. A. Hettiarachchy

Member/Executive Director

12. AUDITORS

The financial statements for the year ended 31st March 2023 have been audited by Messrs KPMG, Chartered Accountants, who express their willingness to continue in office. In accordance with the Companies Act No.07 of 2007, a resolution relating to their re-appointment and authorising the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

The fees paid to the Auditors are disclosed in Note 07 to the financial statements.

ACME PRINTING AND PACKAGING PLC

REPORT OF THE DIRECTORS ON THE STATE OF AFFAIRS OF THE COMPANY

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

13. DIVIDENDS

The directors do not recommend a dividend for the year ended 31st March 2023.

14. INVESTMENTS

Details of investments held by the Company are disclosed in Notes 13 & 14 to the financial statements.

15. PROPERTY, PLANT AND EQUIPMENT

An analysis of the property, plant and equipment of the Company, additions and disposals made during the year and depreciation charged during the year are set out in Note 11 to the financial statements.

16. CAPITAL COMMITMENTS

The capital expenditure approved by the Board for the financial year ended 31st March 2023 was Nil. (2021/2022 - Nil).

17. GOING CONCERN

The Board is satisfied that the Company will continue its operations in the foreseeable future. For this reason, the Company continues to adopt the going concern basis in preparing the Financial Statements.

18. STATED CAPITAL

The Stated Capital of the Company is Rs 835,084,628/50.

19. TAXATION

The tax position of the Company is given in Note 09 to the Financial Statements.

20. DISCLOSURE AS PER COLOMBO STOCK EXCHANGE RULE NO. 7.6

	31.03.23	31.03.22
Market price per share as at 31 st March	Rs. 6.30	Rs. 11.00
Highest share price during the year	Rs. 14.00	Rs. 22.50
Lowest share price during the year	Rs. 4.60	Rs. 5.70

21. SHAREHOLDING

The number of registered shareholders of the Company as at 31st March 2023 are 1,943.

22. MAJOR SHAREHOLDERS

The twenty largest shareholders of the Company as at 31st March 2023, together with an analysis are given on pages 94 - 95.

23. STATUTORY PAYMENTS

The Directors to the best of their knowledge and belief are satisfied that all statutory payments in relation to the government and the employees have been made on time.

24. CORPORATE GOVERNANCE/INTERNAL CONTROL

The Board of Directors confirms that, as at date of the Annual Report, the company complies with and is committed to good corporate governance. The Company has 4 Non-Executive Directors, 2 Executive Directors and 3 Independent Non-Executive Directors on its Board. The Board as a whole decided on the appointment of Independent Non-Executive Directors. The Directors so appointed retire in rotation at each annual general meeting and seek re-appointment by the shareholders.

According to listing rules 7.10.4 (e) Dr. J.M. Swaminathan, Independent Non-Executive Director of the Company who has served on the Board for a period exceeding nine years is consequently not independent by reason thereof.

The Independent Non-Executive Director of the Company namely Dr. J.M. Swaminathan, is a Director of Acme Packaging Solutions (Private) Limited, Colombo Fort Land and Investment PLC, CM Holdings PLC, Colombo Investments PLC and Fort Investments PLC a Director of in which majority of the other Directors of the Company are Directors.

The Independent Non-Executive Director of the Company namely Mr. G.K.B. Dasanayaka, is a Director of Acme Packaging Solutions (Private) Limited, Lankem Ceylon PLC, JF Packaging Limited and Ceylon Tapes (Private) Limited in which majority of the other Directors of the Company are Directors.

The Independent Non-Executive Director of the Company namely Mr. A.C.S. Jayaranjan, is a Director of Acme Packaging Solutions (Private) Limited, Lankem Ceylon PLC, Ceylon Tapes (Private) Limited and JF Packaging Limited in which majority of the other Directors of the Company are Directors. Limited,

According to listing rule 7.10.4 (g) a Non-Executive Director is presumed to be non independent if he is a Director of another Company in which majority of the other Directors of the Company are also Directors.

However, in the opinion of the Board of Directors Dr. J.M. Swaminathan, Mr. G.K.B. Dasanayaka and Mr. A.C.S. Jayaranjan satisfy other qualifying criteria in terms of Independence and the Board of Directors having also considered such other factors from a holistic perspective are of the opinion that Dr. J.M. Swaminathan, Mr. G.K.B. Dasanayaka and Mr. A.C.S. Jayaranjan are Independent Directors.

The Board of Directors holds regular meetings and also meet if circumstances warrant. The Board reviews It reviews

ACME PRINTING AND PACKAGING PLC

REPORT OF THE DIRECTORS ON THE STATE OF AFFAIRS OF THE COMPANY

the strategic direction of the Company the exposure of key business risks, the annual budgets and the progress toward achieving these budgets and their capital expenditure programmes.

The Directors are responsible for the Company's systems of internal finance controls. The Board has reviewed the effectiveness of the systems of finance controls for the period up to the date of signing the accounts. The Directors responsibility for the financial statements is described on page 47.

25. CONTINGENT LIABILITIES

There were no contingent liabilities as at reporting date which would require adjustments to or disclosure in the financial statements of the Company or Group other than contingent liabilities disclosed in Note 28 to the financial statements.

26. EVENTS OCCURRING AFTER THE REPORTING DATE

Events occurring after the Reporting Period that would require adjustments to or disclosures are disclosed in Note 35 on page 91.

27. ANNUAL GENERAL MEETING

The 74th Annual General Meeting of the Company will be held via Online meeting platform at 2p.m.(Sri Lanka time) on Monday 25th September 2023

For and on behalf of the Board of Directors of
ACME PRINTING AND PACKAGING PLC

(Sgd.)
Director

(Sgd.)
Director

(Sgd.)
S S P Corporate Services (Private) Limited,
Secretaries

Date: 31st August 2023

RESPONSIBILITY STATEMENT OF EXECUTIVE CHAIRMAN AND FINANCE MANAGER

COMPLIANCE WITH LAWS AND REGULATIONS

The Financial Statements of ACME Printing & Packaging PLC and the Consolidated Financial Statements of the Company and its subsidiary (the Group) for the year ended 31st March 2023 are prepared and presented in compliance with the requirements of the followings:

- ◇ Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka (SLFRS/LKAS).
- ◇ Companies Act No. 07 of 2007 .
- ◇ Listing Rules of the Colombo Stock Exchange.
- ◇ Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.
- ◇ Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka in 2017.

FINANCIAL REPORTING

The Significant Accounting Policies used in the preparation of the consolidated Financial Statements are appropriate and are consistently applied, except unless otherwise stated in the notes accompanying to the Financial Statements. The Significant Accounting Policies and estimates that involved a high degree of judgment and complexity were discussed with the Audit Committee and Company's External Auditors. There are no departures from the prescribed Accounting Standards in their adoption. Comparative information has been reclassified wherever necessary to comply with the current presentation. The Board of Directors and the Management of the Company accept responsibility for the integrity and objectivity of these Financial Statements. The estimates and judgments relating to the Financial Statements were made on a prudent and reasonable basis, in order that the Financial Statements reflect a true and fair view and the form & substance of transactions reasonably present the Company's state of affairs. We confirm that to the best of our knowledge, the Financial Statements, significant Accounting Policies and other financial information included in this Annual Report, fairly present all material aspects regarding the financial position, results of the operations and the Cash Flows of the Group during the year under review.

We also confirm that the Group has adequate resources to continue in operation and have applied the Going Concern basis in preparing these Financial Statements.

SYSTEM OF INTERNAL CONTROL

The Company has taken proper and sufficient care in installing a system of internal control and accounting records, for safeguarding assets, and for preventing and detecting frauds as well as other irregularities, which are reviewed, evaluated and updated on an ongoing basis. We have evaluated the internal controls and procedures of the Group for the financial period under review and confirm, based on our evaluations that there were no significant

deficiencies and material weaknesses in the design or operation of internal controls and frauds that involves management or other employees. The Internal Auditors conduct periodic audits to provide reasonable assurance that the established policies and procedures of the Group were consistently followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal control and accounting.

REPORT OF INDEPENDENT AUDITORS

The Financial Statements were audited by Messrs KPMG, Chartered Accountants, the Independent Auditors and their report is given in pages 52 to 54

AUDIT COMMITTEE

The Audit Committee pre-approved the audit and non-audit services provided by Messrs KPMG. The Audit Committee meets periodically with the Internal Auditors and the Independent Auditors to review the manner in which these Auditors are performing their responsibilities, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the Independent Auditors and the Internal Auditors have full and free access to the members of the Audit Committee to discuss any matter of substance. The Audit Committee Report is given in pages 36 to 38

CONCLUSION

We confirm that to the best of our knowledge:

- ◇ The Group has complied with all applicable laws, regulations and guidelines and there is no material litigation against the Group other than those disclosed in Note 28 of the Financial Statements.
- ◇ The system of internal control is operating effectively.
- ◇ The Financial Statements reflect in a true and fair manner, the form and substance of transactions, and reasonably present the Company's state of affairs and have applied the Going Concern basis in preparing these Financial Statements.
- ◇ All taxes, duties, levies and all statutory payments by the Group and all contributions, levies and taxes payable on behalf of and in respect of the employees of the Group as at 31st March 2022 have been paid, or where relevant provision made.

For and on behalf of the Board of Directors of

ACME Printing & Packaging PLC

(Sgd.)

Mrs. Ramani Dissanayake Perera

Manager Finance

(Sgd.)

Mr. A. Hettiarachchy

Executive Chairman

31st August 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENTS

This Statement of Directors' responsibilities is to be read in conjunction with the Report of the Auditors and is made to distinguish the respective responsibilities of the Directors and to the Auditors in relation to the Financial Statements contained in this Annual Report.

The Board accepts responsibility for the preparation and fair presentation of Financial Statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Financial Statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Groups/Company s' Financial Statements, presented in this report for the year ended 31st March 2022 & conform to the requirements of Sri Lanka Accounting Standards (SLFRS/LKAS) and the Companies Act No 7 of 2007. They also confirm that the Financial Statements presented by them give a true and fair view of Company activities as at that date. The financial information is consistent with that in the Financial Statements.

The Directors are of the view that adequate funds and other resources are available within the Group / Company for the Group/ Company to continue in operation for the foreseeable future.

The Board of Directors has initiated an efficient and concise system of Internal Controls. It also includes Internal Checks and Internal Audits, along with the financial and other controls required to carry on the business smoothly, whilst safeguarding assets in a secure, practical, accurate and reliable manner.

The Directors have also taken all reasonable steps to ensure that the Company and its subsidiaries maintain adequate and accurate accounting books of

records which reflects the transparency of transactions and provide an accurate disclosures of the Group's/Company's financial position.

The Directors have provided the auditors Messrs KPMG, Chartered Accountants with every opportunity to carry out reviews and tests that they consider appropriate and necessary for the performance of their responsibilities. The auditors have examined the financial statements together with all financial records and related data and express their opinion.

COMPLIANCE REPORT

The directors confirm that, to the best of their knowledge all taxes and levies payable by the Group/Company and all contributions, levies and taxes payable on behalf of the employees of the Group/Company, and all other known statutory obligations as at the reporting date have been paid or provided for in the Financial Statements.

APPROVAL OF FINANCIAL STATEMENTS

The Directors report and the Financial Statements of the Company and the Group were approved by the Board of Directors on 31st August 2023.

For and on behalf of the Board of Directors of

ACME PRINTING AND PACKAGING PLC

(Sgd.)
A. Hettiarachchy
Executive Chairman
31st August 2023

(Sgd.)
G.K.B. Dasanayaka
Director

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FINANCIAL CALENDAR 2022/23

Interim Report- 1 st Quarter	July 29 th , 2022
Interim Report- 2 nd Quarter	November 11 th , 2022
Interim Report- 3 rd Quarter	February 14 th , 2023
Interim Report- 4 th Quarter	May 26 th , 2023
Annual Report	August 31 st , 2023
74 th Annual General Meeting	September 25 th , 2023

INDEPENDENT AUDITORS' REPORT



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
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Colombo 00300, Sri Lanka.

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TO THE SHAREHOLDERS OF ACME PRINTING AND PACKAGING PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of ACME Printing and Packaging 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 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes set out on pages from 53 to 91.

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 2023, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements 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

01. Impairment assessment on Amounts due from Acme Packaging Solutions (Private) Limited (" the subsidiary")	
Refer to note 3.9 (accounting policy) and note 17 to these Financial Statements.	
Risk Description	Our response
<p>The Company reported an amount due from the subsidiary amounting to Rs. 278 Mn as at 31st March 2023.</p> <p>This balance is carried at cost and tested for impairment if there is any indication for impairment at each reporting period.</p> <p>Accordingly, the impairment assessment as of 31st March 2023 was performed and an impairment amounting to Rs. 29.8Mn was recorded for amounts due from the subsidiary in the Company's financial statements during the year.</p> <p>As the recoverable amount calculation involves significant judgements and estimates regarding the company's future action plan and changes to the assumptions could lead to changes in the estimated recoverable amount.</p> <p>Due to the significance of the amounts due from the subsidiary and the subjectivity of the judgements, we consider impairment assessment of amounts due from subsidiary to be a Key Audit Matter.</p>	<p>Our audit procedures included;</p> <ul style="list-style-type: none"> Obtaining an understanding of management's impairment assessment process. Reviewing the impairment assessment conducted by the management and discussed with management regarding the reasonableness of the basis and assumptions used. Assessing and challenging the key assumptions, inputs and judgements used in the computations of recoverable amount in arriving at required impairment. Assessing the adequacy of the disclosures in the financial statements.

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
S. T. D. L. Perera FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
T. J. S. Rajakarier FCA
Ms. S.M.B. Jayasekara FCA
G. A. U. Karunaratne FCA
R. H. Rajan FCA
A.M.R.P. Alahakoon ACA
W. W. J. C. Perera FCA
W. K. D. C. Abeyrathne FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA
Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA,
Ms. F.R Ziyad FCMA (UK), FTII

INDEPENDENT AUDITORS' REPORT (CONT.)



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. When we read the annual report, if we conclude that there is a material misstatement there in, we are required to communicate the matter to those charged with governance. 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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and

obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITORS' REPORT (CONT.)



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 FCA 3272.

A handwritten signature in blue ink, appearing to read 'AWJ', is written over the printed name 'Chartered Accountants'.

Chartered Accountants
Colombo, Sri Lanka
31st August 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	GROUP		COMPANY	
		2023 Rs'000	2022 Rs'000	2023 Rs'000	2022 Rs'000
For the year ended 31 st March					
Revenue	5	991,359	948,083	1,091,591	779,512
Cost of Sales		(635,246)	(981,248)	(857,761)	(761,065)
Gross (Loss) / Profit		356,113	(33,165)	233,830	18,447
Other (Expense) / Income	6	10,314	(608)	24,300	26,092
Administrative Expenses		(100,617)	(85,737)	(67,916)	(52,771)
Distribution Expenses		(13,821)	(21,357)	(13,262)	(17,061)
Impairment Reversal / (Provision) of Trade Receivables & Amount due from Related Parties		(5,725)	322	(6,070)	(26,976)
Impairment of Investment in Subsidiary	13	-	-	-	(35,544)
Profit/(Loss) from Operations	7	246,264	(140,545)	170,882	(87,813)
Finance Expense		(237,537)	(146,115)	(143,672)	(66,047)
Finance Income		16,240	7,072	16,240	6,910
Net Finance Expense	8	(221,297)	(139,043)	(127,432)	(59,137)
Profit/(Loss) before Taxation		24,967	(279,588)	43,450	(146,950)
Income Tax Reversal / (Expense)	9	94,466	18,616	74,594	7,825
Profit/(Loss) for the Year		119,433	(260,972)	118,044	(139,125)
Items that might not be reclassified to the P&L					
Surplus on revaluation		-	140,353	-	61,229
Actuarial Gain / (Loss) on Defined Benefit Plans		(1,392)	2,477	(2,330)	1,895
Related Taxes		418	(25,709)	699	(11,362)
Related Taxes due to Tax Rate change		(94,884)	-	(75,293)	-
Total Other Comprehensive Income for the Year		(95,858)	117,121	(76,924)	51,762
Total Comprehensive Income for the Year		23,575	(143,851)	41,120	(87,363)
Profit/(Loss) attributable to					
Equity Holders of the Company		119,433	(260,972)	118,044	(139,125)
Non Controlling Interest		-	-	-	-
Profit/(Loss) for the Year		119,433	(260,972)	118,044	(139,125)
Total Comprehensive Income Attributable to					
Equity Holders of the Company		23,575	(143,851)	41,120	(87,363)
Non Controlling Interest		-	-	-	-
Total Comprehensive Income for the year		23,575	(143,851)	41,120	(87,363)
Basic Earning /(Loss) per Share (Rs.)	10	1.48	(5.31)	1.47	(2.83)

Figures in brackets indicate deductions.

The Notes to the Financial Statements on pages 57 to 91 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

as at 31 st March	Notes	Group		Company	
		2023 Rs'000	2022 Rs'000	2023 Rs'000	2022 Rs'000
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	11	949,551	1,002,508	648,512	672,522
Right of Use Assets	12	17,923	19,785	-	-
Investment in Subsidiary	13	-	-	-	35,544
Financial Investments - FVTOCI	14	25	25	25	25
Amounts Due from Related Parties	17	-	-	248,066	197,886
Defined Benefit Plan Assets	25	10,652	10,107	10,652	10,107
Total Non-Current Assets		978,151	1,032,425	907,255	880,540
Current Assets					
Inventories	15	363,862	185,907	287,777	123,500
Trade and Other Receivables	16	362,655	101,400	273,482	75,793
Amounts Due from Related Parties	17	341	-	341	-
Cash and Cash Equivalents	18	33,996	36,051	19,687	32,018
Total Current Assets		760,854	323,358	581,287	231,311
Total Assets		1,739,005	1,355,783	1,488,542	1,111,851
EQUITY & LIABILITIES					
Equity					
Stated Capital	19	835,085	592,813	835,085	592,813
Revaluation Reserve	20	550,821	645,705	434,437	509,729
Accumulated Losses	21	(985,763)	(1,104,222)	(636,554)	(752,967)
Total Equity		400,143	134,296	632,967	349,575
Non-Current Liabilities					
Interest Bearing Borrowings	22	301,178	25,540	133,881	3,290
Lease Creditors	23	8,115	10,382	-	-
Deferred Tax Liability	24	-	-	-	-
Employee Benefits	25	26,175	22,932	21,443	18,264
Total Non-Current Liabilities		335,468	58,854	155,324	21,554
Current Liabilities					
Trade and Other Payables	26	123,305	149,654	45,130	63,081
Amounts Due to Related Parties	27	10,319	3,150	10,319	3,150
Interest Bearing Borrowings	28	817,617	941,105	617,872	643,444
Lease Creditors	29	3,420	3,318	-	-
Bank Overdraft	18	48,733	65,406	26,930	31,047
Total Current Liabilities		1,003,394	1,162,633	700,252	740,722
Total Liabilities		1,338,862	1,221,487	855,575	762,276
Total Equity and Liabilities		1,739,005	1,355,783	1,488,542	1,111,851

Figures in brackets indicate deductions.

The Notes to the Financial Statements on pages 57 to 91 form an integral part of these Financial Statements.

These financial statements have been prepared in compliance with the requirements of the Companies Act No 07 of 2007.

(Sgd.)

Ramani Dissanayake Perera

Manager Finance

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

Signed for and on behalf of the Board:

(Sgd.)

A. Hettiarachchy

Executive Chairman

31st August 2023, Colombo.

(Sgd.)

H. K. P. Jayasooriya

Director

STATEMENT OF CHANGES IN EQUITY

	Group			
	Stated Capital Rs'000	Revaluation Reserve Rs'000	Accumulated Losses Rs'000	Total Rs'000
Balance as at 1 st April 2021	592,813	530,616	(845,281)	278,148
Comprehensive Income for the Year				
Loss for the Year	-	-	(260,972)	(260,972)
Other Comprehensive Income for the Year	-	115,089	2,031	117,120
Total Comprehensive Income for the Year	-	115,089	(258,941)	(143,852)
Balance as at 31 st March 2022	592,813	645,705	(1,104,222)	134,296
Balance as at 1 st April 2022	592,813	645,705	(1,104,222)	134,296
Right Issue	242,272	-	-	242,272
Comprehensive Income for the Year				
Profit for the Year	-	-	119,433	119,433
Other Comprehensive Income for the Year	-	(94,884)	(974)	(95,858)
Total Comprehensive Income for the Year	-	(94,884)	118,459	23,575
Balance as at 31 st March 2023	835,085	550,821	(985,763)	400,143

	Company			
	Stated Capital Rs'000	Revaluation Reserve Rs'000	Accumulated Losses Rs'000	Total Rs'000
Balance as at 1 st April 2021	592,813	459,521	(615,396)	436,938
Comprehensive Income for the Year				
Loss for the Year	-	-	(139,125)	(139,125)
Other Comprehensive Income for the Year	-	50,208	1,554	51,762
Total Comprehensive Income for the Year	-	50,208	(137,571)	(87,363)
Balance as at 31 st March 2022	592,813	509,730	(752,967)	349,575
Balance as at 1 st April 2022	592,813	509,729	(752,967)	349,575
Proceeds from Right Issue	242,272	-	-	242,272
Transactions with owners of the company				
Comprehensive Income for the Year				
Profit for the Year	-	-	118,044	118,044
Other Comprehensive Income for the Year	-	(75,293)	(1,631)	(76,924)
Total Comprehensive Income for the Year	-	(75,293)	116,413	41,120
Balance as at 31 st March 2023	835,085	434,437	(636,554)	632,967

Figures in brackets indicate deductions.

The Notes to the Financial Statements on pages 57 to 91 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

For the year ended 31 st March	Notes	Group		Company	
		2023 Rs'000	2022 Rs'000	2023 Rs'000	2022 Rs'000
Cash flows from operating activities					
Loss before taxation		24,967	(279,588)	43,450	(146,950)
Adjustment for :					
Depreciation on Property, Plant & Equipment	11	62,836	64,291	33,032	39,913
Amortization of Right to Use Assets	12	1,862	1,861	-	-
Provision for Defined Benefit Obligations net of interest on plan assets	25.7	4,385	2,773	3,108	1,761
Provision for Slow Moving Inventories	15.1	3,550	6,187	4,615	2,232
Inventory written off during the year	12	-	12,858	-	-
Interest Income	8	(253)	(312)	(253)	(150)
(Reversal of Provision) / Provision for Trade Receivables	16.1	5,725	(322)	3,694	(536)
Provision for impairment of amounts receivable from related parties	17	-	-	-	35,544
Impairment of Investment in Subsidiary	13	-	-	2,376	27,512
Interest Expense	8	226,202	129,175	140,050	63,327
Operating Profit/(Loss) before working capital changes		329,274	(63,117)	230,072	22,653
Decrease / (Increase) in Inventories	15	(181,505)	119,948	(168,892)	88,519
Decrease in Trade & other Receivables	16	(266,980)	220,849	(201,383)	72,575
Increase in Amount Due from Related Parties	17	(341)	-	(52,894)	97,991
Increase in Amount Due to Related Parties	27	7,169	1,761	7,169	1,761
(Decrease) / Increase in Trade & Other Payables	26	(26,348)	(65,602)	(17,951)	(36,483)
Cash (Used in) / Generated from Operations		(138,731)	213,879	(203,879)	247,016
Interest Paid		(127,695)	(129,547)	(86,357)	(69,774)
Employee Benefit paid	25.6	(3,079)	(6,230)	(2,804)	(5,207)
Net Cash Flow (Used in) / Generated from Operating Activities		(269,506)	78,102	(293,040)	172,035
Cash Flows from Investing Activities					
Purchase of Property, Plant & Equipment	11	(9,879)	(33,580)	(9,022)	(11,458)
Amounts Due from Related parties	17	-	-	-	(225,398)
Interest Received	8	253	312	253	150
Net Cash Flow used in Investing Activities		(9,626)	(33,268)	(8,769)	(236,706)
Cash flows from financing activities					
Proceeds from Rights Issue		242,272	-	242,272	-
Repayment of Long Term Borrowing	22.2	(4,008)	(56,826)	(4,008)	(32,910)
Long Term Loan Borrowings Obtained		344,773	-	176,994	-
Repayment of Lease		(3,931)	(5,726)	-	-
Short Term Borrowings Obtained		359,099	1,377,785	359,099	788,148
Repayment of Short Term Borrowings		(644,456)	(1,364,570)	(480,762)	(689,472)
Net Cash Flow (Used in) / Generated from Financing Activities		293,749	(49,337)	293,595	65,766
Net (Decrease) / Increase in Cash & Cash Equivalents		14,617	(4,503)	(8,214)	1,095
Cash & cash equivalents at the beginning of the year		(29,355)	(24,852)	971	(124)
Cash & cash equivalents at the end of the year (Note 18)		(14,738)	(29,355)	(7,243)	971

The Notes to the Financial Statements on pages 57 to 91 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1. Domicile and Legal Form

ACME Printing & Packaging PLC ("the Company") is a public quoted company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka.

Registered office of the Company is located at No 98, Sri Sangaraja Mawatha, Colombo-10. The operations are conducted at Piliyandala.

The Consolidated Financial Statements of the Group as at and the year ended 31st March 2023 comprise the Company and its subsidiary (together referred to as the "Group" and individually as "Group entities"). The Company has a fully owned subsidiary, ACME Packaging Solutions (Pvt) Ltd.

Ultimate Parent

The Company's parent undertaking and controlling party is Lankem Ceylon PLC

1.2. Principal Activities and Nature of Operations

The principle activities of the Company and the subsidiary (ACME Packaging Solutions (Pvt) Ltd.) are manufacturing of flexible packaging materials.

There were no significant changes in the nature of the principal activities of the Group during the financial year under review.

1.3. Number of Employees

The numbers of employees of the Group and Company as at 31st March 2023 are as follow:

Group	156 (2022 - 143)
Company	101 (2022 - 79)

1.4. Date of Authorisation for Issue

The Consolidated Financial Statements of the Group and the separate Financial Statements of the Company for the year ended 31st March 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 31st August 2023.

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The Consolidated Financial Statements of the Group and the separate Financial Statements of the Company, which comprise the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement

of Changes in Equity and Cash Flow Statement, together with the notes, (the "Financial Statements") of the Company and Group as at 31st March 2023 and for the year then ended have been prepared in accordance with new Sri Lanka Accounting Standards (SLAS) prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS), promulgated by the Institute of Chartered Accountants of Sri Lanka and complies with the requirements of the Companies Act No 07 of 2007.

2.2. Basis of Measurement

The Consolidated Financial Statements have been prepared on the accrual basis, the historical cost basis and applied consistently which no adjustments being made for inflationary factors affecting the financial statements, except for the following material items in the statement of financial position.

- ◊ Equity Instruments at FVTOCI are measured at fair value;
- ◊ Land, building and machinery are measured at revalued amounts; and.
- ◊ Liability for employee benefits is recognized as the present value of the defined benefit obligation less the net total of fair value of the plan assets.

These Financial Statements have been prepared on the basis that the Company / Group would continue as a going concern for the foreseeable future.

2.3. Comparative Figures

Where necessary, comparative figures have been rearranged to conform with the current year's presentation.

2.4. Functional and Presentation Currency

All values presented in the Financial Statements are in Sri Lankan Rupees (Rs.) unless otherwise indicated. All financial information presented in Sri Lanka Rupees has been given to the nearest thousand, unless stated otherwise.

2.5. Use of Estimates and Judgments

The preparation of these Financial Statements in conformity with SLAS's 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.

Notes to the Financial Statements

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:

- ◊ Valuation of Land, Building and plant & Machinery (Note 11)
- ◊ ROU Assets and ROU Liability (Notes 12 and 23)
- ◊ Provision for Inventories (Note 15.1)
- ◊ Impairment of assets (Note 13)
- ◊ Current taxation (Note 9)
- ◊ Deferred taxation and utilisation of tax losses (Note 24)
- ◊ Measurement of Employee benefits (Note 25)
- ◊ Provisions and contingencies (Notes 15.1, 16.1 and 28)
- ◊ Financial Instrument (Note 14)
- ◊ Going concern assessment (Note 2.7 & 34)

2.6. Measurement of Fair Value

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

The Group/Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, the Group/Company assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRSs/LKASs, including the level in the fair value hierarchy in which such valuations should be classified.

Further, the external valuers are involved for valuation of significant assets, such as land, building and plant & Machinery. Selection criteria for external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with the external valuers, which valuation techniques and inputs to use for individual assets.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the 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. 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 the 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 input level that is significant to the entire measurement.

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

2.7. Going concern

These financial statements have been prepared on the basis that the Company and the Group would continue as a going concern for foreseeable future.

In light of ongoing economic crisis of the country and the liquidity issue in the short run due to the asset and liability mismatch, the Group has assessed its going concern and a detailed disclosure of its assessment are provided in the financial statements. In preparing the financial statements for the year ended 31st March 2023, the management has assessed the possible effects of the ongoing economic crisis of the country on the businesses of the Group to determine their ability to continue as a going concern. Based on currently available information, the management is satisfied that having taken into consideration factors that could impact the revenue, supply chain, cash flows, financial commitments and accessibility to funds, the Group would continue as a going concern.

Consequent to giving due consideration to the presentations by management, the Directors are satisfied that the Group have adequate resources to continue as a going concern for a foreseeable future. The Group has forecasted positive working capital based on its future strategic operational plans and cash flow positions based on the arrangements with the lenders for the next twelve months. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis

Notes to the Financial Statements

2.8. Changes in Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been no significant changes to the accounting policies.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. Basis of Consolidation

Business Combinations.

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities 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 Consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration 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, other contingent consideration is measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

If share based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination.

This determination is based on the market based value of the replacement awards compared with the market based value of the acquiree's awards and the extent to which the replacement awards relate to pre combination service.

Subsidiaries

Subsidiaries are those enterprises controlled by the Company. The Company controls an entity when it is exposed to or has right to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Financial Statements of subsidiary is included in the Consolidated Financial Statements from the date that control effectively commences until the date that control effectively ceases. Accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company.

The Company and its subsidiary in the Group have a common financial year, which ends on 31st March.

Loss of Control

Upon the loss of control, the Group derecognises 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. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or in accordance with the Group's Accounting Policy for financial instruments depending on the level of influence retained.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from the intra-group transactions are eliminated in preparing the Consolidated Financial Statements.

Accounting for investment in subsidiaries

When separated financial statements are prepared, investments in subsidiaries are accounted for using the cost method. Investments in subsidiaries are stated in the Company's Statement of Financial Position at cost less accumulated impairment losses, if any.

3.2. Foreign Currency Translation

Transactions in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Notes to the Financial Statements

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of fair value through other comprehensive income - equity instruments, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.3. Income Tax Expense

Income tax expenses comprise of current & deferred tax expenses recognised in the Income Statement.

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.

(a) Current Tax

The Group's liability to taxation has been computed in accordance with the provisions of the Inland Revenue Act No 24 of 2017 and amendments thereto.

(b) Deferred Tax

Deferred tax is provided on the balance sheet liability method for all temporary differences as at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts of assets and liabilities for financial reporting purposes. The balance in the deferred taxation account represents income tax applicable to the difference between the written down values for tax purpose of the assets on which tax depreciation has been claimed and the net book value of such asset, offset by the provision for employee benefit which is deductible for tax purpose only on payment.

Deferred tax assets, including those related to temporary tax effect of income tax losses and credits available to be carried forward are recognised only to the extent that it is probable that future taxable profit will be available against which the assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the

extent that it is no longer probable that the related tax benefit will be realized.

3.4. Events occurring after the Reporting date

The materiality of the events occurring after the reporting date have been considered and appropriate adjustments to or disclosure have been made in the financial statements where necessary.

Assets and Bases of Valuation

Assets classified as current assets on the Statement of Financial Position are cash and bank balances and those which are expected to be realised in cash during the normal operating cycle or within one year from the reporting date whichever is shorter. Assets other than the current assets are those, which the group intends to hold beyond a period of one year from the Balance Sheet date.

3.5. Property, Plant and Equipment

a. Cost and Valuation

An item of Property, Plant & Equipment that qualifies for recognition as an asset is initially measured at its cost.

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 labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling, removing and restoring the site on which they are located. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Cost Model

The Group applies the Cost Model to all Property, Plant & Equipment except for freehold land, buildings and machinery, and records at cost of purchase together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

Revaluation Model

The Group applies the Revaluation Model for the entire class of Freehold Land, Buildings and machinery for measurement after initial recognition. Such assets are carried at revalued amounts, being their fair value at the date of revaluation, less any subsequent accumulated depreciation on buildings and machinery, and any accumulated impairment losses charged subsequent to the date of valuation. A revaluation is carried out when there is substantial difference between the fair value and carrying amount of the property and is undertaken by professionally

Notes to the Financial Statements

qualified valuers. Group review its assets once in two years.

On revaluation of an asset, any increase in the carrying amount is recognised in Other Comprehensive Income and presented in Revaluation Reserve in equity or used to reverse a previous loss on revaluation of the same asset, which was charged to the Profit or Loss. In this circumstance, the increase is recognised as income only to the extent of the previous write down in value. Any decrease in the carrying amount is recognised as an expense in the Profit or Loss or charged in Other Comprehensive Income and presented in Revaluation Reserve in equity only to the extent of any credit balance existing in the Revaluation Reserve in respect of that asset. 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.

Items of property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or losses arising on derecognition of the asset is included in the Profit or Loss for the year the asset is derecognised.

b. Subsequent cost

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately including major inspection and overhaul costs, is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognised in the Profit or Loss as an expense as incurred.

c. Depreciation

Depreciation is charged to the Profit or Loss on a straight-line basis over the estimated useful lives of items of Property, Plant and Equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

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

Buildings	20/25 years or remaining lease period whichever is lower
Plant & Machinery	5 - 20 years
Furniture Fittings & Computers	5 - 10 years
Motor Vehicle	5- 10 years
Computers	10 years

Cylinders	Number of units produced
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Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date that the asset is derecognised.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

d. Impairment of Property, Plant and Equipment

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceed the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognised in the Profit or Loss unless it reverses a previous revaluation surplus for the same asset.

3.6. Leased Assets

a. Definition of Lease

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 uses the definition of a lease in SLFRS 16.

b. As a Lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non lease components and account for the lease and non-lease components as a single lease component.

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date

Notes to the Financial Statements

to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re measurements of the lease liability.

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

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

- ◊ fixed payments, including in-substance fixed payments.
- ◊ variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- ◊ amounts expected to be payable under a residual value guarantee; and
- ◊ the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early. The lease liability is measured at amortised cost using the effective interest method. It is re measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the

carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in right-of-use assets and lease creditor in the statement of financial position.

c. Short term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

d. As a Lessor

At inception or on modification 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.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SLFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SLFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income over the lease term as part of 'other revenue'. Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not

Notes to the Financial Statements

different from SLFRS16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

3.7. Inventories

Inventories are valued at lower of cost or net realizable value, after making due allowance for obsolete and slow-moving items. Net realisable value is the price at which inventories 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.

The cost of each category of inventories is determined as follow:

- ◊ Finished goods and work in progress as factory cost, which includes all direct cost and production overheads at normal level of activity.
- ◊ Raw material, packing material and machinery spares at weighted average cost basis.

The Net Realizable Value (NRV) of inventories is determined through comparison of cost with local and international re sale /replacement values, historic data and use of management assessments and judgment.

The following factors are considered by the management in determining NRV:

- ◊ Raw Material - Determination of the replacement cost of similar raw material;
- ◊ Work in Progress - The process losses and subsequent realisation.
- ◊ Finished Goods -The market patterns (based on actual events taken place), the cost of disposing efforts (selling cost etc). and subsequent prices.
- ◊ Machinery spare parts – The inventory movements, replacement cost and future use.

3.8 Non-derivative financial assets

Fair Value of Assets and Liabilities

Accounting Policy

Financial assets

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a

significant financing component) is initially measured at fair value plus transaction costs that are directly attributable to its acquisition.

Classification and measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial 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.

The Group financial assets classified and measured at amortised cost are limited to its non-current financial Assets - Investments in debt instruments, other receivables, short-term investments and cash and cash equivalent.

Business model assessment

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

- ◊ how the performance of the portfolio is evaluated and reported to the Company's management;
- ◊ the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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 as well as a profit margin. In assessing whether the contractual cash flows

Notes to the Financial Statements

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.

Equity Securities measured at FVOCI

The Group investment in equity securities are classified as fair value through other comprehensive income (FVOCI).

On initial recognition of an equity investment that is not held for trading the Group 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.

Financial asset amortised cost

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.

Group's/Company's financial assets classified and measured at amortised cost are limited to its trade and other receivables, deposits, amounts due from related parties and cash & cash equivalents.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it 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 into transactions whereby it transfers assets recognised in its statement 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.

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.

The Group has got trade and other payables, Amounts due to related parties, other financial liabilities and interest-bearing borrowings as financial liabilities at amortised cost.

Offsetting

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

3.9 Impairment of assets

3.9.1. Impairment of financial assets

The Group recognises loss allowances for ECLs on: financial assets measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECLs.

Loss allowances for trade receivables and contract assets 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 Operation 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 operation's historical experience and informed credit assessment and including forward-looking information.

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

- ◇ the borrower is unlikely to pay its credit obligations to the Operation in full, without recourse by the Operation to actions such as realising security (if any is held); or
- ◇ the financial asset is more than 360 days past due

Notes to the Financial Statements

for the residential segment.

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.

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 Operation expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the operation assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data,

- ◇ significant financial difficulty of the borrower or issuer.
- ◇ a breach of contract such as a default or being more than 360 days past due.
- ◇ it is probable that the contractual party will enter bankruptcy or other financial reorganisation; or

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off based on historical experience of recoveries of similar assets and based on the assessment carried out by the Group. The Group expects no significant recovery from the amount written off. However, financial assets that are

written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3.9.2. Impairment of Non-financial assets

The carrying amounts of the Group's non-financial assets 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.

The recoverable amount of an asset or cash-generating unit 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. For the purpose of impairment testing, assets that cannot be tested individually 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.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Liabilities and Provisions

Liabilities classified as Current Liabilities on the Statement of financial position are those obligations payable on demand or within one year from the statement of financial position. Items classified as non-current liabilities are those obligations, which expire beyond a period of one year from the Statement of financial position date.

All known liabilities have been accounted for in preparing the financial statements. Provision and liabilities are recognised when the Group has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

Notes to the Financial Statements

3.10 Employee benefits

3.10.1. Defined contribution plan - Employees' Provident Fund & Employees' Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group contributes 12% and 3% of gross emoluments of employees as Provident Fund and Trust Fund contribution respectively.

3.10.2. Defined Benefit Plans – Retirement Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

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

The retiring gratuity liability prior to 1st April 1993 was unfunded. The liability subsequent to that date has been funded by way of an insurance policy. As required by the Sri Lanka Accounting Standards 19 - Employee Benefits (LKAS 19), the Group uses a qualified actuary to assess the gratuity liability and the related contribution based on Projected Unit Credit method as recommended by LKAS 19.

The amount recognised as a defined benefit liability shall be the net total of the present value of the defined benefit obligation at the end of the reporting period, plus any actuarial gains not recognised minus any past service cost not yet recognised and the fair value at the end of the reporting period of plan asset.

When the above computation results in an asset, the recognized asset is limited to the net total of any cumulative unrecognised actuarial losses and past service costs and the present value of any economic benefits available in the form of any 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 the plan of 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 changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gain or losses on the settlement of a defined plan when the settlement occurs.

As required by the Sri Lanka Accounting Standards 19 - Employee Benefits (LKAS 19), the Subsidiary applies the actuarial valuation method to contribute for Retirement Gratuity based on Projected Unit Credit method as recommended by LKAS 19.

The liability is not externally funded.

Actuarial gains and losses

The re-measurements of the net defined benefit liability which comprise actuarial gains and losses are recognised in Other Comprehensive Income.

3.10.3. Short term benefits

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

3.11 Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

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

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

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

3.12 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Notes to the Financial Statements

3.13 Contingencies and Capital Commitments

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

3.14 Revenue

The Group revenue represents sales to customers outside the Group and sales within the Group which are intended for internal consumption.

The Group/Company recognises revenue from contracts with customers when control of the goods or services is transferred to the customer at an amount that reflects the consideration that the Group/Company is to be entitled in exchange for those goods or services. Determining the timing of the transfer of control of goods or services, at a point in time or over time, requires judgments taking into consideration the nature of goods or services that Group/Company offers.

The following specific criteria are used for the purpose of recognition of revenue.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the goods is transferred to the customer, usually on delivery of the goods. Sales are measured at the fair value of the consideration received or receivable excluding amounts collected on behalf of third parties (e.g. Sales taxes) and variable consideration (e.g. discounts and rebates).

Dividend income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Other Income

Other income is recognised on an accrual basis.

Net gains and losses of a revenue nature on the disposal of property, plant and equipment and other non-current assets including investments have been accounted for in the assets.

3.15 Expenditure recognition

Operating Expenses

All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the statement of comprehensive income in arriving at the profit or loss for the year.

Finance income and expense

Interest income and expenses are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts or payments through the expected life of the financial asset or liabilities (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liabilities. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Borrowing Cost

All borrowing costs are recognised as an expense in the period in which they are incurred except those that are directly attributable to the construction or development of property, plant and equipment which are capitalized as a part of the cost of that asset during the period of construction or development.

3.16 Segment reporting

An operating segment is a component of the Group/Company 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/Company'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.

The Company is a Public Limited Company in Sri Lanka. During the year ended 31st March 2023, the Group operated as a single business unit under one management team offering the flexible packaging materials to business customers.

There are no distinguishable components to be identified as segments for the Group/Company.

3.17 Related party disclosure

Disclosures has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies / decisions of the other, irrespective of whether a price is charged.

Notes to the Financial Statements

3.18 Earnings per share

The Group presents basic and diluted earnings 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, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

3.19 Cash flow statement

The Cash Flow Statement has been prepared using the Indirect Method of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard (LKAS) 7, Cash Flow Statements.

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents include cash in-hand and balances with banks.

We don't have short term deposits.

For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

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

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2022 and earlier application is permitted ; however, the group has not early adopted the new and amended standards in preparing these financial statements. The following new and amended standards are not expected to have a significant impact on the Group's financial statements.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12)
- Classification of Liability as Current or Non-current (Amendments to LKAS 1)
- Disclosure of Accounting Policies (Amendments to LKAS 1 and SLFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to LKAS 8)
- Lease Liability in a Sale and Leaseback (Amendments to SLFRS 16)

Notes to the Financial Statements

	Group		Company	
	2023 Rs'000	2022 Rs'000	2023 Rs'000	2022 Rs'000
For the year ended 31 st March				
5 Revenue				
Set out below is the disaggregation of the Group's/Company's revenue from contracts with customers:				
Geographical Market				
Local Sales	1,633,641	1,401,517	706,265	471,014
Inter Company Sales	(678,522)	(456,127)	349,086	305,805
	955,119	945,390	1,055,351	776,819
Export Sales	36,240	2,693	36,240	2,693
	991,359	948,083	1,091,591	779,512
Timing of Revenue Recognition				
Goods transferred at a point of time				
Goods transferred over time	991,359	948,083	1,091,591	779,512
Total Revenue with contracts of Customers	991,359	948,083	1,091,591	779,512
There is no separately identifiable segments for the above revenue streams.				
6 Other Income				
Machinery rent Income	-	-	18,000	18,017
Write back of unclaimed credits and credit balances of debtors	145	47	-	30
Scrap sales income net of loss on sale of fixed assets	10,169	12,203	6,300	8,045
	10,314	12,250	24,300	26,092
Other Expenditures				
Inventory Write Off	-	12,858	-	-
Net Other Income	10,314	(608)	24,300	26,092
7 Profit from Operations				
Profit / (Loss) from operating activities is stated after charging all expenses including the following,				
Directors' Emoluments	16,910	2,250	16,910	2,250
Audit fees and expenses - Audit & Audit Related Services	1,250	1,160	750	662
- Non Audit Services	224	378	132	227
Depreciation on Property, Plant and Equipment	62,836	64,291	33,032	39,913
Amortisation of Right of use Assets	1,862	1,861	-	-
Provision / (Reversal of Provision) for Trade Receivables	5,725	(322)	3,694	(536)
Impairment provision for amounts due from related parties	-	-	2,736	27,512
Debtors Written off	-	205	-	205
Provision for Slow Moving Inventories	3,550	6,187	4,615	2,232
Inventories written-off	-	12,858	-	-
Staff and related costs				
- Salaries, wages & other related cost	109,097	109,858	69,522	60,640
- Defined contribution plans - EPF & ETF	15,329	12,646	11,455	8,392
- Defined benefit obligation / plan asset cost	4,385	2,773	3,108	1,761
	128,811	125,277	84,085	70,793
8 Net Finance Expense				
Finance Income				
Interest Income	253	312	253	150
Gain on Translation of Foreign Currency	15,987	6,760	15,987	6,760
Total Finance Income	16,240	7,072	16,240	6,910
Finance Expense				
Bank Charges	(6,089)	(2,756)	(3,622)	(2,263)
Interest on Long Term Borrowings	(49,096)	(5,808)	(20,352)	(2,024)
Interest on Short Term Borrowings	(175,340)	(121,147)	(119,698)	(61,303)
Interest on Finance Lease	(1,766)	(2,220)	-	-
Loss on Translation of Foreign Currency	(5,246)	(14,184)	-	(457)
Total Finance Expense	(237,537)	(146,115)	(143,672)	(66,047)
Net Finance Expense	(221,297)	(139,043)	(127,432)	(59,137)
9 Income Tax Reversal / (Expense)				
Current Tax Expense				
Tax on non business income for the year (Note 9.1)	-	-	-	-
Write-off of irrecoverable economic service charge	-	(7,093)	-	(3,537)
	-	(7,093)	-	(3,537)
Deferred Tax Expense				
Origination of temporary differences (Note 24)	94,466	25,709	74,594	11,362
Total income Tax Expense / (reversal)	94,466	18,616	74,594	7,825

Notes to the Financial Statements

For the year ended 31 st March		Group		Company	
		2023 Rs'000	2022 Rs'000	2023 Rs'000	2022 Rs'000
9	Income Tax Reversal / (Expense) (cont.)				
9.1	Reconciliation of the Accounting profit and tax on current year				
	Loss before taxation	24,967	(279,588)	43,450	(146,950)
		24,967	(279,588)	43,450	(146,950)
	Non-business income	(253)	(312)	(253)	(150)
	Aggregate disallowable expenses	196,615	121,005	46,948	121,464
	Aggregate allowable expenses	(142,148)	(63,050)	(10,711)	(12,860)
	Profit / (Loss) from business	(79,434)	(221,945)	79,434	(38,496)
	Non-business income - Interest income	253	312	253	150
	Tax loss utilised	(79,687)	(312)	(79,687)	(150)
	Taxable income	-	-	-	-
	Income tax @ -30% & 18%	-	-	-	-
9.2	Recognition of deferred tax expenses in the other comprehensive income				
	Revaluation Surplus	-	25,263	-	11,021
	Actuarial Gain / (loss) on defined benefit obligations	418	447	699	341
	Reversal of deferred tax liabilities due to rate change	(94,884)	-	(75,293)	-
		(94,466)	25,710	(74,594)	11,362
9.3	Tax loss analysis				
	Tax loss brought forward	1,222,755	1,004,312	728,920	685,585
	Adjustment to brought forward loss	21,923	(3,190)	12,282	4,989
		1,244,678	1,001,122	741,202	690,574
	Tax loss for the year	-	221,945	-	38,496
	Tax loss utilised	(79,687)	(312)	(79,687)	(150)
	Tax loss carried forward	1,165,021	1,222,755	661,515	728,920

9.4 The Company/ Group is liable to income tax at 18% on taxable profit up to 30th September 2022 and 30% with effect from 1st October 2022 as per the provisions of Inland Revenue Act No 24 of 2017 and pursuant to the Inland Revenue (Amendment) Act, No. 45 of 2022 certified on 19th of December, 2022.

10 Basic Earning / (Loss) per Share

10.1 Basic Earning / (Loss) per Share

The basic Earning/(Loss) per ordinary share is calculated by dividing the Earning/ (loss) for the year attributable to ordinary shareholders by the number of ordinary shares, in issue.

	Group		Company	
	2023 Rs'000	2022 Rs'000	2023 Rs'000	2022 Rs'000
Earning (loss) after taxation attributable to Ordinary shareholders	119,433	(260,972)	118,044	(139,125)
Weighted Average Number of shares ('000)	80,503	49,114	80,503	49,114
Earning/(Loss) per share (Rs.)	1.48	(5.31)	1.47	(2.83)

10.2 Diluted Earning/(Loss) per Share

There was no potential dilution as at the year end. Therefore, diluted Earning/ (loss) per share is the same as basic Earning/ (loss) per share shown above.

Notes to the Financial Statements

For the year ended 31st March 2023

10.3 Weighted Average Number of shares

	2023 No. of Shares ('000)	2022 No. of Shares ('000)
Opening weighted average	49,114	41,162
Adjustment related to the restatement of	-	7,953
Adjustment related to the right issue	45,885	-
Closing weighted average	80,503	49,114

11 Property, Plant and Equipment

11.1 Group

Cost / Valuation	Land	Buildings	Plant & machinery	Furniture & fittings	Computer & accessories	Motor vehicles	Cylinders Stocks	As at 31.03.23	As at 31.03.22
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
FREE-HOLD									
Balance as at 01 st April	231,900	370,720	350,554	24,770	17,872	2,448	288,754	1,287,018	1,236,668
Additions during the year	-	2,970	1,631	161	2,603	-	2,514	9,879	33,580
Disposal during the year	-	-	-	-	-	-	-	-	140,353
Surplus on Revaluation	-	-	-	-	-	-	-	-	(123,583)
Accumulated Depreciation Transferred	-	(11,729)	(111,854)	-	-	-	-	(123,583)	(24,001)
Balance as at 31st March	231,900	373,690	352,185	24,931	20,475	2,448	291,268	1,296,897	1,287,018
Depreciation / Impairment									
FREE-HOLD									
Balance as at 01 st April	-	-	-	21,222	14,037	2,353	246,898	284,510	343,802
Charge for the year	-	13,377	32,009	683	936	95	15,736	62,836	64,291
Accumulated Depreciation Transferred	-	-	-	-	-	-	-	-	(123,583)
Balance as at 31st March	-	13,377	32,010	21,905	14,973	2,448	262,634	347,346	284,510
Carrying as at									
31 st March 2023	231,900	360,313	320,175	3,026	5,502	-	28,634	949,551	
31 st March 2022	231,900	370,720	350,554	3,548	3,835	95	41,856		1,002,508

Notes to the Financial Statements

For the year ended 31st March 2023

11 Property, Plant and Equipment

11.2 Company

Cost / Valuation	Land	Buildings	Plant & machinery	Furniture & fittings	Computer & accessories	Motor vehicles	Cylinders Stocks	As at 31.03.23	As at 31.03.22
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance as at 01 st April	231,900	237,927	194,676	17,848	15,953	2,448	100,090	800,842	814,923
Additions during the year	-	2,970	1,631	161	2,603	-	1,657	9,022	11,458
Revaluation Surplus	-	-	-	-	-	-	-	-	61,229
Accumulated Depreciation Transferred	-	-	-	-	-	-	-	-	(86,768)
Balance as at 31st March	231,900	240,897	196,307	18,009	18,556	2,448	101,747	809,864	800,842
Depreciation / Impairment									
Balance as at 01 st April	-	-	-	14,825	13,550	2,353	97,592	128,320	175,175
Charge for the year	-	9,631	19,505	386	903	95	2,512	33,032	39,913
Accumulated Depreciation Transferred	-	-	-	-	-	-	-	-	(86,768)
Balance as at 31st March	-	9,631	19,505	15,211	14,453	2,448	100,104	161,352	128,320
Carrying value as at									
31 st March 2022	231,900	231,266	176,802	2,798	4,103	-	1,643	648,512	
31 st March 2021	231,900	237,927	194,676	3,023	2,403	95	2,498		672,522

11.3 Revaluation of Property Plant & Equipment

The Land & Building and Plant & Machineries were revalued as at 31st March 2022, by Messrs P.P.T. Mohideen - F.I.V (Sri Lanka) / F.R.I.C.S (UK) an Independent Incorporated valuer. The surplus on revaluation relating to Land & Building and Plants & Machineries were incorporated in the Financial Statements in 31st March 2022. Such Assets were valued on an open market value for existing use basis, the surplus arising from the revaluation was transferred to the revaluation reserve.

The following properties are revalued and recorded under freehold land, Building and Property Plant and Equipments. Fair Value measurement disclosure and its fair value hierarchy is disclosed in note 33.

1. Land
2. Building
3. Machinery

Valuation technique

Market Comparable Method

This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for any differences in the nature, size, location or condition of the specific property.

Notes to the Financial Statements

For the year ended 31st March 2023

11.4 Group - Properties

	Estimates for Unobservable Inputs (Level 03)	Extent	Date of Valuation	Carrying value Before Revaluation	Revalued Amount	Revaluation Surplus / (Loss)
				Rs'000	Rs'000	Rs'000
Land - Company	Rs. 500,000 per perch	463.8 perches	31 st March 2022	208,710	231,900	23,190
Building - Company	Ranging from Rs. 3,500 to Rs. 5,500 per square feet	71,527 sq ft ²	31 st March 2022	202,594	237,927	35,333
Building - Subsidiary	Ranging from Rs. 3,500 to Rs. 6,500 per square feet	30,196 sq ft ²	31 st March 2022	99,437	132,793	33,356
Plant & Machinery - Company	Depreciated Replacement cost Unobservable inputs - Fair value of a new machine - Depreciated percentage		31 st March 2022	191,970	194,676	2,706
Plant & Machinery - Subsidiary	Depreciated Replacement cost Unobservable inputs - Fair value of a new machine - Depreciated percentage		31 st March 2022	110,110	155,878	45,768

Sensitivity of fair value measurement to inputs

Estimated fair value of land would increase/ (decrease) if the price per perch would increase/ (decrease).

Estimated fair value of building would increase/ (decrease) if the current market price would increase/ (decrease).

Estimated fair value of plant and machinery would increase/ (decrease) if the current market price would increase/ (decrease).

Estimates have been provided on average basis for total properties.

The group has 12 buildings as at 31st March 2023

11.5 The Carrying amount of revalued assets that would have been included in the Financial Statements had the assets been carried at cost less depreciation is as follow.

	Group				Company			
	2023		2022		2023		2022	
	Cost	Cumulative net carrying amount	Cost	Cumulative net carrying amount	Cost	Cumulative net carrying amount	Cost	Cumulative net carrying amount
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Land	13,944	13,944	13,944	13,944	13,944	13,944	13,944	13,944
Building	251,504	157,130	249,833	160,604	141,938	80,657	138,968	84,131
Plant & Machinery	520,754	60,779	519,123	86,992	262,135	21,714	260,504	47,927
	786,202	231,852	782,900	261,540	418,017	116,314	413,416	146,002

11.6 Fully Depreciated Assets

	Group		Company	
	2023 Rs'000	2022 Rs'000	2023 Rs'000	2022 Rs'000
Building	-	3,249	-	-
Plant & Machineries	-	16,244	-	8,895
Furniture and fittings	18,513	17,963	14,296	14,079
Motor vehicles	1,694	1,159	1,694	1,159
Computer & Accessories	13,337	12,951	11,717	11,419
	33,544	32,073	27,707	26,657

Notes to the Financial Statements

For the year ended 31st March 2023

11. Property, Plant and Equipment (Cont.)

11.7 Buildings of Acme Packaging Solutions (Private) Limited are constructed on land which is on a 50 years lease period obtained from the Government of Sri Lanka.

11.8 PPE pledged as security

PPE have been pledged as securities as at the reporting date were mentioned below.

	Name of the Bank	Security
Property - Company		
Factory premises at No. 318, Gonamadittha Road, Piliyandala.	Hatton National Bank	Primary floating mortgage bond.
Property - Subsidiary		
Katugampola Industrial Estate , Makandura, Gonawila	Sampath Bank	Primary floating mortgage bond.
Plant and Equipment- Subsidiary		
Katugampola Industrial Estate , Makandura, Gonawila	Sampath Bank	Primary floating mortgage bond.

11.9 Title restriction on PPE

There are no restrictions that existed on the title of the PPE of the Company as at the reporting date.

11.10 Assessment of impairment

The Board of Directors has assessed the potential impairment loss of PPE as at 31st March 2023. Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the reporting date in respect to PPE.

12. Right of Use Assets

Group	Land Rs'000	Motor Vehicles Rs'000	Plant & machinery Rs'000	As at 31.03.23 Rs'000	As at 31.03.22 Rs'000
Cost					
Balance as at 01 st April 2022	2,379	5,267	15,945	23,591	23,591
Additions during the year	-	-	-	-	-
Balance as at 31 st March 2023	2,379	5,267	15,945	23,591	23,591
Accumulated Amortization					
Balance as at 01 st April 2022	178	1,930	1,698	3,806	1,945
Amortization during the year	60	526	1,276	1,862	1,861
Balance as at 31 st March 2023	238	2,456	2,974	5,668	3,806
Carrying value as at 31st March 2023	2,141	2,811	12,971	17,923	
Carrying value as at 31 st March 2022	2,201	3,337	14,247		19,785

13. Investment in Subsidiary

Acme Packaging Solutions (Pvt) Ltd.	% of holding	No. of shares		Company	
		31.03.23	31.03.22	31.03.23 Rs.'000	31.03.22 Rs.'000
Investment in ordinary shares	100%	6,757,874	6,757,874	94,610	94,610
Deemed Investment		-	-	12,800	12,800
Less - Impairment Provision		-	-	(107,410)	(107,410)
		6,757,874	6,757,874	-	-

Notes to the Financial Statements

For the year ended 31st March 2023

13.1 Assessment of impairment for investment in ACME Packaging Solutions (Private) Limited.

The parent company has carried out an impairment test over its investment of the subsidiary due to the recent losses and negative net assets value and accordingly investment is fully impaired during the year.

14 Financial Investments - FVTOCI

Classification of Financial Instrument	Group		Company	
	31.03.23 Rs.'000	31.03.22 Rs.'000	31.03.23 Rs.'000	31.03.22 Rs.'000
Fair Value through OCI				
Unquoted				
Ingrin Institute of Printing & Graphics	25	25	25	25
	25	25	25	25

- 14.1 The Group designated the investment shown above as equity securities at FVOCI because these equity securities represents investment that the Group intends to hold for the long term strategic purpose. No strategic investments were disposed during the year and there were no transfers of any cumulative gain or loss within equity relating to these investments. Unquoted investments amounting to Rs. 25,000/- is carried at Cost by approximating to fair value as most recent available information is not sufficient to determine fair value.

	Group		Company	
	31.03.23 Rs.'000	31.03.22 Rs.'000	31.03.23 Rs.'000	31.03.22 Rs.'000
as at 31 st March				
15 Inventories				
Raw materials	279,776	111,694	226,082	78,339
Work-in-progress	22,203	29,410	15,721	18,683
Machinery spares	59,294	49,051	44,802	33,681
Finished goods	9,923	10,783	7,848	6,478
Goods in transit	19,964	8,717	13,383	1,763
	391,160	209,655	307,836	138,944
Provision for slow moving Inventories (15.1)	(27,298)	(23,748)	(20,059)	(15,444)
	363,862	185,907	287,777	123,500
15.1 Provision for slow moving Inventories				
Balance as at the beginning of the year	23,748	19,738	15,444	14,210
Inventory Written-off during the year	-	(2,177)	-	(998)
Provision for the year	3,550	6,187	4,615	2,232
Balance as at the end of the year	27,298	23,748	20,059	15,444
15.2 Inventory Provision - Category-wise				
Work In Progress	4,115	8,426	2,977	2,977
Raw Materials	9,559	5,295	5,123	3,942
Other Materials	4,745	4,745	4,745	4,745
Finished Goods	7,878	4,281	6,213	2,779
Goods in Transit	1,001	1,001	1,001	1,001
	27,298	23,748	20,059	15,444

Notes to the Financial Statements

For the year ended 31st March 2023

	As at 31 st March	Group		Company	
		2023	2022	2023	2022
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
16	Trade and Other Receivable				
	Trade receivables	312,654	61,288	234,248	42,902
	Provision for impairment of trade receivables (Note 16.1)	(16,134)	(10,409)	(11,350)	(7,656)
		296,520	50,879	222,898	35,246
	Value Added Tax recoverable	10,181	5,808	7,181	5,215
	Provision for Value Added Tax recoverable	(3,314)	(3,314)	(3,314)	(3,314)
		6,867	2,494	3,867	1,901
	Nation Building Tax recoverable	811	1,577	590	590
	Deposits and prepayments	40,964	28,961	29,397	21,328
	Economic Service Charge recoverable	17,493	17,489	16,730	16,728
	Withholding Tax recoverable	362,655	101,400	273,482	75,793
		101,400	329,023	75,793	151,370
16.1	Provision for Impairment of Trade Receivables				
	Balance at the beginning of the year	10,409	10,936	7,656	8,397
	Written-off against the Debtors	-	(205)	-	(205)
	Provision for impairment of trade receivables	5,725	(322)	3,694	(536)
	Balance as at the end of the year	16,134	10,409	11,350	7,656
17	Amount Due from Related Parties				
17.1	Non Current Assets				
	Acme Packaging Solutions (Pvt) Ltd.	-	-	277,954	225,398
	Impairment Provision (Note 17.1.1)	-	-	(29,888)	(27,512)
		-	-	248,066	197,886
17.1.1	The balance due from Acme Packaging Solutions (Private) Limited amounting to 278mn to be converted to equity investment during November 2023.				
17.2	Current Assets				
	Acme Packaging Solutions (Pvt) Ltd.	341	-	341	-
		341	-	341	-
	As at 31 st March	Group		Company	
		2023	2022	2023	2022
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
18	Cash and Cash Equivalents				
	Cash in hand	4,815	486	279	170
	Cash at bank	29,181	35,565	19,408	31,848
	Cash and Cash Equivalents	33,996	36,051	19,687	32,018
	Bank overdraft	(48,733)	(65,406)	(26,930)	(31,047)
	Cash and Cash equivalents in the Statement of Cash Flows	(14,738)	(29,355)	(7,243)	971
19	Stated Capital	No. of Shares		Company / Group	
		2023	2022	2023	2022
		'000	'000	Rs.'000	Rs.'000
	Issued and fully paid - ordinary shares				
	At the beginning of the year	41,162	41,162	592,813	592,813
	Rights Issues (Note 19.1)	53,838	-	242,272	-
	At the end of the year	95,000	41,162	835,085	592,813

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company / Group.

19.1 A total of shares 53,838,087 were issued for a consideration of Rs. 242.27 Mn under the rights issue. The Company completed its rights issue process on 25th July 2022.

Notes to the Financial Statements

For the year ended 31st March 2023

	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
as at 31 st March				
20 Revaluation Reserve				
Balance at the beginning of the year	645,705	530,616	509,730	459,521
Revaluation Surplus on Land	-	19,016	-	19,016
Revaluation Surplus on Building	-	56,325	-	28,973
Revaluation Surplus on Plant & Machinery	-	39,748	-	2,219
Tax gain routed through OCI due to decrease in tax rate	(94,884)	-	(75,293)	-
Balance at the end of the year	550,821	645,705	434,437	509,730

Revaluation reserve relates to the resultant surplus on revaluation of land & buildings and plant & machineries of the Company / Group.

	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
as at 31 st March				
21 Accumulated Losses				
Balance at the beginning of the year	(1,104,222)	(845,281)	(752,967)	(615,396)
Loss for the year	119,433	(260,972)	118,044	(139,125)
Actuarial Gain / (Loss) on Defined Benefit Plans-Net of Taxes	(974)	2,031	(1,631)	1,554
Balance at the end of the year	(985,763)	(1,104,222)	(636,554)	(752,967)

	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
as at 31 st March				
22 Interest Bearing Borrowings				
Short term bank loan (Note 22.4)	387,422	754,867	279,739	483,490
Short term related party loans - Lankem Ceylon PLC	98,000	-	98,000	-
Short term related party loans - E.B Creasy PLC	134,088	150,000	134,088	150,000
Term loan (Note 22.2)	391,314	50,548	180,287	7,298
Interest payable	107,971	11,230	59,639	5,946
	1,118,795	966,645	751,753	646,734
22.1 Non-current liabilities				
Term loan payable after one year (Note 22.2)	301,178	25,540	133,881	3,290
Current liabilities				
Short term bank loan (Note 22.4)	387,422	754,867	279,739	483,490
Short term related party loans - Lankem Ceylon PLC	98,000	-	98,000	-
Short term related party loans - E.B Creasy PLC	134,088	150,000	134,088	150,000
Term loan payable within one year (Note 22.2)	90,136	25,008	46,406	4,008
Interest payable	96,825	11,230	48,493	5,946
Interest payable - Related Party Loans	11,146	-	11,146	-
	817,617	941,105	617,872	643,444
Total	1,118,795	966,645	751,753	646,734
22.2 Term loans				
Balance at the beginning of the year	50,548	107,374	7,298	40,208
Loans received during the year	344,773	-	176,997	-
	395,321	107,374	184,295	40,208
Repayment during the year	(4,008)	(56,826)	(4,008)	(32,910)
Balance at the end of the year	391,314	50,548	180,287	7,298
Due within one year	90,136	25,008	46,406	4,008
Due after one year	301,178	25,540	133,881	3,290
	391,314	50,548	180,287	7,298
22.3 Analysis of Term Loans				
By Year of Repayment				
Repayable within a year	90,136	25,008	46,406	4,008
Repayable between 1 and 2 years from year end	103,001	21,290	43,408	3,290
Repayable between 2 and 5 years from year end	198,177	4,250	90,473	-
	391,314	50,548	180,287	7,298

Notes to the Financial Statements

For the year ended 31st March 2022

22 Interest Bearing Borrowings (Cont.)

22.3 Analysis of Term Loans (Cont.)

COMPANY	RATE OF INTEREST (P.A)	31.03.23 RS'000	31.03.22 Rs'000	REPAYMENT	SECURITY
ACME Printing and Packaging PLC	SEYLAN 20MN (AWPLR+2.5)%	3,290	7,298	Repayable in 60 equal monthly installments commencing from December 2019	Facility Agreement Monthly transfer of Rs. 0.15MN to Savings Account.
	NDB 62.1MN (AWPLR+2.0)%	62,100	-	Repayable in 54 equal monthly installments commencing from May 2023	Primary Mortgage Bond over stocks & book debt of the borrowers and Monthly transfer of 0.10 Mn to Savings Account.
	NDB 50MN (AWPLR+2.0)%	50,000	-	Repayable in 53 equal monthly installments commencing from May 2023	Primary Mortgage Bond over stocks & book debt of the borrowers and Monthly transfer of 0.10 Mn to Savings Account.
	NDB 50MN (AWPLR+2.0)%	28,000	-	Repayable in 17 equal monthly installments commencing from May 2023	Primary Mortgage Bond over stocks & book debt of the borrowers and Monthly transfer of 0.10 Mn to Savings Account.
	SOFTLOGIC FINANCE PLC (AWPLR+2.0)%	36,897	-	Repayable in 60 monthly installments commencing from May 2023	N/A
		180,287	7,298		
Acme Packaging Solutions (Pvt) Ltd.	Sampath Bank - 75 Mn (AWPLR+2.5)%	36,250	36,250	Repayable in equal monthly installments commencing from December 2018	Mortgage of Rs. 90 Mn over Machinery owned by Acme Packaging Solutions (Pvt Ltd
	Sampath Bank - 15 Mn (AWPLR+2.5)%	7,000	7,000	Repayable in equal monthly installments commencing from December 2018	Mortgage of Rs. 90 Mn over Machinery owned by Acme Packaging Solutions (Pvt) Ltd
	NDB 32.7MN (AWPLR+2.0)%	32,700	-	Repayable in 53 equal monthly installments commencing from May 2023	Primary Mortgage Bond over stocks & book debt of the borrowers and Monthly transfer of 0.10 Mn to Savings Account.
	NDB 14.3MN (AWPLR+2.0)%	14,300	-	Repayable in 17 equal monthly installments commencing from May 2023	Primary Mortgage Bond over stocks & book debt of the borrowers and Monthly transfer of 0.10 Mn to Savings Account.
	SOFTLOGIC FINANCE PLC (AWPLR+2.0)%	120,777	-	Repayable in 60 monthly installments commencing from May 2023	N/A
		211,027	43,250		
GROUP		391,314	50,548		

22.4 Short term bank loans are repayable within a period of six months. Lands and Buildings, inventories and trade debtors have been pledged against the short term borrowings. Interest rate for the short term borrowings varies between 12%-24% Following interest rates are applied on the outstanding balance by the Group.

Short term related party loans - Lankem Ceylon PLC

AWPLR+2%

Short term related party loans - E.B Creasy & Co PLC

AWPLR+2%

Notes to the Financial Statements

For the year ended 31st March 2023

23	Lease Creditors	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
	Balance at the beginning of the year	13,700	17,206	-	-
	Lease Interest for the Year	1,766	2,220	-	-
	Lease rentals paid during the year	(3,931)	(5,726)	-	-
	Balance at the end of the year	11,535	13,700	-	-
	Due within one year	3,420	3,318	-	-
	Due after one year	8,115	10,382	-	-
		11,535	13,700	-	-

23.1	Analysis of Finance Lease Liabilities by period of Re-payment As at 31 st March 2023	Group 2023			Group 2022		
		Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	Repayable - within one year	4,661	1,242	3,420	5,564	2,246	3,318
	Repayable - 1 to 5 year	10,210	2,094	8,115	14,861	4,479	10,382
		14,871	3,336	11,535	20,425	6,725	13,700

23.2 Details of the lease obtained / Recognised during the year

During the year 2020/21, ACME Packaging Solutions (Pvt) Ltd. has has recognised a ROU asset as per SLFRS 16. The details pertaining to the lease facility depicted in the below table.

Assets Class	Leased Capital Rs.'000	Rental Rs.'000	No. of Instalments	Total Cash Outflows Rs.'000	Interest Component Rs.'000	Effective Interest Rate	Start Date	End Date
ROU - Land	2,082	324 P.A	38	12,268	10,230	15.5%	4/1/2019	5/1/2022
ROU - Machine	70,598	1500 P.M.	60	90,000	19402	10%	4/1/2019	3/31/2024
ROU - Slitter Machine	12,200	298 P.M.	60	17,582	5,382	15.5%	7/27/2020	7/5/2025

Lease liability with respect to the ROU Machine has been eliminated in preparing consolidated financial statements.

23.3	Amounts recognised in Statement of Profit & Loss and other Comprehensive Income	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
	ROU Asset Depreciation	1,862	1,862	-	-
	Interest Expense	1,766	2,220	-	-
	Amounts recognition in Statement of Cash flows Rent Paid	(3,931)	(5,726)	-	-

24	Deferred Tax Liability	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
	Deferred tax asset (Note 24.1)	266,436	161,967	188,276	115,068
	Deferred tax liability (Note 24.2)	(266,436)	(161,967)	(188,276)	(115,068)
		-	-	-	-

Notes to the Financial Statements

24 Deferred Tax Liability (Cont.)

The Company and the Group applied the revised income tax rate of 30% in line with the Inland Revenue Amendment Act No. 45 of 2022 to calculate the deferred tax assets/liabilities as at 31 March 2023.

24.1 Deferred Tax Asset					
Balance at the beginning of the year		161,967	147,940	115,068	110,077
Amount reversing during the year to Income statement		(2,843)	14,523	(2,838)	5,382
Amount originating during the year to Income statement due to tax rate change		108,011	-	76,745	-
Amount originating during the year to Other Comprehensive Income		(699)	(496)	(699)	(392)
Balance at the end of the year		266,436	161,967	188,276	115,068

		Group		Company	
		2023	2022	2023	2022
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
24.2 Deferred Tax Liability					
Balance at the beginning of the year		161,967	147,940	115,068	110,077
Amount reversing during the year to Income statement		(3,526)	(11,186)	(3,521)	(6,081)
Amount reversing during the year to Income statement due to tax rate change		13,528	-	2,135	-
Amount originating during the year to Other Comprehensive Income		-	(50)	-	50
Amount reversing during the year to Other Comprehensive Income due to tax rate change		94,467	25,263	74,594	11,021
Balance at the end of the year		266,436	161,967	188,276	115,068

Deferred tax assets and liabilities are attributable to the following:

	Group				Company			
	2023		2022		2023		2022	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Deferred Tax Liabilities								
Property, Plant & Equipment	100,894	30,268	759,745	136,754	5,962	1,789	578,310	104,096
Revaluation Reserve	787,224	236,167	140,353	25,263	621,620	186,486	61,229	11,021
Employee Benefits - Actuarial Loss	-	-	(280)	(50)	-	-	(280)	(50)
	888,118	266,435	899,818	161,967	627,582	188,276	639,259	115,068
Deferred Tax Assets								
Employee Benefits	28,507	8,552	22,932	4,128	23,775	7,133	18,264	3,287
Employee Benefits - Actuarial Gain	(2,330)	(699)	-	-	(2,330)	(699)	(2,175)	(392)
Debtors Provision	15,789	4,737	-	-	11,350	3,405	-	-
Inventories Provision	27,297	8,189	-	-	20,059	6,018	-	-
Related party Receivables	-	-	-	-	44,572	13,372	-	-
Lease Liability	3,446	1,034	-	-	-	-	-	-
Tax loss carried forward	815,410	244,623	876,886	157,839	530,157	159,048	620,996	111,780
	888,119	266,436	899,818	161,967	627,583	188,276	639,260	115,068

As at 31st March 2022, temporary difference arised from property plant & equipment includes a revaluation reserve of Rs 646 Mn & Rs 560 Mn for the Group and the Company respectively.

Notes to the Financial Statements

For the year ended 31st March 2023

	Group				Company			
	Profit or Loss		Other Comprehensive Income		Profit or Loss		Other Comprehensive Income	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Deferred Tax Liabilities								
Employee Benefits (Reversal) / Originating of deferred tax assets due to rate change	6,549	(1,710)	418	219	5,970	3,679	699	(392)
Debtors Provision	-	43,360	-	5,722	-	-	-	-
Inventories Provision	4,736	-	-	-	3,405	-	-	-
Related party Receivables	8,190	-	-	-	6,018	-	-	-
Tax loss carried forward	13,372	-	-	-	13,372	-	-	-
Lease Liability	73,738	(77,907)	-	-	47,267	111,779	-	-
Tax loss carried forward	706	-	-	-	-	-	-	-
	107,290	(36,257)	418	5,941	76,031	115,458	699	(392)
	(94,466)	8,848	94,466	(46,215)	(74,594)	(11,362)	74,594	11,363

The tax losses of the Group as at the reporting date was Rs.1,165Mn (Company - Rs. 661 Mn) resulting in a deferred tax asset of Rs.350Mn (Company - Rs. 198 Mn) as at the reporting date. However, deferred tax asset has been recognised only up to the deferred tax liability from temporarily defences. Balance tax losses not been considered in arriving at the deferred tax assets due to the uncertainty regarding the availability of future taxable profits against which the deferred tax asset would be utilized. Accordingly, the unrecognised deferred tax asset at reporting date was Rs. 105 Mn, (Company 39 Mn).

25 Employee benefits

25.1 Defined Contribution Plans

Following contributions have been made to Employees' Provident Fund and Employees' Trust Fund during the year.

	Group		Company	
	31.03.23 Rs.'000	31.03.22 Rs.'000	31.03.23 Rs.'000	31.03.22 Rs.'000
Employees' Provident Fund				
Employers' contribution	12,264	10,110	9,164	6,714
Employees' contribution	9,108	7,370	7,042	5,106
Employees' Trust Fund	3,066	2,527	2,291	1,678
25.2 Net Defined Benefits Obligations / Plan Assets				
Defined benefits plan assets (Note 25.2.a.i)	10,652	10,107	10,652	10,107
Defined benefits obligations (Note 25.2.a.ii)	(26,175)	(22,932)	(21,443)	(18,264)
	(15,523)	(12,825)	(10,791)	(8,157)
25.2.a.i Defined Benefits plan assets				
- In respect of services rendered before 1992/93 fund with NDB Wealth Management Fund	9,077	8,675	9,077	8,675
- In respect of services rendered after 1992/93 fund with AIA Insurance Lanka PLC	1,575	1,432	1,575	1,432
	10,652	10,107	10,652	10,107
25.2.a.ii Defined benefits obligations				
In respect of services rendered before 1992/93				
- Unfunded obligations	2,789	2,789	2,789	2,789
In respect of services rendered after 1992/93				
- Present value of funded obligations	18,654	15,475	18,654	15,475
- Present value of Unfunded obligation	4,732	4,668	-	-

Notes to the Financial Statements

For the year ended 31st March 2023

		26,175	22,932	21,443	18,264
25.3	Retiring gratuity is a defined benefit plan covering employees of the Company. Prior to 1 st April 1993 the Company's liability amounting to Rs.2.8 Mn was un-funded and was provided for in the books of the Company. Subsequent to 1 st April 1993, the externally funded policy purchased from, AIA Insurance Lanka PLC, covers 92 (2020 - 75) staff members attached to the Company.				
25.4	An actuarial valuation was carried out by Mr. Poopalanathan (AIA) of Actuarial & Management Consultants (Pvt) Limited as at 31 st March 2021. The valuation method used by the Actuary is the "Projected Unit Credit Method", the method recommended by Sri Lanka Accounting Standard 19 "Employee Benefits" (LKAS 19). Results of the actuarial valuation indicate the following, which have been accounted for:				
		Group		Company	
		31.03.23	31.03.22	31.03.23	31.03.21
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
	Fair value of assets	10,652	10,107	10,652	10,107
	Present value of funded obligations	(26,175)	(22,932)	(21,443)	(18,264)
	Present value of net obligations	(15,523)	(12,825)	(10,791)	(8,157)
25.5	Movement in the fair value of assets				
	Fair value of assets at the beginning of the year	10,107	9,551	10,107	9,551
	Expected return on assets	1,314	836	1,314	836
	Actuarial Gain / (Loss) on assets	(769)	(280)	(769)	(280)
	Fair value of assets at the end of the year	10,652	10,107	10,652	10,107
	As at 31 st March	2023	2022	2023	2022
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
25.6	Movement in the present value of defined benefit obligations				
	Defined Benefit Obligations as at beginning of the year	22,932	28,310	18,264	23,049
	Current service cost	3,325	1,887	2,048	1,325
	Past service cost	-	(756)	-	(745)
	Interest cost	2,374	2,478	2,374	2,017
	Actuarial (Gain)/Loss	623	(2,757)	1,561	(2,175)
	Benefits paid	(3,079)	(6,230)	(2,804)	(5,207)
	Total obligation at the end of the year	26,175	22,932	21,443	18,264
25.7	Provision recognised in the Statement of Profit or Loss				
	Current service cost	(3,325)	(1,887)	(2,048)	(1,325)
	Past service cost	-	756	-	745
	Interest cost	(2,374)	(2,478)	(2,374)	(2,017)
	Expected return on assets	1,314	836	1,314	836
		(4,385)	(2,773)	(3,108)	(1,761)
25.8	Provision recognised in the Statement of Other Comprehensive Income				
	Actuarial Gain / (Loss) during the year - Plan Assets	(769)	(280)	(769)	(280)
	Actuarial Gain / (Loss) during the year - Plan Liability	(623)	2,757	(1,561)	2,175
		(1,392)	2,477	(2,330)	1,895
25.9	Actuarial assumptions	Group		Company	
	Principal actuarial assumptions at the reporting date,	31.03.23	31.03.22	31.03.23	31.03.23
	Discount rate as at 31 st March	18.00%	13.0%	18.00%	13.0%
	Expected return on Fund assets as at 1 st April	10.00%	10.5%	10.00%	10.5%
	Future salary increases	7.50%	8.0%	7.50%	8.0%
	Staff turnover	14.00%	20.0%	14.00%	20.0%

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25.10 Sensitivity analysis

If there is a change in the assumption by 1%, the following would be the impact on Employee Benefits. Effect on Defined Benefit Obligation Liability as at 31st March 2023.

	Group				Company			
	Discount rate	Effect Rs'000	Salary increment rate	Effect Rs'000	Discount rate	Effect Rs'000	Salary increment rate	Effect Rs'000
Increase by 1%	19.00%	(928)	8.5%	654	19.00%	(748)	8.5%	834
Decrease by 1%	17.00%	626	6.5%	(965)	17.00%	806	6.5%	(785)

As per the guidelines issued by the Institute of Chartered Accountants of Sri Lanka, the discount rates have been adjusted to convert the coupon bearing yield to a zero coupon yield to match the characteristics of the gratuity payment liability and the resulting yield to maturity for the purpose of valuing Employee benefit obligations as per LKAS 19. Salary increment rate and staff turnover rate determined based on the managements best estimate.

Weighted average duration of the retirement benefit obligation is 5.3 years for the company and is 6 years for the subsidiary.

	Group		Company	
	31.03.23 Rs.'000	31.03.22 Rs.'000	31.03.23 Rs.'000	31.03.22 Rs.'000
As at 31 st March				
26 Trade and other payables				
Trade payables	70,697	113,644	19,356	38,836
Value Added Tax Payable	27,249	27,139	14,689	18,309
S.S.C.L. Payable	8,966	-	6,206	-
Other payables	16,393	8,871	4,879	5,937
Other payables	123,305	149,654	45,130	63,082
27 Related party payables				
Lankem Ceylon PLC	10,319	3,150	10,319	3,150
	10,319	3,150	10,319	3,150

28 Contingent Liabilities

- As reported last year, the blue collar workers represented by the CIWU rejected the offers made by the management regarding wage structures and increments. The Union Instituted an action against the Company on behalf of their members, but there has been no resolution. The Company has the fullest confidence of success.
- The Company has received a tax in default notice relating to VAT payable on 1st March 2013. The Company is in the process of discussing with the Department of Inland Revenue on this notice. However, based on the internal assessment, the Company is not expecting any additional payment relating to VAT resulting due to this notice. Accordingly, no provision is made in the Financial Statements.
- The Company has received a tax in default notice relating to ESC payable on 9th March 2015. The Company is in the process of discussing with the Department of Inland Revenue on this notice. However, based on the internal assessment, the Company is not expecting any additional payment relating to ESC resulting due to this notice. Accordingly, no provision is made in the Financial Statements.
- The Group did not have any material litigations and claims which required adjustment or disclosure in the Financial Statements as at the reporting date.

The Group did not have any other contingent liabilities as at the reporting date other than those disclosed above.

29 Related Party Transactions

The ultimate parent Company is Lankem Ceylon PLC.

29.1 Key management personnel (KMP)

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

Notes to the Financial Statements

For the year ended 31st March 2023

The Company has identified the Board of Directors (including Executive and Non-Executive Directors) as KMP of the Company.

As the Company is the ultimate parent of the Subsidiary, ACME Packaging Solutions (Pvt) Ltd, the Board of Directors of the Company has the authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly. Accordingly the Board of Directors of the Company (Including Executive and Non-Executive) are KMPs of the Group.

Compensation of Directors	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Short term benefits	16,910	2,250	16,910	2,250
Post employment benefits	Nil	Nil	Nil	Nil

No other payments such as post employment benefits, termination benefits or share based payments have been paid to key management personnel during the year.

No loans have been given to the Directors of the Company.

29.2 Transactions with related companies

29.2 a Recurrent Related Party Transactions

Recurrent related party transactions which in aggregate value exceeded 10% of the gross revenue of the company as per 31 March 2023 audited financial statements, which required additional disclosures in the 2023 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 are as follows;

Name of the Related Party	Relationship	Nature of the Transaction	Aggregated Value of Related Party Transactions entered into during the year Financial Year Rs'000	Transactions Value as a % of net revenue Income	Terms and Conditions
Acme Packaging Solutions (Pvt) Ltd.	Subsidiary	Sale of Goods (inclusive of tax)	397,467	36%	On arm's length basis - 5% to 10% GP margin
		Purchases of Goods (inclusive of tax)	280,420	26%	

29.2.b. Transactions with related companies

Company Name	Relationship	Name of the Directors	Nature of Transaction	Transaction Amount 2023 Rs'000	Transaction Amount 2022 Rs'000	
Acme Packaging Solutions (Pvt) Ltd. (Subsidiary)	Subsidiary	J. M. Swaminathan	Opening balance	197,886	97,991	
		A. Hettiarachchi	Sale of goods (inclusive of tax)	397,467	330,432	
		S.D.R. Arudpragasam	Purchases of goods (inclusive of tax)	(280,420)	(163,187)	
		A. Rajaratnam	Machinery Rent Income (inclusive of tax)	20,355	19,440	
		P.S. Goonewardene	Shared Salaries (inclusive of tax)	17,421	19,051	
		G.K.B. Dasanayaka	Impairment Provision	(2,736)	(27,512)	
		A.C.S. Jayaranjan	Fund Transfers	(101,907)	(78,329)	
		P.M.A. Sirimane	Closing Balance	248,066	197,886	
		H.K.P. Jayasuriya				
		Lanka Aluminium Industries PLC.	Associate	A. Hettiarachchi	Opening balance	(3,150)
S.D.R. Arudpragasam	Raw Material Purchases			(24,060)	(6,480)	
A. Rajaratnam	Repayment			17,033	7,950	
P.S. Goonewardene	Loan Settled			2,000	-	
G.K.B. Dasanayaka	Loan Granted			(100,000)	-	
A.C.S. Jayaranjan	Sales of Goods from acme- Incl. Taxes			1,297	-	
P.M.A. Sirimane	Sales of Goods from Sol- Incl. Taxes			7,065	-	
	Settlement			(4,081)	-	
Lankem Ceylon PLC	Associate		Administration Fee	(425)	-	
			Administration Fee Paid	283	-	
			Closing Balance	(104,038)	(3,150)	

Notes to the Financial Statements

For the year ended 31st March 2023

E.B. Creasy PLC	Affiliate	S.D.R. Arudpragasam P.M.A. Sirimane	Opening balance	(151,811)	(150,000)
			Short Term Loan Obtained	(50,000)	-
			Repayment	200,000	-
			Interest Charged	(9,335)	(1,811)
			Raw Material Purchases	(151,086)	-
			Repayment	16,998	-
			Closing Balance	(145,234)	(151,811)
C.W. Mackie PLC	Affiliate	S.D.R. Arudpragasam A. Rajaratnam	Opening balance	2,560	3,508
			Sales of Goods - Incl. Taxes	38,469	13,265
			Settlement	(41,029)	(14,213)
			Closing Balance	-	2,560

The above mentioned transactions are recurring and were carried out at "arms length" basis.

29.2 c NON-RECURRENT RELATED PARTY TRANSACTIONS

Except for the following transactions, there were no non-recurrent related party transactions entered in to by the Company during the financial year, the value of which exceeded 10% of shareholders equity or 5% of the total assets of the group or recurrent related party transactions the value of which exceeded 10% of gross revenue of the group during the year ended 31st March 2023

Name of the Related Party	"Related Party Relationship"	Value of the related party transactions 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 transactions.
E.B. Creasy & Company PLC	Related Party	50,000,000	37% of Equity and 4% of total assets	Obtaining an interest bearing loan	To Fund working capital requirements
Lankem Ceylon PLC	Parent Company	100,000,000	74% of Equity and 8% of total assets	Obtaining an interest bearing loan	To Fund working capital requirements

30 Contracts for Capital Expenditure

There were no capital commitments outstanding as at 31st March 2023.

31 Financial risk management

31.1 Introduction and overview

The Group has exposure to the following risks from its use of financial instruments:

1. Credit risk
2. Liquidity risk
3. Market risk
4. Interest Rate risk
5. Operational risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout this Financial Statement.

31.2 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

31.3 Financial risk management objectives and policies

The objective of the financial risk management strategy of the Group is to minimize the impact of risks that arise due to the use of financial instruments. The risks that are unmanaged can potentially result in the Group being unable to achieve its budgeted profits in a given financial year. Hence, importance is given by the Group to manage financial risk.

Notes to the Financial Statements

For the year ended 31st March 2023

31.4 Market risk management

Market risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate due to the change in market factors such as exchange rates and interest rates. Such risks could affect Group's income and expenses and could have a potentially adverse impact on the profits attributable to the shareholders. The objective of market risk management is to manage and control market risk exposure within acceptable limits while optimizing returns.

31.5 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 obligations and arises principally from the group receivables from customers.

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

	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Trade Receivable and other receivable	337,484	79,840	252,295	56,574
Amounts due from related parties	-	-	277,954	197,886
Cash & Short term deposits	29,181	35,565	19,408	31,848

Trade and other receivables

The group assesses its credit risk through expected credit loss on its trade receivables

ECL is calculated based on the delinquency status and the actual credit loss experience over the past 3 years. These rates are multiplied by scalar factors to reflect the differences between economic conditions during the period over which the historical data has been collected, Current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Expected credit loss assessment for individual customers as at 31st March 2023

The Company uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the type of the customer.

"The majority of the Group trade receivable are due to settlement within 90 days comprising 92% (Company - 90%) of the total Gross receivable as at the end of the financial year. The credit policy of SBU's are prepared subsequent to analyzing the credit profile of a customer. In this regard factors such as the credit history, legal status, market share, geographical locations of operation, and industry information are considered. Each SBU's has identified credit limits for each of its customers and if the customer does not meet the criteria or the stipulated benchmark on a transaction, then the business is carried out with such customers only up to the value of the guarantee value or advance obtained."

As at 31 st March	Group				Company			
	Weighted average loss rate	Gross carrying amount	Loss allowance	Loss allowance	Weighted average loss rate	Gross carrying amount	Loss allowance	Loss allowance
		Rs. '000	Rs. '000	Rs. '000		Rs. '000	Rs. '000	
Less than 30 days	0.46%	238,963	(1,095)	(134)	0.54%	175,518	(944)	(66)
More than 30 days but less than 60 days	3.24%	34,624	(1,122)	(1)	3.80%	23,227	(882)	(1)
More than 60 days but less than 90 days	7.94%	33,109	(2,628)	(11)	8.11%	30,662	(2,486)	(11)
More than 90 days but less than 180 days	17.21%	2,063	(355)	(148)	18.79%	1,655	(311)	(138)
More than 180 days but less than 365 days	39.73%	4,785	(1,901)	(914)	46.46%	1,399	(650)	(718)
More than 365 days	100.00%	9,034	(9,034)	(9,201)	100.00%	6,077	(6,077)	(6,722)
Total Gross Trade receivable		322,578	(16,135)	(10,409)		238,538	(11,350)	(7,656)
Total Net Trade receivable			306,443				227,188	

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from residential customers segment as at 31st March 2023.

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Cash and cash Equivalents

The credit risk arising from the deposits made in financial institutions are managed by the Group policy directions provided by the Board of Directors. ACME Printing & Packaging PLC transacts only with a limited number of institutions all of which have stable credit ratings. The group's exposure and credit rating of counter-parties are continuously monitored. The credit ratings of each institution where the Group held its deposits are listed below.

Institute	Credit Rating
1. NDB Bank	A(Ika)
2. Commercial Bank PLC	A(Ika)
3. Sampath Bank PLC	A(Ika)
4. Seylan Bank PLC	A(Ika)
5. Peoples Bank	A(Ika)
6. Nations Trust Bank	A(Ika)

31.6 Liquidity risk

The liquidity risk of the group arises from having insufficient cash resources to meet its obligations as they arise. Insufficient liquidity resources could have an adverse impact on the Group's operations while impairing investor, customer and supplier confidence thereby weakening its competitive position. The Group had adopted a number of strategies in order to ensure that sufficient cash resources are available to meet both operational and investment liquidity whilst meeting its debt servicing obligations.

"The Group closely monitors cash inflows and outflows both at Consolidated and sector level to ensure matching of cash flows wherever possible."

The Group has sufficient approved banking facilities in reserve and had over Rs. 5 Mn undrawn facilities as at the end of the financial year, which could be utilized at a short notice. The Group evaluates its funding requirements at frequent intervals and access debt and capital markets at appropriate times. The details of bank facilities are as follow:

32.6.a. Bank Overdraft

As at 31 st March	2023				2022			
	Group		Company		Group		Company	
31.6.a. Bank Overdraft	Facility Available Rs.'000	Facility Utilised Rs.'000	Facility Available Rs.'000	Facility Utilised Rs.'000	Facility Available Rs.'000	Facility Utilised Rs.'000	Facility Available Rs.'000	Facility Utilised Rs.'000
Hatton National Bank PLC	-	316	-	224	10,000	10,103	-	5,982
People's Bank	-	14,322	-	14,322	-	4,182	-	4,182
NDB Bank PLC	-	742	-	2	23,000	26,031	13,000	15,423
Seylan Bank PLC	-	-	-	-	-	-	-	-
Sampath Bank PLC	10,000	10,432	-	-	10,000	10,130	-	-
Nations Trust Bank PLC	-	1,208	-	1,208	-	9,500	-	-
Amana Bank PLC	-	21,713	-	11,174	-	5,425	-	5,425
Commercial Bank PLC	-	-	-	-	-	35	-	35
	10,000	48,733	-	26,930	43,000	65,406	13,000	31,047
31.6.b Short Term Loan								
Hatton National Bank PLC	153,000	99,793	153,000	99,793	183,000	169,228	153,000	144,333
People's Bank	150,000	149,998	150,000	149,998	150,000	149,998	150,000	149,998
NDB Bank PLC	-	-	-	-	154,000	161,277	115,000	133,639
Sampath Bank PLC	80,000	107,684	-	-	80,000	107,684	-	-
Seylan Bank PLC	25,000	24,621	25,000	24,621	-	25,000	-	25,000
Nations Trust Bank PLC	-	-	-	-	260,000	141,677	65,000	30,517
Softlogic Finance PLC	-	(374)	-	-	30,000	3	30,000	3
Singer Finance Lanka PLC	134,088	134,088	134,088	134,088	150,000	150,000	150,000	150,000
Metecno Lanka (Pvt) Ltd	5,700	5,700	5,700	5,326	-	-	-	-
E.B. Creasy PLC	100,000	98,000	100,000	98,000	-	-	-	-
	647,788	619,510	567,788	511,826	1,007,000	904,867	663,000	633,490

Notes to the Financial Statements

The Group has implemented a strategic working capital management plan across all sectors whereby the receivables are closely monitored and debtor's period is minimised. Careful vendor evaluations and procurement strategies ensure that correct prices are paid for inputs and maximum credit periods are negotiated to optimise the working capital cycle. The Group ensures its liquidity is maintained by investing in short, medium and long term financial instruments to support operational and other funding instruments

The Following are the remaining contractual maturity of financial liabilities at the reporting date. The amounts are gross and undiscounted and includes contractual interest payments.

	Carrying Value Rs.'000	On Demand Rs.'000	Less than 3 Months Rs.'000	3-12 Months Rs.'000	1-2 Years Rs.'000	Over 2 Years Rs.'000	Total Rs.'000
As at 31 st March 2023							
Interest Bearing Borrowings	1,118,795	726,610	5,502	86,410	114,786	185,487	1,118,795
Lease Liability	11,535	-	1,221	3,988	5,210	11,561	21,981
Bank Overdraft	48,733	48,733	-	-	-	-	48,733
Trade Payable	70,697	-	70,697	-	-	-	70,697
Other Payables	12,316	-	12,316	-	-	-	12,316
Related Party Payables	10,319	10,319	-	-	-	-	10,319
As at 31 st March 2022							
Interest Bearing Borrowings	966,645	467,620	75,338	399,892	21,290	4,250	968,390
Lease Liability	13,700	-	897	2,780	4,310	5,713	20,425
Bank Overdraft	65,406	65,406	-	-	-	-	65,406
Trade Payable	113,644	-	113,644	-	-	-	113,644
Other Payables	2,807	-	2,807	-	-	-	2,807
Related Party Payables	3,150	3,150	-	-	-	-	3,150

31.7 Currency Risk

The Company is sensitive to the fluctuations in exchange rates and is principally exposed to fluctuations in the value of Sri Lankan Rupee (LKR) against the US Dollar (USD). Company's functional currency is the Sri Lankan Rupee (LKR) in which most of the transactions are Rupee denominated and all other currencies are considered foreign currencies for reporting purposes. The Company had taken measures to manage risk by having foreign currency trade receivables and foreign currency bank accounts balances to cover the exposure on foreign currency payables. Hence the overall objective of foreign exchange risk management is to reduce the short term negative impact of exchange rate fluctuations on earnings and cash flow, thereby increasing the predictability of the financial results.

As at 31 st March	Reporting date spot rate	
	31-Mar-23	31-Mar-22
USD 1	336.01	298.99

An estimation of the impact of the currency risk with respect of financial instruments with a 5% change in US Dollar exchange rate is given below in calculation of risk it's assumed that all other variable factors are held constant. The calculation of sensitivity has been performed only on the assets and liabilities denominated in foreign currency of the Group as at 31st March 2022. As at reporting date net liability in foreign currency was US\$ 208,130

	Group			
	As at 31 st March 2023		As at 31 st March 2022	
	Effect on Profit Before Tax Rs.'000	Effect on Equity Rs.'000	Effect on Profit Before Tax Rs.'000	Effect on Equity Rs.'000
LKR Depreciated against USD by 5%	(6,894)	(6,894)	(5,579)	(5,579)
LKR appreciated against USD by 5%	6,894	6,894	5,579	5,579

Notes to the Financial Statements

31.8 Interest rate risk

Interest rate risk is the risk that the fair value of the cash flows of financial instruments will fluctuate because of changes in market interest rates. Interest rate risk arises on interest bearing financial instruments recognised in the Statement of Financial Position.

The interest rate risk of the Company and the Group arises from financial instruments which are exposed to variable or fixed rate interest rates. Variable interest rates expose the Company and the Group to cash flow due to the impact on the quantum of interest payable. Financial instruments with fixed interest rates are subject to variations in fair values due to market interest movements.

The Group closely monitors market interest rate movements and implement appropriate strategies in order to minimise the interest rate risk associated with financial instruments with rates.

Profile

At the end of the reporting period the interest rate profile of the Group interest bearing financial instruments were as follows,

Interest rate sensitivity

As at 31 st March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Variable rate instruments				
Financial Asset				
- Cash at Bank	29,181	35,565	19,408	31,848
	29,181	35,565	19,408	31,848
Financial liabilities				
- Interest bearing borrowings	886,707	966,645	519,665	646,734
- Bank Overdraft	48,733	65,406	26,930	31,047
- Interest bearing Related Party Borrowings	232,088	-	232,088	-
	1,167,528	1,032,051	778,683	677,781

At the reporting date the interest rate sensitivity profile of the Group's financial instruments were as follows,

Impact on Profit and Loss	As at 31 st March 2023		As at 31 st March 2022	
	Rupee Financial Liabilities	Financial Assets	Rupee Financial Liabilities	Financial Assets
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Decrease of 100 basis points in rupee interest rate	11,675	(291)	82,564	(2,845)
Increase of 100 basis points in rupee interest rate	(11,675)	291	(82,564)	2,845

31.9 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit.

32 Comparative Information

Comparative information is reclassified wherever necessary to confirm with the current year's classification in order to provide better presentation.

33 Determination of fair values

This note explains the methodology for valuing our assets and liabilities, and provides an analysis of these according to a 'fair value hierarchy', determined by the market observability of valuation inputs.

Notes to the Financial Statements

33.1 Valuation Methodologies of items Measured at Fair Value.

The following table analyses items measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the Statement of Financial Position.

	Fair value hierarchy			
	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
31st March 2023				
Financial assets at fair value through other comprehensive income:				
Non-quoted Investments - Company	-	-	25	25
Non Financial Assets - company				
Land	-	-	231,900	231,900
Building	-	-	240,897	240,897
Plant & Machinery	-	-	176,802	176,802
Non Financial Assets - Subsidiary				
Building			119,416	119,416
Plant & Machinery			143,373	143,373
31st March 2022				
Available for sale financial assets:				
Non-quoted Investments	-	-	25	25
Non Financial Assets - company				-
Land				
Building	-	-	231,900	231,900
Plant & Machinery	-	-	237,927	237,927
Non Financial Assets - Subsidiary				
Building			132,793	132,793
Plant & Machinery			155,878	155,878

33.2 Fair values of Financial Assets and Liabilities not carried at fair value

Set out below is a comparison of the carrying amounts and fair values of the financial instruments of the Company which are not measured at fair value in the Financial Statements.

	Group				Company			
	2023		2022		2023		2022	
	Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000	Carrying Value Rs. '000
Financial Assets :								
Trade & Other Receivables	337,484	337,484	79,840	79,840	252,295	252,295	56,574	56,574
Related Party Receivables	341	341	-	-	248,066	248,066	197,886	197,886
Cash & Cash Equivalents	33,996	33,996	36,051	36,051	19,687	19,687	32,018	32,018
	371,821	371,821	115,891	115,891	520,048	520,048	286,478	286,478
Financial liabilities :								
Trade & Other Payables	83,013	83,013	88,176	88,176	20,154	20,154	21,755	21,755
Related Party Payables	10,319	10,319	3,150	3,150	10,319	10,319	3,150	3,150
Interest Bearing Borrowings	1,118,795	1,118,795	966,645	966,645	751,753	751,753	646,734	646,734
Lease Creditors	11,535	11,535	13,700	13,700	-	-	-	-
Bank Overdraft	48,733	48,733	65,406	65,406	26,930	26,930	31,047	31,047
	1,272,395	1,272,395	1,137,077	1,137,077	809,156	809,156	702,687	702,687

Notes to the Financial Statements

33.2.1 Other financial assets

The carrying amount of cash and bank balances approximate fair value due to the relatively short maturity of the financial instruments.

For other receivables items the carrying value has been considered as the fair value due to the timing of the cash flows.

33.2.2 Financial liabilities

This nature of financial liabilities of carrying value has been considered as the fair value due to the timing of the cash due.

34 Going Concern

As at the reporting date, Company and group's current liabilities exceeded its current assets by Rs. 119Mn and 243Mn respectively. (2022 – Rs. 509 Mn and Rs. 839 Mn), Further, as at the reporting date the accumulated losses amounted to Rs. 636 Mn and Rs. 985 Mn for the company and the group respectively. (2023 – Rs. 752 Mn and Rs. 1,104 Mn). As these indications cast a doubt about the company's ability to continue as a going concern, management has carried out an assessment. Accordingly considering the below management actions, improvements during the last financial year and the future plans management has concluded that the company can continue to be a going concern.

During the year under review, the Group's gross margin has improved despite the unexpected increase in imported raw materials' cost and the rupee's depreciation. The revenue of the Group has continued to increase owing to maintaining close relationships with the customers and providing personalized services. As a result company and the group made profits from operations amounting to Rs. 171Mn and Rs. 246Mn respectively.

The management has taken the initiative to add new product lines, broaden the customer base, and focus on receiving a large quantity of orders to improve profitability. We are in the process of strengthening our internal quality assessment teams by investing in the training of our people on relevant technical skills and knowledge, which will ensure delivery of defect-free products to our customers.

Group has managed to come to a restructuring arrangement with the peoples bank for the existing loan amounting to Rs. 149Mn by extending the loan period so that the loans classified under current liabilities will not become due until such time company generate sufficient cash flows to settle the loan.

Further, HNB loan amounting to Rs.99Mn has been fully settled subsequent to the reporting date and Lankem Ceylon PLC and EB Creasy & Co. PLC mutually agreed with the company that they will not demand the related party receivable amounting to Rs. 98Mn and Rs. 134Mn respectively within the next twelve months, However, should they be called within the 12 months period, payments will be only be required to the extent that they do not impact the Company's ability to meet its financial obligations as and when they fall due and payable.

This will ease the working capital pressure and the net current liability position of the company.

The Board is also actively engaged and committed to finding ways to reduce losses and make the Company profitable. This may include the infusion of capital or the disposal of some assets, which will help to overcome the working capital limitations. With these initiatives, the Board of Directors is of the view that the Group / Company is going concern in the foreseeable future.

As detailed in note 35 subsequent events, group has acquired JK packaging limited with a view to gain synergies. For the purpose of acquiring JF packaging limited the company is planning to issue Rs.4.515 Bn shares to the Lankem Ceylon PLC. Accordingly group is expected to gain synergies by centralised marketing division, supply chain and shared service center.

Accordingly, the group and the Company continues to adopt the going concern basis in preparing the Financial Statements.

35 Events After Reporting date

There have been no material events occurred after the reporting date that require adjustments or disclosure in the financial statements except below.

"The Board of Directors of ACME Printing & Packaging PLC (ACME) have resolved on 19 July 2023 the purchase of 100% equity stake in J F Packaging Limited (JFP) from its parent Company, Lankem Ceylon PLC. The Boards of the two companies have agreed on a consideration of Rs.4,515Mn for the proposed transaction and have also agreed for the settlement of the said consideration by a private placement to the Company of 430,000,000 ordinary shares of ACME, priced at Rs. 10.50 per share subject to the approval of the Securities and Exchange Commission being obtained by ACME for a waiver under Rules 5.4(b) of the Listing Rules. The private placement of shares would increase the aggregate holding of the Lankem Ceylon PLC in ACME to 86.45% and would synergize the ACME and JFP lines of business, whilst consolidating all the businesses in the packaging cluster within the group under one holding company to help the group maximize the synergies of operating as one cluster. The transaction constitutes a major transaction in terms of Section 185 of the Companies Act No.7 of 2007 and is subject to the Company obtaining approval of the Shareholders at General meeting.

36 Board of Directors is Responsibility for Financial Reporting

The Board of Directors is responsible for preparing and presenting these Financial Statements in accordance with the Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka and the requirement of the Companies Act No 07 of 2007.

REAL ESTATE PORTFOLIO

Classification	Name of the Company	Location	Land Perches		No. of Buildings	Building in Sq.ft	Value (Rs'000) Cost/Valuation
			Lease Hold	Free Hold			
Property, Plant & Equipments	Acme Printing & Packaging PLC	Piliyandala	-	463.8	4	70,449	463,166
Property, Plant & Equipments	Acme Packaging Solutions (Pvt) Ltd.	Pannala	478.7	-	6	29,556	129,048

5 YEAR SUMMARY

	Company		Group				
	2023	2022	2023	2022	2021	2020	2019
Year Ended 31st March,							
TRADING RESULTS (RS.'000)							
Revenue	1,091,591	779,512	991,359	948,083	1,408,301	1,189,150	1,245,902
Profit/(loss) before taxation	43,450	(146,950)	24,967	(279,588)	(100,551)	(183,009)	(121,546)
Taxation	74,594	7,825	94,466	18,616	(18,470)	3,618	9,914
Profit/(loss) after taxation	118,044	(139,125)	119,433	(260,972)	(119,021)	(179,391)	(111,632)
STATEMENT OF FINANCIAL POSITION (RS.'000)							
Property, plant and equipment	648,512	672,522	949,551	1,002,508	892,866	869,348	956,682
Right of Use Assets			17,923	19,785	21,646	6,711	-
Investments	25	25	25	25	25	25	25
Investments in subsidiary	-	-	-	-	-	-	-
Net current assets	(118,964)	(509,411)	(242,540)	(839,277)	(550,161)	(469,343)	(353,569)
Deferred liabilities and long term liabilities	155,324	21,554	335,468	58,854	95,778	129,640	153,909
Stated capital	835,085	592,813	835,085	592,813	592,813	592,813	592,813
Revaluation reserve	434,437	509,730	550,821	645,705	530,616	408,288	437,974
Revenue reserve	(636,554)	(752,967)	(985,763)	(1,104,222)	(845,281)	(722,005)	(573,928)
KEY INDICATORS							
Net Profit / (Loss) Margin(%)	10.81	(17.85)	12.05	(27.53)	(8.45)	(15.09)	(8.96)
Return on average net assets(%)	24.03	(35.38)	35.17	(126.26)	(42.72)	(48.75)	(22.97)
Interest cover (Times covered)	(1.34)	1.48	(1.11)	1.01	(0.25)	0.26	(0.16)
Current ratio (Times)	0.83	0.31	0.76	0.28	0.55	0.57	0.62
Gearing Ratio (%)	17.46	0.93	43.60	21.10	19.52	20.11	14.92
Fixed assets to shareholders funds (%)	102.46	192.38	237.30	746.50	328.79	311.49	209.40
Profit / (Diluted) Loss per Share (Rs.)*	1.47	(2.83)	1.48	(6.34)	2.89	(4.36)	(2.71)
Net assets per share (Rs.)*	15.38	8.49	9.72	3.26	6.76	6.78	11.10
Price earnings ratio (Times)	-	-	-	-	-	-	-
Dividend paid (Rs.'000)	-	-	-	-	-	-	-

SHAREHOLDERS' INFORMATION

1 General

Stated Capital	Rs. 835,084,629/-
Class of shares	Ordinary Shares
Voting rights	One vote per ordinary share

2 Stock Exchange Listing

The issued ordinary shares of Acme Printing and Packaging PLC are listed with Colombo Stock Exchange of Sri Lanka. The audited Income Statement and Statement of Comprehensive Income for the year ended March 31, 2023, and the audited Statement of Financial Position of the Company as at that date have been submitted to the Colombo Stock Exchange.

3 Distribution of Shareholdings as at 31st March 2023

No. of Shares held	Number of Shareholders as at 31 st March 2023 - 1,943 (31 st March 2022 - 1,763)								
	Resident			Non-resident			Total		
	NO. OF SHARE-HOLDERS	NO. OF SHARES	%	NO. OF SHARE-HOLDERS	NO. OF SHARES	%	NO. OF SHARE-HOLDERS	NO. OF SHARES	%
1 to 1,000	1,279	289,300	0.29	12	4,687	0.00	1,291	293,987	0.30
1,001 to 10,000	455	1,771,439	1.87	3	7,316	0.01	458	1,778,755	1.87
10,001 to 100,000	156	5,317,098	5.61	1	31,999	0.03	157	5,349,097	5.64
100,001 to 1,000,000	32	9,826,851	10.35	-	-	0.00	32	9,826,851	10.34
Over 1,000,000	4	75,387,015	79.41	1	2,364,295	2.49	5	77,751,310	81.85
Total	1,926	92,591,703	97.54	17	2,408,297	2.54	1,943	95,000,000	100.00

Categories of Shareholders	31 st March 2023		31 st March 2022	
	NO. OF SHARES	NO. OF SHAREHOLDERS	NO. OF SHARES	NO. OF SHAREHOLDERS
Individuals	14,452,982	1,856	5,275,433	1,677
Institutions	80,547,018	87	35,886,480	86
Total	95,000,000	1,943	41,161,913	1,763

4 Share Valuation

The Market value of ACME Printing and Packaging PLC, (Last traded price of an ordinary share) as of March 31st, 2023 was Rs. 6.30 Per share. The highest and the lowest values recorded for the year ended March 31st, 2023 were Rs. 14.00 and Rs. 4.60 Respectively.

5 Public Shareholding

Public shareholding as at 31st March 2023 - 20.23% comprising of 1,935 shareholders

6 Float adjusted market capitalization

Float adjusted market capitalization as at 31st March 2023 was Rs. 121,076,550/-

SHAREHOLDERS' INFORMATION

TWENTY MAJOR SHAREHOLDERS AS AT		31 ST MARCH 2023		31 ST MARCH 2022	
Name		Number of	Percentage	Number of	Percentage
		Shares		Shares	
1	AMANA BANK PLC/E.B. CREASY & COMPANY PLC	46,800,000	49.26	8,200,000	19.92
2	LANKEM CEYLON PLC	23,846,993	25.10	15,154,298	36.82
3	E.B. CREASY & COMPANY PLC	3,586,811	3.78		
4	CLOVIS COMPANY LIMITED	2,364,295	2.49		
5	COMMERCIAL BANK OF CEYLON PLC/ANDARADENIYA ESTATE (PVT) LTD	1,153,211	1.21		
6	MRS. V. SARASWATHI	912,650	0.96		
7	MR. M.L.K.C. PEIRIS	782,790	0.82		
8	MR. C.N. PAKIANATHAN	681,535	0.72	180,083	0.44
9	DR. H.S.D. SOYSA / MRS. G. SOYSA GOWRI	598,150	0.63	98,150	0.24
10	UNION COMMODITIES (PVT) LTD.	584,754	0.62	584,754	1.42
11	MR. M.H.A. KAMIL	494,416	0.52	126,804	0.31
12	MR. S. PARAMANATHAN	431,000	0.45		
13	MR. S.D.R. ARUDPRAGASAM	400,000	0.42	111,628	0.27
14	HATTON NATIONAL BANK PLC/SRI DHAMAN RAJENDRAM ARUDPRAGASAM	400,000	0.42	100,000	0.24
15	PMF FINANCE PLC/H.K.J.S. HETTIGODA	400,000	0.42		
16	MR. K.H.B. JAYARATNE	396,860	0.39		
17	MS. J. THARSHANA	300,000	0.32		
18	ACUITY PARTNERS (PVT) LIMITED/MR. SUBRAMANIAM VASUDEVAN	270,000	0.28		
19	MR. A.K. WIMALARATNA	254,415	0.27		
20	MR. D.P. NAVARATNAM	252,050	0.27	175,550	0.43
21	MR. U.G.J. CHAMINDA	251,670	0.26		
22	MR. A.S.M. RIFKI	243,052	0.26		
23	COMMERCIAL BANK OF CEYLON PLC/S.A.GULAMHUSEIN	219,226	0.23	219,229	0.53
24	DR. C.P.K. FERNANDOPULLE	204,637	0.22		
25	MR. D.A.J. WARNAKULASURIYA	200,000	0.21		
	SUB TOTAL	86,028,515	90.56	24,950,496	60.62
	OTHERS	8,971,485	9.44	16,211,417	39.38
	ISSUED CAPITAL	95,000,000	100	41,161,913	100.00

FORM OF PROXY

I.....(NIC No.....) of.....being
a member of the above Company, hereby appoint: Mr/Mrs/Miss (NIC No.....)
of..... as my proxy to represent me and failing him

Mr. Ariyawansa Hettiarachchy	of Colombo or failing him
Dr. Jayanta Mootatamby Swaminathan	of Colombo or failing him
Mr. Anushman Rajaratnam	of Colombo or failing him
Mr. Peter Suren Goonewardene	of Colombo or failing him
Mr. Parakrama Maithri Asoka Sirimane	of Colombo or failing him
Mr. Gotabaya Kiri Bandara Dasanayaka	of Colombo or failing him
Mr. Sri Dhaman Rajendram Arudpragasam	of Colombo or failing him
Mr. Anthony Crossette Selvanayagam Jayaranjan	of Colombo or failing him
Mr. Harith Koshala Perera Jayasuriya	of Colombo

to represent me and vote on my behalf at the Annual General Meeting of the Company to be held on 2023 and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting and to VOTE as indicated below:

	FOR	AGAINST
1. To receive and consider the Audited Financial Statements for the year ended 31st March 2023 together with the Annual Re-port of the Board of Directors and of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect as a Director Mr. H.K.P. Jayasuriya, who retires in terms of Article No.91 of the Articles of Association as recommended by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect as a Director Mr. A. Rajaratnam, who retires by rotation in terms of Article 84 and 85 of the Articles of Association as recommended by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect as a Director Mr. P.S. Gonnewardene, who retires by rotation in terms of Article 84 and 85 of the Articles of Association as recommended by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Dr. J.M. Swaminathan, who is over 70 years of age as a Director of the Company, by passing the ordinary resolution set out in the Notice of Meeting.	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-appoint Mr. A. Hettiarachchy, who is over 70 years of age as a Director of the Company, by passing the ordinary resolution set out in the Notice of Meeting.	<input type="checkbox"/>	<input type="checkbox"/>
7. To re-appoint Mr. S.D.R. Arudpragasam, who is over 70 years of age as a Director of the Company, by passing the ordinary resolution set out in the Notice of Meeting.	<input type="checkbox"/>	<input type="checkbox"/>
8. To re-appoint Mr. A.C.S. Jayaranjan, who is over 70 years of age as a Director of the Company, by passing the ordinary resolution set out in the Notice of Meeting.	<input type="checkbox"/>	<input type="checkbox"/>
9. To authorize the Board of Directors to determine the remuneration of the auditors, Messrs KPMG, who are deemed to have been re-appointed as Auditors.	<input type="checkbox"/>	<input type="checkbox"/>
10. To authorise the Board of Directors to determine contributions to charities.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day ofTwo Thousand and Twenty Three.

Signature:

* Please delete the inappropriate words.

Note:

- Instructions for completion of Form of Proxy are given overleaf.
- Every alteration or addition to the Form of Proxy must be fully authenticated by the full signature of the Shareholder signing the Form of Proxy. Such signature should as far as possible be placed in proximity to the alteration or addition intended to be authenticated.
- A proxy need not be a member of the Company.

INSTRUCTIONS FOR COMPLETION OF FORM OF PROXY

1. Kindly perfect the Form of Proxy by filling in legibly your full name and address, and your instructions as to voting, by signing in the space provided and filling in the date of signature.
2. Please indicate with a 'X' in the cages provided how your proxy is to vote on the Resolutions. If no indication is given or if there is any doubt as to how the Proxy should vote by reason of the manner in which the instructions are carried out, the proxy in his/her discretion may vote as he/she thinks fit.
3. The completed Form of Proxy should be deposited at the Registered Office of the Company at No. 98, Sri Sangaraja Mawatha, Colombo 10, not less than 48 hours before the time appointed for holding the meeting.
4. If the Form of Proxy is signed by an attorney, the original power of attorney should accompany the completed form of proxy for registration, if such power of attorney has not already been registered with the Company.

Note:

If the shareholder is a Company or body corporate, Section 138 of the Companies Act No.7 of 2007 applies to corporate shareholders of Acme Printing and Packaging PLC. Section 138 provides for representation of Companies at meetings of other Companies. A Corporation, whether a Company within the meaning of this Act or not, may, where it is a member of another Corporation, being a Company within the meaning of this Act, by resolution of its Directors or other governing body authorize such person as it thinks fit to act as its representative at any meeting of the Company. A person authorized as aforesaid shall be entitled to exercise the same power on behalf of the Corporation which it represents as that Corporation could exercise if it were an individual shareholder of that other Company.

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www.acmelk.com