



2023 | 2024 ANNUAL REPORT

ACME PRINTING & PACKAGING PLC

Excellence in Printing & Packaging Redefined

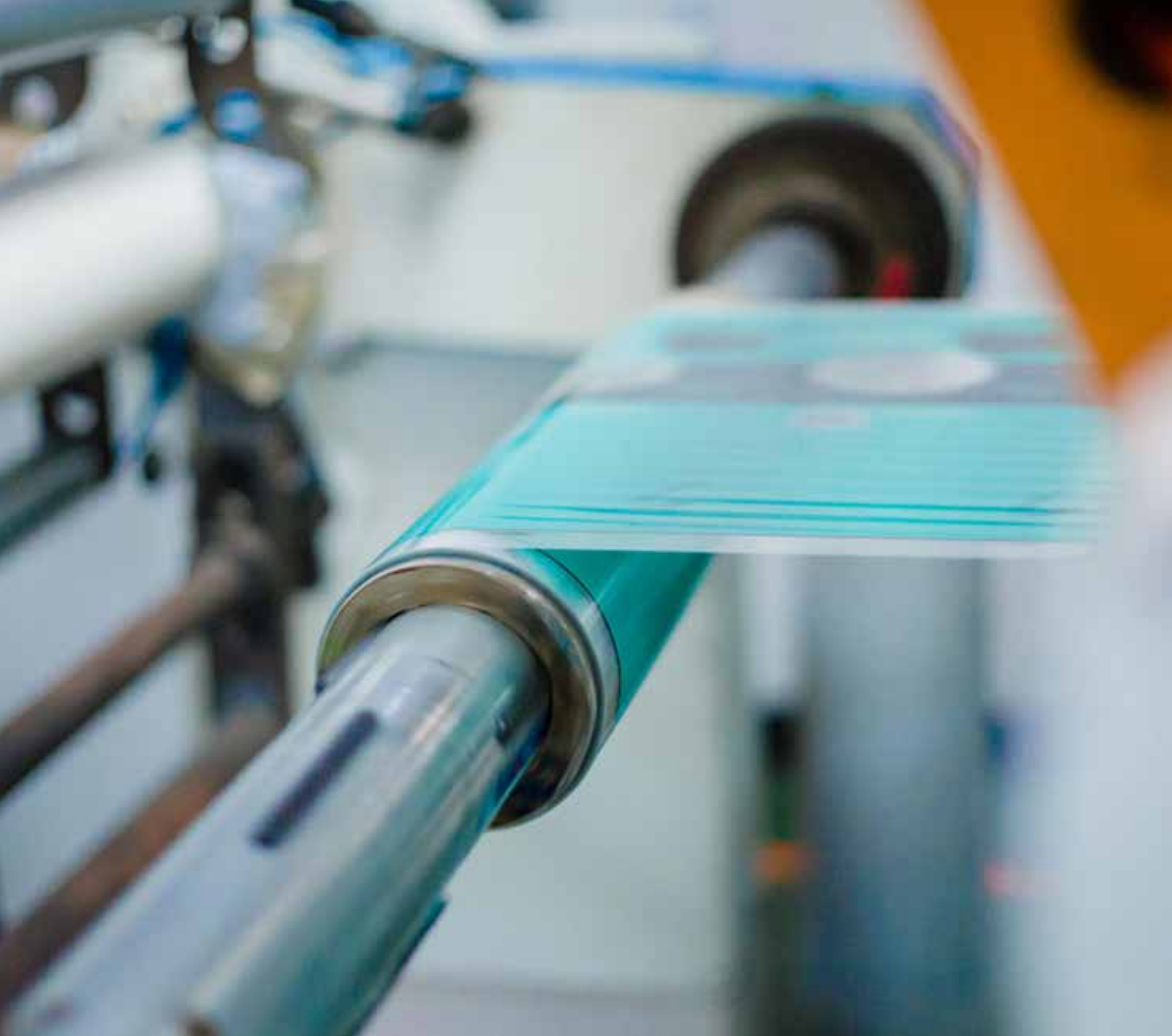


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About Us

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 75 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.



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.



VISION

To be the preferred dynamic provider of flexible packaging solutions.

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 Company 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 Fifth Annual General Meeting of Acme Printing and Packaging PLC (the 'Virtual AGM') will be held via Online meeting platform at 09.30 a.m.(Sri Lanka time) on Wednesday 09th October 2024 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 2024 together with the Annual Report of the Board of Directors and of the Auditors thereon.
2. To re-elect as a Director Mr. P.M.A. Sirimane, who retires by rotation in terms of Article 84 and 85 of the Articles of Association as recommended by the Board of Directors.
3. 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 83 years of age (having reached 70 years of age on 9th January 2011) and accordingly that Dr. Jayantha Mootatamby Swaminathan

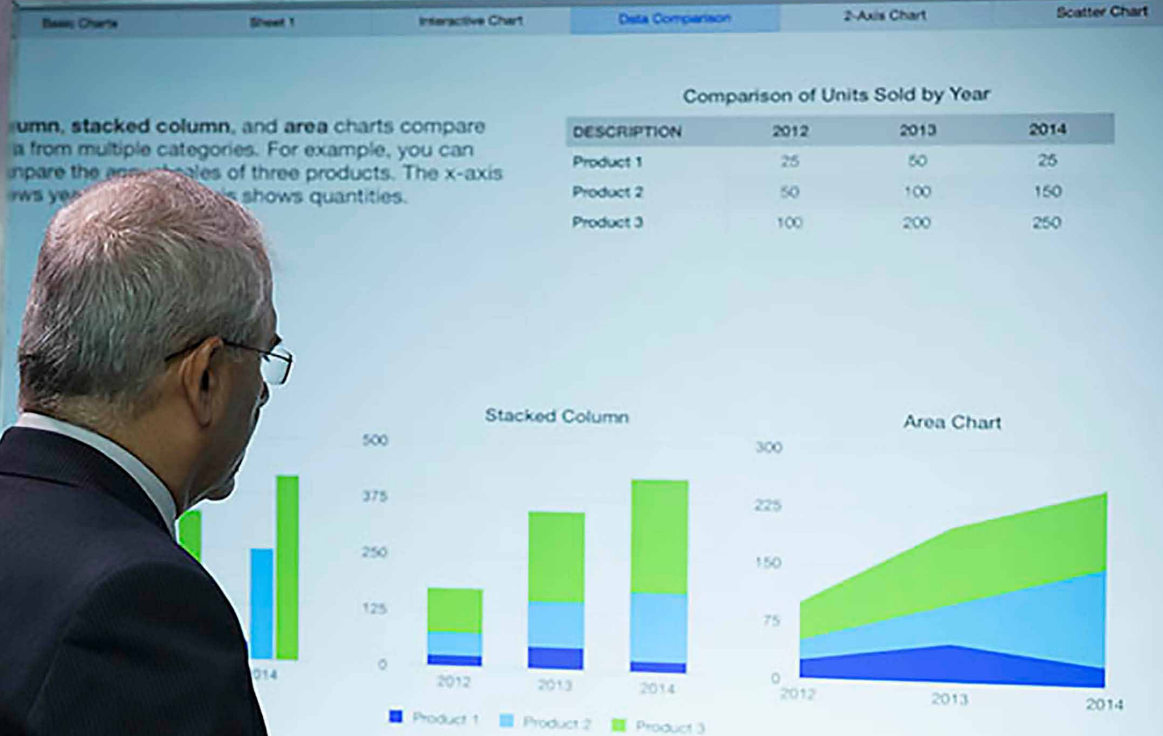
be and is hereby re-appointed a Director of the Company in terms of Section 211 of the Companies Act No.7 of 2007".

4. 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 75 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".

5. 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 73 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".

6. 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 74 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".

7. To consider and if thought fit to pass the following Ordinary Resolution pertaining to the re-appointment of Mr. G.K.B. Dasanayaka, as a Director who is 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. Gotabaya Kiri Bandara Dasanayaka Director, who is 70 years of age (having reached 70 years of age on 27th February 2024) and accordingly that Mr. Gotabaya Kiri Bandara Dasanayaka 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. KPMG, Chartered Accountants who are deemed to have been re-appointed as Auditors in terms of Section 158 of the Companies Act No. 07 of 2007.
9. To authorize the Board of Directors to determine contributions to charities.

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



SSP CORPORATE SERVICES (PRIVATE) LIMITED
SECRETARIES

Colombo
30th August 2024

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 2022.

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. Arudpragasam is a Fellow of the Chartered Institute of Management Accountants (UK).

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 Director General / 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 30th November 2021.

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

[FCIM (UK), MBA (WALES)]

Executive Director

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

He was appointed as Chief Executive Officer of ACME Printing & Packaging PLC with effect from 7th March 2022 & appointed as a Executive Director with effect from 26th September 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,

2023/24 was the second complete financial year of ACME Printing and Packaging PLC under the umbrella of "Lankem Group".

During the year under review, the Sri Lankan economy exhibited signs of recovery despite facing a series of unprecedented challenges, including the Easter attacks of 2019, the COVID-19 pandemic, deteriorating foreign exchange reserves, and political unrest. The country's Gross Domestic Product (GDP) for 2023 contracted by 2.3%, reflecting an improvement compared to the 7.3% contraction recorded in 2022.

Inflation also decreased significantly, reaching record low levels in 2023 after peaking in September 2022. As of March 2024, the Colombo Consumer Price Index reported a headline inflation rate of 0.9%, with the core inflation rate at 3.1%.

In response to these economic conditions, the Central Bank of Sri Lanka adopted a more accommodative monetary policy, substantially reducing policy rates during the review period. This policy adjustment has effectively lowered financing costs across various industries, contributing to the overall economic recovery.

In 2023, the Sri Lankan flexible packaging industry faced challenges due to high import costs and economic instability. Despite these difficulties, the sector showed resilience, benefiting from a stabilized exchange rate and strategic innovations. Companies invested in environmentally friendly packaging and explored export markets to boost revenue. The industry's performance was supported by a recovering economy and effective management practices, leading to improvements in both production volumes and profitability. Overall, while the industry grappled with high costs, its adaptability and focus on sustainable solutions contributed to a positive performance trajectory.

COMPANY PERFORMANCE

The Group has achieved a 12% year-over-year increase in sales, driven by a strategic decision to reduce margins in order to enhance our penetration into corporate sales. Consequently, the Group's gross margin has decreased significantly, falling to 6% from the previous 36% during the review period.

FUTURE OUTLOOK

I am pleased to share with you some insights regarding the evolving business landscape and its implications for our operations.

Firstly, the improved macro-economic conditions in the country are expected to foster a more favorable business environment compared to the challenging conditions experienced during FY2023/24. This positive shift is anticipated to enhance overall market stability and growth prospects.

Looking ahead to 2024, we remain optimistic about the economic forecast, which suggests a rise in market demand. However, it is important to note that this anticipated growth will also bring about heightened competition within the market.

Additionally, we are observing a growing trend towards the adoption of environmentally friendly packaging materials. This development presents both opportunities and challenges as we adapt to these emerging alternatives in our packaging strategies.

We are committed to navigating these changes proactively and leveraging new opportunities to drive our business forward. Thank you for your continued support and partnership.

ACKNOWLEDGMENTS

I am deeply grateful for the unwavering support extended by all our stakeholders throughout this challenging period. My sincere appreciation goes out to our clients, suppliers, employees, and management for their steadfast commitment and for sharing our vision of becoming the preferred and dynamic flexible packaging provider in the market.

I would also like to extend my heartfelt thanks to the Board and the various committees for their invaluable support and guidance over the past year. Your dedication has been instrumental in navigating through these turbulent times.

Thank you all for your continued partnership and trust.


A. Hettiarachchy

Executive Chairman,
Colombo
30th August 2024

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.

In 2023, the Colombo Stock Exchange issued the Listing Rule 9 on Corporate Governance which all listed entities need to comply with in stages and to be fully complied by 1st October 2024. Additionally, the Institute of Chartered Accountants issued a revised Code of Best Practice on Corporate Governance in December 2023. The Board reviewed the Listing Rule 9 and is adopting a phased approach to compliance in line with the transition provisions. Compliance with the revised Code will be reviewed in 2024.

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 4 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

Corporate Governance

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 the applicable rules and regulations are reviewed regularly and complied 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, 09 Board meetings were held. All meetings (except 26th March 2024) were presided over by the Chairman.

The attendance record of each of the directors for the Board meetings, held during FY 2023/24 is listed as follows:

NAME OF THE DIRECTOR	Attendance at Board Meetings 2023/24								
	18.04.2023	15.06.2023	19.07.2023	25.07.2023	24.08.2023	21.09.2023	23.11.2023	31.01.2024	26.03.2024
1. Mr. A. Hettiarachchy	√	√	√	√	√	√	√	√	✘
2. Dr. J.M. Swaminathan	√	√	√	√	√	√	√	√	✘
3. Mr. A. Rajaratnam	√	√	√	✘	✘	✘	√	√	√
4. Mr. P. S. Goonewardene	√	√	√	√	√	√	✘	√	√
5. Mr. P. M. A. Sirimane	√	√	✘	√	√	√	✘	✘	√
6. Mr. G. K. B. Dasanayaka	√	√	√	√	√	√	√	√	√
7. Mr. S. D. R. Arudpragasam	√	√	√	√	√	√	√	√	√
8. Mr. A. C. S. Jayaranjan	√	√	√	√	√	√	√	√	√
9. 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 (04) four independent/ Non-Executive Directors. 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 2023/24 are reported in detail on pages 36 to 38

b. Remuneration Committee

The Remuneration Committee consists of (02) two Independent Non-Executive Directors and a (01) 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 39.

c. Related Party Transactions Review Committee

The Related Party Transaction Review Committee consists of (03) three Independent/Non-Executive Directors. 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 40 to 41

All related party transactions as defined by the applicable accounting standards are disclosed on note 27 of the Financial Statements on pages 86 to 88 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 JUDGMENT 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 judgment. 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 27 of the Financial Statements on pages 86 to 88 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 49. The report of the directors on the state of affairs of the Company is given on this Annual Report on pages 44 to 47. The Auditor's Report on the Financial Statements for the year ended 31st March 2024 is presented on pages 52 to 54 of this Annual Report. The management discussion and analysis of the company is presented on page 34 - 35 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.

- ◇ 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 9 of the Listing Rules of the Colombo Stock Exchange.
4. 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	The nature of the business together with any changers thereof.	02
Section 168 (1) b	Financial Statements for the accounting period completed and signed in accordance with section 151.	55 to 58
Section 168 (1) c	Auditor's report on the Financial Statements	52 to 54
Section 168 (1) d	Change in accounting policies made during the accounting period.	60 to 61
Section 168 (1) e	Particulars of entries in the interests register made during the accounting period.	44 to 47
Section 168 (1) f	Remuneration and other benefits of directors during the accounting period	71
Section 168 (1) g	Amount of donations made by the Company during the accounting period.	44 to 47
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.	44 to 47
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.	71
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.	44 to 47
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.	44 to 47

Corporate Governance

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

RULE NO.	DISCLOSURE REQUIREMENT	COMPLIANCE STATUS	PAGE REFERENCE TO THE ANNUAL REPORT
Rule 7.6 (i)	Names of persons who during the financial year were Directors of the Entity.	Compliant	44 to 47
Rule 7.6 (ii)	Principal activities of the Entity during the year and any changes therein.	Compliant	44 to 47
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.	Compliant	102
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.	Compliant	101
Rule 7.6 (v)	Directors' and Chief Executive Officer's holding in shares of the Entity at the beginning and end of financial year.	Compliant	44
Rule 7.6 (vi)	Information pertaining to material foreseeable risk factors of the Entity.	Compliant	42 to 43
Rule 7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity.	Compliant	35
Rule 7.6 (viii)	Extent, locations, valuations of land and buildings and investment properties.	Compliant	76 to 77
Rule 7.6 (ix)	Number of shares presenting the Entity's stated capital.	Compliant	79
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	Compliant	101
Rule 7.6 (xi)	Ratios and market price information	Compliant	101
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.	Compliant	73 to 77
Rule 7.6 (xiii)	If during the financial year the entity has raised funds either through a public issue, right issue or private placement	N/A	N/A
Rule 7.6 (xiv)	Information in respect of Employee Share Ownership or Stock option Schemes	N/A	N/A
Rule 7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of section 09 of the listing Rules.	Compliant	16 - 20
Rule 7.6 (xvi)	Details of Related party transactions as per the specified criteria.	Compliant	87-88

Corporate Governance

COMPLIANCE WITH THE CORPORATE GOVERNANCE RULES OF COLOMBO STOCK EXCHANGE

The Colombo Stock Exchange introduced a new set of Corporate Governance Rules in October 2023 with certain transitional provisions. The Company's adherence to and compliance with these regulations to be effective from 1st October 2024 are detailed below.

CSE RULE REFERENCE	CSE RULE REFERENCE	COMPLIANCE STATUS
9.1	Company shall publish a statement confirming the extent of compliance with the Corporate Governance Rules set out herein, in the Annual Report of the Entity.	Complied
9.2.1	Company shall establish and maintain the 12 new policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Company on its website.	Company would be compliant on or before 1 st October 2024
9.3.1 & 9.3.2	Company shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include; (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee.	The Board appointed, Remuneration Committee, Audit Committee and Related Party Transactions Review Committees are functioning effectively. Company would establish the Nominations and Governance Committee and be compliant on or before 1 st October 2024
9.3.3	The Chairperson of the Board of Directors of the Company shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above.	Complied
9.4.1	Company shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Company. The Company shall provide copies of the same at the request of the CSE and/or the SEC.	Complied
9.4.2	Communication and relations with shareholders and investors.	Company has an on-going process to communicate with shareholders and investors. Shareholders are encouraged to raise their concerns at shareholders meetings. Annual Report provides pertinent information of the company and future outlook of the company. The Accountant and the Company Registrars are entrusted to communicate with shareholders on matters concerning them. Details of contact persons are found in the Company's website. in terms of Rule 9.2.1, a policy on Relations with shareholders and investors would be in place by 1 st October 2024.

Corporate Governance

CSE RULE REFERENCE	CSE RULE REFERENCE	COMPLIANCE STATUS
9.5.1	Company shall establish and maintain a formal policy governing matter relating to the Board of Directors.	A policy on matters relating to the Board of Directors would be in place on or before 1 st October 2024
9.6.2	The Chairperson of the Company shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual.	Complied
9.6.3	The Company shall appoint an Independent Director as the SID in the following instances: i. The positions of the Chairperson and CEO are held by the same individual. ii. The Chairperson is an Executive Director. iii. The Chairperson and CEO are Close Family Members or Related Parties.	Complied (Company has a senior independent Director as Chairman is Executive Director)
9.7	Fitness of Directors and CEOs as per the criteria set out in the regulations.	Complied
9.8	Board Composition -Minimum of 5 Directors -minimum 2 or 1/3 of the directors whichever is high shall be independent directors.	Complied
9.9	Alternate directors shall only be appointed in exceptional circumstances and for a maximum period of one (1) year from the date of appointment.	There are no Alternate Directors on the Board as of 31 st March 2024.
9.10.1	Company shall disclose its policy on the maximum number of directorships its Board members shall be permitted to hold.	Company would be compliant on or before 1 st October 2024
9.10.2	The Company shall, upon the appointment of a new Director to its Board, or changes to the composition of Board Sub Committees, make an immediate Market Announcement in a manner set out in the regulation.	Complied
9.10.4	Disclosure relating to Directors In the Annual Report.	The Company shall, upon the appointment of a new Director to its Board, or changes to the composition of Board Sub Committees, make an immediate Market Announcement in a manner set out in the regulation.
9.11	The Company shall have a Nominations and Governance Committee to maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board and have a written Terms of Reference.	Company would establish a Nominations and Governance Committee on or before 1 st October 2024

Corporate Governance

CSE RULE REFERENCE	CSE RULE REFERENCE	COMPLIANCE STATUS
9.12	The Company shall have a Remuneration Committee that conforms to the requirements of these regulations and shall have a written Terms of Reference.	Complied
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors.	Complied
9.12.6	Functions and Composition of the Remuneration Committee -Comprise a minimum of 3 Directors out of which a minimum of 2 shall be independent - not consist of Executive Directors - Chairperson to be an Independent Director.	Complied
9.13	Where the Company does not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee shall additionally perform the Risk Functions set out in the regulations. The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties.	Complied
9.13.3	The members of the Audit Committee shall; (a) comprise of a minimum of three (03) directors of the Company, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors. (b) not comprise of Executive Directors	Complied
	The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market	Complied
	An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.	Complied
	Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation.	Complied
	Where the parent and subsidiary are both listed the AC of the parent may be permitted to function as the AC of the subsidiary	N/A
	The Chairperson of the AC shall be a Member of a recognised professional accounting body. Provided, however this Rule shall not be applicable in respect of Risk Committees where there is a separate Risk Committee and Audit Committee.	Complied
9.13.4	Functions and Annual Report Disclosures of the Audit Committee.	Complied
9.14.1	Company shall have a Related Party Transactions Review Committee that conforms to the requirements set out in the regulation.	Complied

Corporate Governance

CSE RULE REFERENCE	CSE RULE REFERENCE	COMPLIANCE STATUS
9.14.2	<p>Related party Transactions Review Committee shall comprise of a minimum of three (03) Directors of the Listed Entity, out of which two (02) members shall be Independent Directors of the Company. It may also include executive directors, at the option of the Company. An Independent Director shall be appointed as the Chairperson of the Committee.</p> <p>if a parent company and the subsidiary are Listed Entities, the Related Party Transactions Review Committee of the parent company may be permitted to function as the Related Party Transactions Review Committee of the subsidiary.</p>	<p>Complied</p> <p>N/A</p>
9.14.4	<p>Interested Directors shall not vote on or shall not be present during the deliberations on the specific matter.</p> <p>Minutes of meetings are properly documented and communicated to the Board of Directors. The minutes of the RPTRC are tabled at the meetings of the Board of Directors on a periodic basis.</p> <p>members of the RPTRC to ensure they have or have access to adequate knowledge expertise and advice.</p> <p>Where necessary, the RPTRC shall request the Board of Directors to approve the Related Party Transactions which are under review by the RPTRC. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction.</p> <p>Interested Directors shall not vote on or shall not be present during the deliberations on the specific matter.</p>	Complied
9.14.5	<p>The Related Party Transactions Review Committee shall review in advance all proposed Related Party Transactions.</p> <p>In the event of any material changes to a previously reviewed Related Party Transaction in terms of Rule 9.14.5 (1) such proposed material changes shall also be reviewed by the RPTRC prior to the completion of the transaction.</p> <p>The RPTRC shall be provided with all the facts and circumstances of the proposed RPT by the senior management to facilitate the review of a RPT</p> <p>Directors shall not participate in discussions where there is conflict except for the express purpose of providing information. Where necessary, a special committee to be created to review a proposed RPT.</p> <p>If a Related Party Transaction will be ongoing (a Recurrent Related Party Transaction), the Related Party Transactions Review Committee may establish guidelines for the senior management to follow in its ongoing dealings with the Related Party. Thereafter, the Committee, on an annual basis, shall review and assess ongoing relationships with the Related Party to determine whether they are in compliance with the Committee's guidelines and that the Related Party Transaction remains appropriate.</p>	Complied

Corporate Governance

CSE RULE REFERENCE	CSE RULE REFERENCE	COMPLIANCE STATUS
9.14.6	The Company shall obtain shareholders' approval by way of a Special Resolution for the Related Party Transactions as soon as the value of the transaction exceeds threshold limits as set out in the regulations.	N/A

ADDITIONAL DISCLOSURES BY THE BOARD OF DIRECTORS IN TERMS OF RULE 9.16 OF THE LISTING RULES

- i. We have declared all material interests in contracts involving in the Company and we have refrained from voting on matters in which we were materially interested;
- ii. We have conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of our effectiveness and successful adherence therewith
- iii. We made arrangements to make ourselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions;
- iv. here were no material non-compliance with law or regulation or any fines, which are material, imposed by any Government or regulatory authority in any jurisdiction where the Company has operations.

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 08 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 4 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>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, 09 Board meetings were held. The meetings were presided over by the Chairman. The attendance by each of the Directors is set out on page 11</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 10</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 judgment</p> <p>All Directors should bring independent judgment 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 judgment. 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 2023/24.</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 10 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 judgment 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 to 08</p>
<p>A.5.2 Independent Directors</p>	Complied	<p>Four(04) out of the 07 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 judgment.</p>
<p>A.5.4 Signed declaration of independence by the Non-Executive Directors</p>	Complied	<p>Every Non-Executive Director of the Company has made a written submission as to their independence as to their independence against the specified criteria.</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>
<p>A.5.6 Alternate Directors</p>	Not Applicable	<p>No alternative directors have been appointed.</p>

Corporate Governance

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE	COMPLIANCE	DETAILS OF COMPLIANCE
<p>A.5.7 Senior Independent Directors</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	The Board has appointed Mr P M A Sirimanna as the Senior Independent Director and relevant disclosure has been made to CSE on 31.10.2023. The Requirement to appoint a Senior Independent Director does not arise under this Code.
<p>A.5.8 Role of the SID</p>	Complied	The SID Makes himself available for confidential discussions with other Directors who have concerns which they believe have not been properly considered by the Board.
<p>A.5.9 Meeting of Non-Executive Directors</p> <p>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.</p>	Complied	<p>The Chairman meets with the Non-Executive Directors without the presence of the Executive Director on a need basis.</p> <p>However, there were no formal specific meetings held with Non-Executive Directors during the year.</p>
<p>A.5.10 Recording of concerns in Board Minutes</p> <p>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.</p>	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.
<p>A.6, A.6.1 & A.6.2 Supply of Information</p> <p>Obligation of the Management to provide appropriate and timely information and adequate time for circulation of respective Board documents.</p>	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.
<p>A.7 Appointments to the Board</p> <p>A formal and transparent procedure should be followed for the appointment of new Directors to the Board.</p>	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.
<p>A.7.1 /A.7.2 Nomination & Governance committee</p>	Will be compliant by Oct 2024	The Nominations and Governance Committee will be established on or before 1 st October 2024
<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	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>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	There were no resignation during the year 2023/2024.

Corporate Governance

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE	COMPLIANCE	DETAILS OF COMPLIANCE
<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	The performance of the Board, its sub Committees and individual Directors are being evaluated annually.
<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	The biographical details of the Directors including their qualifications, nature of expertise in relevant functional areas, and other directorships are given on page 7 to 8 Directors' attendance at Board and Board Sub-Committee meetings are given on page 36 to 41 and Directors' interest in contracts with the Company are disclosed on page 86 to 88 of this Report.
<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	The performance of the Chief Executive Officer is being evaluated annually.
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	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>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	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>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.</p>

Corporate Governance

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE	COMPLIANCE	DETAILS OF COMPLIANCE
<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	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>B.1.5 Consultation of the Chairman and access to professional advice</p>	Complied	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>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	Please refer Remuneration Committee Report on Page 39
<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	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>B.2.4 Comparison of remuneration with other companies in the Group</p>	Complied	It also takes into consideration data concerning executive pay among the related group companies when determining annual salary increases.
<p>B.2.5 Performance related payments to the Chief Executive Officer</p>	Complied	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.

Corporate Governance

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE	COMPLIANCE	DETAILS OF COMPLIANCE
B.2.6 Executive share options	Complied	The Company has no share option made available to the Directors, Executives or employees of the Company.
B.2.7 Deciding the Executive Directors' Remuneration	Complied	In deciding the remuneration of the Chief Executive Officer, the Committee takes note of the provisions set out in Schedule E of the Code.
B.2.8 Early termination of Directors 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.	Complied	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.
B.2.9 Early termination not included in the initial contract 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.	Complied	Please refer comment in B.2.8 above.
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 07 to 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.

Corporate Governance

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE	COMPLIANCE	DETAILS OF COMPLIANCE
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 C.2.7 Board should use the Annual General Meeting to communicate with investors and encourage their participation	Complied	<p>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.</p> <p>The external Auditors are invited to attend the Annual General Meeting, for any professional assistance that may requested.</p> <p>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.</p>
C.3, C.3.1 & C 3.2 Major and Material Transactions Directors should disclose to shareholders all proposed material transactions which would materially alter the net asset position of the Company, if entered into.	Complied	There were no major transactions during the financial year 2023/2024 that materially altered our Company's net asset base or the consolidated Group net asset base.
D. Accountability and Audit		
D.1 Financial Reporting The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.	Complied	<p>ACME has reported a true and fair view of its financial position and performance for the year ended 31st March 2024 and at the end of each quarter of 2023/24 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>
D.1.1 & D.1.2 Board responsibility to present the Financial Statements and Annual Report of the Directors	Complied	Please refer the Statement of Directors' Responsibility shown on page 49 and the Directors have made the required declaration on pages 44 to 47 of this Annual Report.

Corporate Governance

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE	COMPLIANCE	DETAILS OF COMPLIANCE
<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 2023/2024.
<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 44 to 47
<p>D.1.5 Statement by the Directors and the Auditors</p>	Complied	The Statement of Directors' Responsibilities is on page 49 of this Annual Report. The Auditor's Report on the Financial Statements for the year ended 31 st March 2024 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.
<p>D.1.8 Disclosure of related party transactions</p>	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.
<p>D.2 Risk Management and Internal Control</p> <p>The Board should have a process of risk management and a sound system of internal controls to safeguard shareholders' investments and Company's assets.</p>	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.

Corporate Governance

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE	COMPLIANCE	DETAILS OF COMPLIANCE
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 42 to 43.
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 44 to 47

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 40 to 41
<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 12 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 & F1.1 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		
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. 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.	Complied	The board assigned this responsibility to the Information Technology Division which ensures security of the IT system.
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.	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 42 to 43

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL ENVIRONMENT

In 2023, the Sri Lankan economy demonstrated notable recovery despite an initial contraction. The economy experienced a 2.3% decline in Gross Domestic Product (GDP) for the year. However, a robust rebound was evident in the latter half of the year, with growth rates of 1.6% in Q3 and 4.5% in Q4. The Asian Development Bank (ADB) forecasts a projected growth of 1.9% for 2024.

The Sri Lankan government and the Central Bank of Sri Lanka (CBSL) have implemented several measures to restore macroeconomic stability. These include the introduction of additional taxes, increased tax rates, and hikes in fuel and energy prices. These interventions have been pivotal in stabilizing the economy.

Foreign currency inflows saw significant recovery compared to 2022, driven by a surge in tourism and increased worker remittances. Additionally, reduced import demand led to a surplus in the external current account for 2023. In response to these developments, the government has begun to gradually phase out import restrictions to bolster the tourism sector and other industries.

The strengthening of the Sri Lankan Rupee against the USD and improvements in both global and local supply chains have contributed to a marked decrease in inflation. The National Consumer Price Index (NCPI) inflation rate fell from 34% in April 2023 to 2.5% in March 2024. With inflation easing, the CBSL has reduced policy rates, leading to a significant decline in market interest rates. This reduction has been supported by the successful finalization of the domestic debt restructuring program, which has lowered risk premiums on government securities. Furthermore, ongoing negotiations with international commercial borrowers are expected to further enhance the economic outlook across various sectors.

PERFORMANCE OF THE PRINTING INDUSTRY

The flexible packaging industry in Sri Lanka serves key sectors such as pharmaceuticals, food and beverages, and is currently producing over 1,500 metric tons per month. Recent economic challenges have led to a decrease in demand within the local market, particularly in the fast-moving consumer goods (FMCG) sector. However, a recovery in volume was observed in the latter half of 2023. With over 15 major players in the industry, there is a pressing need to adopt and introduce sustainable packaging alternatives to address both environmental concerns and evolving market demands.

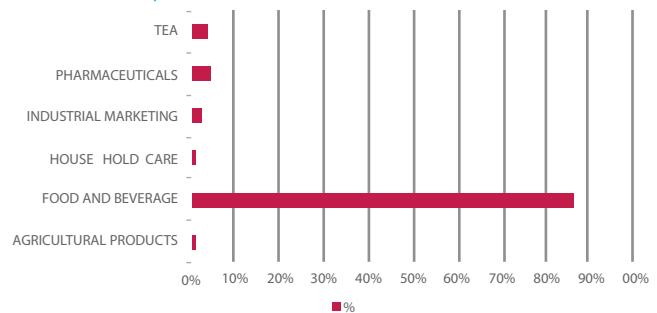
COMPANY PERFORMANCE

ACME, a venerable leader in the packaging industry with nearly 75 years of experience, operates through two facilities. The company's primary operations are based in Piliyandala, complemented by a fully owned subsidiary plant located in Pannala.

For the fiscal year 2023/2024, the majority of our revenue is derived from sales in the Food & Beverage sector, followed by the Pharma industry. In response to market dynamics, the Group has recently relaunched an aggressive sales campaign within the Pharma sector to re-capture market share.

Given these strategic efforts, we remain optimistic about significantly increasing our sales volumes from the Pharma industry in the coming years.

Sales Composition for 2023/2024



FINANCIAL PERFORMANCE

Revenue & Gross Profit

The group's revenue increased from Rs 991 million to Rs 1,106 million, reflecting a 12% year-on-year growth. This rise in sales was primarily driven by the group's strategic decision to enhance sales by reducing margins for its corporate customer base. Consequently, the gross profit (GP) margin decreased by 30 percentage points, from 36% in the previous financial year to 6% in the current year.

Current Assets

Group Current assets increased by Rs 148 Mn compared to year 2022/23. Mainly due to the increase in inventories by 55 Mn, trade & other receivables by 72 Mn.

Non -Current Liabilities

Non -Current Liabilities of the group increased by 72 Mn mainly due to the fact that company has recognized deferred tax liability of Rs 267 Mn during the year. Group was able to bring down the loan term interest bearing & long-term lease liabilities by significant value of Rs 193 Mn during the year.

Current Liabilities

Current liabilities of the group increased by 69% in the year 23/24 in comparison to 22/23. Reasons for increase where company has obtained additional short-term working capital loans from Rs 495Mn during the year under review.

STRATEGIC FOCUS & FUTURE ORIENTATION

Improvement of Quality Control:

We will enforce rigorous quality control measures throughout every stage of production—from material procurement to final packaging. Consistent delivery of high-quality products will strengthen our reputation and boost customer satisfaction.

Focus on Sustainable Practices:

Our commitment to sustainability will be reinforced by promoting & highlighting eco-friendly packaging solutions, and demonstrating our dedication to social and environmental responsibility. This approach aligns with the growing consumer preference for ethically produced products

Participation in Trade Fairs and Exhibitions:

We will actively participate in local & International fairs and exhibitions to showcase our products globally. These events will provide opportunities to engage with potential buyers, form new partnerships, and gain valuable market insights.

Development of an Online Presence:

We will create a user-friendly, visually appealing website with e-commerce capabilities, allowing customers to purchase packing materials directly online. Additionally, we will leverage social media platforms to engage with customers, share updates, and conduct targeted marketing campaigns.

Exploration of New Markets:

We will identify emerging markets with increasing demand for high-quality flexible packaging. Through market research, we will understand regional preferences, cultural nuances, and regulatory requirements to tailor our marketing strategies and expand into these new markets.

HUMAN CAPITAL

Work-Life Balance:

We recognize the importance of maintaining a healthy work-life balance for our employees. The company actively encourages its staff to prioritize their personal lives alongside their professional commitments. Flexible work arrangements, such as remote work options and flexible working hours, are provided to promote a better balance between work and personal life. This flexibility empowers employees to manage their time effectively, reducing stress and enhancing their overall well-being.

Professional Development Opportunities:

ACME Group is dedicated to nurturing the growth and development of its employees. The company provides ample opportunities for professional development, including training programmes, workshops, and mentorship initiatives. By investing in the skill development of its employees, ACME Group not only enhances their career prospects but also contributes to their overall well-being, job satisfaction, and motivation.

Motivation of Human Capital

Employee motivation is crucial for the success of any organisation. A motivated workforce leads to increased productivity, higher job satisfaction, and improved overall performance. ACME understands the significance of motivating its employees and has implemented a range of incentive programmes to boost their morale and job satisfaction.

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(04) 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

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 / Independent, Non-Executive Director

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 07 to 08 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 three (3) meetings and attendance of the Committee members are given below;

Name of The Member	Attendance	Dates of Meetings		
		22.05.2023	09.08.2023	09.02.2024
A.C.S. Jayaranjan (Chairman)	3/3	✓	✓	✓
Dr J.M. Swaminathan (Member)	2/3	✗	✓	✓
G.K.B. Dassanayaka (Member)	3/3	✓	✓	✓
P. M. A. Sirimane (Member)	3/3	✓	✓	✓

✓ 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,

Executive Chairman

Chief Executive Officer

Chief Financial Officer

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 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

Audit Committee Report

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 2024
- ◇ 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.

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 2025, 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

AUDIT COMMITTEE REPORT

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.

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



A.C.S. Jayaranjan

Chairman,
Audit Committee.
Colombo
30th August 2024

REMUNERATION COMMITTEE REPORT

ROLE OF THE REMUNERATION COMMITTEE

The Committee reviews the performance of the executive staff against the set objectives and goals and determines the remuneration policy of the company for all levels of employees. The Committee supports and advises the Board on remuneration related matters and makes decisions under delegated authority with a view to aligning the interests of employees and shareholders.

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

S S P Corporate Services (Pvt) Ltd

Secretary to the Committee

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

The Remuneration Committee meets on a need basis. The Committee met once during the financial year and all members were present at the said meetings. The proceedings of the Committee meetings were regularly reported to the Board of Directors.

The Committee members possess wide experience in the fields of business management, human resources management & labour relations. Hence the Committee has adequate expertise in remuneration policy and management to deliberate and propose necessary changes, improvements to meet the roles and responsibility of the Committee.

RESPONSIBILITY OF THE COMMITTEE

The committee is responsible for formulating and recommending a remuneration policy to the Board. This policy aims to attract, retain, and motivate staff, taking into consideration industry norms. Details of executive remuneration are included under key management personnel compensation as disclosed in Page 85-86 of Annual report. The committee has reviewed the remuneration policy of the company and made its recommendations and has also advised on structuring remuneration packages in order to attract, motivate and retain quality staff personnel.



Mr. G. K. B. Dasanayaka

Chairman

Remuneration committee.

Colombo

30th August 2024

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Related Party Transactions Review Committee (RPTRC) is entrusted with the responsibility of ensuring compliance with the rules and regulations governing Related Party Transactions for Listed Entities. It focuses on ensuring that the Stakeholders' interests are protected in all related party transactions.

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

Member, Independent, Non-Executive Director

S S P Corporate Services (Pvt) Ltd

Secretary to the Committee

REGULAR ATTENDEES BY INVITATION

Executive Chairman

Chief Executive Officer

Chief Financial officer

MEETINGS

The Committee formally held four(04) 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			
		22.05.2023	19.07.2023	09.08.2023	09.02.2024
J. M. Swaminathan (Chairman)	4/4	✓	✓	✓	✓
G. K. B. Dasanayaka (Member)	4/4	✓	✓	✓	✓
P. M. A. Sirimane (Member)	4/4	✓	✓	✓	✓

In addition to these meetings certain related party transactions were referred to the Members of the RPTRC and were reviewed and recommended by Resolutions in Writing

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

DUTIES OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

- Review in advance all proposed related party transactions of the Company either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- Seek any information the Committee requires from management, employees or external parties with regard to any transaction entered into with a related party
- Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary, including obtaining appropriate professional and expert advice from suitably qualified persons.
- Recommend, where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.
- Monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.
- Meet with the management, Internal Auditors/ External Auditors as necessary to carry out the assigned duties.
- Review the transfer of resources, services or obligations between related parties regardless of whether a price is charged.
- Review the economic and commercial substance of both recurrent/non recurrent related party transactions.
- Monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining competent independent advice from independent professional experts with regard to the value of the substantial asset of the related party transaction.

CONCLUSION

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

The Committee is free to seek external professional advice on matters within their purview when necessary.

Related Party Transactions Review Committee Report

There were no non-recurrent Related Party Transactions of which the aggregate value exceeds 10% of equity or 5% of total assets in the latest Audited Financial Statements as at 31st March 2024, which requires additional disclosures in the Annual Report 2023/24 in terms of Rule 9.14.8(1) and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act of the Listing Rules of the Colombo Stock Exchange.

All recurrent Related Party Transactions of the Company during the financial year 2023/24 were reviewed and

approved by the Committee. The aggregate value of the recurrent related party transactions that exceeded 10% of the gross revenue/ income, as per the latest Audited Financial Statements as at 31st March 2024, which requires additional disclosures in the Annual Report 2023/24 in terms of Rule 9.14.8(2) and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act of the Listing Rules of the Colombo Stock Exchange. Please refer note 27.2 Transactions with group companies on page 87.



Dr. J. M. Swaminathan

Chairman
Related Party Transaction review committee.
Colombo
30th August 2024

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

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIR 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 2024. 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 2024. 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 55 to 98

04. AUDITORS' REPORT

The Auditor's report on the financial statements is given on page 52 to 54

05. ACCOUNTING POLICIES

The accounting policies adopted in preparation of Financial Statements and the other explanatory notes are given on pages 59 to 98 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 2024.

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 27, 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 2024 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 2023/2024 as well as in 2022/2023.

10. DIRECTORS AND THEIR SHAREHOLDINGS

The Directors of the Company and their respective shareholdings as at 31st March 2024.

	NUMBER OF SHARES HELD	
	31.03.2024	31.03.2023
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	76,939
Mr. S.D.R. Arudpragasam Hatton National Bank/Mr. S.D.R. Arudpragasam Non-Executive	400,000 (Individual) 400,000 (Margin)	400,000 (Individual) 400,000 (Margin)
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.

ACME PRINTING AND PACKAGING PLC

Annual Report of the Board of Directors on the Affair of the Company

A resolution for the re-appointment of Dr. J.M. Swaminathan, as a Director who is 82 years of age will be proposed at 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 36 to 38

♦ 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 page 39

♦ 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

Member/Independent, 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 40 To 41

♦ 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 2024 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.

ACME PRINTING AND PACKAGING PLC

Annual Report of the Board of Directors on the Affair of the Company

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

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 2024.

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

They were no material capital or other commitment as at reporting date as set out in Note 28 to the financial statement on page 88.

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

	31.03.24	31.03.23
Market price per share as at 31 st March	Rs. 5.50	Rs. 6.30
Highest share price during the year	Rs. 7.30	Rs. 14.00
Lowest share price during the year	Rs. 5.30	Rs. 4.60

21. SHAREHOLDING

The number of registered shareholders of the Company as at 31st March 2024 are 1,922.

22. MAJOR SHAREHOLDERS

The twenty (20) largest shareholders of the Company as at 31st March 2024, together with an analysis are given on pages 102.

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 3 Non-Executive Directors, 2 Executive Directors and 4 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

ACME PRINTING AND PACKAGING PLC

Annual Report of the Board of Directors on the Affair of the Company

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 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 49.

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 29 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 30 on page 88.


27. ANNUAL GENERAL MEETING

The 75th Annual General Meeting of the Company will be held via Online meeting platform at 09.30 a.m.(Sri Lanka time) on Wednesday 09th October 2024

For and on behalf of the Board of Directors of



A. Hettiarachchy
Executive Chairman/Director



Dr. J. M. Swaminathan
Director

ACME PRINTING AND PACKAGING PLC



S S P Corporate Services (Private) Limited,
Secretaries
Date: 30th August 2024

RESPONSIBILITY STATEMENT OF EXECUTIVE CHAIRMAN AND CHIEF FINANCIAL OFFICER

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 2024 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 Material 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, Material 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 29 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 2024 have been paid, or where relevant provision made.

For and on behalf of the Board of Directors of

ACME Printing & Packaging PLC


Sameera Gamage
Chief Financial Officer


A. Hettiarachchy
Executive Chairman
30th August 2024

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 2024 & 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 30th August 2024.

For and on behalf of the Board of Directors of

ACME PRINTING AND PACKAGING PLC



A. Hettiarachchi
Executive Chairman
30th August 2024



G.K.B. Dasanayaka
Director



FINANCIAL REPORTS

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FINANCIAL CALENDAR 2023/24

Interim Report- 1 st Quarter	August 11 th , 2023
Interim Report- 2 nd Quarter	November 13 th , 2023
Interim Report- 3 rd Quarter	February 13 th , 2024
Interim Report- 4 th Quarter	May 30 th , 2024
Annual Report	August 30 th , 2024
75 th Annual General Meeting	October 09 th , 2024

INDEPENDENT AUDITORS' REPORT



KPMG
(Chartered Accountants)
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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 2024, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information as set out in pages 55 to 98.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31st March 2024, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

BASIS FOR OPINION

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

EMPHASIS OF MATTER

RESTATEMENT OF COMPARATIVE BALANCES

We draw attention to Note 33 to the financial statements, which describes that amounts reported in the previously issued Group Financial Statements have been restated and disclosed as comparatives in these financial statements. Our opinion is not modified in respect of this matter.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 31 of the Financial Statements, which indicates that the Group, and the Company incurred a net loss of Rs. 610 Mn and Rs. 458 Mn. respectively during the year ended 31st March 2024 and as of that date the Group and the Company's current liabilities exceeded its current assets by Rs. 787 Mn and Rs. 223 Mn respectively and the Group's total liabilities exceeded its total assets by Rs. 129 Mn. Further, the Group and the Company have reported accumulated losses amounting to Rs. 1,595 Mn and Rs. 1,093 Mn and as of that date, the Company's net assets are less than the half of the stated capital and faces a serious loss of capital situation.

As stated in note 31 to the financial statements, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Group and the Company's ability to continue as a going concern. Our Opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company 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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

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

C. P. Jayatilake FCA
Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

T. J. S. Rajakarier FCA
W. K. D. C. Abeyrathne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R.W.M.O.W.D.B. Rathnadiwakara FCA

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

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

INDEPENDENT AUDITORS' REPORT (CONT.)



01. Valuation of Buildings	
(Refer to Accounting policies in note 3.6 and explanatory note 11 to the financial statements)	
Risk Description	Our response
<p>As disclosed in Note 11 to the financial statements, the fair value of Buildings of the Group and the Company was Rs. 473.2 Mn and Rs. 320.7 Mn respectively. The Group and the Company have recognised a fair value gain of Rs.133.9 Mn and Rs. 88.4 Mn. respectively for the year ended 31st March 2024.</p> <p>Management's assessment of the fair value of Buildings is based on valuations performed by a qualified independent property valuer in accordance with recognized industry standards.</p> <p>We identified valuation of Buildings as a key audit matter because, the determination of the fair values involves significant judgments and estimation, particularly determining the appropriate valuation methodology to be used, and in estimating the key assumptions applied. These key assumptions includes cost per square feet used, taking into consideration for differences such as location and size. A change in the key assumptions will have a significant impact on the fair value of Buildings..</p>	<p>Our audit procedures included;</p> <ul style="list-style-type: none"> Assessing the objectivity, independence, competency, and capability of the external valuer engaged by the Company. Reading the professional valuer's report and assessing the key estimates made by external valuer in deriving the fair value of the buildings. Engaging our own internal specialized resources to assess the reasonability of the valuation technique and the cost per square feet used. Assessing the adequacy of disclosures made in relation to the fair value of Buildings in the financial statements

OTHER INFORMATION

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

INDEPENDENT AUDITORS' REPORT (CONT.)



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 relevant

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and as far as appears from our examination, proper accounting records have been kept by the Company.

However, it should be noted that the net assets of the Company are less than half of its stated capital and face a serious loss of capital situation in terms of section 220 of the Companies Act No. 07 of 2007 for which the actions prescribed by the said Act are pending as at the reporting date.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3029.

Chartered Accountants

Colombo, Sri Lanka
4th September 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 st March	Note	GROUP		COMPANY	
		2024 Rs'000	2023 Rs'000 (Restated)	2024 Rs'000	2023 Rs'000
Revenue	5	1,105,785	991,359	888,296	1,091,591
Cost of Sales		(1,036,921)	(635,246)	(831,547)	(857,761)
Gross Profit		68,864	356,113	56,749	233,830
Other Income	6	10,054	10,314	24,676	24,300
Administrative Expenses		(181,458)	(106,706)	(140,132)	(71,538)
Distribution Expenses		(23,016)	(13,821)	(19,571)	(13,262)
Provision for impairment on Amounts due from related companies and trade receivables	17.1/ 16.1	(5,305)	(5,725)	(39,467)	(6,070)
(Loss) / Profit from Operations	7	(130,861)	240,175	(117,745)	167,260
Finance Income	8.1	4,115	10,994	1,513	16,240
Finance Costs	8.2	(251,406)	(226,202)	(175,945)	(140,050)
Net Finance Costs	8	(247,291)	(215,208)	(174,432)	(123,810)
(Loss)/Profit before Tax		(378,152)	24,967	(292,177)	43,450
Income Tax (Expense)/ Reversal	9	(232,464)	94,466	(165,858)	74,594
(Loss)/Profit for the Year		(610,616)	119,433	(458,035)	118,044
Items that will not be reclassified to Profit or Loss					
Revaluation Surplus	20	133,994	-	88,467	-
Actuarial Gain/ (Loss) on Defined Benefit Obligations	24	754	(1,392)	1,849	(2,330)
Deferred Tax effect on actuarial (gain)/ loss on defined benefit obligations	23	(226)	418	(555)	699
Deferred Tax effect on revaluation surplus	23	(40,198)	-	(26,540)	-
Deferred tax impact due to change in tax rates	23	-	(92,708)	-	(75,293)
Total Other Comprehensive Income/ (Expense)for the Year		94,324	(93,682)	63,221	(76,924)
Total Comprehensive (Expense)/ Income for the Year		(516,292)	25,751	(394,814)	41,120
Basic (Loss)/ earnings per Share	10.1	(6.43)	1.48	(4.82)	1.47

Figures in brackets indicate deductions.

The Notes to the Financial Statements on pages 59 to 98 are integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at	Note	Group			Company	
		31/03/2024 Rs'000	31/03/2023 Rs'000 (Restated)	01/04/2022 Rs'000 (Restated)	2024 Rs'000	2023 Rs'000
ASSETS						
Non-Current Assets						
Property, Plant and Equipment	11	1,048,116	931,414	984,371	733,019	648,512
Right of Use Assets	12	6,068	17,923	19,785	-	-
Investment in Subsidiary	13	-	-	-	-	-
Financial Asset at fair value through OCI	14	25	25	25	25	25
Deferred Tax Asset	23	-	5,441	3,265	-	-
Total Non-Current Assets		1,054,209	954,803	1,007,446	733,044	648,537
Current Assets						
Inventories	15	418,786	363,862	185,907	281,512	287,777
Trade and Other Receivables	16	435,088	362,655	101,400	161,946	273,482
Amounts due from Related Companies	17	16,761	-	-	536,736	248,066
Cash and Cash Equivalents	18	37,616	33,996	36,051	21,733	19,687
Total Current Assets		908,251	760,513	323,358	1,001,927	829,012
Total Assets		1,962,460	1,715,316	1,330,804	1,734,971	1,477,549
EQUITY & LIABILITIES						
Equity						
Stated Capital	19	835,085	835,085	592,813	835,085	835,085
Revaluation Reserve	20	631,921	538,125	630,833	496,363	434,436
Accumulated Losses		(1,595,851)	(985,763)	(1,104,222)	(1,093,295)	(636,554)
Total Equity		(128,845)	387,447	119,424	238,153	632,967
Non-Current Liabilities						
Interest Bearing Borrowings	21	112,590	301,178	25,540	71,963	133,881
Lease Liabilities	22	3,642	8,115	10,382	-	-
Deferred Tax Liabilities	23	267,447	-	-	192,953	-
Defined Benefit Obligation	24	12,765	15,523	12,825	6,884	10,791
Total Non-Current Liabilities		396,444	324,816	48,747	271,800	144,672
Current Liabilities						
Trade and Other Payables	25	240,528	123,305	149,654	132,967	45,130
Amounts due to Related Companies	26	17,402	9,978	3,150	10,048	9,978
Interest Bearing Borrowings	21	1,417,893	817,617	941,105	1,068,175	617,872
Lease Liabilities	22	5,210	3,420	3,318	-	-
Bank Overdraft	18	13,828	48,733	65,406	13,828	26,930
Total Current Liabilities		1,694,861	1,003,053	1,162,633	1,225,018	699,910
Total Liabilities		2,091,305	1,327,869	1,211,380	1,496,818	844,582
Total Equity and Liabilities		1,962,460	1,715,316	1,330,804	1,734,971	1,477,549

Figures in brackets indicate deductions.

The Notes to the Financial Statements on pages 59 to 98 are integral part of these Consolidated Financial Statements.


It is certified that these financial statements have been prepared in compliance with the requirements of the Companies Act No 07 of 2007.


Sameera Gamage
Chief Financial Officer

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

Approved and signed for and on behalf of the Board of Directors:


A. Hettiarachchy
Executive Chairman


H. K. P. Jayasuriya
Director

30th August 2024, Colombo.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 st March	Group			
	Stated Capital Rs'000	Revaluation Reserve Rs'000	Accumulated Losses Rs'000	Total Rs'000
Balance as at 1 st April 2022	592,813	645,705	(1,104,222)	134,296
Correction of prior period error (Note 33)		(14,872)	-	(14,872)
Restated Balance as at 1st April 2022	592,813	630,833	(1,104,222)	119,424
Comprehensive Income for the Year				
Profit for the Year	-	-	119,433	119,433
Other Comprehensive expense (net of tax) for the Year	-	(92,708)	(974)	(93,682)
Total Comprehensive (Expense)/ Income for the Year	-	(92,708)	118,459	25,751
Transactions with owners of the Company, recognized directly in equity				
Right Issue of Shares (Note 19)	242,272	-	-	242,272
Total transactions with owners, recognized directly in equity	242,272	-	-	242,272
Balance as at 31st March 2023	835,085	538,125	(985,763)	387,447
Balance as at 1 st April 2023	835,085	538,125	(985,763)	387,447
Comprehensive expense for the Year				
Loss for the Year	-	-	(610,616)	(610,616)
Revaluation Surplus (net of tax)	-	93,796	-	93,796
Other Comprehensive income for the Year (Net of Tax)	-	-	528	528
Total Comprehensive expense for the Year	-	93,796	(610,088)	(516,292)
Balance As at 31st March 2024	835,085	631,921	(1,595,851)	(128,845)

For the year ended 31 st March	Company			
	Stated Capital Rs'000	Revaluation Reserve Rs'000	Accumulated Losses Rs'000	Total Rs'000
Balance as at 1 st April 2022	592,813	509,729	(752,967)	349,575
Comprehensive Income for the Year				
Profit for the Year	-	-	118,044	118,044
Other Comprehensive expense for the Year, (net of tax)	-	(75,293)	(1,631)	(76,924)
Total Comprehensive Income for the Year	-	(75,293)	116,413	41,120
Transactions with owners of the Company, recognized directly in equity				
Right Issue of Shares (Note 19)	242,272	-	-	242,272
Total transactions with owners, recognized directly in equity	242,272	-	-	242,272
Balance as at 31st March 2023	835,085	434,436	(636,554)	632,967
Balance as at 1 st April 2023	835,085	434,436	(636,554)	632,967
Comprehensive expense for the Year				
Loss for the Year	-	-	(458,035)	(458,035)
Revaluation Surplus (net of tax)	-	61,927	-	61,927
Other Comprehensive Income for the Year, (net of tax)	-	-	1,294	1,294
Total Comprehensive Expense for the Year	-	61,927	(456,741)	(394,814)
Balance As at 31st March 2024	835,085	496,363	(1,093,295)	238,153

Figures in brackets indicate deductions.

The Notes to the Financial Statements on pages 59 to 98 are integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 st March					
	Note	Group		Company	
		2024 Rs'000	2023 Rs'000	2024 Rs'000	2023 Rs'000
Cash flows from operating activities					
(Loss)/ Profit before tax		(378,152)	24,967	(292,177)	43,450
Adjustments for :					
Depreciation on Property, Plant & Equipment	11	73,494	62,836	35,336	33,032
Amortization of Right to Use Assets	12	11,855	1,862	-	-
Provision for Defined Benefit Obligations net of interest on plan assets	24.2	3,924	4,386	2,532	3,109
Provision for Slow Moving Inventories	15.1	1,151	3,550	1,804	4,615
Provision for impairment of Trade Receivable	16.1	5,305	5,725	(1,135)	3,694
Provision for Impairment of Other Receivable	16.2	14,996	-	14,010	-
Provision for Impairment of Amounts due from Related Companies	17.1	-	-	40,602	-
Provision for Impairment of Investment in Subsidiary		-	-	-	2,376
Interest Income	8	(381)	(253)	(255)	(253)
Interest Expense	8	251,406	226,202	175,945	140,050
Operating (Loss) / Profit before working capital changes		(16,402)	329,275	(23,338)	230,073
Decrease / (Increase) in Inventories	15	(56,075)	(181,505)	4,461	(168,892)
Decrease / (Increase) in Trade and other Receivables	16	(101,854)	(266,980)	98,966	(201,383)
Decrease in Amount due from Related Companies	17	(16,761)	-	(329,272)	(52,894)
Increase in Amount due to Related Companies	26	7,424	7,169	70	7,169
(Decrease) / Increase in Trade and Other Payables	25	117,222	(26,689)	87,837	(17,951)
Cash used in Operations		(66,446)	(138,730)	(161,581)	(203,878)
Interest Paid		(71,880)	(127,798)	(63,882)	(86,458)
Employee Benefit paid	24	(5,928)	(3,079)	(4,590)	(2,804)
Net Cash used in Operating Activities		(144,254)	(269,607)	(230,053)	(293,140)
Cash Flows from Investing Activities					
Purchase of Property, Plant & Equipment	11	(56,202)	(9,879)	(31,376)	(9,022)
Interest Received	8	381	253	255	253
Net Cash Flow used in Investing Activities		(55,821)	(9,626)	(31,121)	(8,769)
Cash flows from financing activities					
Proceeds from Rights Issue		-	242,272	-	242,272
Repayment of Long Term Borrowings	21	(77,931)	(4,007)	(40,156)	(4,008)
Proceeds from Long Term Loan Borrowings	21.1	-	344,773	-	176,994
Repayment of Lease rentals	22	(3,932)	(3,931)	-	-
Proceeds from Short Term Borrowings	21.2	399,979	112,839	395,994	74,735
Borrowings obtained from related companies	21.3	95,000	98,000	95,000	98,000
Repayment of Short Term Borrowings	21.2	(140,891)	(480,183)	(140,891)	(278,386)
Payment of Borrowings obtained from related companies	21.3	(33,625)	(15,912)	(33,625)	(15,912)
Net Cash Flows generated from Financing Activities		238,600	293,851	276,322	293,695
Net Increase / (Decrease) in Cash & Cash Equivalents		38,525	14,618	15,148	(8,214)
Cash & cash equivalents at the beginning of the year		(14,737)	(29,355)	(7,243)	971
Cash & cash equivalents at the end of the year	18	23,788	(14,737)	7,905	(7,243)

Figures in brackets indicate deductions.

The Notes to the Financial Statements on pages 59 to 98 are integral part of these Consolidated 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 2024 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.

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. Parent Enterprise and Ultimate Parent Enterprise

In the Directors' opinion, the Company's parent undertaking is Lankem Ceylon PLC, while the ultimate parent undertaking and controlling party is Colombo Fort Land & Building Company PLC, which is incorporated in Sri Lanka..

1.4. Number of Employees

The numbers of employees of the Group and Company as at 31st March 2024 are as follow:

Group	176 (2023 - 153)
Company	105 (2023 - 97)

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The Financial Statements of the Group comprise the Statement of Financial Position, Statements of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows together with the Accounting Policies and Notes to the Financial Statements which have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs/ LKASs) promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri

Lanka) and with the requirements of the Companies Act No. 07 of 2007. These Financial Statements, except information on Cash Flows, have been prepared following the accrual basis of accounting.

2.2. Approval of Financial Statements by Directors

The Financial Statements for the year ended 31st March 2024 were authorized for issue by the Board of Directors on 30th August 2024.

2.3. Basis of Measurement

The Consolidated Financial Statements have been prepared on historical cost basis except where appropriate disclosures are made with regard to fair value under relevant notes. Assets and liabilities are grouped by nature and in an order that reflect their relative liquidity. The Financial Statements have been prepared on the assumption that the Company will continue as a going concern for the foreseeable future.

- Liability for Retirement Benefit Obligation based on actuarial Valuation as per LKAS - 19 “Employee benefits.
- Financial assets measured at fair Value through OCI.
- Classes of Land, Buildings and Machinery are carried at fair value under Property plant and equipment

2.4. Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees which is the company's functional currency. All financial information presented in Sri Lankan Rupees has been rounded to the nearest rupee.

2.5. Use of Estimates Judgments and Assumptions

The preparation of the financial statements in conformity with Sri Lanka Accounting Standards (SLFRS) 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 recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Notes to the Financial Statements

FINANCIAL STATEMENTS CAPTION	POLICY NO.	NOTE NO.
Valuation of Land, Building and plant & Machinery	3.6	11
Impairment	3.9	16.1, 16.2 and 17.1
Valuation of Retirement Benefit Obligations	3.11	24
Deferred Tax Liabilities and Assets	3.14.5	23
Financial Assets measured at FVOCI	3.5	14

2.6. Presentation of Financial Statements

The assets and liabilities of the Group presented in the Statement of Financial Position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern.

2.7. Materiality and Aggregation

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

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

2.8. Fair Value Measurement

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

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

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

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities. A market is regarded as 'active' if transactions for the asset or liability

take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 inputs are inputs that are not based on observable market data (unobservable inputs). If inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

2.9 Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern in the foreseeable future and they do not foresee a need for liquidation or cessation of trading.

Fair value of non-financial assets

The fair value used by the Group in the measurement of non-financial assets is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or, in the absence of a principal market, in the most advantageous market that is accessible by the Group for the asset or liability.

3. Material Accounting Policies

Except as stated below, the Group has consistently applied all the accounting policies set out below to all periods presented in these financial statements, unless otherwise indicated.

Notes to the Financial Statements

3.1. Changes in Material Accounting Policies

The Group has adopted the following disclosures from 1st April 2023.

3.1 (a) Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12) from 1st April 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences - e. g. leases. For leases, the Group is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the Group applies the amendments to transactions that occur on or after the beginning of the earliest period presented. The Group previously accounted for deferred tax on leases by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right- of- use assets. However, there was no impact on the Statement of Financial Position because the balances qualify for offset under LKAS 12. There was also no impact on the opening retained earnings as at 1st April 2023 as a result of the change. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised.

3.1 (b) Material Accounting Policy Information

The Group has adopted Disclosure of Accounting Policies (Amendments to LKAS 1) from 1st April 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity- specific accounting policy information that users need to understand other information in the financial statements. Management reviewed the accounting policies and made updates to the information disclosed in Note 3 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments

3.2. Basis of consolidation

The Group's Financial Statements comprise consolidated Financial Statements of the Group and its Subsidiary, prepared in accordance with the Sri Lanka Accounting Standards (SLFRS) 10 - Consolidated Financial Statements.

3.2.1 Business Combination

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 acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The 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 recognised 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 recognised in profit or loss.

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

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a 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-

Notes to the Financial Statements

based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

3.2.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

3.2.3 Loss of Controls

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3.2.4 Transactions eliminated on consolidation

Intra-group balances, and income and expenses arising from intra-group transactions are eliminated in preparing the Financial Statements. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

3.3. Foreign Currency Translation

Transactions in foreign currencies are translated to the Sri Lankan Rupees at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the Sri Lankan Rupees at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the Sri Lankan Rupees at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.4. Assets and Bases of their Valuation

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

3.5. Financial instruments

3.5.1.1. Recognition and initial measurement

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

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not an FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.5.1.2. Classification and subsequent measurement

3.5.1.2.1. Financial Assets

On initial recognition, a financial asset is classified as measured at; amortised cost; FVOCI – equity investment.

Financial assets are not reclassified subsequently to their recognition unless the Company 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 amortized 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.

On the 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.

Notes to the Financial Statements

a. Business Model Assessment

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

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

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

b. Assessment whether Contractual Cash Flows are Solely Payment of Principal and Interest

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

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

- Contingent events that would change the amount or timing of cash flows
- Terms that may adjust the contractual coupon rate, including variable rate features
- Prepayment and extension features; and

- Terms that limits the Group's claim to cash flows from specific assets (e.g. non-recourse features)

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

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

c. Subsequent measurement and gains and losses

3.5.1.2.2. Financial Liabilities

Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost using effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.5.1.3. Derecognition

3.5.1.3.1 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.

3.5.1.3.2 Financial Liabilities

The Group derecognizes a financial liability when its

Notes to the Financial Statements

contractual obligations are discharged or cancelled or expire. The Group also derecognizes 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 recognized 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 recognized in profit or loss.

3.5.1.4. Offsetting

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

3.6. Property, Plant & Equipment

3.6.1 Recognition and measurement

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

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing cost. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

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

Cost Model

The Group applies cost model to property, plant and equipment except for freehold land, Buildings and Machinery, and records at cost of purchase or construction 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 Free hold lands, Buildings and Machinery. Such assets are carried at a revalued amount, being their fair value at the date of revaluation, less subsequent accumulated impairment losses. 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 qualified valuers. On revaluation of an asset, any increase in the carrying amount is recognized in Other Comprehensive Income and accumulated in equity, under capital reserve or used to reverse a previous revaluation decrease relating to the same asset, which was charged to the Statement of Income. In this circumstance, the increase is recognized as income to the extent of the previous write down.

Any decrease in the carrying amount is recognized as an expense in the Statement of Income or debited in the Other Comprehensive Income to the extent of any credit balance existing in the capital reserve in respect of that asset. The decrease recognized in Other Comprehensive Income reduces the amount accumulated in equity under capital reserves. Any balance remaining in the revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Gains and losses on disposal

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within "other income/other expenses" in profit or loss.

3.6.2 Subsequent costs

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

3.6.3 Derecognition

The carrying amount of an item of Property, Plant and Equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an item of Property, Plant and Equipment is included in profit or loss when the item is derecognized. When replacement costs are recognized in the carrying amount of an item of Property, Plant and Equipment, the remaining carrying amount of the replaced part is derecognized. Major

Notes to the Financial Statements

inspection costs are capitalized. At each such capitalization, the remaining carrying amount of the previous cost of inspections is derecognized.

3.6.4 Depreciation

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

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognized in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

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

ASSETS	YEARS
Building	20/25 years or remaining useful life time of the assets
Plant & Machinery	5-20 years
Furniture & Fittings	5-10 years
Motor Vehicles	5-10 years
Computer Equipment	10 years
Cylinders	3 years

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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

3.7. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the

right to control the use of an identified asset, the Group assesses whether:

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

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Group recognises 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 to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant 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

Notes to the Financial Statements

incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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.

3.8. Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average cost, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Raw materials	Cost of purchases together with any incidental expenses
Packing materials and consumables	Cost of purchases together with any incidental expenses
Work in progress	Cost of direct materials and an appropriate proportion of direct expenses based on percentage of actual material
Finished goods	Cost of Materials and Overheads absorbed.

3.9. Impairment

3.9.1 Financial Assets

3.9.1.1 Financial instruments

The Group recognizes loss allowances for ECLs on:

- financial assets measured at amortized 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 realizing security (if any is held); or
- the financial asset is more than 365 days past due.

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.

3.9.1.2 Measurement of ECLs

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

3.9.1.3 Presentation of allowance for ECL in the statement of financial position

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

3.9.1.4 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

Notes to the Financial Statements

order to comply with the Group's procedures for recovery of amounts due.

3.9.1.5 Credit-impaired financial assets

As at each reporting date, the operation assesses whether financial assets carried at amortized 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 reorganization.

3.9.2 Non- Financial Assets

The carrying amounts of the Group's non-financial assets, other than inventories 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 or groups of assets (the "cash-generating unit, or CGU").

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 recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (Company of units) on a pro rata basis.

Impairment losses recognized 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 amortization, if no impairment loss had been recognized.

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indicates that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

3.10. Cash and Cash Equivalents

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

3.11. Employee Benefits

a. 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. All the employees who are eligible for Employees' Provident Fund and Employees' Trust Fund are covered by relevant contribution funds in line with the respective statutes. Employers' contribution to defined contribution plans are recognized as an expense in the Income Statement when incurred.

Employees Provident Fund

The Group and employees contribute 12% and 8% respectively on the salary of each employee to the Employees' Provident Fund.

Notes to the Financial Statements

Employees Trust Fund

The Group contributes 3% of the salary of each employee to the Employees' Trust Fund.

a. Retirement Benefit Obligation

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

The calculation is performed annually by a qualified actuary using the Projected Unit Credit (PUC) method as recommended by LKAS 19- "Employee Benefits". When the calculation results in a benefit to the Group the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.

The assumptions based on which the results of actuarial valuation were determined, are included in Note 24 to the financial statements.

The Group recognizes all actuarial gain/losses arising from defined benefit plans in Other Comprehensive Income.

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

3.12. Stated Capital

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

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with LKAS 12.

3.13. Provisions, Contingent Asset and Contingent Liabilities

Provisions are made for all obligations existing as at the date of Statement of Financial Position when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow.

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

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

3.14. Statement of Profit or Loss and Other Comprehensive Income

For the purpose of presentation of the Statement of Profit or Loss and Other Comprehensive income, the Directors are of the opinion that function of expenses method presents fairly the elements of the Group is performance, and hence such presentation method is adopted in line with the provisions of LKAS 1 in Presentation of Financial Statements.

3.14.1. Revenue Recognition

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

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

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

a. Sale of Goods

Revenue from rendering of services is recognised in the accounting period in which the services are rendered or performed.

3.14.2 Other Income

Other income is recognized on an accrual basis.

Other Income comprises rent income and net gains and losses on the disposal of property, plant and equipment and

Notes to the Financial Statements

other non-current assets including investments have been accounted for in the assets.

3.14.3. Finance Income and Finance Costs

Finance income comprises interest income on funds invested recognized as it accrues in profit or loss, using the effective interest method and foreign currency gains and losses are reported on a net basis. Finance Costs comprise interest expense on bank overdrafts and Borrowings recognized in profit or loss using the effective interest method and foreign currency gains and losses are reported on a net basis.

TYPE OF PRODUCT	NATURE AND TIMING OF SATISFACTION OF PERFORMANCE OBLIGATIONS, INCLUDING SIGNIFICANT PAYMENT TERMS	REVENUE RECOGNITION UNDER SLFRS 15
Sale of Goods	The Company sales flexible packaging materials to customers.	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 dispatch 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).

3.14.4 Expenditure Recognition

All expenses incurred in running the business and in maintaining the Property, Plant and Equipment in a state of efficiency is charged to the Statement of Profit or Loss and Other Comprehensive Income.

For the purpose of the presentation of the Statement of Profit or Loss and Other Comprehensive Income, the Directors are of the opinion that function of expenses method presents fairly the elements of the enterprise's performance; hence such presentation method is adopted.

3.14.5 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in Statement of Profit

or Loss and Other Comprehensive Income except to the extent that it relates to items recognized directly in equity or in Other Comprehensive Income.

Current tax

Current tax expenses for the current and comparative periods are measured at the amount paid or expected to be payable to the Commissioner General of Inland Revenue on taxable income for the respective year of assessment computed in accordance with the provisions of the Inland Revenue (Amendment) Act. No. 45 of 2023 as amended by subsequent legislation enacted or substantively enacted by the reporting date.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted on the reporting date.

Deferred tax

Deferred tax is recognized using the Statement of Financial Position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

The principal temporary differences arise from depreciation on property, plant and equipment; tax losses carried forward and provisions for defined benefit obligations. Deferred tax assets relating to the carried forward unused tax losses are recognized to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized.

3.15. Consolidated Statement of Cash Flows

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

For the purpose of Cash Flow Statement, cash & cash equivalents consist of cash at bank and in hand and short-term deposits net of outstanding bank overdrafts.

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

Notes to the Financial Statements

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 2024, 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 Transactions

Disclosures have been made in respect of the transactions between parties who are defined as related parties as per Sri Lanka Accounting Standards Note 27 Related Party Disclosures.

3.18. Events Occurring after the reporting date

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

3.19. Earnings per Share

The Company presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

3.20. Capital Commitments and Contingent Liabilities

Contingent Assets and Liabilities are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Group's control. All material capital commitments and Contingent Liabilities of the Group are disclosed in the Notes to the financial statements.

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

The Institute of Chartered Accountants of Sri Lanka has issued following new Sri Lanka Accounting Standards

amendment (SLFRSs/ LKASs) which will become applicable for financial periods beginning on or after 1st April 2024. Accordingly, the Group has not applied the following new standards amendment in preparing these Financial Statements.

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

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

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

4.2. Supplier Finance arrangement (Amendments to LKAS 7 & SLFRS 7)

4.3. Lack of exchangeability (Amendments to LKAS 21)

4.4. Lease liability in a sale and leaseback Amendments to SLFRS 16

Further Institute of Chartered Accountants of Sri Lanka has issued following new Sri Lanka Accounting Standards (SLFRSs/ LKASs) which will become applicable for financial periods beginning on or after 1st April 2025. Accordingly, the Group has not applied the following new standards in preparing these Financial Statements.

4.5 SLFRS S1 - General Requirements for Disclosures of Sustainability related Financial Information

4.6 SLFRS S2- Climate related Changes

Notes to the Financial Statements

For the year ended 31 st March		Group		Company	
		2024 Rs'000	2023 Rs'000	2024 Rs'000	2023 Rs'000
5	Set out below is the disaggregation of the Group's/Company's revenue from contracts with customers:				
5.1	Geographical Market				
	Local Sales	1,105,785	955,119	888,296	1,055,351
	Export Sales	-	36,240	-	36,240
		1,105,785	991,359	888,296	1,091,591
5.2	Timing of Revenue Recognition				
	Goods transferred at a point of time	1,105,785	991,359	888,296	1,091,591
	Total Revenue with contracts of Customers	1,105,785	991,359	888,296	1,091,591
	There is no separately identifiable segments for the above mentioned revenue streams.				
6	Other Income				
	Rent income	-	-	18,000	18,000
	Scrap sales	10,054	10,169	6,676	6,300
	Write back of creditors	-	145	-	-
		10,054	10,314	24,676	24,300
7	(Loss)/ Profit from Operations				
	(Loss)/ Profit from operations is stated after charging all expenses including the following,				
	Directors' Emoluments	16,200	16,910	16,200	16,910
	Audit fees and expenses - Audit and Audit Related Services	1,440	1,250	890	750
	- Non Audit Services	283	224	132	132
	Depreciation on Property, Plant and Equipment (Note 11)	73,494	62,836	35,336	33,032
	Amortisation of Right of use Assets (Note 12)	11,855	1,862	-	-
	Provision for impairment of Amount due from related parties and trade receivables (Note 16.1/17.1)	5,305	5,725	39,467	6,070
	Provision for impairment of other receivables (Note 16.2)	14,996	-	14,010	-
	Provision for Slow Moving Inventories (Note 15.1)	1,151	3,550	1,804	4,615
	Staff and related costs				
	- Salaries, wages & other related costs	151,752	109,097	101,425	69,522
	- Defined contribution plans - EPF & ETF	19,260	15,329	15,386	11,455
	- Defined benefit plan cost (Note 24.2)	3,924	4,386	2,532	3,109
		174,936	128,812	119,343	84,086
8	Net Finance Costs				
8.1	Finance Income				
	Interest Income	381	253	255	253
	Gain on Translation of Foreign Currency	3,734	10,741	1,258	15,987
	Total Finance Income	4,115	10,994	1,513	16,240
8.2	Finance Costs				
	Interest on term loans	86,268	49,096	39,143	20,352
	Interest on overdraft and short term loans	99,342	163,368	72,255	107,726
	Interest on Loans due to Related Parties	64,547	11,972	64,547	11,972
	Interest on Lease Liabilities (Note 22)	1,249	1,766	-	-
	Total Finance Costs	251,406	226,202	175,945	140,050
	Net Finance Costs	247,291	215,208	174,432	123,810
		Group		Company	
		2024 Rs'000	2023 Rs'000	2024 Rs'000	2023 Rs'000
9	Income Tax (Expense)/ Reversal				
	Current Tax Expense				
	Taxation on Profit for the year (Note 9.1)	-	-	-	-
	Deferred Tax Charge/ (Reversal) recognized through Profit or Loss (Note 23)	232,464	(94,466)	165,858	(74,594)
	Total Income Tax Expense / (Reversal) included in statement of profit or loss	232,464	(94,466)	165,858	(74,594)
	Deferred tax recognized in other comprehensive income (Note 23)	40,424	92,290	27,095	74,594
	Taxes included in total comprehensive income	272,888	(2,176)	192,983	-

Notes to the Financial Statements

For the year ended 31 st March		Group		Company	
		2024 Rs'000	2023 Rs'000 (Restated)	2024 Rs'000	2023 Rs'000
9	Income Tax (Expense)/ Reversal (cont.)				
9.1	Reconciliation of the Accounting profit and tax expense				
	(Loss)/ Profit before taxation	(378,152)	24,967	(292,177)	43,450
	Non-business income	(381)	(253)	(255)	(253)
	Aggregate disallowable expenses	140,833	196,868	49,669	46,948
	Aggregate allowable expenses	(68,942)	(142,148)	(19,487)	(10,711)
	(Loss)/ Profit from business	(306,642)	79,434	(262,250)	79,434
	Tax loss utilised	-	(79,434)	-	(79,434)
	Total taxable loss	(306,642)	-	(262,250)	-
	Non-business income - Interest income	381	253	255	253
	Tax loss utilised	(381)	(253)	(255)	(253)
	Taxable income	-	-	-	-

9.1.1 Current tax rates

Group/ Company

The profits and income of the Company and its subsidiary are liable for tax at the rate of 30% in terms of the provision of the Inland Revenue Act No. 45 of 2022 as amended (2023 : 30%).

		Group		Company	
		2024 Rs'000	2023 Rs'000	2024 Rs'000	2023 Rs'000
9.2	Accumulated Tax losses				
	Tax losses brought forward	1,175,252	1,232,986	661,515	728,920
	Adjustment in respect of prior year	12,939	21,923	15,215	12,282
		1,188,191	1,254,909	676,730	741,202
	Loss for the year	306,642	-	262,250	-
	Tax losses set-off during the year	(381)	(79,687)	(255)	(79,687)
	Tax losses carried forward	1,494,452	1,175,252	938,725	661,515

10 Basic Earnings / (Loss) per Share

10.1 Basic (Loss)/ Earnings per Share

Basic (loss)/ earnings per ordinary share is calculated by dividing the (loss)/ profit for the year attributable to ordinary shareholders by weighted average number of ordinary shares, in issue during the year.

		Group		Company	
		2024 Rs'000	2023 Rs'000	2024 Rs'000	2023 Rs'000
	(Loss)/Profit after taxation attributable to Ordinary shareholders	(610,616)	119,432	(458,035)	118,044
	Weighted Average Number of shares ('000)	95,000	80,503	95,000	80,503
	(Loss)/ Earnings per Share	(6.43)	1.48	(4.82)	1.47

10.2 Diluted (Loss)/ Earnings per Share

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

Notes to the Financial Statements

As at 31st March 2024

11 Property, Plant and Equipment

11.1 Group

	Land	Buildings	Plant and machinery	Furniture and fittings	Computer and accessories	Motor vehicles	Cylinders Stocks	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cost / Revaluation								
Balance as at 31 st March 2022	231,900	370,720	350,554	24,770	17,872	2,448	288,754	1,287,018
Impact due to error correction (Note 33)	-	(18,137)	-	-	-	-	-	(18,137)
Restated Balance as at 1 st April 2022	231,900	352,583	350,554	24,770	17,872	2,448	288,754	1,268,881
Additions during the year	-	2,970	1,631	161	2,603	-	2,514	9,879
Restated as at 31st March 2023	231,900	355,553	352,185	24,931	20,475	2,448	291,268	1,278,760
Restated as at 1st April 2023	231,900	355,553	352,185	24,931	20,475	2,448	291,268	1,278,760
Additions during the year	-	10,716	14,557	1,890	5,628	-	23,411	56,202
Write-offs during the year	-	-	(1,171)	(15,713)	(14,274)	-	(123,934)	(155,092)
Surplus on revaluation	-	133,994	-	-	-	-	-	133,994
Accumulated Depreciation Transferred	-	(26,977)	-	-	-	-	-	(26,977)
Balance as at 31st March 2024	231,900	473,286	365,571	11,108	11,829	2,448	190,745	1,286,887
Accumulated depreciation								
Balance as at 1 st April 2022	-	-	-	21,222	14,037	2,353	246,898	284,510
Charge for the year	-	13,377	32,009	683	936	95	15,736	62,836
Balance as at 31st March 2023	-	13,377	32,009	21,905	14,973	2,448	262,634	347,346
Balance as at 1st April 2023	-	13,377	32,009	21,905	14,973	2,448	262,634	347,346
Charge for the year	-	13,600	33,477	1,047	2,630	-	22,740	73,494
Write-offs during the year	-	-	(1,171)	(15,713)	(14,274)	-	(123,934)	(155,092)
Accumulated Depreciation Transferred	-	(26,977)	-	-	-	-	-	(26,977)
Balance as at 31st March 2024	-	-	64,315	7,239	3,329	2,448	161,440	238,771
Net carrying value								
As at 31 st March 2023	231,900	342,176	320,176	3,026	5,502	-	28,634	931,414
As at 31st March 2024	231,900	473,286	301,256	3,869	8,500	-	29,305	1,048,116

Notes to the Financial Statements

As at 31st March 2024

11 Property, Plant and Equipment

11.2 Company

	Land	Buildings	Plant and machinery	Furniture and fittings	Computer and accessories	Motor vehicles	Cylinders Stocks	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cost / Revaluation								
Balance as at 1 st April 2022	231,900	237,927	194,676	17,848	15,953	2,448	100,090	800,842
Additions during the year	-	2,970	1,631	161	2,603	-	1,657	9,022
Balance as at 31 st March 2023	231,900	240,897	196,307	18,009	18,556	2,448	101,747	809,864
Balance as at 1 st April 2023	231,900	240,897	196,307	18,009	18,556	2,448	101,747	809,864
Additions during the year	-	10,716	11,143	1,729	5,628	-	2,160	31,376
Write-offs during the year	-	-	-	(14,851)	(13,748)	-	(27,233)	(55,832)
Revaluation Surplus	-	88,467	-	-	-	-	-	88,467
Accumulated Depreciation Transferred	-	(19,409)	-	-	-	-	-	(19,409)
Balance as at 31 st March 2024	231,900	320,671	207,450	4,887	10,436	2,448	76,674	854,466
Accumulated depreciation								
Balance as at 1 st April 2022	-	-	-	14,825	13,550	2,353	97,592	128,320
Charge for the year	-	9,631	19,505	386	903	95	2,512	33,032
Balance as at 31 st March 2023	-	9,631	19,505	15,211	14,453	2,448	100,104	161,352
Balance as at 1 st April 2023	-	9,631	19,505	15,211	14,453	2,448	100,104	161,352
Charge for the year	-	9,778	19,849	748	2,579	-	2,382	35,336
Write-offs during the year	-	-	-	(14,851)	(13,748)	-	(27,233)	(55,832)
Accumulated Depreciation Transferred	-	(19,409)	-	-	-	-	-	(19,409)
Balance as at 31 st March 2024	-	-	39,354	1,108	3,284	2,448	75,253	121,447
Net carrying value								
As at 31 st March 2023	231,900	231,266	176,802	2,798	4,103	-	1,643	648,512
As at 31 st March 2024	231,900	320,671	168,096	3,779	7,152	-	1,421	733,019

11.3 Fully depreciated property plant & equipment still in use

	Group		Company	
	2024 Rs'000	2023 Rs'000	2024 Rs'000	2023 Rs'000
Furniture and fittings	33,368	18,513	29,111	14,296
Motor vehicles	2,446	1,694	2,446	1,694
Computer and Accessories	27,096	13,337	25,830	11,717
Plant and Machinery	11,351	-	7,529	-
Cylinders	143,504	-	68,840	-
	217,765	33,544	64,916	27,707

11.4 Revaluation of Property Plant & Equipment

The Buildings of the Group were revalued as at 31st March 2024 by Messrs.S.K. Guruge-F.I.V(Sri Lanka)/ F.R.I.C.S (UK) an independent valuer. The Land & Plant and Machinery 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 valuer. The surplus on revaluation relating to Land & Buildings and Plant & Machinery were incorporated in the financial statements. 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.

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 of prices of similar assets, making appropriate adjustments for any differences in the nature, size, location or condition of the specific property.

Depreciated Replacement Cost Method

The Depreciated Replacement Cost ("DRC method") has been used to measure the fair value of buildings. The cost approach is based on the assumption that an informed buyer will pay no more for a property than the cost of building a brand - new property with similar utility. In determining the DRC, the current condition of the buildings and future usability have been considered. This approach involves the analysis of transactions relating to direct comparable where available. Where evidence of direct comparison is not available, consideration is given to properties in locations further afield making appropriate allowances for configuration, permitted use, size, etc.

The Directors of the Company are of the view that the fair value of the Lands and Machinery as at 31st March 2024 has not been changed significantly since its last valuation performed.

Notes to the Financial Statements

For the year ended 31st March 2024

11.4 Revaluation of Property, Plant & Equipment

The table below sets out the significant unobservable inputs used in measuring Land, buildings & Machinery categorized as Level 3 in the fair value hierarchy as at 31st March 2024.

Asset Category	Company	Valuation Technique	Estimates for Unobservable Inputs (Level 03)	Extent	Date of Valuation	Carrying Value before Revaluation	Revalued Amount	Revaluation Surplus / (Loss)	Estimated fair value would increase/ (decrease) if	Sensitivity of fair value of significant unobservable inputs
Land	ACME Printing & Packaging PLC	Market Comparable Method	-Rs. 500,000 per perch	463.8 Perches	31 st March 2022	Rs'000 208,710	Rs'000 231,900	Rs'000 23,190	Price per perch would increase/ (decrease).	Positively Correlated
Building	ACME Printing & Packaging PLC	Depreciated Replacement Cost Method	-Ranging from Rs. 1,000 to Rs. 7,500 per square feet	74,459 sq.ft	31 st March 2024	232,205	320,672	88,467	Price per square feet increases/ (decreases).	Positively Correlated
Building	ACME Packaging Solutions (Private) Limited	Depreciated Replacement Cost Method	Ranging from Rs. 1,750 to Rs. 6,750 per square feet	30,648 sq.ft	31 st March 2024	107,088	152,614	45,527	Price per square feet increases/ (decreases).	Positively Correlated
Plant & Machinery	ACME Printing & Packaging PLC	Depreciated Replacement Cost Method	Fair value of a new machine -Depreciated percentage	-	31 st March 2022	191,710	194,676	2,706	Current market price would increase/ (decrease).	Positively Correlated
Plant & Machinery	ACME Packaging Solutions (Private) Limited	Depreciated Replacement Cost Method	Fair value of a new machine -Depreciated percentage	-	31 st March 2022	110,110	155,878	45,768	Current market price would increase/ (decrease).	Positively Correlated
Total						849,823	1,055,740	205,568		

Notes to the Financial Statements

- 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			
	2024		2023		2024		2023	
	Cost Rs. '000	Carrying Value Rs. '000	Cost Rs. '000	Carrying Value Rs. '000	Cost Rs. '000	Carrying Value Rs. '000	Cost Rs. '000	Carrying Value Rs. '000
Land	13,944	13,944	13,944	13,944	13,944	13,944	13,944	13,944
Building	262,220	154,246	251,504	157,130	152,654	81,595	141,938	80,657
Plant & Machinery	535,311	41,859	520,754	60,779	273,278	13,008	262,135	21,714
Total	811,875	210,049	786,202	231,853	439,876	108,547	418,017	116,315

- 11.6 Buildings of ACME Printing & Packaging PLC are constructed on a freehold land whereas the 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.

- 11.7 Property Plant and Equipment pledged as security

Property Plant and Equipment have been pledged as securities as at the reporting date were mentioned below.

Properties	Company	Name of the Bank	Security
Factory premises at No. 318, Gonamadittha Road, Piliyandala.	ACME Printing & Packaging PLC	Hatton National Bank PLC	Primary floating mortgage bond.
Katugampola Industrial Estate, Makandura, Gonawila	ACME Packaging Solutions (Private) Limited	Sampath Bank PLC	Primary floating mortgage bond.
Plant and Equipment			
Katugampola Industrial Estate, Makandura, Gonawila	ACME Packaging Solutions (Private) Limited	Sampath Bank PLC	Primary floating mortgage bond.

- 11.8 Title restriction on Property Plant and Equipment

There are no restrictions that existed on the title of the Property Plant and Equipment of the Group and the Company as at the reporting date.

12. Right of Use Assets

Group	Land	Motor Vehicles	Plant & machinery	Total
As at 31 st March	Rs'000	Rs'000	Rs'000	Rs'000
Cost				
Balance as at 01 st April 2023	2,379	5,267	15,945	23,591
Balance as at 31 st March 2024	2,379	5,267	15,945	23,591
Accumulated Amortization				
Balance as at 01 st April 2022	178	1,930	1,698	3,806
Amortization during the year	60	526	1,276	1,862
Balance as at 31 st March 2023	238	2,456	2,974	5,668
Balance as at 01 st April 2023	238	2,456	2,974	5,668
Amortization during the year	60	2,811	8,984	11,855
Balance as at 31 st March 2024	298	5,267	11,958	17,523
Carrying value as at 31st March 2024	2,081	-	3,987	6,068
Carrying value as at 31 st March 2023	2,141	2,811	12,971	17,923

Notes to the Financial Statements

13 Investment in Subsidiary

ACME Packaging Solutions (Pvt) Ltd.	% of holding	No. of shares		Company	
		31.03.24	31.03.23	31.03.24 Rs.'000	31.03.23 Rs.'000
Investment in ordinary shares	100%	6,757,874	6,757,874	94,610	94,610
Deemed Investment		-	-	12,800	12,800
Less: Provision for impairment of investment in subsidiary		-	-	(107,410)	(107,410)
		6,757,874	6,757,874	-	-

14 Financial Assets measured at fair value through other comprehensive income

Classification of Financial Instrument	% of holding	No. of shares		Group / Company	
		31.03.24	31.03.23	31.03.24 Rs'000	31.03.23 Rs'000
Unquoted Investments					
Ingrin Institute of Printing & Graphics Sri Lanka Limited	0.05%	25,000	25,000	25	25
		25,000	25,000	25	25

The Group designated the investment shown above as equity securities as FVOCI because these equity securities represents investment that the Group intends to hold for the long term strategic purpose.

The Company has carried out a valuation of the investment in Ingrin Institute of Printing & Graphics Sri Lanka Limited using the net assets basis. This fair valuation has been classified as Level 3 as per the fair value measurement principles.

	Group		Company	
	31.03.24 Rs.'000	31.03.23 Rs.'000	31.03.24 Rs.'000	31.03.23 Rs.'000
15 Inventories				
Raw materials	288,545	279,776	215,208	226,082
Work-in-progress	614	22,203	466	15,721
Machinery spares	57,925	59,294	36,969	44,802
Finished goods	75,715	9,923	26,760	7,848
Goods in transit	24,436	19,964	23,972	13,383
	447,235	391,160	303,375	307,836
Provision for slow moving Inventories (15.1)	(28,449)	(27,298)	(21,863)	(20,059)
	418,786	363,862	281,512	287,777
15.1 Provision for slow moving Inventories				
Balance as at 1st April	27,298	23,748	20,059	15,444
Provision for the year	1,151	3,550	1,804	4,615
Balance as at 31 st March	28,449	27,298	21,863	20,059

Notes to the Financial Statements

	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
As at 31 st March				
16 Trade and Other Receivables				
Trade receivables	372,858	312,654	120,239	234,248
Provision for impairment of trade receivables (Note 16.1)	(16,879)	(16,134)	(7,288)	(11,350)
	355,979	296,520	112,951	222,898
Value Added Tax receivable	-	10,181	-	7,181
Deposits and prepayments	79,109	40,964	48,995	29,397
Nation Building Tax receivable	812	811	590	590
Withholding Tax receivable	17,498	17,493	16,734	16,730
Provision for impairment on other receivables (Note 16.2)	(18,310)	(3,314)	(17,324)	(3,314)
	435,088	362,655	161,946	273,482
16.1 Provision for Impairment of Trade Receivables				
Balance as at 1 st April	16,134	10,409	11,350	7,656
Written-off during the year	(4,560)	-	(2,927)	-
Provision/(Reversal) of impairment of trade receivables	5,305	5,725	(1,135)	3,694
Balance as at 31 st March	16,879	16,134	7,288	11,350
16.2 Provision for Impairment of Other Receivables				
Balance as at 1 st April	3,314	3,314	3,314	3,314
Charge for the year	14,996	-	14,010	-
Balance as at 31 st March	18,310	3,314	17,324	3,314
17 Amounts due from Related Companies				
ACME Packaging Solutions (Pvt) Ltd.	-	-	607,226	277,954
C.W. Mackie PLC	16,761	-	-	-
Provision for impairment (Note 17.1)	-	-	(70,490)	(29,888)
	16,761	-	536,736	248,066
17.1 Provision for Impairment on Amounts due to Related Companies				
Balance as at 1 st April	-	-	29,888	27,512
Charge for the year	-	-	40,602	2,376
Balance as at 31 st March	-	-	70,490	29,888
18 Cash and Cash Equivalents				
Cash in hand	2,112	4,815	1,526	279
Cash at bank	35,504	29,181	20,207	19,408
Cash and Cash Equivalents	37,616	33,996	21,733	19,687
Bank overdraft	(13,828)	(48,733)	(13,828)	(26,930)
Cash and Cash equivalents in the Statement of Cash Flows	23,788	(14,737)	7,905	(7,243)
	No of Shares		Group/Company	
	2024 Nos. '000	2023 Nos. '000	2024 Rs. '000	2023 Rs. '000
19 Stated Capital				
Fully paid ordinary shares at beginning of the year	95,000	41,162	835,085	592,813
Right Issues during the year	-	53,838	-	242,272
At the end of the year	95,000	95,000	835,085	835,085

The holders of ordinary shares are entitled to receive dividend as declared from time to time and are entitled to one vote per individual at meetings of the shareholders or one vote per share in the case of a poll.

Notes to the Financial Statements

As at 31 st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
20 Revaluation Reserve				
Balance as at 31 st March	538,125	645,705	434,436	509,729
Impact due to error correction (Note 33)	-	(14,872)	-	-
Restated Balance as at 1 st April	538,125	630,833	434,436	509,729
Revaluation Surplus	133,994	-	88,467	-
Tax effect on revaluation surplus	(40,198)		(26,540)	-
Tax Impact due to Tax Rate change (Note 23.2)	-	(92,708)	-	(75,293)
Balance as at 31 st March	631,921	538,125	496,363	434,436
21 Interest Bearing Borrowings				
Payable after one year				
Term loans (Note 21.1)	112,590	301,178	71,963	133,881
	112,590	301,178	71,963	133,881
Payable within one year				
Term loans (Note 21.1)	200,793	90,136	68,168	46,406
Short Term Loans (Note 21.2)	646,510	387,422	534,842	279,739
Loans Payable to Related Parties (Note 21.3)	293,463	232,088	293,463	232,088
Interest Payable	277,127	107,971	171,702	59,639
	1,417,893	817,617	1,068,175	617,872
Total Interest Bearing Borrowings	1,530,483	1,118,795	1,140,138	751,753
21.1 Term loans				
Balance as at 1 st April	391,314	50,548	180,287	7,298
Loans received during the year	-	344,773	-	176,997
	391,314	395,321	180,287	184,295
Repayment during the year	(77,931)	(4,007)	(40,156)	(4,008)
Balance as at 31 st March	313,383	391,314	140,131	180,287
Payable within one year	200,793	90,136	68,168	46,406
Payable after one year	112,590	301,178	71,963	133,881
	313,383	391,314	140,131	180,287
21.2 Short Term Loans				
Balance as at 1 st April	387,422	754,767	279,739	483,390
Loans received during the year	399,979	112,838	395,994	74,735
	787,401	867,605	675,733	558,125
Repayment during the year	(140,891)	(480,183)	(140,891)	(278,386)
Balance as at 31 st March	646,510	387,422	534,842	279,739
21.3 Loans Payable to Related Parties				
Balance as at 1 st April	232,088	150,000	232,088	150,000
Loans received during the year	95,000	98,000	95,000	98,000
	327,088	248,000	327,088	248,000
Repayment during the year	(33,625)	(15,912)	(33,625)	(15,912)
Balance as at 31 st March	293,463	232,088	293,463	232,088
Loans payable to related parties are as follows:				
Lankem Ceylon PLC	159,375	98,000	159,375	98,000
E.B. Creasy & Company PLC	134,088	134,088	134,088	134,088
	293,463	232,088	293,463	232,088

Notes to the Financial Statements

21 Interest Bearing Borrowings (Cont.)

21.4 Analysis of Term Loans

COMPANY	RATE OF INTEREST (P.A)	31.03.24 RS'000	31.03.23 RS'000	REPAYMENT	SECURITY
ACME Printing and Packaging PLC	SEYLAN BANK PLC 20MN (AWPLR+2.5%)	-	3,290	Repayable in 60 equal monthly installments commencing from December 2019	Facility Agreement Monthly transfer of Rs. 0.15MN to Savings Account. Loan agreement forms.
	NATIONAL DEVELOPMENT BANK PLC - 62.1MN (AWPLR+2.0%)	52,900	62,100	Repayable in 54 equal monthly installements commencing from May 2023	Primary Mortgage Bond over stocks and book debt of the borrowers and monthly transfer of Rs. 0.1 Mn to savings accounts
	NATIONAL DEVELOPMENT BANK PLC - 50MN (AWPLR+2.0%)	42,218	50,000	Repayable in 53 equal monthly installements commencing from May 2023	Primary Mortgage Bond over stocks and book debt of the borrowers and monthly transfer of Rs. 0.1 Mn to savings accounts
	NATIONAL DEVELOPMENT BANK PLC 28MN (AWPLR+2.0%)	15,556	28,000	Repayable in 17 equal monthly installements commencing from May 2023	Primary Mortgage Bond over stocks and book debt of the borrowers and monthly transfer of Rs. 0.1 Mn to savings accounts
	SOFTLOGIC FINANCE PLC - 33.7MN (AWPLR+2.0%)	29,457	36,897	Repayable in 60 monthly installements commencing from May 2023.	N/A
		140,131	180,287		
ACME Packaging Solutions (Pvt) Ltd.	SAMPATH BANK PLC - 75 Mn (AWPLR+2.5%)	36,250	36,250	Repayable in 60 equal monthly installments commencing from December 2018	Primary mortgage bond for Rs. 90 Mn over leasehold property inclusive of machineries installed therein situated at Pannala and monthly transfer of Rs. 0.1 Mn to savings account.
	SAMPATH BANK PLC - 15 Mn (AWPLR+2.5%)	7,000	7,000	Repayable in 60 equal monthly installments commencing from December 2018	Primary mortgage bond for Rs. 90Mn over leasehold property inclusive of machineries installed therein situated at Pannala.
	NATIONAL DEVELOPMENT BANK PLC 32.7MN (AWPLR+2.0%)	26,643	32,700	Repayable in 53 equal monthly installments commencing from May 2023	Primary Mortgage Bond over stocks and book debt of the borrowers and monthly transfer of Rs. 0.1 Mn to savings accounts
	NATIONAL DEVELOPMENT BANK PLC 14.3MN (AWPLR+2.0%)	6,475	14,300	Repayable in 17 equal monthly installments commencing from May 2023	Primary Mortgage Bond over stocks and book debt of the borrowers and monthly transfer of Rs. 0.1 Mn to savings accounts
	SOFTLOGIC FINANCE PLC - 108.6MN (AWPLR+2.0%)	96,884	120,777	Repayable in 60 monthly installments commencing from May 2023.	N/A
		173,252	211,027		
Total Term Loans		313,383	391,314		

21 Interest Bearing Borrowings (Cont.)

21.5 Short Term Loans

COMPANY	RATE OF INTEREST (P.A)	31.03.24 RS'000	31.03.23 Rs'000	REPAYMENT	SECURITY
ACME Packaging Solutions (Private) Limited	SAMPATH BANK PLC 160MN (AWPLR+2.5%)	108,957	107,683	Repayable in 180 days	Primary mortgage bond for Rs. 90 Mn over leasehold property inclusive of machineries installed therein situated at Pannala and monthly transfer of Rs. 0.1 Mn to savings account.
	NATIONAL DEVELOPMENT BANK PLC 62.1MN (AWPLR+2.0%)	2,712	-	Repayable in 180 days	Primary Mortgage Bond over stocks and book debt of the borrowers and monthly transfer of Rs. 0.1 Mn to savings account.
		111,669	107,683		
ACME Printing & Packaging PLC	DFCC BANK PLC - 210MN (AWPLR + 3.0%)	209,407	-	Repayable within 180 days	Mortgage for Rs.200 Mn over stocks kept at 318,Gonamditta Road,Pliyandala and book debts of th Company with an insurance policy over stocks assigned in favour of the bank.
	PEOPLE'S BANK - 150 MN (AWPLR + 2.5%)	149,998	149,998	Repayable within 180 days	Documents of title to goods shipped indemnity of the borrower Letter of set-off Import trust receipt covering goods control under borrower
	HATTON NATIONAL BANK PLC -150 MN (AWPLR + 3.0%)	146,147	99,611	Repayable within 180 days	Primary floating mortgage bond for Rs. 99 Mn. over immovable property situated at Gonamaditta road with buildings and every thing standing thereon.
	SEYLAN BANK PLC -25MN (AWPLR + 3.0%)	25,000	24,621	Repayable within 90 days	Monthly transfer of Rs. 0.15 Mn to savings account facility agreement form.
	NATIONAL DEVELOPMENT BANK PLC - 50MN (AWPLR + 2.0%)	4,290	5,509	Repayable in 180 days	Primary Mortgage Bond over stocks and book debt of the borrowers and monthly transfer of Rs. 0.1 Mn to savings accounts.
		534,842	279,739		
Total Short Term Loans		646,511	387,422		

21.6 Loans Payable to Related Companies

Company	Related Company	Repayment	31.03.24 Rs.'000	31.03.23 Rs.'000	Interest Rate
ACME Printing & Packaging PLC	Lankem Ceylon PLC	On Demand	159,375	98,000	(AWPLR + 2.0)%
	E.B. Creasy & Company PLC	On Demand	134,088	134,088	(AWPLR + 2.0)%
			293,463	232,088	

Notes to the Financial Statements

As at 31st March

22	Lease Liabilities	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
	Balance as at 1 st April	11,535	13,700	-	-
	Lease Interest during the Year	1,249	1,766	-	-
	Lease rentals paid during the year	(3,932)	(3,931)	-	-
	Balance as at 31 st March	8,852	11,535	-	-
	Due within one year	5,210	3,420	-	-
	Due after one year	3,642	8,115	-	-
		8,852	11,535	-	-

22.1	Presented in Statement of Profit or Loss				
	Interest on lease liabilities	1,249	1,766	-	-
	Presented in Statement of Cash flows				
	Cash flows from financing activities	(3,932)	(3,931)	-	-

22.2	As at 31 st March Analysis of Finance Lease Liabilities by period of Re-payment	2024 - Group			2023 - Group		
		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	5,945	735	5,210	4,661	1,242	3,420
	Repayable - 1 to 5 year	5,348	1,706	3,642	10,210	2,094	8,115
		11,293	2,441	8,852	14,871	3,336	11,535

22.3 Details of leases

Lessee	Location	Nature	Period
Government of Sri Lanka	Pannala	Land	4/1/2019 - 2/21/2058
Sampath Bank PLC	Pannala	Office Lorry	8/6/2018 - 7/6/2024
Singer Finance (Lanka) PLC	Pannala	Slitter Machine	7/27/2020 - 7/5/2025

Notes to the Financial Statements

As at 31st March

	Group		Company	
	2024 Rs.'000	2023 Rs.'000 (Restated)	2024 Rs.'000	2023 Rs.'000
23 Deferred Tax Liability				
Balance as at 1 st April	-	-	-	-
Impact due to error correction (Note 33)	5,441	3,265	-	-
Restated Balance as at 1 st April	5,441	3,265	-	-
(Recognised)/ Reversed in statement of profit or loss	(232,464)	94,466	(165,858)	74,594
(Recognised)/ Reversed in other comprehensive income	(40,424)	(92,290)	(27,095)	(74,594)
Balance as at the 31st March	(267,447)	5,441	(192,953)	-
23.1 Recognised in statement of profit or loss				
Due to change in the effective tax rate	-	93,783	-	73,911
Due to derecognition of previously recognised tax losses	(244,623)	-	(159,047)	-
Due to changes in temporary differences	12,159	683	(6,811)	683
	(232,464)	94,466	(165,858)	74,594
23.2 Recognised in other comprehensive income				
Due to change in the effective tax rate	-	(92,708)	-	(75,293)
Due to changes in temporary differences	(40,424)	418	(27,095)	699
	(40,424)	(92,290)	(27,095)	(74,594)

The Group and the Company has used the effective rate of 30% to calculate deferred tax asset/liability on temporary differences as at 31st March 2024. (2023: 30%)

23.3 Deferred tax assets and liabilities are attributable to the following:

	Group				Company			
	2024		2023		2024		2023	
	Temporary Difference Rs.'000	Tax Effect Rs.'000	Temporary Difference Rs.'000 (Restated)	Tax Effect Rs.'000 (Restated)	Temporary Difference Rs.'000	Tax Effect Rs.'000	Temporary Difference Rs.'000	Tax Effect Rs.'000
Taxable Temporary differences								
Property, Plant and Equipment	(66,160)	(19,848)	(91,403)	(27,421)	14,001	4,200	38,621	11,586
Revaluation Reserve	(903,082)	(270,925)	(769,087)	(230,726)	(710,088)	(213,026)	(621,630)	(186,489)
Right-of-Use Assets	(6,068)	(1,820)	(17,923)	(5,377)	-	-	-	-
	(975,310)	(292,593)	(878,413)	(263,524)	(696,087)	(208,826)	(583,009)	(174,903)
Deductible Temporary differences								
Defined Benefit Obligations	29,640	8,892	26,175	7,852	23,759	7,128	21,443	6,433
Provision for impairment on Trade Receivables	16,879	5,064	16,134	4,840	7,288	2,186	11,350	3,405
Provision for slow moving inventories	28,449	8,534	27,298	8,189	21,863	6,559	20,059	6,018
Lease Liabilities	8,852	2,656	11,535	3,461	-	-	-	-
Tax loss carried forward	-	-	815,410	244,623	-	-	530,157	159,047
	83,820	25,146	896,552	268,965	52,910	15,873	583,009	174,903
		(267,447)		5,441		(192,953)		-

Notes to the Financial Statements

- 23.4 Deferred tax asset has not been recognised on tax losses of the Group and the Company due to the uncertainty regarding the availability of future taxable profits against which the deferred tax asset would be utilized. Therefore, the Group and the Company have not recognised deferred tax assets on the below accumulated tax losses.

As at 31 st March 2024	Group		Company	
	Deductible Temporary Difference	Tax Effect	Deductible Temporary Difference	Tax Effect
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
On Accumulated Tax Losses	1,494,452	448,336	938,725	281,617
As at 31 st March 2023				
	Deductible Temporary Difference	Tax Effect	Deductible Temporary Difference	Tax Effect
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
On Accumulated Tax Losses	359,842	107,953	131,358	39,407
24 Net Defined Benefits Obligations / Plan Assets				
Present Value of the Defined Benefit Obligations (Note 24.2)	29,640	26,175	23,759	21,443
Fair Value of Plan Assets (Note 24.1)	(16,875)	(10,652)	(16,875)	(10,652)
Present Value of Net Obligations	12,765	15,523	6,884	10,791
24.1 Fair Value of Plan Assets				
Balance at the beginning of the year	10,652	10,108	10,652	10,108
Expected Return on Plan Assets	2,078	1,313	2,078	1,313
Actuarial Gain/ (Loss)	4,145	(769)	4,145	(769)
	16,875	10,652	16,875	10,652
24.2 Present Value of the Defined Benefit Obligations				
Balance at the beginning of the year	26,175	22,932	21,443	18,264
Provision for the year	6,002	5,699	4,610	4,422
Gratuity paid during the year	(5,928)	(3,079)	(4,590)	(2,804)
Actuarial Loss	3,391	623	2,296	1,561
	29,640	26,175	23,759	21,443
Recognized in the Statement of Profit or Loss				
Current Service Cost	3,402	2,718	2,862	2,048
Interest Cost	2,600	2,981	1,748	2,374
	6,002	5,699	4,610	4,422
Expected Return on Plan Assets	(2,078)	(1,313)	(2,078)	(1,313)
Total expenses recognized in the statement of profit or loss	3,924	4,386	2,532	3,109
Recognized in the Statement of other comprehensive income				
Actuarial Gain/ (Loss) on Plan Assets	4,145	(769)	4,145	(769)
Actuarial Loss on Defined Benefit Obligations	(3,391)	(623)	(2,296)	(1,561)
Total expense recognized in the statement of other comprehensive income	754	(1,392)	1,849	(2,330)

An actuarial valuation was carried out by Mr. Poopalanathan (AIA) of Actuarial & Management Consultants (Pvt) Limited as at 31st March 2024. 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)".

Plan asset of the Company are held by an approved external gratuity fund where it invests in an insurance scheme amounting to Rs. 16Mn. as at the reporting date.

Notes to the Financial Statements

Net Defined Benefits Obligations / Plan Assets (Cont.)

	Group		Company	
	31.03.24	31.03.23	31.03.24	31.03.23
24.3 Actuarial assumptions				
Principal actuarial assumptions at the reporting date,				
Discount rate as at 31 st March	12.0%	18.0%	12.0%	18.0%
Expected return on Fund assets as at 1st April	12.0%	10.0%	12.0%	10.0%
Future salary increases	7.0%	7.5%	7.0%	7.5%
Staff turnover	14.0%	14.0%	14.0%	14.0%
Average future working life time	5.66	5.29	5.66	5.29

A long term treasury Bond rate of 12% p.a (2023:18%) has been used to discount future liabilities taking into consideration remaining working life of eligible employees.

	31.03.24	31.03.23	31.03.24	31.03.23
24.4 Maturity Analysis				
Within the next 12 months	5,385	4,719	4,074	3,645
Between 1-2years	6,701	5,969	4,986	4,511
Between 2-5 years	9,048	8,199	7,663	7,054
Between 5-10 years	5,987	5,291	4,885	4,415
Beyond 10 years	2,519	1,997	2,151	1,818
Total	29,640	26,175	23,759	21,443

24.5 Sensitivity of assumptions employed in actuarial valuation.

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 2024.

	Group		Company	
	Discount Rate Effect Rs'000	Salary Increment Effect Rs'000	Discount Rate Effect Rs'000	Salary Increment Effect Rs'000
Increase by 1%	(28,548)	30,930	(22,875)	24,822
Decrease by 1%	30,919	(28,429)	24,812	(22,761)

	Group		Company	
	31.03.24 Rs.'000	31.03.23 Rs.'000	31.03.24 Rs.'000	31.03.23 Rs.'000
25 Trade and other payables				
Trade payables	127,371	70,697	63,448	19,356
Advance receipt from Trade Customers.	6,214	-	754	-
Tax related payables	17,336	40,296	9,201	24,976
Other payables	89,607	12,312	59,564	798
	240,528	123,305	132,967	45,130
26 Amounts due to related Companies				
Lankem Ceylon PLC	13,926	9,978	6,572	9,978
E B Creasy Logistics Limited	3,476	-	3,476	-
	17,402	9,978	10,048	9,978

27 Related Party Transactions

27.1 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.

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

Compensation of Directors	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Short term benefits	16,200	16,910	16,200	16,910
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.

27.2 Transactions with related companies

27.2 a Recurrent Related Party Transactions

The following recurrent related party transactions were taken place during the year ended 31st March 2024 in the course of the business where the aggregate value of series of recurrent transactions exceeds 10% of gross revenue as per the financial statements for the year ended 31st March 2024.

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	498,221	56%	On arm's length basis - 5% to 10% GP margin

27.3 Related Party Transactions

Company Name	Relationship	Name of the Directors	Nature of Transaction	Transaction Amount 2024 Rs'000	Transaction Amount 2023 Rs'000
ACME Packaging Solutions (Pvt) Ltd.	Subsidiary	Mr. H. D. S. Amarasuriya (Former Director)	Sale of goods	498,221	397,467
		Mr. R. Seevaratnam,	Purchases of goods	(75,868)	(280,420)
		Mr. J. M. Swaminathan	Machinery Rent Income	18,000	18,000
		Mr. A. Hettiarachchi	Shared Salaries (inclusive of tax)	24,415	17,421
		Mr. S.D.R. Arudpragasam	Settlements	(135,506)	(99,913)
		Mr. A. Rajaratnam			
		Mr. P.S. Goonewardene			
		Mr. G.K.B. Dasanayaka			
		Mr. A.C.S. Jayaranjan			
Lankem Ceylon PLC.	Immediate Parent	Mr. A. Hettiarachchi	Raw Material Purchases	(40,501)	(24,060)
		Mr. S.D.R. Arudpragasam	Repayment	47,269	17,033
		Mr. A. Rajaratnam	Loan Granted	(95,000)	(98,000)
		Mr. P.S. Goonewardene	Loan Settled	33,625	-
		Mr. G.K.B. Dasanayaka	Sales of Goods from ACME	7,701	1,297
		Mr. A.C.S. Jayaranjan	Settlement	(7,737)	(956)
		Mr. P.M.A. Sirimane	Sales of Goods from Solutions	318	7,065
			Settlement	(4,133)	(3,125)
			Administration Fee	(9,426)	(425)
			Administration Fee Paid	142	283
	Interest Charged	(28,300)	-		

Notes to the Financial Statements

27.3 Related Party Transactions (Cont.)

E.B. Creasy PLC	Affiliate	Mr. S.D.R. Arudpragasam Mr. P.M.A. Sirimane	Short Term Loan Obtained	-	(50,000)
			Repayment	-	200,000
			Interest Charged	(36,247)	(9,335)
			Raw Material Purchases	-	(151,086)
			Repayment	-	16,998
E.B. Creasy Logistics Limited	Affiliate	Mr. S.D.R. Arudpragasam Mr. A. Rajaratnam	Shipment Clearance	(8,394)	-
			Repayment	4,917	-
C.W. Mackie PLC	Affiliate	Mr. S.D.R. Arudpragasam Mr. A. Rajaratnam	Sales of Goods - Incl. Taxes Settlement	66,268 (49,507)	38,469 (41,029)

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

28 Capital Commitments

There were no capital commitments outstanding as at 31st March 2024. (2023: Nil)

29 Contingent Liabilities

There are no material contingent liabilities as at the reporting date which would require adjustment or disclosure in financial statements other than the following.

29.1 D.C. Colombo Case No.DSP/0015/08

The Commercial and Industrial Worker's Union filed a case against ACME Printing and Packing PLC to make payment for all arrears in respect of Non-Recurring Cost of Living Gratuity (NRCOLG) allowances due to all members of Commercial and Industrial Worker's Union and thereafter continue to make such payments of the allowance in accordance to the formulas agreed upon in the collective agreement or as a part of the contract of employment.

ACME Printing and Packaging PLC has denied the Commercial and Industrial Worker's Union claim and pleaded inter alia that the said agreement was repudiated and as such, ACME Printing and Packaging PLC is not liable to pay the NRCOLG allowance.

The matter is set for next hearing on 27th of November 2024.

The Board of Directors of the Company having consulted the legal council has determined that no provision is required for the below cases outstanding against the Group as at 31st March 2024.

30 Events occurring after the reporting date

Subsequent to the reporting date, no circumstances have arisen that would required adjustments to/ or disclosure in the financial statements other than disclosed below,

The Company and its subsidiary have been demanded an immediate settlement of total loan outstanding balances due on 9th April 2024 amounting to Rs. 39Mn and Rs. 126Mn respectively by one of the financial institutions via a letter dated on 31st July 2024.

Subsequently, the Company has engaged a law firm for consultation on this matter and has provided a response to the demand letter on 30th August 2024. The financial impact of this demand is currently being evaluated, and further actions will be taken as necessary.

31 Going Concern

The Group and the Company incurred a net loss of Rs. 610 Mn and Rs. 458 Mn respectively during the year ended 31st March 2024 and as of that date the Group and the Company's current liabilities exceeded its current assets by Rs. 787 Mn and Rs. 223 Mn respectively and the Groups' total liabilities exceeded its, total assets by Rs. 129 Mn. Further, the Group and the Company have reported accumulated losses amounting to Rs. 1,595 Mn (2023: Rs. 985 Mn) and Rs. 1,093 Mn (2023: Rs. 636 Mn) and as of that date, the Company's net assets are less than the half of the stated capital and faces a serious loss of capital situation.

As disclosed in Note 30, a financial institution through its letter of demand dated on 31st July 2024 has demanded an immediate settlement of total loan balances due on 9th April 2024.

Therefore, these events or conditions indicate that a material uncertainty exists that may cast substantial doubts on the Group's and Company's ability to continue as a going concern and therefore that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Notwithstanding this uncertainty, the financial statements have been prepared on a going concern basis because, the Board of Directors are of the view that it is appropriate to use the going concern basis for the preparation of financial statements due to the below facts and circumstances.

Notes to the Financial Statements

The Group/the Company has prepared the financial statements on a going concern basis due to reliance on a letter of support, dated 28th August 2024, provided by Lankem Ceylon PLC, the immediate parent company. Through this Letter of Support Lankem Ceylon PLC undertakes to provide financial support to the Group/ the Company to ensure that it can pay its debts as and when they fall due and payable for a minimum of 12 months period from the date of approval of these financial statements by the Board of Directors.

In addition, the Management of the Group has below action plans.

- The Parent has acquired ACME Group of Companies with a strategic view to enhance the market presence in the packaging industry during the year ended 31st March 2022. Hence, the Board of Directors of the Parent does not have any intention to liquidate the ACME Printing and Packaging PLC or to cease the operations in near future.

- ACME Group has identified a strategic priority in expanding its customer base within the pharmaceutical industry, recognizing its potential to enhance profitability. In line with this objective, discussions are currently underway with the customers.

- The Management has initiated cost reduction strategies including proper utilization of machinery without interruptions to reduce ink wastage and electricity consumption.

- The Management is planning to increase the average selling prices and contribution and further emphasis is to pursue high yield orders.

Further, the Management of the Company does not have any intention to liquidate the Company or the Group and to cease the operations in the near future.

32 Financial risk management

32.1 Introduction and overview

The Company 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.

32.2 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.

32.3 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.

32.4 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.

32.5 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	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Trade and Other Receivable	355,979	296,520	112,951	222,898
Amounts due from related Companies	16,761	-	536,736	248,066
Cash at Bank	35,504	29,181	20,207	19,408

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.

Notes to the Financial Statements

Expected credit loss assessment for individual customers as at 31st March 2024

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 75% (Company - 87%) 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

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 2024.

As at 31 st March	Group				Company			
	Weighted average loss rate	Gross carrying amount	Loss allowance 31.03.2024	Loss allowance 31.03.2023	Weighted average loss rate	Gross carrying amount	Loss allowance 31.03.2024	Loss allowance 31.03.2023
		Rs. '000	Rs. '000	Rs. '000		Rs. '000	Rs. '000	
Less than 30 days	0.51%	238,732	(1,212)	(1,095)	0.82%	89,828	(377)	(944)
More than 30 days but less than 60 days	3.24%	40,267	(1,305)	(1,122)	3.99%	15,126	(604)	(882)
More than 60 days but less than 90 days	5.95%	65,086	(3,873)	(2,628)	8.40%	4,214	(354)	(2,486)
More than 90 days but less than 180 days	12.39%	16,922	(2,096)	(355)	36.08%	3,376	(1,218)	(311)
More than 180 days but less than 365 days	45.14%	7,570	(3,417)	(1,901)	50.45%	5,974	(3,014)	(650)
More than 365 days	100.00%	4,976	(4,976)	(9,033)	100.00%	1,721	(1,721)	(6,077)
Total Gross Trade receivable		372,858	(16,879)	(16,134)		120,239	(7,288)	(11,350)
Total Net Trade receivable			355,979				112,951	

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)/Stable
2. Commercial Bank PLC	AA-(Ika)
3. Sampath Bank PLC	AA-(Ika)
4. Seylan Bank PLC	A(Ika)
5. Peoples Bank	AA(Ika)
6. Nations Trust Bank	A(Ika)
7. Softlogic Finance PLC	BB-(Ika)

Amounts due related Companies

The amounts due from related parties mainly consist of receivable from associates and other related ventures and those are closely monitored by the group.

32.6 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 adopts 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 levels to ensure matching of cash flows wherever possible.

However, as disclosed in note 31, the Group and the Company has experienced net current liability position as at the reporting date due to short term interest bearing borrowings.

The Following are the remaining contractual maturity of financial liabilities at the reporting date, excluding the estimated interest payments.

Notes to the Financial Statements

Liquidity risk (cont.)

Group	Carrying Value Rs.'000	Contractual cashflows Rs.'000	Less than one year Rs.'000	More than one year Rs.'000
As at 31st March 2024				
Interest Bearing Borrowings	1,530,484	1,530,484	1,436,137	94,347
Lease Liabilities	8,852	8,852	5,210	3,642
Bank Overdraft	13,828	13,828	13,828	-
Trade Payable	127,371	127,371	127,371	-
Other Payable	89,606	89,606	89,606	-
Amounts due to Related Companies	17,402	17,402	17,402	-
	1,787,543	1,787,543	1,689,554	97,989
As at 31st March 2023				
Interest Bearing Borrowings	1,118,795	1,118,795	818,522	300,273
Lease Liabilities	11,535	11,535	5,210	6,325
Bank Overdraft	48,733	48,733	48,733	-
Trade Payable	70,697	70,697	70,697	-
Other Payable	12,312	12,312	12,312	-
Amounts due to Related Companies	9,978	9,978	9,978	-
	1,272,050	1,272,050	965,452	306,598
Company	Carrying Value Rs.'000	Contractual cashflows Rs.'000	Less than one year Rs.'000	More than one year Rs.'000
As at 31st March 2024				
Interest Bearing Borrowings	1,140,138	1,140,138	1,064,152	75,986
Bank Overdraft	13,828	13,828	13,828	-
Trade Payable	63,448	63,448	63,448	-
Other Payable	59,564	59,564	59,564	-
Amounts due to Related Companies	10,048	10,048	10,048	-
	1,287,026	1,287,026	1,211,040	75,986
As at 31st March 2023				
Interest Bearing Borrowings	751,753	751,753	187,938	563,815
Bank Overdraft	26,930	26,930	26,930	-
Trade Payable	19,356	19,356	19,356	-
Other Payable	798	798	798	-
Amounts due to Related Companies	9,978	9,978	9,978	-
	808,815	808,815	245,000	563,815

32.7 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.

Group	2024	2023
As at 31 st March	USD	USD
Trade & Other Payable	101,370	141,385
As at 31 st March	Reporting date spot rate	
	31-Mar-24	31-Mar-23
USD	301.18	336.01

Notes to the Financial Statements

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 2024. As at reporting date net liability in foreign currency was US\$ 101,369.

	Group			
	As at 31 st March 2024		As at 31 st March 2023	
	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 15%	(4,580)	(4,580)	(7,126)	(7,126)
LKR appreciated against USD by 15%	4,580	4,580	7,126	7,126

32.8 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 Company's interest bearing financial instruments were as follows, Interest rate sensitivity

As at 31 st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Variable rate instruments				
Financial Asset				
- Cash at Bank	35,504	29,181	20,207	19,408
Financial liabilities				
- Interest bearing borrowings	1,237,021	886,707	846,675	519,665
- Bank Overdraft	13,828	48,733	13,828	26,930
- Interest bearing Related Party Borrowings	293,463	232,088	293,463	232,088
	1,544,312	1,167,528	1,153,966	778,683
Net Exposure	1,508,809	1,138,347	1,133,759	759,275

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

Impact on Profit and Loss	Group		Company	
	2024 Rs. 000	2023 Rs. 000	2024 Rs. 000	2023 Rs. 000
Decrease of 100 basis points in rupee interest rate	(15,088)	(11,383)	(11,338)	(7,593)
Increase of 100 basis points in rupee interest rate	15,088	11,383	11,338	7,593

Notes to the Financial Statements

32.9 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.

33 Comparative information

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

33.1 Restatement

Correction of prior period error- erroneous recognition of revaluation surplus of leasehold land under Buildings.

The Group has erroneously recognised the revaluation surplus of lease hold land under Buildings of property, plant & equipments as at 31st March 2022. As a result, the carrying value of the buildings presented in the statement of financial position, revaluation gain in the revaluation reserve and the related deferred tax have been overstated by Rs.18Mn and Rs.5 Mn respectively in prior year financial statements. This error has now been corrected by restating each of the affected financial statement line items for the prior period.

The following tables summarise the impacts on the Company's financial statements.

Impact to the balances reported in the statement of financial position

1 st April 2022	Group Impact of error correction		
	As previously reported Rs.'000	Adjustment Rs.'000	As Restated Rs.'000
Non -Current Assets			
Property,Plant & Equipment	1,002,508	(18,137)	984,371
Right-of-Use Assets	19,785	-	19,785
Financial Asset at fair value through OCI	25	-	25
Deferred Tax Asset		3,265	3,265
Total Non-Current Assets	1,022,318	(14,872)	1,007,446
Total Current Assets	323,358	-	323,358
Total Assets	1,345,676	(14,872)	1,330,804
Stated Capital	592,813	-	592,813
Revaluation Reserve	645,705	(14,872)	630,833
Accumulated Losses	(1,104,222)	-	(1,104,222)
Total Equity	134,296	(14,872)	119,424
Non-Current Liabilities			
Interest Bearing Borrowings	25,540	-	25,540
Lease Liabilities	10,382	-	10,382
Deferred Tax Liabilities	-	-	-
Defined Benefit Obligation	12,825	-	12,825
	48,747	-	48,747
Current Liabilities	1,162,633	-	1,162,633
Total Equity and Liabilities	1,345,676	(14,872)	1,330,804

There is no impact to the statement of cash flows and earnings per share for the year ended 31st March 2023 as a result of the error correction.

Notes to the Financial Statements

33 Comparative information (Cont.)

33.1 Restatement (Cont.)

1 st April 2023	Group Impact of error correction		
	As previously reported Rs.'000	Adjustment Rs.'000	As Restated Rs.'000
Non -Current Assets			
Property,Plant & Equipment	949,551	(18,137)	931,414
Right-of-Use Assets	17,923	-	17,923
Financial Asset at fair value through OCI	25	-	25
Deferred Tax Asset	-	5,441	5,441
Total Non-Current Assets	967,499	(12,696)	954,803
Total Current Assets	760,513	-	760,513
Total Assets	1,728,012	(12,696)	1,715,316
Stated Capital	835,085	-	835,085
Revaluation Reserve	550,821	(12,696)	538,125
Accumulated Losses	(985,763)	-	(985,763)
Total Equity	400,143	(12,696)	387,447
Non-Current Liabilities			
Interest Bearing Borrowings	301,178	-	301,178
Lease Liabilities	8,115	-	8,115
Deferred Tax Liabilities	-	-	-
Defined Benefit Obligation	15,523	-	15,523
	324,816	-	324,816
Current Liabilities	1,003,053	-	1,003,053
Total Equity and Liabilities	1,728,012	(12,696)	1,715,316

As at 31 st March 2023,	Group Impact of error correction		
	As previously reported Rs.'000	Adjustment Rs.'000	As Restated Rs.'000
Loss for the Year	119,433	-	119,433
Items that will not be reclassified to P & L			
Actuarial (Gain)/Loss on Defined Benefit Obligations	(1,392)	-	(1,392)
Deferred Tax effect on actuarial (Gain)/Loss on Defined Benefit Obligations	418	-	418
Deferred tax impact due to change in tax rates	(94,884)	2,176	(92,708)
Total Other Comprehensive Income/(Expense) for the Year	(95,858)	2,176	(93,682)
Total Comprehensive Income for the Year	23,575	2,176	25,751

There is no impact on statement of cash flows and earnings per share for the year ended 31st March 2023 as a result of the error correction.

Notes to the Financial Statements

For the year ended 31st March 2024

33 Comparative information (Cont.)

33.2 Reclassification

The Company has previously presented the amounts due from related companies amounting to Rs. 248Mn under non-current assets. These amounts have now been reclassified and presented under current assets to improve the presentation.

The above reclassification adjustments does not result in changes to the net assets previously reported by the Company.

	Group Impact of reclassification		
	As previously Reported 3/31/2023	Adjustment	As current presentation 3/31/2023
	Rs.'000	Rs.'000	Rs.'000
a) Reclassification between Non-Current Assets and Current Assets			
Non -Current Assets			
Property, Plant & Equipment	648,512	-	648,512
Financial instrument at FVTOCI	25	-	25
Amounts due from related companies	248,066	(248,066)	-
Total Non-Current Assets	896,603	(248,066)	648,537
Current Assets			
Inventories	287,777	-	287,777
Trade and Other Receivables	273,482	-	273,482
Amounts Due from Related companies	-	248,066	248,066
Cash & Cash Equivalents	19,687	-	19,687
Total Current Assets	580,946	248,066	829,012

34 Determination of fair values

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

34.1 Valuation Methodologies of Financial Instruments Measured at Fair Value.

The following table analyses financial instruments 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.

The different levels have been defined as follows ;

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

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

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

Notes to the Financial Statements

	Fair value hierarchy			
	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
31st March 2024				
Group				
Financial assets not measured at fair value				
Trade & Other receivables	-	-	355,979	355,979
Amounts due from Related Companies	-	-	16,761	16,761
Cash & Cash Equivalents	-	37,616	-	37,616
	-	37,616	372,740	410,356
Financial assets measured at fair value				
Financial assets measured at fair value through OCI	-	-	25	25
	-	-	25	25
Financial liabilities not measured at fair value				
Interest Bearing Borrowings	-	1,237,021	293,463	1,530,484
Trade & Other Payable	-	-	216,977	216,977
Amounts due to Related Companies	-	-	17,402	17,402
Lease Liabilities	-	-	8,852	8,852
Bank Overdraft	-	13,828	-	13,828
	-	1,250,849	536,694	1,787,543
31st March 2023				
Financial assets not measured at fair value				
Trade and Other Receivables	-	-	296,520	296,520
Cash & cash equivalents	-	33,996	-	33,996
	-	33,996	296,520	330,516
Financial assets measured at fair value				
Financial assets measured at fair value through OCI	-	-	25	25
	-	-	25	25
Financial liabilities not measured at fair value				
Interest Bearing Borrowings	-	886,707	232,088	1,118,795
Trade & Other Payable	-	-	83,009	83,009
Amounts due to Related Companies	-	-	9,978	9,978
Lease Liabilities	-	-	11,535	11,535
Bank Overdraft	-	48,733	-	48,733
	-	935,440	336,610	1,272,050
31st March 2024				
Company				
Financial assets not measured at fair value				
Trade and Other Receivables	-	-	112,951	112,951
Amounts due from Related Companies	-	-	536,736	536,736
Cash & cash equivalents	-	21,733	-	21,733
	-	21,733	649,687	671,420
Financial assets measured at fair value				
Financial assets measured at fair value through OCI	-	-	25	25
	-	-	25	25
Financial liabilities not measured at fair value				
Interest Bearing Borrowings	-	846,675	293,463	1,140,138
Trade & Other Payable	-	-	123,012	123,012
Amounts due to Related Companies	-	-	10,048	10,048
Bank Overdraft	-	13,828	-	13,828
	-	860,503	426,523	1,287,026

Notes to the Financial Statements

	Fair value hierarchy			
	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
31st March 2023				
Financial assets not measured at fair value				
Trade and Other Receivables	-	-	222,898	222,898
Amounts due from Related Companies	-	-	248,066	248,066
Cash & cash equivalents	-	19,687	-	19,687
	-	19,687	470,964	490,651
Financial assets measured at fair value				
Financial assets measured at fair value through OCI	-	-	25	25
	-	-	25	25
Financial liabilities not measured at fair value				
Interest Bearing Borrowings	-	519,665	232,088	751,753
Trade & Other Payable	-	-	20,154	20,154
Amounts due to Related Companies	-	-	9,978	9,978
Bank Overdraft	-	26,930	-	26,930
	-	546,595	262,220	808,815

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. These tables do not include non-financial assets and liabilities."

	Group				Company			
	2024		2023		2024		2023	
	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	355,979	355,979	296,520	296,520	112,951	112,951	222,898	222,898
Amounts due from Related Companies	16,761	16,761	-	-	536,736	536,736	248,066	248,066
Cash & Cash Equivalents	37,616	37,616	33,996	33,996	21,733	21,733	19,687	19,687
	410,356	410,356	330,510	330,510	671,420	671,420	490,742	490,742
Financial liabilities :								
Trade & Other Payables	216,977	216,977	83,009	83,009	123,012	123,012	20,154	20,154
Amounts due to Related Companies	17,402	17,402	9,978	9,978	10,048	10,048	9,978	9,978
Interest Bearing Borrowings	1,530,484	1,530,484	1,118,795	1,118,795	1,140,138	1,140,138	751,753	751,753
Lease Creditors	8,852	8,852	11,535	11,535	-	-	-	-
Bank Overdraft	13,828	13,828	48,733	48,733	13,828	13,828	26,930	26,930
	1,787,543	1,787,543	1,272,050	1,272,050	1,287,026	1,287,026	808,815	808,815

Cash and Cash Equivalents

The carrying amount of the Cash and Cash Equivalents approximate the fair value as they are short term in nature.

Trade and Other Receivables / Amount Due From Related Companies

Other Receivables / Amount due from Related Companies are expected to be settled within one year from the reporting date and hence the discounting impact would be immaterial. Therefore, carrying amount approximates the fair value as at the reporting date.

Trade and Other Payables / Amount Due to Related Companies

Trade and Other Payables / Amount due to Related Companies are expected to be settled within one year from the reporting date and hence the discounting impact would be immaterial. Therefore, carrying amount approximates the fair value as at the reporting date.

Interest bearing borrowings

Interest bearing borrowings are repriced monthly in line with the changes in the market rates. Hence carrying value of these borrowings approximate the fair value.

Notes to the Financial Statements

	Group			Company		
	Fair Value through profit or loss	Ammortised Cost	Fair Value through other comprehensive income	Fair Value through profit or loss	Carrying Value	Fair Value through other comprehensive income
	Rs. '000	Rs. '000		Rs. '000	Rs. '000	Rs. '000
As at 31st March 2024						
Financial Assets						
Financial Asset at Fair Value through OCI	-	-	25	-	-	25
Trade & Other Receivables	-	355,979	-	-	112,951	-
Amounts due from Related Companies	-	16,761	-	-	536,736	-
Cash & Cash Equivalents	-	37,616	-	-	21,733	-
	-	410,356	25	-	671,420	25
Financial Liabilities						
Trade & Other Payables	-	216,977	-	-	123,012	-
Amounts due to Related Companies	-	17,402	-	-	10,048	-
Interest Bearing Borrowings	-	1,530,484	-	-	1,140,138	-
Lease Liabilities	-	8,852	-	-	-	-
Bank Overdraft	-	13,828	-	-	13,828	-
	-	1,787,543	-	-	1,287,026	-
As at 31st March 2023						
Financial Assets						
Financial Asset at Fair Value through OCI	-	-	25	-	-	25
Trade & Other Receivables	-	296,520	-	-	222,898	-
Amounts due from Related Companies	-	-	-	-	248,066	-
Cash & Cash Equivalents	-	33,996	-	-	19,687	-
	-	330,516	25	-	490,651	25
Financial Liabilities						
Trade & Other Payables	-	83,009	-	-	20,154	-
Amounts due to Related Companies	-	9,978	-	-	9,978	-
Interest Bearing Borrowings	-	1,118,795	-	-	751,753	-
Lease Creditors	-	11,535	-	-	-	-
Bank Overdraft	-	48,733	-	-	26,930	-
	-	1,272,050	-	-	808,815	-

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	7	74,549	552,572
Property, Plant & Equipments	ACME Packaging Solutions (Pvt) Ltd.	Pannala	478.7	-	7	30,648	152,616

5 YEAR SUMMARY

	Company		Group				
	2024	2023	2024	2023	2022	2021	2020
Year Ended 31 st March,							
TRADING RESULTS (RS:'000)							
Revenue	888,296	1,091,591	1,105,785	991,359	1,189,150	1,245,902	1,222,549
Profit/(loss) before taxation	(292,177)	43,450	(378,152)	24,967	(183,009)	(121,546)	(69,115)
Taxation	(165,859)	74,594	(232,464)	94,466	3,618	9,914	573
Profit/(loss) after taxation	(458,036)	118,044	(610,616)	119,433	(179,391)	(111,632)	(68,542)
STATEMENT OF FINANCIAL POSITION (RS:'000)							
Property, plant and equipment	733,019	648,512	1,048,116	949,551	869,348	956,682	922,750
Right of Use Assets			6,068	17,923	6,711	-	-
Investments	25	25	25	25	25	25	25
Investments in subsidiary	-	-	-	-	-	-	-
Net current assets	(223,091)	129,102	(786,610)	(242,540)	(469,343)	(353,569)	(315,863)
Deferred liabilities and long term liabilities	271,800	144,672	396,445	335,468	129,640	153,909	98,311
Stated capital	835,085	835,085	835,085	835,085	592,813	592,813	592,813
Revaluation reserve	496,363	434,436	631,921	550,821	408,288	437,974	421,724
Revenue reserve	(1,093,295)	(636,554)	(1,595,851)	(985,763)	(722,005)	(573,928)	(499,343)
KEY INDICATORS							
Net Profit / (Loss) Margin(%)	(51.56)	10.81	(55.22)	12.05	(15.09)	(8.96)	(5.60)
Return on average net assets(%)	(105.16)	18.85	(472.24)	32.46	(48.75)	(22.97)	(12.21)
Interest cover (Times covered)	0.68	(1.35)	0.52	(1.06)	0.26	(0.16)	(0.50)
Current ratio (Times)	0.82	1.18	0.54	0.76	0.28	0.62	0.67
Gearing Ratio (%)	23.20	17.46	(921.53)	44.39	23.12	14.92	4.41
Fixed assets to shareholders funds (%)	307.79	102.46	(813.47)	245.08	727.95	209.40	179.11
Profit / (Diluted) Loss per Share (Rs.)*	(5.61)	1.47	(7.59)	1.48	(4.36)	(2.71)	(1.67)
Net assets per share (Rs.)*	5.79	15.38	(3.13)	9.72	6.78	11.10	12.52
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, 2024, 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 2024

No. of Shares held	Number of Shareholders as at 31 st March 2024 - 1,922 (31 st March 2023 - 1,943)								
	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	1,268	288,506	0.30	12	4,687	0.00	1,280	293,193	0.30
1,001 to 10,000	431	1,658,389	1.75	3	7,316	0.01	434	1,665,705	1.76
10,001 to 100,000	172	6,107,492	6.43	1	31,999	0.03	173	6,139,491	6.46
100,001 to 1,000,000	30	9,489,001	9.99	-	-	0.00	30	9,489,001	9.99
Over 1,000,000	4	75,048,315	79.00	1	2,364,295	2.49	5	77,412,610	81.49
Total	1,905	92,591,703	97.47	17	2,408,297	2.53	1,922	95,000,000	100.00

Categories of Shareholders	31 st March 2024		31 st March 2023	
	No. of Shares	No. of Shareholders	No. of Shares	No. of Shareholders
Individuals	15,373,738	1,835	14,452,982	1,856
Institutions	79,626,262	87	80,547,018	87
Total	95,000,000	1,922	95,000,000	1,943

4 Share Valuation

The Market value of ACME Printing and Packaging PLC, (Last traded price of an ordinary share) as of March 31st, 2024 was Rs. 5.50 Per share. The highest and the lowest values recorded for the year ended March 31st, 2024 were Rs. 7.30 and Rs. 5.30 Respectively.

5 Public Shareholding

Public shareholding as at 31st March 2024 - 20.66% comprising of 1,914 shareholders

6 Float adjusted market capitalization

Float adjusted market capitalization as at 31st March 2024 was Rs. 107,948,500/-

SHAREHOLDERS' INFORMATION

TWENTY MAJOR SHAREHOLDERS AS AT		31 st MARCH 2024		31 st MARCH 2023	
Name	Number of Shares	Percentage	Number of Shares	Percentage	
1	AMANA BANK PLC/E.B. CREASY & COMPANY PLC	46,800,000	49.26	46,800,000	49.26
2	LANKEM CEYLON PLC	23,846,993	25.10	23,846,993	25.10
3	E.B. CREASY & COMPANY PLC	3,179,223	3.35	3,586,811	3.78
4	CLOVIS COMPANY LIMITED	2,364,295	2.49	2,364,295	2.49
5	MR. S. PARAMANATHAN SARVANANTHARAJAH	1,222,099	1.29	431,000	0.45
6	COMMERCIAL BANK OF CEYLON PLC/ANDARADENIYA ESTATE (PVT) LTD	1,000,000	1.05	1,153,211	1.21
7	MRS. V. SARASWATHI	872,650	0.92	912,650	0.96
8	MR. C.N. PAKIANATHAN	681,535	0.72	681,535	0.72
9	DR. H.S.D. SOYSA / MRS. G. SOYSA GOWRI	598,150	0.63	598,150	0.63
10	UNION COMMODITIES (PVT) LTD.	584,754	0.62	584,754	0.62
11	MR. U.G.J. CHAMINDA	515,176	0.54	494,416	0.52
12	MR. M.H.A. KAMIL	494,416	0.52	494,416	0.52
13	MR. S.D.R. ARUDPRAGASAM	400,000	0.42	400,000	0.42
14	HATTON NATIONAL BANK PLC/SRI DHAMAN RAJENDRAM ARUDPRAGASAM	400,000	0.42	400,000	0.42
15	MR.P.D. JAYASINGHE	400,000	0.42		
16	MS.J. THARSHANA JEYARAJAH	300,000	0.32	300,000	0.32
17	ACUITY PARTNERS (PVT) LIMITED/MR. SUBRAMANIAM VASUDEVAN	270,000	0.28	270,000	0.28
18	DR.S.P. JAYAWARDENA	259,804	0.27		
19	MR.D.P. NAVARATNAM	253,050	0.27	252,050	0.27
20	MR. A.S.M. RIFKI	243,052	0.26	243,052	0.26
21	MR.L.A. MALLAWARACHCHI	225,000	0.24		
22	COMMERCIAL BANK OF CEYLON PLC/S.A.GULAMHUSEIN	219,226	0.23	219,226	0.23
23	MR. D.A.J. WARNAKULASURIYA	200,000	0.21	200,000	0.21
24	DIALOG FINANCE PLC / S.D. DIVAKARAGE	198,071	0.21		
25	MR.R.T.S. FERNANDO	160,000	0.17		
	SUB TOTAL	85,687,494	90.21	84,232,559	88.67
	OTHERS	9,312,506	9.79	10,767,441	11.33
	ISSUED CAPITAL	95,000,000	100	95,000,000	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 09th October 2024 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 2024 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 P.M.A. Sirimane, who retires by rotation in terms of Article No.84 and 85 of the Articles of Association as recommended by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
3. 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"/>
4. 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"/>
5. 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"/>
6. 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"/>
7. To re-appoint Mr. G.K.B. Dasanayaka, 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 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"/>
9. To authorise the Board of Directors to determine contributions to charities..	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day ofTwo Thousand and Twenty Four.

Signature:

* Please delete the inappropriate words.

Note:

1. Instructions for completion of Form of Proxy are given overleaf.
2. 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.
3. 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