ANNUAL REPORT 2023/24

MULLER & PHIPPS (CEYLON) PLC

MULLER & PHIPPS (CEYLON) PLC

CONTENTS

ABOUT US

Muller & Phipps (Ceylon) PLC was incorporated in 1964 and is listed on the Colombo Stock Exchange under GICS Industry Group - Health Care Equipment & Services. It's a subsidiary of E.B. Creasy & Company PLC. The origins of the company go back to 1852 when Joseph and Max Getz, emigrated from Eastern Europe and settled in Northern California, USA. They opened a small general store and with the two brothers' entrepreneurial spirit and foresight their business expanded rapidly across the USA and into Asia. This success did not only come from their forward thinking and insight but also from their reputation as being honest, ethical and law-abiding.

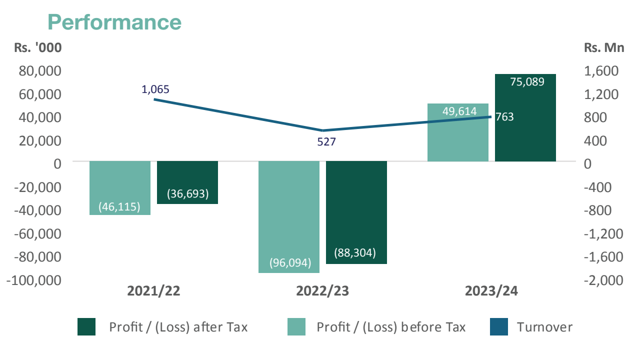
Muller & Phipps (Health Care) Limited is the fully owned subsidiary of Muller & Phipps (Ceylon) PLC. The company was previously known as Pettah Pharmacy (Pvt) Limited and began its business as a family business in 1956. The Company has started Janssen Pharmaceutica BV distribution in Sri Lanka in 1974. For last 50 years the company has benefited millions of patients in Sri Lanka by importing and distributing quality medicines from trusted partners.

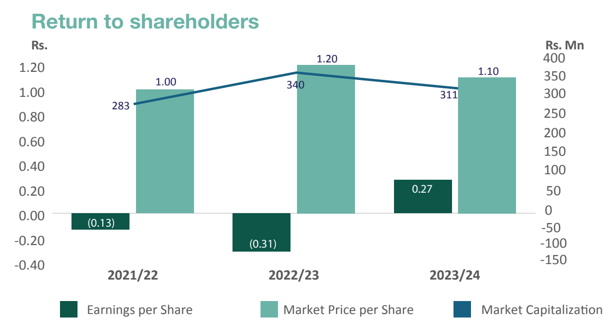
Muller & Phipps (Health Care) Limited (MPHC) is an ethical pharmaceutical distributor with a strict value chain of healthcare compliance and business integrity. All the key functions are being strictly vetted to be in line with the global healthcare compliance guidelines. Company's healthcare marketing teams are fully equipped with e-detailing and reporting capabilities and well trained to commercialize scientific and innovative products to health care professionals in Sri Lanka.

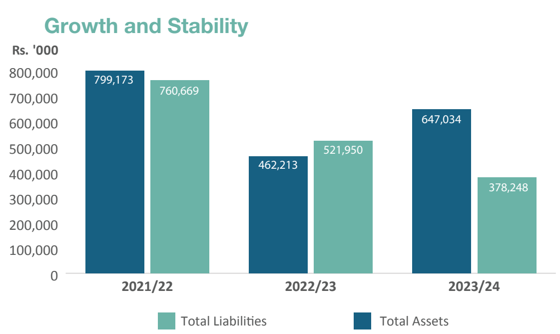
With a rich history spanning several decades, we have consistently demonstrated a commitment to delivering superior value to our customers, partners, and stakeholders. At Muller & Phipps (Ceylon) PLC, our success is built on a foundation of integrity, professionalism, and customer-centricity. Our team of dedicated professionals at Muller & Phipps (Health Care) Limited, equipped with extensive industry expertise and a passion for excellence, is instrumental in driving our growth and maintaining our leadership position in the market. As we navigate through dynamic business environments and unprecedented challenges, our unwavering commitment to operational excellence and sustainable practices remains steadfast. We embrace technological advancements and best practices to optimize our operations, enhance efficiency, and deliver unparalleled value to our stakeholders.

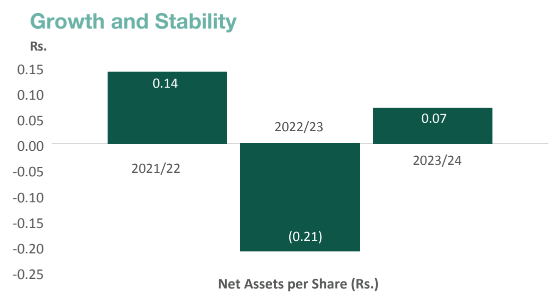
FINANCIAL HIGHLIGHTS

Group Financial Highlights	2023/24	2022/23
Performance		
Turnover (Rs. Mn)	763	527
Operating Profit (Rs.'000)	86,971	78,102
Profit / (Loss) before Tax (Rs.'000)	49,614	(96,094)
Profit / (Loss) after Tax (Rs.'000)	75,089	(88,304)
Growth and Stability		
Net Assets per Share (Rs.)	0.07	(0.21)
Total Assets (Rs.'000)	647,034	462,213
Total Liabilities (Rs. '000)	378,248	521,950
Return to shareholders		
Earnings per Share (Rs.)	0.27	(0.31)
Market Price per Share (Rs.)	1.10	1.20
Market Capitalization (Rs. 'Mn)	311	340









NOTICE OF MEETING

Notice is hereby given that the Fifty Ninth Annual General Meeting of Muller & Phipps (Ceylon) PLC will be held on Thursday, 26th September 2024 at 11.00 a.m. and conducted as a Virtual Meeting from 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01, for the following purposes, namely:

1. To receive and consider the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2024 with the Report of the Auditors thereon.

2. To re-elect as a Director, Mr. S.W. Gunawardena who retires in accordance with Articles 83 & 84 of the Articles of Association.

3. To re-elect as a Director Mr. A.D.T. Mendis who retires in accordance with Article 90 of the Articles of Association.

4. To reappoint Mr. R.N. Bopearatchy who is over seventy years of age as a Director. Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment (see Note No. 6).

5. To reappoint Mr. A.R. Rasiah who is over seventy years of age as a Director. Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment (see Note No. 7).

6. To reappoint Mr. S.N.P. Palihena who is over seventy years of age as a Director. Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment (see Note No. 8).

7. To reappoint Dr. A.M. Mubarak who is over seventy years of age as a Director. Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment (see Note No. 9).

8. To reappoint Mr. S.D.R. Arudpragasam who is over seventy years of age as a Director. Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment (see Note No.10).

9. To authorize the Directors to determine contributions to charities.

10. To reappoint as Auditors, KPMG Chartered Accountants, and authorize the Directors to determine their remuneration.

11. Special Business:

    To consider and if thought fit to pass the following Special Resolution to amend the Articles of Association of the Company in compliance with the Listing Rules of the Colombo Stock Exchange in the manner following:

    Special Resolution

    Resolved –

    "That the existing Article 72 be deleted and the following be substituted therefor:

    72 . The Directors shall not be less than five (05) or more than ten (10) in number. Subject to the provisions of the Act and these presents, the Company may from time to time, by Special Resolution, increase or reduce the number of Directors."

By Order of the Board,
Corporate Managers & Secretaries (Private) Limited.
Secretaries

Colombo

27th August 2024

Notes:

1. A member of the Company who is entitled to attend and vote may appoint a proxy to attend and vote instead of him or her. A proxy need not be a member of the Company.

2. A Form of Proxy is enclosed with this Report.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company's Secretaries Corporate Managers & Secretaries (Pvt) Ltd, at No. 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1, not less than forty eight hours before the time fixed for the meeting.

4. Members are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to represent them and vote on their behalf. Members are advised to complete the Form of Proxy and their voting preferences on the specified resolutions to be taken up at the meeting and submit the same to the Company Secretaries in accordance with the instructions given on the reverse of the Form of Proxy.

5. Please refer the CSE website and the "Circular to Shareholders" dated 27th August 2024 for further instructions relating to the Annual General Meeting and for joining the Meeting virtually.

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

   Resolved –

   "that Mr. R.N. Bopearatchy, who is eighty three years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to the said Director, Mr. R.N. Bopearatchy."

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

   Resolved –

   "that Mr. A.R. Rasiah who is seventy eight years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to the said Director, Mr. A.R. Rasiah."

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

   Resolved –

   "that Mr. S.N.P. Palihena who is seventy seven years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to the said Director, Mr. S.N.P. Palihena."

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

   Resolved –

   "that Dr. A.M. Mubarak who is seventy three years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to the said Director, Dr. A.M. Mubarak."

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

    Resolved –

    "that Mr. S.D.R. Arudpragasam who is seventy three years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to the said Director, Mr. S.D.R. Arudpragasam."

CHAIRMAN'S REVIEW

On behalf of the Board of Directors, it gives me great pleasure to welcome you to the Company's 59th Annual General Meeting and present to you the Annual Report and the Audited Financial Statements of the Company for the year ended 31st March 2024.

Following a successful navigation of unprecedented challenges in the previous year, Sri Lanka has exhibited remarkable resilience and recovery in the 2023-24 financial year. The country's economy has shown signs of stabilization and growth with rapid disinflation, improved external resilience, stronger fiscal balances, and preserved financial system stability. By the end of 2023, inflation had moderated to a more manageable rate of 4%, marking a notable improvement compared to the staggering 57.2 % recorded at the close of 2022. It had further reduced to 0.9 % by March 2024. Along with the prominent appreciation of the Rupee in the first quarter of 2024, dollar liquidity and stability of exchange rate has been improved. Decline in lending rates (AWPLR) from over 25% to single digits eased the consumers to a certain level. However, overall costs were affected by increased utility tariffs and taxes. Health care sector endured strict price controls and continued to grow over the year. I would like to emphasise that the Group managed to overcome the challenges and be resilient with a view for future growth.

The trading operations of the Company's wholly owned subsidiary Muller & Phipps (Health Care) Limited, (formerly) known as Pettah Pharmacy (Private) Limited) enabled the Group to generate a business turnover of Rs. 763 Mn resulting in an Operating Profit of Rs. 87 Mn during the year, recording a growth of 45% and 11% respectively compared to the previous financial year. After managing the challenges faced in the previous year successfully, the Group improved the revenue and entered into the usual business norm with a clear focus and determination. The Group reported a profit after tax of Rs. 75 Mn with a notable turnaround compared to last year's loss after tax of Rs. 88 Mn.

As a prudent strategic move, the Company invested Rs. 270 Mn in the ordinary shares of the subsidiary company with a view to strengthening its financial position for sustainable growth. This strategic investment reflects a forward-thinking approach aimed at overcoming challenges and positioning the Company for long-term success.

We also appreciate the assistance given by the Controlling Parent company by investing Rs. 250 Mn in the preference shares issued by the subsidiary company during the financial year. The management is confident that the subsidiary company can continue well through pursuing new business opportunities and new alliances with overseas and local counterparts.

"As a prudent strategic move, the company invested Rs. 270 Mn in the ordinary shares of the subsidiary company with a view to strengthening its financial position for sustainable growth. This strategic investment reflects a forward-thinking approach aimed at overcoming challenges and positioning the company for long-term success."

Sri Lanka is on the path to recovery with positive GDP growth in two consecutive quarters in 2023. However, we understand the gravity of the many hurdles that await the Group in the new financial year. We intend to focus on working capital management and cost management to navigate through these unpredictable times, whilst selectively choosing new business opportunities to accomplish our growth aspirations. We continue to work in close collaboration with our principals and new suppliers to seek the required assistance to grow our business to ensure it will serve the country's healthcare requirements at its best.

In conclusion, I wish to thank all the employees in the Group for their dedication and hard work. I take this opportunity to thank my fellow Board members for their insights and deliberations. I would also like to convey my appreciation for the significant contributions of our Bankers, Auditors and Company Secretaries. Finally, I thank our shareholders for their continued support and confidence and look forward to delivering enhanced value in the year ahead.

S.D.R. Arudpragasam
Chairman

27th August 2024

BOARD OF DIRECTORS

S.D.R. ARUDPRAGASAM – FCMA (UK)
Chairman

Mr. S.D.R. Arudpragasam joined the Board and was appointed Chairman in the year 2000. He serves as Chairman/ Managing Director of the Immediate Parent Company, E.B. Creasy & Company PLC and was also appointed Chairman of the Ultimate Parent Company, The Colombo Fort Land & Building PLC (CFLB) with effect from 1st July 2022. He has been associated with the CFLB Group since 1982 and prior to such appointment he held the position of Deputy Chairman on the Board of The Colombo Fort Land and Building PLC. Mr. Arudpragasam serves as Chairman of several subsidiaries of The Colombo Fort Land & Building PLC (CFLB) including Chairman, Lankem Ceylon PLC and C M Holdings PLC in addition to holding other Directorships within the CFLB Group.

Mr. Arudpragasam is a Fellow of the Chartered Institute of Management Accountants (U.K.).

R.C.A. WELIKALA
Director

Mr. R.C.A. Welikala was appointed to the Board in 2006. He has extensive experience in marketing of fast moving consumer goods and has successfully developed key brands in the E. B. Creasy Group to market leadership positions. He also serves on several Boards of The Colombo Fort Land and Building Group.

R.N. BOPEARATCHY - B.SC. (CEY), DIP. BM, MBA (UNIV. OF COL.]
Director

Mr. R.N. Bopearatchy was appointed to the Board in the year 2006. He has considerable expertise in product development, manufacturing and marketing of pesticides, pharmaceuticals and consumer products.

After graduation he served in Research at the Plant Pathology Division of the Tea Research Institute and later joined the Chemical Industries Colombo Limited and appointed to its Board. He served on the Boards of Crop Management Services (Pvt) Limited, the managing agents for Mathurata Plantations Limited, CIC Fertilizers Limited and Cisco Speciality Packaging (Pvt) Limited. He held office as Chairman of, the Pesticides Association of Sri Lanka, the Toxicological Society of Sri Lanka, and the International Mosquito Spiral Manufacturers Association (IMSMA).

Mr. R.N. Bopearatchy serves as a Director in several Companies in The Colombo Fort Land & Building Group. He holds a Bachelor of Science degree from the University of Ceylon, a Master's Degree in Business Administration from the University of Colombo and a Diploma in Business Management from the NIBM.

P.M.A. SIRIMANE – FCA, MBA
Director

Mr. P.M.A. Sirimane was appointed to the Board of Muller & Phipps (Ceylon) PLC in October, 2011.

He 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. Mr. Sirimane 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.

A.R. RASIAH - B.SC. (CEY.) FCA
Director

Mr. A.R. Rasiah was appointed to the Board as an Independent Non-Executive Director on 2nd May, 2013. He functions as a Non-Executive Director of the E. B. Creasy Group of Companies and on some of the Boards of the Hotels Sector in The Colombo Fort Land & Building Group. Mr. Rasiah was also appointed to the Board of The Colombo Fort Land & Building PLC with effect from 8th June 2023.

Mr. Rasiah is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and finalist of the Chartered Institute of Management Accountants (UK). He holds a Bachelor of Science Degree from the University of Ceylon.

Mr. Rasiah's illustrious career both in finance and commerce spans over forty years. He started his career with Ernst and Young and later served at Mercantile Group of Companies and Almulla Group of Companies, Kuwait. Finally, he joined Nestle Lanka PLC as Director Finance in 1994 and was with the Group until his retirement in 2005. He was formerly Chairman of Atlas Axillia (Pvt) Ltd., Chairman of the Sri Lanka Institute of Directors and Senior Director of Nations Trust Bank PLC. Currently Mr. Rasiah functions as the Chairman of Hela Apparel Holdings PLC, Alternate to Chairman of Gestetner of Ceylon PLC, and as a Director of Fintek Managed Solutions (Pvt) Ltd and Clindata Lanka (Pvt) Ltd. He is also a keen sportsman who represented Sri Lanka at Table Tennis.

BOARD OF DIRECTORS

S.N.P. PALIHENA – FCIB (U.K.), FIB (SL), POST GRAD. DIP. BUS. & FA
Director

Mr. S.N.P. Palihena was appointed to the Board as an Independent Non-Executive Director on 2nd May, 2013. In addition to serving on the Board of E.B. Creasy & Company PLC and some of its subsidiaries he also serves on certain Boards of The Colombo Fort Land & Building Group.

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

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

DR. A.M. MUBARAK – B.SC. (SL.) PH. D. (CANTAB), FICHEMC, FNASSL
Director

Dr. A.M. Mubarak was appointed to the Board as an Independent Non – Executive Director on 2nd September 2013. Dr. Mubarak, a Commonwealth Scholar, has a B.Sc. degree from the University of Colombo and a Ph. D. from the University of Cambridge U.K. Dr. Mubarak, a former Director and Chief Executive Officer of the Industrial Technology Institute, has several years experience in managing industry oriented R&D.

Dr. Mubarak has served as Chairman of National Science Foundation and Chief of Research and Innovation of the Sri Lanka Institute of Nanotechnology (Pvt) Ltd. He also has served on the Boards/Councils of the University of Colombo, Postgraduate Institute of Science, Sri Lanka Accreditation Board, National Engineering Research & Development Centre and National Science and Technology Commission. Currently he is a Member of the University of Sri Jayewardenepura Council and Sri Lanka Standards Institute Council and a Director of the Office for Reparations and the North-Western Province Environmental Authority. He has also held the posts of President of the Institute of Chemistry, Ceylon, Sri Lanka Association for the Advancement of Science and National Academy of Sciences of Sri Lanka.

Dr. Mubarak serves on the Boards of E.B. Creasy & Company PLC, Lankem Ceylon PLC and on some of the subsidiaries of the aforementioned Companies.

S. RAJARATNAM – B.SC. CA
Director

Mr. S. Rajaratnam was appointed to the Board as a Non-Executive Director in June 2021. He holds the position of Joint Managing Director of E.B. Creasy & Company PLC and serves on the Boards of the subsidiaries of the E.B. Creasy Group. He holds several other Directorships including The Colombo Fort Land & Building PLC.

Mr. S. Rajaratnam holds a Bachelor of Science Degree in Business Administration from Boston College, U.S.A. and is a member of the Institute of Chartered Accountants in Australia.

S. W. GUNAWARDENA – B.SC., MBA
Director

Mr. S.W. Gunawardena was appointed to the Board as a Non-Executive Director in June 2021. Prior to joining the Parent Company E.B. Creasy & Company PLC Mr. Gunawardena had served in leading mercantile establishments in Sri Lanka and overseas.

Mr. Gunawardena serves on the Board of E.B. Creasy & Company PLC and on the Boards of some of its subsidiaries. He also serves on the Board of International Household Insecticides Manufacturers BHD and functions as the Treasurer from 2014.

Mr. Gunawardena holds a Bachelor of Science degree from the University of Colombo and a Master's in Business Administration from the Postgraduate Institute of Management, University of Sri Jayawardenapura.

A.D.T. MENDIS – FCCA-UK,ACA,MCSI-UK, MBA (USQ-AUS), BSc Finance Special (Hons)
Director

Mr. A.D.T. Mendis was appointed to the Board as a Non- Executive Director on 1st August 2024. Mr. Mendis graduated with a first-class Honours - BSc Finance Special degree from the University of Sri Jayewardenepura. He also holds a Master's in Business Administration from the University of Southern Queensland, Australia.

Mr. Mendis is a Member of the Association of Chartered Certified Accountants of UK (FCCA), Institute of Chartered Accountants of Sri Lanka (ACA) and Chartered Institute of Securities and Investments of UK (MCSI).

He is a past member of the Financial Reporting Standards Implementation & Interpretation Task Force of CA Sri Lanka. He is also a past committee member of ACCA Sri Lanka Member Network Panel.

He is currently a visiting lecturer on Financial Reporting related subjects for ACCA and CASL examinations and has been a visiting lecturer for Financial Management related subjects previously.

Mr. Mendis commenced his career at KPMG Sri Lanka and has expertise in Auditing, SLFRS conversion assignments and providing Financial Reporting advisory services. After serving leading corporates in the country for 13 years, he joined the E. B. Creasy Group in August 2023. He is currently the Group Chief Financial Officer providing overall leadership for the finance functions of the E.B. Creasy Group.

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP PROFILE

Muller & Phipps (Ceylon) PLC incorporated in 1964 and listed in the Colombo stock exchange in 1965. The Company's trading operations are being conducted by its wholly owned Subsidiary; Muller & Phipps (Health Care) Limited (MPHC). The Subsidiary Company was previously known as Pettah Pharmacy (Pvt) Limited and began its business as a family business in 1956. Company has started Janssen Pharmaceutica distribution in Sri Lanka in 1974. For last 50 years the company has benefited millions of patients in Sri Lanka by importing and distributing quality medicines from trusted partners namely, Johnson & Johnson innovative medicine, USA & Alliance pharmaceuticals, UK. Further diversified to pharmaceutical manufacturing and industrial business, MPHC also represents ACG pharmaceuticals, a global leader for solid dosage manufacturing machinery, capsules, protective packaging materials and traceability solutions. MPHC also represents excipients manufacturer Nitika pharma, India in industrial business segment.

Muller & Phipps (Health Care) Limited is a pharmaceutical importer and distributor in Sri Lanka known for its strong commitment to ethical practices and healthcare compliances. The company rigorously adhere to global healthcare compliance guidelines, ensuring integrity throughout the value chain. Company's healthcare marketing teams are using e-detailing and reporting tools to effectively promote scientific and innovative products to healthcare professionals, reflecting their dedication to advancing healthcare standards in the Country.

STAKEHOLDER ENGAGEMENT

Key stakeholders are parties that have a significant influence over the Group, or who would be significantly impacted by Group operations. Engaging stakeholders in decisions and business results involves recognizing stakeholders, their expectations and maintaining two-way communication, on a regular basis. The group takes a structured approach to stakeholder engagement to identify their motivations and expectations. This enables developing a strategy that aligns with their aspirations.

Being engaged in the pharmaceutical industry and having worked with international agencies, the group especially focuses on following strict compliance guidelines and regulatory requirements in place for the industry. Therefore, the group maintains balanced relations with local and international stakeholders to ensure all the related concerns are catered accordingly.

Below segment provides a description of our key stakeholders. Their concerns identified, Group's response to such concerns and modes of engagement.

STAKEHOLDER	KEY CONCERNS	EXPECTATION	MODE OF ENGAGEMENT
Shareholders / Financiers	• Sustainable growth and return on investment • Good governance • Risk management • Timely communication • Prudent investments and ethical business conduct	• Shareholder wealth creation • Business continuity • Sustainable profitability • Corporate Governance and ethical business operation	• Annual and Quarterly financial reports • Timely notices to the Colombo Stock Exchange • Press Releases
Consumers/ Patients / health care professionals	• Quality, Safety and efficacy of products	• Partnering with reputed and quality assured suppliers • Integrated product quality assurance and safety systems	• Carefully selecting suppliers with quality assurance accreditations such as WHO GMO, EU GMP, USFDA etc. • Establishing Standard operating procedure and conduct regular trainings. • Periodic effectiveness check. • Annual quality audit.

MANAGEMENT DISCUSSION AND ANALYSIS

STAKEHOLDER	KEY CONCERNS	EXPECTATION	MODE OF ENGAGEMENT
	• Ensure the product availability across the country.	• Improved sales and distribution network	• Introducing advanced SFA monitoring systems. • Continuous analytic based reach improvements
	• Patient safety assurance	• Integrate Pharmacovigilance system	• 24/7 Patient care help line to assist patients. • Quality complaint access from cooperate website.
	• Have quality, safety medicine to uphold their treatment standards	• Covering entire country with well-trained medical representatives • Regular updates on novel therapies and product trainings.	• Scientific detailing • In clinic and ex clinic activities
Employees	• Career growth • Fair remuneration • Safety and respect • Grievance protocols • Concern for employees	• Good HR policies reviewed by the Board of Directors • Competitive salary, benefits, rewards and recognition • Empowerment, training and talent development	• Performance reviews • Recognition and Awards
Governments and Regulators	• Comply with the local regulation prescribed by the local regulatory bodies. • Partnership in economic development	• Ensure our all-regulatory activities are align with the latest regulatory requirement. • Timely payment of taxes and regulatory fees • Renewing certifications and license timely	• Engage with regulatory forums and training conducted by local regulatory authorities. • Keep management and relevant staff informed about the latest regulatory updates and trends. • Implement in-house standard procedures to align with local regulations. • Conduct effectiveness checks and periodic audits.
Principals and Suppliers	• Business growth • Sustainable business relationships • Ethical and transparent business practices • Shared economic gains	• Compliance and good governance • Ethical business practices • Timely order placing and settlements • Knowledge sharing	• Ongoing communications • Comply with agreements • Renewal of Contracts • Visits and meetings
Environment and Communities	• Corporate Social Responsibility • Environment-friendly Business activities • Opportunities for shared growth	• Responsible consumption of natural resources • Waste management • Build sustainable social relationships	• Community meetings • Business activities with small and medium local entrepreneurs

OPERATING ENVIRONMENT

By the end of the financial year 2023/24, macroeconomic stability was largely restored, resulting in a promising increase in economic activities. Household incomes experienced growth in recent months, supported by reduced energy costs and the positive impact of increased spending from both the private sector, driven by credit expansion, and the public sector through the redistribution of tax revenues. Looking ahead to the current financial year, we anticipate further growth in purchasing power, which promises favorably for our business.

During the period 2022 to 2024, the US Dollar peaked against the Sri Lankan Rupee at Rs. 377.50. It later stabilized around Rs. 330.00 by the end of 2023 and by April 2024, it further declined to approximately Rs.300 levels. This strengthening of the rupee has notably benefited the business that mainly relies on imports. Despite a slight increase to around 2% to 3% in December 2023, headline inflation dropped to 0.9% by March 2024 ensuring the growth in purchasing power of consumers. As the new fiscal year begins, the interest rate stands at approximately 10%, which is advantageous for businesses operating in the current economic environment. Having endured the rough economic situation in the recent past years, it is now expected the country's economy to grow positively.

Statement of Value Added

	2023/24 Rs. Mn	2022/23 Rs. Mn	Change %
Value Added			
Sales made to external customers	763	526	45%
Less: Materials and services bought in from outside	(559)	(468)	21%
	205	58	
Add: Other Income	18	14	35%
Total value available for distribution	222	72	
Value Distributed			
Payments to Employees as wages and benefits	84	70	20%
Payments to Lenders as interest	56	87	-35%
Payments to Shareholders as dividends	-	-	0%
Payments to Government as taxes and duties	5	-	100%
Total	145	157	
Value Retained for Growth/(Deficit)			
Depreciation and Amortization	2	3	-30%
Profit/(Loss) after Dividends	75	(88)	185%
Total	77	(85)	
Total Value Distributed and Retained	222	72	

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP BUSINESS STRATEGY

The group strategy is basically focused on two approaches.

STRATEGY	PLANS	PROGRESS	CHALLENGES
ORGANIC GROWTH Expanding the product portfolio from existing suppliers	• Include JnJ innovative medicine – Neuropsychiatry and Pain management product portfolios	• Regulatory process initiated with the principal • Invested in capacity building	• Delays in Regulatory approvals for new product registrations from National Medicine Regulatory Authority • Decline in consumers' disposable income levels
INORGANIC GROWTH New business partnerships.	• To diversify into Biopharma, API, nutraceuticals, cosmeceuticals, and veterinary segments.	• Ongoing NPD process and regulatory process with new agencies	• Effects from government price control implementations on targeted products • Decline in consumers' disposable income levels

RISK MANAGEMENT

The Board of Directors considers risk identification, assessment and mitigating activities to be vital in maintaining sustainable growth and making steady progress towards achievement of the corporate objectives. In the pursuit of opportunities, it is unavoidable that we are subject to various risks. The management ensures that such risks are systematically identified, and the procedures are in place to manage and control the same. Hence a well-structured Risk Management Framework is in place under which the risks are being assessed. The identified risks are being reviewed by the Audit Committee at the Company level as well as at the Group level. Under the Framework, the risks are then prioritized and business units use both preventive and mitigation controls to manage risk exposures within the prescribed tolerance limits.

The principal foreseeable risks have been identified and are set out below with mitigation strategies. The nature and the scope of risks are subject to change and not all of the factors listed are within the control of the Group.

Description of Risk	Mitigation Strategies
INFLATION RISK • Headwinds from higher global commodity prices, oil prices and freight costs • Declining purchasing power of customers	• Cost rationalization measures and budgetary controls • Supplier relationship management
FOREIGN EXCHANGE RISK • Potential losses as a result of adverse movements in the exchange rates	• Manage the risk through appropriate financial risk management techniques • Centralized treasury advisory • Efficient price negotiations with suppliers • Forward rate contracts for imports
CREDIT RISK • Arising from debtor's bankruptcy or credit quality deterioration of customers	• Adherence to business specific credit control policies and credit worthiness verification procedures. • Protection against credit risk through Bank Guarantees and efficient follow up and collection practices • Customer Relationship Management
HEALTH AND SAFETY RISK • Likelihood that an individual may be harmed or suffered adverse health effects if exposed to a workplace hazard or viral infection • Possibility of a customer facing health and safety risks while consuming a product or service provided by any of the businesses	• The business takes employee safety as the highest priority • Health and Safety related policies and procedures have been implemented across the group and periodically reviewed • Operations and plants are designed considering employee health and safety • Quality policies and frameworks are in place at all our businesses and operations are carried out under strict quality controls • Staff are continuously trained on conducting operations by adhering to quality protocols
PRODUCT/SERVICE QUALITY RISK • Product quality is crucial as the Group's portfolio includes pharmaceutical products	• Adequate business-specific quality control divisions to ensure high quality throughout our processes • Continuous training, quality management and assurance programs to strengthen the product quality • Internal and external quality inspection

RISK MANAGEMENT

Description of Risk	Mitigation Strategies
CYBER RISK • A cyber-attack or data center failure resulting in business disruption or breach of corporate or personal data confidentiality	• Safeguard critical IT and operational assets by strict IT protocols, firewalls and business continuity plan • Foster a positive culture of cyber-security through various awareness sessions
RISK OF POLITICAL INSTABILITY • Adverse impacts arising due to an unstable political environment in the country	• Analyzing SWOT and PEST factors and developing appropriate strategies • Business diversification and enter alternate markets
REGULATORY AND COMPLIANCE RISK • Risk of introducing of new regulations affecting the business adversely and complexity in complying with regulatory requirements	• Monitor compliance with regulatory requirements • Lobby against regulations that could have a negative impact on business/industry • Look for alternative strategies within the regulatory framework
HUMAN RESOURCE RISK • Impact to business competitiveness due to the difficulties to recruit/retain required talent and issues pertaining to industrial relations	• Build strong employer brand and better industrial relations.
OPERATIONAL RISK • Potential losses due to inadequate internal controls, failures of internal processes, cyber risk, people and systems as a result of natural and human activities	• Business continuity plans to ensure the smooth operation of the businesses even at the time of disaster • Internal audits on internal controls and compliance
FUNDING/LIQUIDITY RISK • Difficulty in obtaining required low cost funding for working capital and business expansion	• Maintain an acceptable retention policy • Use Group's strength as a listed Conglomerate to raise economical funding when required • Leverage on brand equity

The Group did not encounter any material issues pertaining to employees and industrial relations of the entity during the financial year under review.

CORPORATE GOVERNANCE

Corporate Governance is the mechanism by which companies are managed and directed with the objective of balancing and attaining the corporate objectives, the alignment of corporate behavior within the expectations of the law and society and the accountability to shareholders and the responsibility to other recognized stakeholders.

The adherence to the Corporate Governance Rules by the Company is given below.

BOARD COMPOSITION

Currently the Board of Muller & Phipps (Ceylon) PLC comprise of ten Non-Executive Directors including the Chairman, of whom three are Independent Directors. The Directors are equipped with a balance of skills and experience and together they provide strategic direction to the Company.

Brief profiles of the Directors currently in office appear on pages 7 to 8.

Mr. S.D.R. Arudpragasam - *Non-Executive Director (Chairman)*

Mr. S. Rajaratnam - *Non-Executive Director*

Mr. R.C.A. Welikala - *Non-Executive Director*

Mr. R.N. Bopearatchy - *Non-Executive Director*

Mr. P.M.A. Sirimane - *Non-Executive Director*

Mr. A.R. Rasiah - *Independent Non-Executive Director*

Mr. S.N.P. Palihena - *Independent Non-Executive Director*

Dr. A.M. Mubarak - *Independent Non-Executive Director*

Mr. S.W. Gunawardena - *Non-Executive Director*

Mr. A.D.T. Mendis - *Non-Executive Director (Appointed with effect from 01.08.2024)*

Mr. R.R.M.D.R.D. Rathnasekara- *Non-Executive Director (Resigned with effect from 02.10.2023)*

Each Non-Executive Director has submitted a declaration of independence/non-independence for the year. The Board makes a determination annually as to the independence/ non-independence of each Non-Executive Director.

Mr. S.N.P. Palihena and Dr. A. M. Mubarak serve on the Boards of E. B. Creasy & Co. PLC (EBCPLC) Parent Company and some of its subsidiaries and a majority of the Directors of the Company are on the Boards of EBCPLC and its subsidiaries. They also serve on some of the Boards of the Subsidiaries of the Ultimate Parent Company, The Colombo Fort Land & Building PLC. Mr. S.N.P. Palihena and Dr. A.M. Mubarak have also served on the Board of the Listed Entity, the Parent Entity and some of its subsidiaries for over a period of nine years. Further Mr. S.N.P. Palihena, and Dr. A.M. Mubarak, are over 70 years of age. However, the Board after taking into consideration that Mr. S.N.P. Palihena, and Dr. A.M. Mubarak, Non-Executive Directors are not directly involved in the Management of the Company as well as all other circumstances listed in the rules pertaining to the Criteria for defining Independence is of the opinion that the aforementioned Directors are nevertheless Independent.

Mr. A.R. Rasiah is a Director of the Ultimate Parent Company, The Colombo Fort Land and Building PLC and on the Boards of some of its subsidiaries. He is also a Director on the Board of the Parent Company and on some its subsidiaries in which a majority of the Directors of the Company are Directors. He has served on the Board of the Company, the Parent Company and on the Boards of some of its subsidiaries, for a period exceeding nine years. Further Mr. A.R. Rasiah is over 70 years of age. However, the Directors having taken into consideration that Mr. A.R. Rasiah, Non-Executive Director, is not directly involved in the management of the Company as well as all other circumstances listed in the rules pertaining to the criteria for defining Independence is of the opinion that Mr. A.R. Rasiah is nevertheless Independent.

FIT & PROPER ASSESSMENT

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

DECISION MAKING OF THE BOARD

The Board has met three times during the Financial Year under review and the individual attendance by members is shown below:

Name of the Director	Attendance at Meetings
Mr. S.D.R Arudpragasam	3/3
Mr. S. Rajaratnam	2/3
Mr. R.C.A. Welikala	3/3
Mr. R.N. Bopearatchy	2/3
Mr. P.M.A. Sirimane	3/3
Mr. A.R. Rasiah	3/3
Mr. S.N.P. Palihena	3/3
Dr. A.M. Mubarak	3/3
Mr. S.W. Gunawardena	3/3
Mr. R.R.M.D.R.D. Rathnasekara (Resigned w.e.f. 02.10.2023)	1/1

In addition to Board Meetings, matters are also referred to the Board and decided by Resolutions in writing.

CORPORATE GOVERNANCE

RESPONSIBILITIES OF THE BOARD

- Determining the strategic direction of the Company and also setting the corporate values.

- Implementation and review of business strategy.

- Approval of Interim and Annual Financial Statements for publication.

- Review of Management Accounts and progress reports in respect of the Company and its wholly owned Subsidiary, Muller & Phipps (Health Care) Limited (Formerly known as Pettah Pharmacy (Private) Limited and Muller & Phipps (Health Care) (Private) Limited).

- Ensuring succession arrangements of the Board and top management.

- Approval of budgets, corporate plans, major capital investments, divestments and acquisitions.

- Ensure all stakeholder interests are considered in corporate decisions.

- Ensuring that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and compliance with financial regulations.

- Approval of any issue of Equity and Debt Securities of the Company.

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

NOMINATION COMMITTEE AND APPOINTMENTS TO THE BOARD

The Nomination Committee of the Parent Company, E.B. Creasy & Company PLC functions as the Company's Nomination Committee. The Committee comprises of Mr. A.R. Rasiah, Chairman, Mr. S.N.P. Palihena and Mr. A.M. de S. Jayaratne, Independent Non- Executive Directors of E.B. Creasy & Co. PLC.

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

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

RE-ELECTION OF DIRECTORS

In terms of the Articles of Association a Director appointed by the Board holds office until the next Annual General Meeting, at which he seeks re-election by the Shareholders. The Articles require that one –third of the Directors (excluding a Director appointed to the office of Chairman, Managing Director or Joint Managing Director) retire at each Annual General Meeting. The Directors to retire are those who have been longest in office since their last election. Retiring Directors are eligible for re-election.

REMUNERATION COMMITTEE

The Company's Remuneration Committee comprises of Mr. A.R. Rasiah, Chairman, Mr. S.N.P. Palihena, Independent Non-Executive Directors and Mr. S.D.R. Arudpragasam, Non-Executive Director.

The Remuneration Committee Report is set out on page 26.

DISCLOSURE OF REMUNERATION

Aggregate remuneration paid to the Non-Executive Directors is disclosed in Note 32.1.2 to the Financial Statements on page 84 of this report.

COMPANY SECRETARIES AND INDEPENDENT PROFESSIONAL ADVICE

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

INDEPENDENT JUDGEMENT

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

FINANCIAL ACUMEN

The Directors are from varied business and professional backgrounds. Their expertise enables them to exercise independent judgement and their views carry substantial weight in decision making. Currently, the Board includes five finance Professionals who possess the necessary knowledge to offer guidance on matters of finance.

SUPPLY OF INFORMATION

The Directors are provided with an Agenda, Minutes and relevant Board Papers prior to Board Meetings. Minutes of all the Meetings are properly recorded and circulated amongst the Directors.

CONSTRUCTIVE USE OF THE ANNUAL GENERAL MEETING/GENERAL MEETINGS

The Board considers the Annual General Meeting / General Meetings an opportunity to communicate with Shareholders and encourages their participation. Questions raised by the Shareholders over the content of the Annual Report as well as other matters pertaining to the Company, are answered and an appropriate dialogue is maintained with them.

OTHERS

The Company's principal communicator with all its stakeholders are its Annual Report and Quarterly Financial Statements.

MAJOR TRANSACTIONS

During the financial year, the Board of Directors of the Company resolved to invest Rs.270 Mn. in the Equity Capital of its Subsidiary Company, Muller & Phipps (Health Care) Limited (MPHC) which is engaged in the business of importing and selling Drugs and Pharmaceuticals.

The issue price of a MPHC share was placed at Rs.1/- per share and accordingly, the Company invested in 270,000,000 Ordinary Shares of MPHC by way of accepting 154,547,798 MPHC shares in settlement of the amounts due to the Company from MPHC to the extent of Rs.154,547,798/- and by a direct investment of Rs.115,452,202/- in 115,452,202 shares of MPHC.

The aforementioned transactions and the funding for the said direct investment of Rs.115,452,202/- amounted to major transactions in terms of Section 185 of the Companies Act No.07 of 2007 and the requisite shareholder approval being obtained at the Extraordinary General Meeting of the Company held on 27th March 2024, the transactions were duly completed on 28th March 2024.

PRICE SENSITIVE INFORMATION

Due care is exercised with respect to share price sensitive information.

FINANCIAL REPORTING

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

DISCLOSURES

The Annual Report of the Board of Directors is given on pages 23 to 25 in this Report. The Auditor's Report on the Financial Statements is given on pages 32 to 35 of this Annual Report.

GOING CONCERN

The Directors are of the belief that the Company is capable of operating in the foreseeable future after adequate assessment of the Company's financial position and resources. Therefore, the Going Concern principle has been adopted in the preparation of Financial Statements.

INTERNAL CONTROL

The Board is satisfied with the effectiveness of the system of internal controls for the period up to the date of signing the Financial Statements.

AUDIT COMMITTEE

The Audit Committee comprises of Mr. A.R. Rasiah, Chairman – Independent Non-Executive Director, Mr. S.N.P. Palihena, Independent Non-Executive Director and Mr. A.M. de S. Jayaratne Independent Non-Executive Director of the Parent Company, E. B. Creasy & Company PLC.

The Audit Committee Report is set out on pages 27 and 28.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The report of the Related Party Transactions Review Committee is set out on page 29.

RIGHTS OF EMPLOYEES/ OTHER STAKEHOLDERS

The Group identifies the rights of employees. Several employee performances enhancing mechanisms such as performance appraisals and training initiatives are in place for the career building of the employees.

The constant responsiveness to all stakeholders' interests will ensure that the Governance process will continue to add value in the future.

DIRECTORS' OTHER DIRECTORSHIPS

The details pertaining to the names of the companies (in Sri Lanka) in which the Directors serve as a Director or Key Management Personnel is given below.

Abbreviations:

C - Chairman

DC - Deputy Chairman

EC - Executive Chairman

EX - Executive Director

NE - Non-Executive Director

INE - Independent Non-Executive Director

GMD - Group Managing Director

MD -Managing Director

JMD - Joint Managing Director

CEO -Chief Executive Officer

D - Director

Alt - Alternate Director

CORPORATE GOVERNANCE

	Mr. S.D.R. Arudpragasam	Mr. S. Rajaratnam	Mr. R.C.A. Welikala	Mr.R.N. Bopearatchy	Mr. P.M.A. Sirimane	Mr. A.R. Rasiah	Mr. S.N.P. Palihena	Dr. A.M. Mubarak	Mr. S.W. Gunawardena
Listed Companies									
The Colombo Fort Land and Building PLC	✓ C/NE	✓ NE			✓ INE	✓ INE			
C M Holdings PLC*	✓ C/NE	✓ NE							
York Arcade Holdings PLC*	✓ C/NE	✓ NE					✓ INE		
Lankem Ceylon PLC*	✓ C/NE				✓ INE			✓ INE	
Lankem Developments PLC*	✓ C/NE			✓ NE	✓ INE		✓ INE		
Kotagala Plantations PLC*	✓ C/NE				✓ INE				
Agarapatana Plantations PLC*	✓ C/NE				✓ INE				
E.B. Creasy & Company PLC*	✓ C/ MD/ EX	✓ JMD/ EX	✓ EX	✓ EX	✓ NE	✓ INE	✓ INE	✓ INE	✓ EX
Laxapana PLC* (Formerly known as Laxapana Batteries PLC)	✓ C/NE	✓ NE	✓ NE	✓ NE	✓ NE	✓ INE	✓ INE	✓ INE	✓ NE
Beruwala Resorts PLC*	✓ C/NE	✓ NE				✓ INE			
Marawila Resorts PLC*	✓ C/NE	✓ NE				✓ INE			
Sigiriya Village Hotels PLC*	✓ C/NE	✓ NE				✓ INE			
C W Mackie PLC*	✓ NE	✓ NE							
ACME Printing & Packaging PLC*	✓ NE				✓ INE				
Colombo Fort Investments PLC*	✓ C/NE	✓ NE			✓ INE				
Colombo Investment Trust PLC*	✓ C/NE	✓ NE			✓ INE				
Hela Apparel Holdings PLC						✓ C/INE			
Union Chemicals Lanka PLC								✓ C/ NE	
Unlisted Companies									
C. F. Travels Limited*		✓ D							
Candy Delights Limited*	✓ C/NE	✓ JMD	✓ D	✓ D	✓ D	✓ D	✓ D	✓ D	✓ D
Capital Investments Limited*	✓ D								
Capital Leasing Company Limited*	✓ C				✓ D				
Ceyflex Rubber Limited*	✓ C	✓ D	✓ D	✓ D	✓ D			✓ D	✓ D
Colombo Fort Holdings Limited*	✓ D	✓ D							
Colombo Fort Hotels Limited*	✓ C	✓ D							

	Mr. S.D.R. Arudpragasam		Mr. S. Rajaratnam		Mr. R.C.A. Welikala		Mr.R.N. Bopearatchy		Mr. P.M.A. Sirimane		Mr. A.R. Rasiah		Mr. S.N.P. Palihena		Dr. A.M. Mubarak		Mr. S.W. Gunawardena	
Colonial Motors (Ceylon) Limited*	✓	DC	✓	D														
Consolidated Tea Plantations Limited*	✓	D							✓	D								
Corporate Systems Limited*	✓	C	✓	D	✓	D	✓	D									✓	D
Darley Butler & Company Limited*	✓	C/ MD	✓	JMD	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D
E. B. Creasy Logistics Limited*	✓	C	✓	D	✓	D	✓	D	✓	D							✓	D
Guardian Asset Management Limited*	✓	D	✓	D														
Imperial Hotels Limited*	✓	C	✓	D														
J.F. Packaging Limited*	✓	C							✓	D					✓	D		
JF Ventures Limited*	✓	C							✓	D					✓	D		
Lanka Special Steels Limited*	✓	C	✓	D	✓	D	✓	D	✓	D							✓	D
Lankem Chemicals Limited*	✓	C					✓	D										
Lankem Consumer Products Limited*	✓	C					✓	D										
Lankem Paints Limited*	✓	C					✓	D										
Lankem Plantation Services Limited*	✓	D																
Lankem Research Limited*	✓	C					✓	D										
Nature's Link Limited*	✓	C					✓	D										
Sherwood Holidays Limited*	✓	C	✓	D														
SunAgro Farms Limited*	✓	C					✓	D										
SunAgro LifeScience Limited*	✓	C					✓	D	✓	D					✓	D		
Alliance Five (Private) Limited*	✓	C							✓	D								
BOT Hotel Services (Private) Limited*	✓	C	✓	D														
Ceylon Tapes (Private) Limited*	✓	C							✓	D								
Colombo Fort Group Services (Private) Limited*	✓	D							✓	D								
E B Creasy Ceylon (Private) Limited*	✓	C	✓	D	✓	D	✓	D	✓	D								
Galle Fort Hotel (Private) Limited *	✓	D	✓	D														
Group Three Associates (Private) Limited*	✓	C	✓	D	✓	D	✓	D										
Kiffs (Private) Limited*	✓	C							✓	D								

CORPORATE GOVERNANCE

	Mr. S.D.R. Arudpragasam		Mr. S. Rajaratnam		Mr. R.C.A. Welikala		Mr.R.N. Bopearatchy		Mr. P.M.A. Sirimane		Mr. A.R. Rasiah		Mr. S.N.P. Palihena		Dr. A.M. Mubarak		Mr. S.W. Gunawardena	
Lankem Exports (Private) Limited*	✓	C																
Lankem Tea & Rubber Plantations (Private) Limited*	✓	C							✓	D								
Lankem Technology Services (Private) Limited*	✓	C					✓	D										
Transways (Private) Limited*			✓	D														
Union Commodities (Private) Limited*	✓	C							✓	D								
Union Investments (Private) Limited*	✓	D	✓	D														
Waverly Power (Private) Limited*	✓	C	✓	D					✓	D								
American Lloyd Travels Limited*	✓	D	✓	D														
C. W. M. Hotels Holdings Limited	✓	D																
Capital Finance Limited			✓	D														
Century Equity Trust Limited (Formerly known as Century Investments and Finance Limited)	✓	D																
Colombo Fort Travels Limited*	✓	D	✓	D														
Creasy Plantation Management Limited*	✓	D																
E.B. Creasy Trading Limited*	✓	D	✓	D	✓	D	✓	D										
Far Eastern Exports (Colombo) Limited*	✓	D																
Financial Trust Limited			✓	D														
Fortland Finance Limited	✓	C	✓	D														
Great Eastern Resorts Ltd			✓	D														
Lankem Agrochemicals Limited*	✓	C					✓	D										
Lankem Cargo Storage Limited*	✓	D																
Lankem Minerals Limited*	✓	C							✓	D					✓	D		
Lankem Technology Services Limited*	✓	C					✓	D										

	Mr. S.D.R. Arudpragasam		Mr. S. Rajaratnam		Mr. R.C.A. Welikala		Mr.R.N. Bopearatchy		Mr. P.M.A. Sirimane		Mr. A.R. Rasiah		Mr. S.N.P. Palihena		Dr. A.M. Mubarak		Mr. S.W. Gunawardena	
Muller & Phipps (Health Care) Limited* (Formally known as Pettah Pharmacy (Pvt) Limited and Muller & Phipps (Health Care) (Private) Limited)	✓	C	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D
Nutriklim (Ceylon) Limited	✓	D	✓	D														
Rubber & Allied Products (Colombo) Limited*	✓	C							✓	D								
Sigiriya Resorts Limited			✓	D														
Sunrise Resorts Limited			✓	D														
Tropical Beach Resorts Limited			✓	D														
Udaveriya Plantations Limited	✓	D																
Weligama Hills Limited	✓	D																
York Hotel Management Services Limited*	✓	C	✓	D														
York Tours Limited*			✓	D														
Associated Farms (Private) Limited*	✓	C																
Ceytape (Private) Limited*	✓	C							✓	D								
Colombo Residencies (Private) Limited	✓	D																
Company Holdings (Private) Limited	✓	D	✓	D														
Consolidated Commercial Investments (Private) Limited			✓	D														
Consolidated Holdings (Private) Limited	✓	D																
Maitland & Knox (Private) Limited	✓	D	✓	D														
Motor Mart Ceylon (Private) Limited*	✓	D	✓	D														
Oakley Investments (Private) Limited	✓	D	✓	D														
Property and Investment Holdings (Private) Limited	✓	D	✓	D														
Teacom (Private) Limited*	✓	C																
Unicom Clearing and Forwarding (Private) Limited*	✓	C																
Union Commodities Exports (Private) Limited*	✓	C																

CORPORATE GOVERNANCE

	Mr. S.D.R. Arudpragasam		Mr. S. Rajaratnam		Mr. R.C.A. Welikala		Mr.R.N. Bopearatchy		Mr. P.M.A. Sirimane		Mr. A.R. Rasiah		Mr. S.N.P. Palihena		Dr. A.M. Mubarak		Mr. S.W. Gunawardena	
Union Commodities Teas (Private) Limited*	✓	C																
Union Group (Private) Limited*	✓	D																
Villa Investments (Private) Limited			✓	D														
Voyages Ceylan (Private) Limited*			✓	D														
York Conventions (Private) Limited			✓	D														
Gestetner of Ceylon PLC											✓	Alt						
Atlas Axillia Company (Pvt) Ltd											✓	Alt						
Clindata Lanka (Pvt) Ltd											✓	D						
Fintek Managed Solutions (Pvt) Ltd											✓	D						
Sterling Steels (Pvt) Ltd* (Formerly BlueScope Lysaght Lanka (Pvt) Ltd)	✓	**C**	✓	**D**	✓	**D**			✓	**D**							✓	**D**

Note I : The Companies marked * are Subsidiaries or Associates of The Colombo Fort Land & Building Group.

Note II : Mr. A.D.T. Mendis was appointed as a Non-Executive Director to the Board on 1st August 2024 and he is also a Non-Executive Director of Muller & Phipps (Ceylon) PLC, a subsidiary of the Immediate Parent Company being so appointed on 1st August 2024.
Mr. R.R.M.D.R.D. Rathanasekara was appointed as a Non-Executive Director to the Board on 20th September 2022 and he was also a Non-Executive Director of Muller & Phipps (Ceylon) PLC, a subsidiary of the Immediate Parent Company being so appointed on 20th September 2022. He resigned from the Board of both companies on 2nd October 2023.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Muller & Phipps (Ceylon) PLC present their Report on the Affairs of the Company together with the Audited Financial Statements for the year ended 31st March 2024.

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

PRINCIPAL ACTIVITIES/BUSINESS REVIEW

The Company serves as the Holding Company of its wholly owned subsidiary, Muller & Phipps (Health Care) Limited (formerly known as Pettah Pharmacy (Private) Limited and Muller & Phipps (Health Care) (Private) Limited) which is serving as an agent representative in Sri Lanka for foreign Pharmaceutical Companies and operates in importing, marketing and distribution of pharmaceuticals.The Chairman's Review, Management Discussion and Analysis together with the Financial Statements reflect the state of affairs of the Company.

The Directors to the best of their knowledge and belief confirm that the Company has not engaged in any activities that contravene laws, regulations and prudential requirements and that there are no material non-compliances.

FINANCIAL STATEMENTS

The Financial Statements of the Company are given on pages 36 to 87.

AUDITORS' REPORT

The Auditors' Report on the Financial Statements is given on pages 32 to 35.

ACCOUNTING POLICIES

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 43 to 54. There were no changes in the Accounting Policies adopted.

INTEREST REGISTER

Directors' Interest in Transactions

The Directors have made general disclosures as provided for in Section 192(2) of the Companies Act No.07 of 2007. Arising from this, details of contracts in which they have an interest are disclosed in Note 32.1 to the financial statements on page 84. During the financial year the Company has not entered into any contracts in which the Directors have had a material interest.

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

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

Directors' Interest in Shares

Directors of the Company who have an interest in the shares of the Company are required to disclose their shareholdings and any acquisitions/ disposals to the Board in compliance with Section 200 of the Companies Act No.07 of 2007. However, none of the Directors held any shares during the period under review nor in the previous year.

DIRECTORS' REMUNERATION

Key Management Personnel Compensation in respect of the Company and the Group for the financial year 2023/ 2024 is detailed in Note 32.1.2 to the Financial Statements on page 84.

DIRECTORATE

The names of the Directors who held office during the financial year and are currently in office are given below. Brief profiles of the Directors currently in Office appear on pages 7 to 8.

Mr. S.D.R. Arudpragasam - Chairman

Mr. S. Rajaratnam - Director

Mr. R.C.A. Welikala - Director

Mr. R.N. Bopearatchy - Director

Mr. P.M.A. Sirimane - Director

Mr. A.R. Rasiah - Director

Mr. S.N.P. Palihena - Director

Dr. A.M. Mubarak - Director

Mr. S.W. Gunawardena

Mr. A.D.T. Mendis - Director
(Appointed with effect from 01.08.2024)

Mr. R.R.M.D.R.D. Rathnasekara
(Resigned with effect from 02.10.2023)

Mr. R.R.M.D.R.D. Rathnasekara resigned from the Board with effect from 02.10.2023.

In terms of Articles 83 & 84 of the Articles of Association
Mr. S.W. Gunawardena retires by rotation and being eligible offers himself for re-election.

In terms of Article 90 of the Articles of Association
Mr. A.D.T. Mendis, the Director appointed on 1st August 2024 retires and being eligible offers himself for re-election.

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

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

ANNUAL REPORT OF THE BOARD OF DIRECTORS

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

Dr. A.M. Mubarak who is over seventy years of age offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

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

CORPORATE DONATIONS

No donations were made by the Company during the year. (2022/2023 – Nil)

AUDITORS

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

The Auditors, KPMG, Chartered Accountants were paid Rs. 778,000/- (2022/2023 – Rs. 585,000/-) as audit fees and fees for audit related services by the Company during the year under review. In addition, the Subsidiary Company is engaging the services of another audit firm. Audit fees in respect of the said firm amounted to Rs. 1,142,739/- during the year under review (2022/2023 – 994,000/-) Further, these Auditors were paid Rs. 378,000/- as the Non Audit Services fee during the year (2022/2023 – Rs.330,000/-).

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

REVENUE

The revenue of the Group for the year was Rs. 763 million (2022/2023 – Rs.527 million).

RESULTS

The Group made a Profit before tax expense of Rs. 49.6 million against a loss of Rs. 96 million in the previous year. The detailed results are given in the Statement of Profit or Loss and Other Comprehensive Income on page 36.

INVESTMENTS

Investments made by the Group are given in Notes16 and 17 to the Financial Statements on pages 62 to 64.

PROPERTY, PLANT AND EQUIPMENT

Information relating to movement in Property, Plant and Equipment is given in Note 13 to the Financial Statements.

STATED CAPITAL

In compliance with the Companies Act No.07 of 2007, the Financial Statements reflect the Stated Capital of the Company. The Stated Capital is the total of all amounts received by the Company in respect of the issue of shares.

The Stated Capital of the Company as at 31st March 2024 is Rs.83,000,000/- and is represented by 283,000,000 Ordinary Shares.

RESERVES

The total reserves of the Group as at 31st March 2024 was a negative balance and amounted to Rs. 64.2 million comprising General Reserve of Rs. 5 million, Capital Reserve of Rs. 0.4 million, negative Fair Value Reserve of Rs. 7.6 million and Accumulated loss of Rs. 61.9 million. The movements are shown in the Statement of Changes in Equity in the Financial Statements on page 39 and 40.

TAXATION

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provision of the Inland Revenue Act No.24 of 2017 and amendments thereto. Relevant details have been disclosed in Note No. 11 to these Financial Statements.

RELATED PARTY TRANSACTIONS

During the financial year there were no recurrent related party transactions which exceeded the respective thresholds mentioned in Section 9 of Colombo Stock Exchange Listing Rules on Related Party Transactions.

The non-recurrent related party transactions which exceeded the respective disclosure thresholds mentioned in Section 9 of the Colombo Stock Exchange Listing Rules are disclosed in Note No 32.2.3. to these Financial Statements.

The recurrent related party transactions entered into with related parties are exempt in terms of the Colombo Stock Exchange Listing Rules. The Company has complied with the requirements of the Listing Rules on Related Party Transactions.

The Related Party Transactions presented in the financial statements are disclosed in Note 32 on pages 84 to 87.

SHARE INFORMATION

Information relating to earnings, dividend, net assets, market value per share and share trading is given on pages 88 to 89.

EVENTS OCCURRING AFTER THE REPORTING DATE

No circumstances have arisen since the reporting date that would require adjustments to or disclosures in the Financial Statements other than those disclosed in Note 33 on page 87.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments and contingent liabilities as at the date of the Balance Sheet have been disclosed in Note 34 and 35 in the Financial Statements.

GROUP EMPLOYMENT POLICY

The Group's recruitment and employment policy is non-discriminatory. The number of persons employed by the Group at the year end was 69 (2022/2023 – 68).

SHAREHOLDERS

The Company has made all endeavours to ensure equitable treatment to all shareholders.

STATUTORY PAYMENTS

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

ENVIRONMENTAL PROTECTION

The Group business activities can have direct and indirect effects on the environment. It is the Group's policy to minimize any adverse effects its activities have on the environment and promote co-operation and compliance with the relevant authorities and regulations.

We confirm that the Group has not undertaken any activities which have caused or are likely to cause detriment to the environment.

INTERNAL CONTROL

The Board of Directors take overall responsibility for the Company's Internal Control System.The Internal Audit section of the Parent Company reviews the effectiveness of the Company's internal controls in order to ensure reasonable assurance that assets are safeguarded, and all transactions are properly authorized and recorded. The Board reviews the recommendations of External Auditors and takes appropriate action to maintain an adequate internal control system.

GOING CONCERN

The Directors have adopted the going concern basis in preparing Financial Statements.

For and on behalf of the Board,

Chairman **Director**

By Order of the Board,

Corporate Managers & Secretaries (Private) Limited
Secretaries
27th August 2024

REMUNERATION COMMITTEE REPORT

The Remuneration Committee consists of the following members:

Mr. A.R. Rasiah – *Chairman - (Independent/ Non-Executive Director)*

Mr. S.N.P. Palihena – *Member - (Independent/ Non-Executive Director)*

Mr. S.D.R. Arudpragasam – *Member - (Non-Executive Director)*

The Committee is responsible for recommending remuneration packages for the key management and senior management personnel of the Company and its subsidiary. In addition, they lay down guidelines and parameters for the compensation structure of the management staff.

The remuneration policy in respect of the Company and its Subsidiary is to attract, motivate and retain qualified and experienced personnel whilst determining remuneration packages for Key Management and Senior Management with the objective of rewarding performance in a fair manner based on merit, competence, individual performance and having regard to the Company's operating results and comparable market statistics of the Companies.

The Committee has met once during the financial year ended 31st March 2024.

The details on the aggregate remuneration of the Non-Executive Directors is given in Note 32.1.2 to the financial Statements.

A.R. Rasiah
Chairman
Remuneration Committee

27th August 2024

AUDIT COMMITTEE REPORT

The Audit Committee Report focuses on the activities of the Company for the year under review, which the Committee has reviewed and monitored as to provide additional assurance on the reliability of the Financial Statements through a process of independent and objective views.

COMPOSITION

The Audit Committee comprises of two Independent Non-Executive Directors of the Company and an Independent Non-Executive Director of the Parent Company, E.B. Creasy & Company PLC (EBC PLC).

The names of the members are set out below:

Mr. A.R. Rasiah - *Chairman (Independent Non-Executive Director - Muller & Phipps (Ceylon) PLC)*

Mr. S.N.P. Palihena - *Member (Independent Non-Executive Director - Muller & Phipps (Ceylon) PLC)*

Mr. A.M. de S. Jayaratne - *Member (Independent Non-Executive Director – E.B. Creasy & Company PLC)*

The members have varied experience, financial knowledge and business acumen to carry out their role effectively and efficiently. Two of the members are finance professionals, including the Chairman.

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

ROLE OF THE AUDIT COMMITTEE

The Audit Committee reviews and advises the Company to ensure that the Financial Reporting System is in adherence with the Sri Lanka Accounting Standards and other regulatory and statutory requirements. It also reviews the adequacy of internal controls and business risks.

The Committee also reviewed the financial reporting system adopted by the Group in the preparation of its Quarterly and Annual Financial Statements to ensure reliability of the processes and consistency of the accounting policies and methods adopted and compliance thereof with the Sri Lanka Accounting Standards laid down by The Institute of Chartered Accountants of Sri Lanka.

The Committee recommends the Financial Statements to the Board of Directors for its deliberation and issuance. The Committee in its evaluation of the Financial Reporting System also recognised the adequacy of the content and the quality of routine management information and reports forwarded to its members.

The Committee has scrutinized the Quarterly accounts and the Accounts for the year ended 31st March, 2024.

TERMS OF REFERENCE

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

- Risk Management
- Efficiency of the system of internal controls
- Independence and objectivity of the external (statutory) Auditors
- Appropriateness of the principal accounting policies used
- Financial Statement integrity

MEETINGS AND ATTENDANCE

The Audit Committee has met on four occasions during the year ended 31st March, 2024.

The Attendance of the committee was as follows:

Mr. A.R. Rasiah	4/4
Mr. S.N.P. Palihena	4/4
Mr. A.M. de S. Jayaratne	3/4

In addition to Audit Committee meetings, matters are referred to the Committee and reviewed and recommended by Resolutions in writing.

Other members of the Board and Senior management personnel of the Company and its Subsidiary are invited to the meetings regularly. The proceedings of the Audit Committee are reported to the Board of Directors. External Auditors were present when appropriate.

INTERNAL AUDIT RISK AND CONTROL

The Committee reviews the internal audit coverage and the internal audit plan for the Company. The Company's internal audit function is headed by the Manager Internal Audit of the Parent Company, E.B. Creasy & Co. PLC. The Manager Internal Audit is entrusted with reporting to the Committee on the adequacy and effectiveness of internal controls in the Company and compliance with rules and regulations and established policies of the Company.

AUDIT COMMITTEE REPORT

COMPLIANCE

The Committee obtained representations from the Group CFO on the adequacy of provisions made for possible liabilities. Further, the Committee has reviewed reports tabled by the Company on the compliance status with regard to relevant financial, secretarial and statutory requirements.

EXTERNAL AUDIT

The Company has appointed KPMG as its external Auditor and the services provided by them are segregated between audit/assurance services and other advisory services.

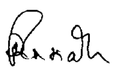
The Audit Committee has reviewed the non-audit services provided by the External Auditors to the Group to ensure that their independence as Auditors has not been compromised.

The Audit Committee has determined that KPMG Auditors are independent on the basis that they do not carry out any management related functions of the Company.

The Audit Committee also reviews the professional fees of the External Auditors. The Audit Committee has concurred to recommend to the Board of Directors the re-appointment of KPMG as Auditors for the financial year ending 31st March 2025, subject to the approval of the shareholders at the Annual General Meeting. The Fee to be agreed upon by the Directors.

CONCLUSION

The Audit Committee is of the view that adequate controls are in place to safeguard the Company's assets and that the financial position and the results disclosed in the audited accounts are free from any material misstatements.



A.R. Rasiah
Chairman
Audit Committee

27th August 2024

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Related Party Transactions Review Committee (RPTRC) is entrusted with the responsibility of ensuring that Shareholders' interests are protected in all related party transactions.

COMPOSITION

The Related Party Transactions Review Committee of the Parent Company, E.B. Creasy & Company PLC (EBCPLC) functions as the Company's Related Party Transactions Review Committee which comprises of the following members:

Mr. A.R. Rasiah – *Chairman - (Independent / Non-Executive Director, EBCPLC)*

Mr. A.M. de S. Jayaratne – *Member - (Independent / Non-Executive Director, EBCPLC)*

Mr. P.M.A. Sirimane – *Member - (Non-Executive Director, EBCPLC)*

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

MEETINGS OF THE COMMITTEE

The Related Party Transactions Review Committee has met on four occasions in respect of Muller & Phipps (Ceylon) PLC during the financial year ended 31st March 2024.

The attendance of the Committee members was as follows:

Mr. A.R. Rasiah	-	4/4
Mr. A.M. de S. Jayaratne	-	4/4
Mr. P.M.A. Sirimane	-	3/4

FUNCTIONS OF THE COMMITTEE:

- Review all proposed Related Party Transactions (Except for exempted transactions)
- Direct the transactions for Board approval/ Shareholder approval as deemed appropriate
- Obtain updates on previously reviewed Related Party Transactions from Senior Management and approve any material changes
- Establish guidelines for Senior Management to follow in ongoing dealings with related parties.
- Review and assess on an Annual basis the transactions for Compliance against the Committee guidelines.

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. Related Party Transactions have been reviewed and disclosed in a manner consistent with the Listing Rules. The Committee is free to seek external professional advice on matters within their purview when necessary.

The Board of Directors have also declared in the Annual Report that there were no recurrent related party transactions which exceeded the respective thresholds mentioned in Section 9 of the Colombo Stock Exchange Listing Rules. However the non-recurrent related party transactions which exceeded the respective threshold is duly set out in Note 32.2.3 on page 86 of the Annual Report. The Company has complied with the requirements of the Listing Rules on Related Party Transactions.

A.R. Rasiah
Chairman
Related Party Transactions Review Committee

27th August 2024

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. 0. Box 186,
Colombo 00300, Sri Lanka.

Tel +94 - 11 542 6426
Fax +94 - 11 244 5872
+94 - 11 244 6058
Internet www.kpmg.com/lk

Opinion

We have audited the financial statements of Muller & Phipps (Ceylon) PLC ("the Company") and consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31st March 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

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 of 31st March 2024 and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

Carrying value of inventories – Group Refer material accounting policies 4.7 and explanatory note 19 to the financial statements	
Risk description	**Our response**
The Group recorded inventories amounting to Rs.277.3 Mn as at 31st March 2024. This amounts to 42.9% of the Group's total assets. The Group has exercised judgement with regard to categorization of stocks as obsolete and/or slow moving to be considered for provision; estimates are then involved in arriving at provisions against cost in respect of slow moving and obsolete inventories to arrive valuation based on lower of cost and net realizable value. We identified valuation of the inventory as a key audit matter due to the magnitude of the inventory balances and judgement and estimates involved in the calculation of inventory provisions and in determination of NRV, considering expected sales prices and allowance policies based on historical sales.	Our audit procedures included, Reviewing the conclusions and workpapers related to the following audit procedures performed by component auditors of the subsidiary. • Obtaining an understanding of and assessing the design and implementation of management's key internal controls over inventory valuation and controls designed to identify slow moving and obsolete inventories. • On a sample basis, physically verify the inventories as at reporting date. • Assessing the reasonableness of judgement applied in the identification and recording of inventories at NRV, including allowances recorded considering among others, the age of inventories, historical sales trends, subsequent prices secured. • Testing the accuracy and completeness of inventory ageing reports used in the estimation of allowances. • Assessing whether the accounting policies had been consistently applied and the adequacy of the disclosures in respect of the judgement and estimation made in respect of inventory provisioning.

Impairment of investment in subsidiary - Company Refer material accounting policies in note 4.12, and explanatory note 16 to the financial statements	
Risk description	**Our Response**
The Company recorded Rs. 323.9 Mn as investment in subsidiary as at 31st March 2024. Muller & Phipps (Health Care) Limited, the subsidiary recorded a profit of Rs. 62.5 Mn during the year ended 31st March 2024. Due to equity investment made during the year, the subsidiary had positive net assets of Rs. 365.3 Mn. The management performed the impairment assessment for investment in subsidiary and determined the recoverable amount based on value in- use calculations. We considered the impairment assessment of investments in subsidiary to be a key audit matter because the impairment assessment process involved significant management judgment and required management to make various assumptions in the underlying cash flow forecasts	Our audit procedures included, • Evaluating investment in subsidiary for impairment indicators and comparing carrying amount with the recoverable amount to assess the adequacy of the provision for impairment. • Assessing cash flow forecast (value in use computations) prepared by the management against our own expectations based on our knowledge of the Company and experience of the industry in which it operates. • Testing the mathematical accuracy of the underlined calculations in the discounted cash flow valuation models. • With the assistance of our own internal business valuation specialties, challenging the reasonableness of the key assumptions in the valuation models. • Assessing the adequacy of disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT

Management assessment of the Group ability to continue as going concern. Refer material accounting policies in 2.9 to the financial statements	
Risk description	Our Response
As at 31st March 2024, the Group reported a net profit of Rs.75 Mn for the year ended 31 March 2024. However, Group has accumulated losses of Rs.61.9 Mn as at reporting date which can be primarily be attributed to the performance of its subsidiary, Muller & Phipps (Health Care) Limited. Further, the Group reported a negative operating cash flow of Rs.157.7 Mn during the year ended 31st March 2024. The management has continued to adopt the going concern basis of preparation in preparing the financial statements, having prepared detailed cash flow forecasts which support the assertion that the Group will have sufficient resources to continue for a period of at least 12 months from the date of these financial statements. We have determined this to be a key audit matter due to special attention paid in reaching the conclusion that no material uncertainty exists relating to above identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.	Our audit procedures included, • Obtaining the cash flow projections covering period of not less than twelve months from the reporting period end date and challenging the reasonableness of the key assumptions. • Reviewing the work carried out by component auditors where necessary. • Assessing the adequacy of disclosures in the financial statements in relation to the use of going concern assumption for the preparation of financial statements of the Group. • Reviewing the financial performance and position of the Group for the subsequent period, analyze trends and variances in key financial metrics based on the management accounts.

Other Information

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

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

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

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

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and 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.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3544.

KPMG

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka

27th August 2024.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March,	Notes	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Revenue	6	**763,498**	526,850	**2,000**	2,000
Cost of sales		**(539,819)**	(311,549)	**-**	-
Gross profit		**223,679**	215,301	**2,000**	2,000
Other operating income	7.1	**15,934**	8,903	**252**	378
Administrative expenses		**(111,901)**	(120,516)	**(5,946)**	(4,817)
Distribution expenses		**(43,097)**	(30,193)	**-**	-
Other operating expenses	7.2	**(1,527)**	(2,018)	**-**	-
Impairment reversal/(loss) on financial assets	8	**3,883**	6,625	**30,011**	(18,555)
Operating profit/ (loss)		**86,971**	78,102	**26,317**	(20,994)
Finance income		**19,233**	16,140	**13,613**	25,781
Finance expenses		**(56,590)**	(190,336)	**(214)**	-
Net finance income/ (expenses)	9	**(37,357)**	(174,196)	**13,399**	25,781
Profit/ (Loss) before income tax expense	10	**49,614**	(96,094)	**39,716**	4,787
Income tax (expense) /reversal	11	**25,475**	7,790	**(8,874)**	8,582
Profit/ (Loss) for the year		**75,089**	(88,304)	**30,842**	13,369
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurement of retirement benefit obligation	28.1	**(6,681)**	(197)	**-**	-
Deferred tax on remeasurement of retirement benefit obligation		**2,004**	59	**-**	-
Equity investments at FVOCI - net change in fair value		**923**	1,487	**936**	3,028
		(3,754)	1,349	**936**	3,028
Items that are or may be reclassified to profit or loss					
Debt investments at FVOCI - net change in fair value		**7,188**	(11,286)	**7,188**	(11,286)
		7,188	(11,286)	**7,188**	(11,286)
Other comprehensive income/(expense) for the period, net of tax		**3,434**	(9,937)	**8,124**	(8,258)
Total comprehensive income/(expense) for the year		**78,523**	(98,241)	**38,966**	5,111
Earnings/(Loss) per Share (Rs.)	12	**0.27**	(0.31)	**0.11**	0.05

The Accounting Policies and Notes on page 43 to 87 form an integral part of these financial statements.

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

		Group		Company	
As at 31st March,	Notes	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	**5,464**	5,233	**-**	-
Intangible assets	14	**59**	263	**-**	-
Right to use assets	15	**2,716**	-	**-**	-
Investments in subsidiary	16	**-**	-	**323,897**	53,897
Other financial assets	17	**32,359**	35,222	**20,585**	23,435
Deferred tax asset	18	**87,113**	65,897	**327**	9,201
Total non-current assets		**127,711**	106,615	**344,809**	86,533
Current assets					
Inventories	19	**277,315**	80,583	**-**	-
Trade and other receivables	20	**156,770**	100,553	**20**	20
Amounts due from related companies	21	**1,177**	55,786	**617**	101,912
Other financial assets	22	**-**	98,533	**-**	-
Income tax recoverable		**712**	618	**712**	618
Cash and cash equivalent	23	**83,349**	19,525	**1,865**	2,279
Total current assets		**519,323**	355,598	**3,214**	104,829
Total assets		**647,034**	462,213	**348,023**	191,362
EQUITY AND LIABILITIES					
Equity					
Stated capital	24	**83,000**	83,000	**83,000**	83,000
Other components of equity	25	**(2,235)**	(7,095)	**1,309**	(3,564)
Retained earnings		**(61,979)**	(135,642)	**143,075**	108,982
Equity Attributable to Equity Holders of the Company		**18,786**	(59,737)	**227,384**	188,418
Non controlling interest-Preference Shares	24.1	**250,000**	-	**-**	-
Total equity		**268,786**	(59,737)	**227,384**	188,418
Non-current liabilities					
Interest bearing borrowings	26.1	**115,460**	-	**115,460**	-
Lease liabilities	27	**1,982**	-	**-**	-
Retirement benefit obligations	28	**16,429**	10,378	**-**	-
Total non-current liabilities		**133,871**	10,378	**115,460**	-

STATEMENT OF FINANCIAL POSITION

		Group		Company	
As at 31st March,	Notes	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Current liabilities					
Trade and other payables	29	**199,049**	6,375	**2,819**	2,944
Interest bearing borrowings	26.2	**27,918**	303,794	**-**	-
Lease liabilities	27	**821**	-	**-**	-
Income tax payable		**-**	6,263	**-**	-
Amounts due to related companies	30	**1,377**	185,499	**2,360**	-
Bank overdraft	23	**15,212**	9,641	**-**	-
Total current liabilities		**244,377**	511,572	**5,179**	2,944
Total equity and liabilities		**647,034**	462,213	**348,023**	191,362

The Accounting Policies and Notes on page 43 to 87 form an integral part of these financial statements.

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

A.D.T. Mendis
Director/Group Chief Financial officer

The Board of Directors is responsible for the preparation and presentation of these Financial statements.
Approved and Signed on behalf of the board of Directors of Muller & Phipps (Ceylon) PLC.

S.D.R. Arudpragasam
Chairman

S. Rajaratnam
Director

27th August 2024
Colombo

STATEMENT OF CHANGES IN EQUITY

GROUP

	ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT							
	Stated capital Rs.'000	General reserve Rs.'000	Capital reserve Rs.'000	Fair value reserve Rs.'000	Accumulated losses Rs.'000	Total Rs.'000	Non - Controlling Interest- Preference shares Rs.'000	Total Rs.'000
Balance at 01st April 2022	83,000	5,000	401	(2,697)	(47,200)	38,504	-	38,504
Total comprehensive income for the year								
Loss for the year	-	-	-	-	(88,304)	(88,304)	-	(88,304)
Other comprehensive expense for the year	-	-	-	(9,799)	(138)	(9,937)	-	(9,937)
Total comprehensive expense for the year	-	-	-	(9,799)	(88,442)	(98,241)	-	(98,241)
Balance at 31st March 2023	83,000	5,000	401	(12,496)	(135,642)	(59,737)	-	(59,737)
Total comprehensive income for the year								
Share issue during the year	-	-	-	-	-	-	250,000	250,000
Profit for the year	-	-	-	-	75,089	75,089	-	75,089
Other comprehensive income/(expense) for the year	-	-	-	8,111	(4,677)	3,434	-	3,434
Total comprehensive income for the year	-	-	-	8,111	70,412	78,523	250,000	328,523
Transfer from fair value reserve to accumulated losses due to disposal of investment	-	-	-	(3,251)	3,251	-	-	-
Balance as at 31st March 2024	83,000	5,000	401	(7,636)	(61,979)	18,786	250,000	268,786

COMPANY

	Stated capital Rs.'000	General reserve Rs.'000	Capital reserve Rs.'000	Fair value reserve Rs.'000	Retained earnings Rs.'000	Total Rs.'000
Balance at 01st April 2022	83,000	5,000	401	(707)	95,613	183,307
Total comprehensive income for the year						
Profit for the year	-	-	-	-	13,369	13,369
Other comprehensive expense for the year	-	-	-	(8,258)	-	(8,258)
Total comprehensive income/(expense) for the year	-	-	-	(8,258)	13,369	5,111
Balance at 31st March 2023	83,000	5,000	401	(8,965)	108,982	188,418
Total comprehensive income for the year						
Profit for the year	-	-	-	-	30,842	30,842
Other comprehensive income for the year	-	-	-	8,124	-	8,124
Total comprehensive income for the year	-	-	-	8,124	30,842	38,966
Transfer from fair value reserve to retained earnings due to disposal of investment	-	-	-	(3,251)	3,251	-
Balance as at 31st March 2024	83,000	5,000	401	(4,092)	143,075	227,384

The Accounting Policies and Notes on page 43 to 87 form an integral part of these financial statements.
Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

For the year ended 31st March,	Notes	Group 2024 Rs.'000	Group 2023 Rs.'000	Company 2024 Rs.'000	Company 2023 Rs.'000
Cash Flows from Operating Activities					
Profit/(loss) before tax	10	**49,614**	(96,094)	**39,716**	4,787
Adjustments for:					
Depreciation on property, plant and equipment	13	**1,185**	1,294	**-**	-
Amortization of intangible assets	14	**204**	300	**-**	-
Amortization on right to use assets	15	**905**	1,663	**-**	-
Provision for retirement benefit obligation	28	**3,247**	2,609	**-**	-
Interest expense	9	**56,590**	87,664	**214**	-
Interest income	9	**(8,030)**	(16,140)	**(13,613)**	(25,781)
Provision for inventories	19	**75**	238	**-**	-
Profit on Sale of property, plant and equipment	7.1	**(6)**	-	**-**	-
Reversal of impairment for trade receivable	8	**(17)**	(103)	**-**	-
Impairment/ (Reversal of impairment) of other financial assets	8	**(3,866)**	(6,522)	**(30,011)**	18,555
Dividend income	7.1	**(252)**	(378)	**(252)**	(378)
Operating Profit/(Loss) before Working Capital Changes		**99,649**	(25,469)	**(3,946)**	(2,817)
(Increase) /decrease in inventories		**(196,807)**	55,632	**-**	-
(Increase) /decrease in trade & other receivables		**(56,294)**	359,365	**(94)**	(12)
(Increase) /decrease in amount due from related companies		**47,260**	(5,612)	**45,606**	(1,500)
Increase /(decrease) in amounts due to related companies		**(184,122)**	164,473	**2,146**	-
Increase/ (decrease) in trade & other payables		**192,674**	(552,058)	**(125)**	(112)
Cash generated from/(Used in) operations		**(97,640)**	(3,670)	**43,587**	(4,440)
Interest expense paid	9	**(56,189)**	(87,603)	**-**	-
Retiring gratuity paid	28	**(3,877)**	(620)	**-**	-
Net cash flows generated from/(used in) Operating Activities		**(157,706)**	(91,892)	**43,587**	(4,440)

STATEMENT OF CASH FLOWS

For the year ended 31st March,	Notes	Group 2024 Rs.'000	Group 2023 Rs.'000	Company 2024 Rs.'000	Company 2023 Rs.'000
Cash Flows from Investing Activities					
Purchase of property, plant & equipment	13	**(1,640)**	(137)	**-**	-
Proceeds on sale of property, plant & equipment		**230**	-	**-**	-
Investments in subsidiary		**-**	-	**(270,000)**	-
Disposal Proceeds of shares		**11,403**	-	**11,403**	-
Dividend income received	7.1	**252**	378	**252**	378
Interest income received		**18,815**	4,955	**25,784**	4,087
Loan granted to related companies		**-**	-	**(51,500)**	(2,000)
Recovery of loan granted to related companies		-	-	**124,600**	500
(Purchase)/ Sale of Treasury Bond	22	**98,533**	(94,387)	**-**	-
Redeem of Investment in Fixed Deposit		**-**	29,024	**-**	-
Net cash flows generated from/(used in) Investing Activities		**127,593**	(60,167)	**(159,461)**	2,965
Cash Flows from Financing Activities					
Preference share issue	24.1	**250,000**	-	**-**	-
Long term loan obtained	26.3	**115,460**	-	**115,460**	-
Short term loans obtained net of payment	26.4	**(275,876)**	168,578	**-**	-
Repayment of lease liabilities	27	**(1,218)**	(1,031)	**-**	-
Net cash flows generated from Financing Activities		**88,366**	167,547	**115,460**	**-**
Increase/(Decrease) in Cash & Cash Equivalents		**58,253**	15,488	**(414)**	(1,476)
Cash & Cash Equivalents at the Beginning of the Year		**9,884**	(5,604)	**2,279**	3,754
Cash & Cash Equivalents at the End of the Year	23	**68,137**	9,884	**1,865**	2,279

The Accounting Policies and Notes on page 43 to 87 form an integral part of these financial statements.
Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1 REPORTING ENTITY

1.1 Domicile and legal form

Muller and Phipps (Ceylon) PLC is incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office and principle place of business is situated at No. 98, Sri Sangaraja Mawatha, Colombo 10.

The consolidated financial statements of the Group as at and for the year ended 31st March 2024 comprise of the financial statements of the Company and its subsidiary (together referred to as the "Group").

1.2 Principal activities and nature of operations

The Company serves as the holding company of its wholly owned subsidiary; Muller & Phipps (Health Care) Limited which is serving as an agent representative in Sri Lanka for foreign pharmaceutical companies and operates in importing, marketing and distribution of pharmaceuticals.

1.3 Parent enterprise

The Company's immediate and ultimate parent companies are E.B. Creasy & Company PLC and The Colombo Fort Land and Building PLC respectively.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements of the Group and the separate financial statements of the Company comprises the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows together with the accounting policies and notes to the financial statements.

The consolidated financial statements of the Group and the separate financial statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (herein referred to as SLFRSs/LKASs), laid down by the Institute of Chartered Accountants of Sri Lanka (ICASL) and in compliance with the requirements of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

Changes to material accounting policies are described in Note 3.

2.2 Responsibility of financial statements

The Board of Directors is responsible for the preparation and presentation of these financial statements of the Group as per the provisions of the Companies Act No.07 of 2007 and the Sri Lanka Accounting Standards (SLFRSs and LKASs).

2.3 Approval of Financial Statements by Directors

The consolidated financial statements for the year ended 31st March 2024 were authorized for issue by the Directors on 27th August 2024.

2.4 Basis of measurement

These financial statements of the Group and the Company been prepared on the historical cost basis except for the following items in the statement of financial position.

- Note 4.4 – retirement benefit obligations which are measured at the present value of the defined benefit plans.
- Note 4.11 – equity and corporate debt securities measured at FVOCI.

2.5 Functional and presentation currency

The financial statements are presented in Sri Lankan Rupees, which is the functional currency of the Group. All financial information presented in Sri Lankan Rupees have been rounded to the nearest thousand, unless stated otherwise.

2.6 Current vs. Non-Current Classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle and held primarily for the purpose of trading;Or,

Is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is expected to be settled in the normal operating cycle and is held primarily for the purpose of trading and is due to be settled within twelve months after the reporting period. Or,

There is no conditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classified all other liabilities as non-current.

2.7 Use of materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements'.

Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Group and the Company. Understandability of the financial statement is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2.8 Use of judgements and estimates

The preparation of consolidated financial statements in conformity with Sri Lanka Accounting Standards 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 and the disclosure of contingent liabilities at the reporting date. Judgments and estimates are based on historical experience and other factors including expectations that are believed to be reasonable under the circumstances. Actual results may differ from those estimates and judgmental decisions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

A. Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes.

- Leases: Whether arrangement contains a lease (Note 4.12)
- Consolidation: Whether the Group has de facto control over an investee (Note 4.1.1)

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31st March 2024 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 4.4 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 4.6.2 – recognition of deferred tax asset: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;
- Note 4.11.4 – measurement of ECL allowance for trade receivables: key assumptions in determining the weighted average loss rate and recoverable rate.
- Note 4.11.2 – measurement of fair value of unquoted investments and debentures.

C. Measurement of fair values

FAIR VALUE

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. When measuring fair value of an asset or liability, the Company uses observable market data as far as possible.

Fair Values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows,

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

If inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised 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.

The fair value measurement 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 for the asset or liability The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Further information about the assumptions made in measuring fair values is included in the Note 31.1, financial instruments.

2.9 Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern, and being satisfied that it has the resources to continue in business for the foreseeable future, confirmed that they do not intend either to liquidate or to cease operations of any business unit of the Group.

The Group has implemented strategic initiatives in its subsidiary company, Muller & Phipps (Health Care) Limited. These include credit management to improve cash flows, financial reorganization with the view to improve liquidity and reduce finance cost, maintain healthy margins through cost reduction measures. As such, whilst the Subsidiary company has an accumulated loss of Rs. 164.5 Mn, the group has generated a net profit of Rs. 75 Mn for the financial year ended 31 March 2024 (2022/23 - Net loss of Rs. 88.3 Mn). The Directors of the Company are of the opinion that the Company will be able to continue as a going concern consequent to the strategic initiatives implemented by the Company.

2.10 Rounding

Rounding All financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand (Rs '000), except when otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 1 on "Presentation of Financial Statements" (LKAS 1).

3. CHANGES IN MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except if mentioned otherwise.

3.1 Changes in Material Accounting policies

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

The Group has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12) from 01st 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 recognised 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 comprehensive 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 and decommissioning liabilities 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-to use assets. However, there was no impact on the statement of financial position because the balances qualify for the offset under paragraph 74 of LKAS 12. There was also no impact on the opening retained earnings as at 01st 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.

B. Material accounting policy information

The Group also adopted Disclosure of Accounting Policies (Amendments to LKAS 1 and IFRS Practice Statement 2) from 01st 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 4 Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these financial statements.

4.1 Basis of consolidation

Business combinations and Goodwill

The Group accounts for business combinations under 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 recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

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

Any contingent consideration is measured at fair value at the 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 recognized in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

4.1.1 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity, when it is exposed to, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the entity. The Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which the control ceases.

The interest of the outside shareholders of the Group is disclosed separately under the heading of 'non-controlling interest'.

4.1.2. Acquisition of entities under common control

The purchase method of accounting is used to account for the acquisition of subsidiary by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The excess of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit and loss for the year.

4.1.3. Non-controlling interest

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- At fair value; or
- At their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

4.1.4. Loss of control

When the Group losses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the 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.

4.1.5 Transactions eliminated on consolidation

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

4.2 Foreign currency

4.2.1 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group's entities at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss and presented within finance costs.

4.3 Revenue from contracts with customers

Sale of goods

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and value added tax.

Goods Transferred at a Point in Time

Under SLFRS 15, revenue is recognised upon satisfaction of a performance obligation. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Services Transferred Over Time

Under SLFRS 15, the Group determines at contract inception whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied overtime, the Group recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

4.4 Employee benefits

4.4.1 Short-term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

4.4.2 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to provident and trust funds covering all employees are recognized as an expense in profit and loss in the periods during which services are rendered by employees.

4.4.3 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognized in the statement of financial position in respect of defined benefit plan is the present value of defined benefit obligation at the statement of financial position date. The defined benefit obligation is calculated annually by independent actuaries using Project Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee Benefits'. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows. The gratuity liability was based on the actuarial valuation carried out.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the statement of other comprehensive income.

Provisions have been made in the financial statements for defined benefit plan from the first year of service for all employees.

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

When the benefits of a plan are changed or when a plan is curtailed the resulting change in benefits that relate to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

4.4.3.1. Defined contribution plans - Employees' Provident Fund and Employees' Trust Fund

All employees who are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions are covered by relevant contributions funds in line with the relevant statutes. Employer's contributions to the defined contribution plans are recognised as an expense in the statement of profit or loss when incurred.

4.5 Finance income and Finance costs

The Group's net finance expense comprises of interest expenses, interest income, the foreign currency gain or loss on financial assets and financial liabilities and the net gain or loss on the disposal of investments in debt securities measured at FVOCI.

interest income and Interest expense is recognised using the effective interest method.

The 'effective interest rate' is the rate exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments to:

- The gross carrying amount of the financial assets; or
- The amortised cost of the financial liability.

In calculating interest income and expenses, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

4.6 Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in the statement of other comprehensive income or statement of changes in equity, in which case it is recognized directly in the respective statements.

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

4.6.1 Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of tax payable and receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantially enacted at the reporting date.

4.6.2 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for;

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

Deferred tax assets are recognised for unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which can be used. Future taxable profits are determined based on the relevant taxable temporary differences. If the amount of taxable temporary difference is insufficient to recognise the deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will realised; such deductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date.

4.7 Inventories

Inventories are measured at the lower of the cost and the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated selling expenses, and where applicable, cost of conversion from their existing state to a finished condition. The cost of inventories is based on the average cost principle. In the case of manufactured inventories, cost includes an appropriate share of production overhead based on normal operating capacity.

4.8 Property, plant & equipment

4.8.1 Recognition and measurement

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

4.8.2 Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit or loss as incurred.

4.8.3 Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost less its residual value.

Depreciation is recognised in statement of profit or loss for the year on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless that it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Type of assets	No. of years
Motor Vehicles	03 years
Computers	05 years
Furniture and fittings	08 years
Office Equipment	06 years

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

Depreciation methods, useful lives and residual values of Property plant and equipment are reviewed at each reporting date and adjusted if appropriate.

4.8.4. Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits are expected from its use. Gains and losses on derecognition are recognised in the statement of profit or loss.

4.9 Intangible assets

An intangible asset is initially recognised at cost, if it is probable that future economic benefit will flow to the enterprise, and the cost of the asset can be measured reliably.

4.9.1 Recognition and measurement

4.9.1.1 Software

All computer software cost incurred, which are not internally related to associate hardware, which can be clearly identified, reliably measured and it's probable that they will lead to future economic benefits, are included in the statement of financial position under the category of intangible assets.

4.9.2 Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

4.9.3 Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss.

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

Type of assets	No. of years
Computer software	05 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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

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. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

AS A LESSEE

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 and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right of use assets that do not meet the definition of investment property in "right-of-use asset"

SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

4.11 Financial instruments

4.11.1 Recognition and initial measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provision 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 at 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.

4.11.2 Classification and subsequent measurement

FINANCIAL ASSETS - CLASSIFICATION

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI – debt investment; and FVOCI – equity instrument), or fair value through profit or loss (FVTPL).

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

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

FINANCIAL ASSETS - BUSINESS MODEL ASSESSMENT

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

- 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 that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

Financial assets –Assessment whether contractual cash flows are solely payments of principal and interest

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

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

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

A prepayment feature is consistent with the solely payments 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 additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permit or requires prepayment at an annual amount that substantially represent the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

FINANCIAL ASSETS - SUBSEQUENT MEASUREMENT AND GAINS AND LOSSES

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de-recognition gains and losses accumulated in OCI are reclassified to 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

4.11.3 De-recognition

Financial assets

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

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

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

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

4.11.4 Impairment

Non-derivative financial assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI

The Group measures loss allowance at an amount equal to lifetime ECLs, except for the following, which is measured at 12-months ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables is always measured at an amount equals to lifetime ECLs.

When determining whether the credit risk of a financial has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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

- the borrower is unlikely to pay its credit obligation to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

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

NOTES TO THE FINANCIAL STATEMENTS

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

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

Measurement of ECLs

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

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

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at FVOCI 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 default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

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

Write-off

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

4.12 Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indicator exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

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 risks-specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds it recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.13 Provisions

Provisions are recognised when the Group has a present obligation (legal and constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

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

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

If there is no quoted price in an active market then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

4.15 Other Income

Other income is recognised on an accrual basis. Net gains and losses of a revenue nature on the disposal of property, plant & equipment and other non-current assets including investment have been accounted for in the profit or loss for the year, having deducted from proceeds on disposal, the carrying amount of the assets and related expenses. Commission income, sundry income and dividend income are also included in the other income.

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

4.16 Expenditure recognition

All expenditure incurred in running the business and in maintaining the capital assets in a state of efficiency have been charged to profit or loss for the year. Expenditure incurred for the purpose of acquiring and extending or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

4.17 Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is being charged or not.

4.18 Statement of cash flows

The Statement of Cash Flows has been prepared using the 'Indirect method'. Interest paid are classified as operating cash flows, interest and dividends received are classified as investing cash flows for the purpose of presentation of the Statement of Cash Flow.

4.19 Stated Capital

4.19.1. Ordinary shares

Ordinary shares are classified as equity. As per the Companies Act No. 07 of 2007, section 58(1), stated capital in relation to a Company means the total of all amounts received by the 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 and share options are recognised as a deduction from equity, net of any tax effects.

4.19.2. Preference shares

Non-redeemable preference shares are classified as equity, because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlements in a variable number of the Group's equity instruments. Discretionary dividends thereon are recognised as equity distributions on approval by the Company's shareholders.

4.20 Earnings Per Share

The Group presents basic earnings per share and diluted 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. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

4.21 Cash & Cash Equivalents

Cash and Cash equivalents comprise cash on hand, together with other short-term, highly liquid investments that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value.

4.22 Movement of Reserves

Movements of reserves are disclosed in the statement of changes in equity.

4.23 Comparative Figures

Where necessary comparative figures have been reclassified to conform to the current year's presentation.

4.24 Capital Commitments and Contingencies

Capital commitments and contingent liabilities of the Group are disclosed in the respective Notes to the financial statements.

4.25 Events Occurring after the Reporting Date

The materiality of the events occurring after the statement of financial position date is considered and appropriate adjustments to or disclosures are made in the financial statements, where necessary.

5. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards are effective for annual periods beginning on or after 01st April 2024 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

The Institute of Chartered Accountants of Sri Lanka has issued a number of new amendments to Sri Lanka Accounting Standards (SLFRSs/LKASs) that are effective for annual periods beginning after the current financial year. Accordingly, the Group has not early in preparing these Financial Statements. The following amended standards and interpretations are not expected to have a significant impact on the Group's financial statements:

- **Classifications of liabilities as current or non-current and non-current liabilities with covenants (Amendments to LKAS 1)**

The amendments, as issued in 2020 and 2022, aim to clarify the requirements on determining whether a liability is current or noncurrent, and require new disclosures for noncurrent liabilities that are subject to future covenants. The amendments apply for annual reporting periods beginning on or after 1January 2024. There is no potential impact for the amendments on the classification of these liabilities and the related disclosures.

- **Supplier finance arrangements (Amendment to LKAS 1 and SLFRS 7)**

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

- **Lease liability in a sales and lease leaseback (Amendment to SLFRS 16)**

The amendments specifically affect seller-lessee accounting in sale and leaseback transactions that qualify as a sale under SLFRS 15, especially those involving variable lease payments not based on an index or rate. They modify how a seller-lessee accounts for these leasebacks, preventing recognition of gains on retained rights of use due to lease term modifications or changes, which previously could occur when variable payments not defined as "lease payments" were excluded. The amendment applies retrospectively to annual reporting periods beginning on or after 1 January 2024.

Other standards

The following new and amended standards are not expected to have a significant impact on the Financial Statements.

- Presentation and disclosure of Financial Statements (SLFRS 18)
- Subsidiaries without Public Accountability (SLFRS 19)
- General Requirements for Disclosure of Sustainability related Financial Information (SLFRS S1)
- Climate-related Disclosures (SLFRS S2)

6. REVENUE

For the year ended 31st March,	Group		Company	
	2024 Rs 000	2023 Rs 000	2024 Rs 000	2023 Rs 000
Pharmaceuticals	**763,498**	526,850	**-**	-
Management Fee	**-**	-	**2,000**	2,000
	763,498	526,850	**2,000**	2,000

Muller & Phipps (Ceylon) PLC suspended its pharmaceutical operations since April 1993 and continues with its investment holding activities. Revenue for the Group represents the revenue from pharmaceutical operations of Muller & Phipps (Health Care) Limited (Formerly known as Pettah Pharmacy (Private) Ltd)

7. OTHER OPERATING INCOME / EXPENSES

For the year ended 31st March,	Group		Company	
	2024 Rs 000	2023 Rs 000	2024 Rs 000	2023 Rs 000
7.1 Other operating income				
Sundry income	**2**	2	**-**	-
Dividend Income	**252**	378	**252**	378
Commission income	**15,674**	8,523	**-**	-
Asset Disposal Profit	**6**	-	**-**	-
	15,934	8,903	**252**	378

7.1.1. Commission income is derived from documentation related services provided to foreign agency.

For the year ended 31st March,	Group		Company	
	2024 Rs 000	2023 Rs 000	2024 Rs 000	2023 Rs 000
7.2 Other operating expenses				
Bank charges	**1,449**	1,597	-	-
Penalty and surcharge	**3**	183	-	-
Provision for inventories	**75**	238	-	-
	1,527	2,018	-	-

8. IMPAIRMENT REVERSAL/(LOSS) ON FINANCIAL ASSETS

For the year ended 31st March,	Group		Company	
	2024 Rs 000	2023 Rs 000	2024 Rs 000	2023 Rs 000
Impairment reversal/ (loss) on financial assets;				
Debt securities	**430**	9,540	**430**	9,540
Amounts due from related companies	**3,436**	(3,018)	**29,581**	(28,095)
Trade receivable	**17**	103	**-**	-
	3,883	6,625	**30,011**	(18,555)

NOTES TO THE FINANCIAL STATEMENTS

9. NET FINANCE INCOME/ (EXPENSES)

For the year ended 31st March,	Group		Company	
	2024 Rs 000	2023 Rs 000	2024 Rs 000	2023 Rs 000
Interest income under the effective interest method on:				
- Amounts due from related parties	**3,917**	9,109	**11,738**	23,906
- Call & fixed deposits	**381**	673	**-**	-
- Treasury bond coupon	**1,857**	1,459	**-**	-
- Corporate debt securities - at FVOCI (Corporate debentures)	**1,875**	1,875	**1,875**	1,875
Total Interest income	**8,030**	13,116	**13,613**	25,781
Net foreign exchange gain	**7,805**	-	**-**	-
Treasury Bond Fair Value Gain	**-**	3,024	**-**	-
Treasury Bond Realized Gain	**3,398**	-	**-**	-
Total Finance income	**19,233**	16,140	**13,613**	25,781
Interest expense on financial liabilities measured at amortised cost				
- Trust Receipt loans	**(34,239)**	(61,992)	-	-
- Corporate Guarantee charges	**(1,947)**	-	-	-
- Bank overdrafts	**(6,989)**	(4,260)	-	-
- Lease liabilities	**(400)**	(61)	-	-
- Loans from related companies	**(13,015)**	(21,351)	**(214)**	-
Total Interest expense	**(56,590)**	(87,664)	**(214)**	-
Net foreign exchange loss	**-**	(102,672)	**-**	-
Total Finance expense	**(56,590)**	(190,336)	**(214)**	-
Net finance income/ (expense) recognised in profit or loss	**(37,357)**	(174,196)	**13,399**	25,781

10. PROFIT/(LOSS) BEFORE TAX

This is stated after charging all expenses including the following;

For the year ended 31st March,	Group		Company	
	2024 Rs 000	2023 Rs 000	2024 Rs 000	2023 Rs 000
Directors' emoluments	**1,533**	1,631	**1,245**	1,343
Auditors' remuneration - Statutory Audit	**1,921**	1,579	**778**	585
Non-audit services	**378**	330	**100**	89
Depreciation and amortization	**2,294**	3,257	**-**	-
Short-term leases	**7,445**	3,974	**-**	-
Staff cost (10.1)	**83,654**	69,682	**-**	-
10.1. Staff cost				
Salaries & related cost	**70,596**	58,634	**-**	-
Defined benefit plan costs - Retiring gratuity	**3,247**	2,609	**-**	-
Defined contribution plan costs - EPF and ETF	**9,811**	8,439	**-**	-
Total staff cost	**83,654**	69,682	**-**	-
Number of employees at year end	**69**	68	**-**	-

11. INCOME TAX EXPENSE

For the year ended 31st March,	Group		Company	
	2024 Rs 000	2023 Rs 000	2024 Rs 000	2023 Rs 000
Current taxation on profit for the year (Note11.1)	**-**	-	**-**	-
Change in estimate related to prior year	**6,263**	-	**-**	-
	6,263	-	**-**	-
Deferred tax (charge)/reversal				
(Origination)/ Reversal of temporary differences - (Note 18.1)	**19,212**	(6,721)	**(8,874)**	8,428
Increase in tax rate - (Note 18.1)	**-**	14,511	**-**	154
	19,212	7,790	**(8,874)**	8,582
	25,475	7,790	**(8,874)**	8,582

11.1. Reconciliation of accounting profit / (loss) to income tax expense

For the year ended 31st March,	Group		Company	
	2024 Rs 000	2023 Rs 000	2024 Rs 000	2023 Rs 000
Accounting profit/(loss) before income tax expense	**49,614**	(96,094)	**39,716**	4,787
Inter - company adjustments	**26,146**	(25,078)	**-**	-
	75,760	(121,172)	**39,716**	4,787
Non business income - gross	**(252)**	(801)	**(252)**	(378)
Aggregate disallowable expenses	**(23,282)**	229,459	**(30,011)**	18,555
Allowable expenses	**(188,468)**	(220,982)	**-**	-
Tax loss of subsidiary	**145,695**	136,460	**-**	-
Taxable income of the business	**9,453**	22,964	**9,453**	22,964
Tax Loss claimed during the year (Note 11.2)	**(9,453)**	(22,964)	**(9,453)**	(22,964)
Taxable income/ (tax loss)	**-**	-	**-**	-
Income tax charged:				
Income tax @ 24%	**-**	-	**-**	-
Income tax @ 30%	**-**	-	**-**	-
Current tax expenses	**-**	-	**-**	-

11.2 Reconciliation of tax loss

For the year ended 31st March,	Group		Company	
	2024 Rs 000	2023 Rs 000	2024 Rs 000	2023 Rs 000
Tax loss brought forward	**172,385**	58,889	**35,925**	58,889
Tax loss incurred during the year	**145,695**	136,460	**-**	-
Tax loss claimed during the year	**(9,453)**	(22,964)	**(9,453)**	(22,964)
Tax loss carried forward	**308,627**	172,385	**26,472**	35,925

NOTES TO THE FINANCIAL STATEMENTS

11.3 Tax recognized on other comprehensive income actuarial gain/(losses) on retirement benefit obligations

For the year ended 31st March,	Group					
	2024			2023		
	Before Tax	Tax Effect	Net of Tax	Before Tax	Tax Effect	Net of Tax
Acturial gain/(losses) on Retirement benefit obligation	**(6,681)**	**2,004**	(4,677)	(197)	59	(138)

11.4. The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act, No.24 of 2017 and its subsequent amendments.

12. EARNINGS/ (LOSS) PER SHARE

The calculation of earnings/ (loss) per share is based on the profit/ (loss) after tax attributable to ordinary shareholders and the weighted average number of ordinary shares in issue during the year.

For the year ended 31st March,	Group		Company	
	2024	2023	2024	2023
Profit/(loss) after tax attributable to ordinary shareholders (Rs.'000)	**75,089**	(88,304)	**30,842**	13,369
Weighted average number of ordinary shares in issue ('000)	**283,000**	283,000	**283,000**	283,000
Basic earnings/ (loss) per share (Rs.)	**0.27**	(0.31)	**0.11**	0.05

13. PROPERTY, PLANT AND EQUIPMENT

13.1 Group

	Motor vehicles Rs.'000	Computers and software Rs.'000	Furniture and fittings Rs.'000	Office equipment Rs.'000	Total Rs.'000
Cost					
Balance as at 1st April 2022	300	11,979	2,823	2,440	17,542
Additions	-	33	-	104	137
Balance at 31st March 2023	300	12,012	2,823	2,544	17,679
Balance as at 1st April 2023	300	12,012	2,823	2,544	17,679
Additions	-	1,263	-	377	1,640
Disposals	-	(230)	-	(416)	(646)
Balance at 31st March 2024	**300**	**13,045**	**2,823**	**2,505**	**18,673**
Accumulated depreciation					
Balance as at 1st April 2022	300	7,637	1,520	1,695	11,152
Depreciation	-	932	139	223	1,294
Balance at 31st March 2023	300	8,569	1,659	1,918	12,446
Balance as at 1st April 2023	300	8,569	1,659	1,918	12,446
Disposals	-	(6)	-	(416)	(422)
Depreciation	-	872	138	175	1,185
Balance at 31st March 2024	**300**	**9,435**	**1,797**	**1,677**	**13,209**
Carrying amount					
At 1st April 2022	-	4,342	1,303	745	6,390
At 31st March 2023	-	3,443	1,164	626	5,233
At 31st March 2024	-	**3,610**	**1,026**	**828**	**5,464**

Property, plant and equipment included fully depreciated assets that are still in use having a gross amount of Rs. 11 million as at 31st March 2024 (31st March 2023 - Rs. 10.8 million)

NOTES TO THE FINANCIAL STATEMENTS

13.2 Company

	Motor vehicles Rs.'000	Computers and software Rs.'000	Furniture and fittings Rs.'000	Office equipment Rs.'000	Total Rs.'000
Cost					
Balance as at 1st April 2022	300	814	378	54	1,546
Balance at 31st March 2023	**300**	**814**	**378**	**54**	**1,546**
Balance as at 1st April 2023	300	814	378	54	1,546
Balance at 31st March 2024	**300**	**814**	**378**	**54**	**1,546**
Accumulated depreciation					
Balance as at 1st April 2022	300	814	378	54	1,546
Balance at 31st March 2023	**300**	**814**	**378**	**54**	**1,546**
Balance as at 1st April 2023	300	814	378	54	1,546
Balance at 31st March 2024	**300**	**814**	**378**	**54**	**1,546**
Carrying amount	-	-	-	-	-
At 1st April 2022	-	-	-	-	-
At 31st March 2023	-	-	-	-	-
At 31st March 2024	-	-	-	-	-

Property, plant and equipment included fully depreciated assets that are still in use having a gross amount of Rs. 1.5 Mn at 31st March 2024 (31st March 2023 - Rs. 1.5 Mn).

14. INTANGIBLE ASSET

For the year ended 31st March,	Group		Company	
	2024 Rs 000	2023 Rs 000	2024 Rs 000	2023 Rs 000
Computer Software				
Cost				
Balance at the beginning of year	**2,424**	2,424	-	-
Balance at the end of the year	**2,424**	2,424	-	-
Amortization				
Balance at the beginning of year	**2,161**	1,861	-	-
Amortisation	**204**	300	-	-
Balance at the end of the year	**2,365**	2,161	-	-
Carrying Amount				
At the end of the year	**59**	263	-	-

15. RIGHT OF USE ASSETS

15.1 Movement during the year

For the year ended 31st March,	Group 2024 Rs 000	Group 2023 Rs 000	Company 2024 Rs 000	Company 2023 Rs 000
Cost				
Balance as at beginning of the year	**7,465**	7,465	-	-
Additions during the year	**3,621**	-	-	-
Balance at the end of the year	**11,086**	7,465	-	-
Amortization				
Balance as at beginning of the year	**7,465**	5,802	-	-
Charge for the year	**905**	1,663	-	-
Balance at the end of the year	**8,370**	7,465	-	-
Carrying Amount				
At the end of the year	**2,716**	-	-	-

The subsidiary Company has entered into a lease agreement with E.B. Creasy & Company PLC for the office premises which has a duration of 2 years. It also includes an option to renew the lease after the expiration of the original 2 years for a further 2 more years after mutually agreeing to terms of the lease contract.

15.2 Amounts recognised in profit or loss

For the year ended 31st March	Group 2024 Rs.'000	Group 2023 Rs.'000	Company 2024 Rs.'000	Company 2023 Rs.'000
Amortization expense of right-of-use assets	**905**	1,663	-	-
Interest on lease liabilities	**400**	61	-	-

15.3 Amounts recognised in statement of cash flows

For the year ended 31st March	Group 2024 Rs.'000	Group 2023 Rs.'000	Company 2024 Rs.'000	Company 2023 Rs.'000
Repayment of lease liabilities	**(1,218)**	(1,031)	-	-

NOTES TO THE FINANCIAL STATEMENTS

16. INVESTMENTS IN SUBSIDIARY

	Principle place of Business / Country of incorporation	Number of Shares	Company Holding	Group Holding	Company 2024 Rs.'000	Company 2023 Rs.'000
Muller & Phipps (Health Care) Limited (Formerly known as Pettah Pharmacy (Private) Limited)	No.98, Sri Sangaraja Mawatha, Colombo 10, Sri Lanka	272,033,618	100%	100%	**323,897**	53,897
					323,897	53,897

Ordinary Share issue by the Subsidiary Company

270,000,000 ordinary shares of the subsidiary company, Muller & Phipps (Health Care) Limited were allotted to Muller & Phipps (Ceylon) PLC at a price of Rs. 1.00 per share on 28th March 2024 for a consideration equal to LKR 270 Mn. All ordinary shares rank equally with regard to the Company's residual assets and are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of the Company.

Principal activity

Muller & Phipps (Health Care) Limited imports and sells drugs and pharmaceuticals.

Impairment Assessment

The Company has performed an impairment assessment as per LKAS 36 for the investment in subsidiary. The recoverable amount of the investment in the subsidiary is based on the value-in-use computations. Cash flow projections based on future projections for the next five years have been used for the calculation of value-in-use. Having evaluated the business continuity plans and the cash flows of the subsidiary, the Company determined that no impairment provision is required for the carrying value of investment.

The key assumptions used are given below.

Revenue increase – 10% average annual growth over first 5 years.

Discount Rate – Weighted average cost of capital rate 23.1%

Terminal Growth Rate – Based on the business plan 3%

17. OTHER FINANCIAL ASSETS - NON CURRENT

As at 31st March,		Group 2024 Rs.'000	Group 2023 Rs.'000	Company 2024 Rs.'000	Company 2023 Rs.'000
Non-current investments					
Equity securities - at FVOCI	17.1	**11,774**	22,255	-	10,468
Corporate debt securities - FVOCI	17.2	**20,585**	12,967	**20,585**	12,967
		32,359	35,222	**20,585**	23,435

17.1 Equity securities

As at 31st March,	Group			Company		
		2024	2023		2024	2023
	Cost Rs.'000	Value Rs.'000	Value Rs.'000	Cost Rs.'000	Value Rs.'000	Value Rs.'000
Hemas Holdings PLC (161,053 Shares)	-	**-**	10,468	-	**-**	10,468
Dutch Dairy International (Private) Limited	5,400	**-**	-	5,400	**-**	-
Beruwala Resorts PLC (30,000 shares)	45	**42**	42	-	**-**	-
Colombo Fort Hotels Limited (1,275,200 Shares)	31,880	**11,732**	11,745	-	**-**	-
	37,325	**11,774**	22,255	5,400	**-**	10,468

- As at 1st April 2018, the Group classified the investments shown above as equity securities at FVOCI as these securities represent investments that the Group intends to hold for the long term strategic purposes.
- Investment in Hemas holding shares were disposed during 2023/24, and a cumulative gain of Rs. 3.2 Mn was transferred within equity relating to these investments.

17.2 Corporate debt securities

As at 31st March,	Group			Company		
	Cost Rs.'000	2024 Value Rs.'000	2023 Value Rs.'000	Cost Rs.'000	2024 Value Rs.'000	2023 Value Rs.'000
Kotagala Plantations PLC (Note 17.2.1)	25,000	**20,585**	12,967	25,000	**20,585**	12,967
	25,000	**20,585**	12,967	25,000	**20,585**	12,967

17.2.1

During the year 2014/2015, the Company subscribed to 500,000 rated secured listed redeemable debentures of Kotagala Plantations PLC with a par value of Rs. 100 each.

The Rated Secured Redeemable Debenture Type C and Type D issued by Kotagala Plantations PLC in terms of the Trust Deed dated 5 May 2014 was restructured with the requisite consent of the Debenture Holders of Kotagala Plantations PLC at a meeting convened by the Trustees on 17 September 2020. The Term Sheet for the restructured Rated Secured Redeemable Debentures Type C and Type D applicable for the Company which is Related Party of Kotagala Plantations PLC are as follows:

Category	No. of debentures	Year of issue	Interest rate	Date of Maturity
Type C (Restructured)	125,000	2014	7.5%	31st August 2026
Type D (Restructured)	125,000	2014	7.5%	30th September 2026

NOTES TO THE FINANCIAL STATEMENTS

17.2.2 Movement during the year

For the year ended 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Fair value of the debenture as at 01st April	**12,967**	14,713	**12,967**	14,713
Recognised in Other comprehensive income				
• Increase/(decrease) in fair value	**7,618**	(1,746)	**7,618**	(1,746)
• Impairment/(reversal) of impairment provision	**(430)**	(9,540)	**(430)**	(9,540)
Recognised in Profit or Loss				
• (Impairment)/reversal of impairment provision	**430**	9,540	**430**	9,540
Fair value of the debenture as at 31st March	**20,585**	12,967	**20,585**	12,967

18. DEFERRED TAX ASSETS

18.1. Movement during the year

As at 31st March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.000	2023 Rs.000
Balance at the beginning of the year	**65,897**	58,048	**9,201**	619
(Origination) or reversal of temporary difference	**19,212**	(6,721)	**(8,874)**	8,428
Effects on increase in tax rate	**-**	14,511	**-**	154
Reversal of temporary difference recognised in Other Comprehensive Income	**2,004**	59	**-**	-
Balance at the end of the year	**87,113**	65,897	**327**	9,201

18.2. Composition of deferred tax assets/(liabilities)

As at 31st March	2024		2023	
	Temporary difference Rs.'000	Tax effect Rs.'000	Temporary difference Rs.000	Tax effect Rs.000
Company				
On provision for other receivables	**886**	**266**	886	266
On provision for related party receivables	**204**	**61**	29,785	8,935
	1,090	**327**	30,671	9,201
Group				
On property, plant and equipment	**(2,513)**	**(754)**	(2,205)	(662)
On carried forward tax losses	**282,155**	**84,646**	206,173	61,852
On Lease Liabilities	**2,803**	**841**	-	-
On Foreign Exchange Gain-Unrealised	**(6,942)**	**(2,083)**	786	236
On retirement benefit obligation	**16,429**	**4,929**	10,378	3,113
On provision for trade and other receivables	**886**	**266**	886	266
On provision for related party receivables	**204**	**61**	3,640	1,092
On Right of use Assets	**(2,716)**	**(815)**	-	-
On provision for inventories	**75**	**22**	2	-
	290,381	**87,113**	219,660	65,897

Deferred Tax is provided using the liability method, providing for temporary difference between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax (asset)/liability has been computed taking into consideration the effective tax rate prevailed as at the reporting date.

According to the revised Inland Revenue Act No 24 of 2017, effective tax rate applicable for the Group was 30% as at 31st March 2024 (31st March 2023-30%)

18.3 Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items.

As at 31st March,	Group/Company			
	2024		2023	
	Temporary difference Rs.'000	Tax effect Rs.'000	Temporary difference Rs.'000	Tax effect Rs.'000
On carried forward tax losses	**26,472**	**7,942**	35,925	10,778
Unrecognised deferred tax assets	**26,472**	**7,942**	35,925	10,778

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which can be used. Future taxable profits are determined based on the relevant taxable temporary differences. If the amount of taxable temporary difference is insufficient to recognise the deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such deductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

19. INVENTORIES

As at 31st March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Trading Stocks	**277,390**	80,585	-	-
Less: Provision for inventories (Note 19.1)	**(75)**	(2)	-	-
	277,315	80,583	-	-

19.1. Provision for inventories

For the year ended 31st March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Balance at beginning of the year	**2**	11,704	-	-
Provision during the year	**75**	238	-	-
Stock written off	**(2)**	(11,940)	-	-
Balance at the end of the year	**75**	2	-	-

Inventories pledged as securities in obtaining loans are disclosed in Note 26.4.

In 2023/2024, inventories of Rs.539,818,922/- (2022/2023 : Rs.311,548,877/-) were recognised as an expense and included in 'cost of sales'.

20. TRADE AND OTHER RECEIVABLES

As at 31st March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Trade receivables	**87,093**	73,909	**-**	-
Impairment loss for trade receivables (Note 20.1)	**-**	(998)	**-**	-
	87,093	72,911	**-**	-
Reimbursements due from principals	**62,422**	14,431	**-**	-
Other receivables, deposits and prepayments (Note 20.2)	**8,141**	14,097	**906**	906
Impairment loss for other receivables	**(886)**	(886)	**(886)**	(886)
	156,770	100,553	**20**	20

20.1. Impairment loss for trade receivables - Movement during the year

For the year ended 31st March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Balance at beginning of the year	**998**	1,101	**-**	**-**
- Written off during the year	**(981)**	-	-	-
- (Reversal) of impairment provision	**(17)**	(103)	-	-
Balance at end of the year	**-**	998	-	-

20.2. Other receivables, deposits and prepayments

As at 31st March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Prepayments	**2,041**	1,826	**-**	-
Advances	**1,093**	10,992	**-**	-
Deposits	**906**	906	**906**	906
Other receivables	**4,101**	373	**-**	-
	8,141	14,097	**906**	906

21. AMOUNTS DUE FROM RELATED COMPANIES

21.1. Related party loan receivable

21.1.1 Parent

As at 31st March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
E.B. Creasy & Co. PLC	-	38,500	-	38,500
Less :Impairment provision	-	(3,430)	-	(3,430)
	-	35,070	-	35,070

21.1.2. Subsidiary

As at 31st March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Muller & Phipps (Health Care) Limited (Formerly known as Pettah Pharmacy (Private) Limited)	-	-	-	61,500
Less :Impairment provision	-	-	-	(26,145)
	-	-	-	35,355

Loans given to related parties are subjected to AWPLR + 2% interest rate (p.a)

21.2 Related party current account balance receivable

21.2.1. Parent

As at 31st March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
E.B. Creasy & Co. PLC	-	14,328	-	10,783
	-	14,328	-	10,783

NOTES TO THE FINANCIAL STATEMENTS

21.2.2. Subsidiary

As at 31st March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Muller & Phipps (Health Care) Limited (Formerly known as Pettah Pharmacy (Private) Limited)	**-**	-	**-**	20,091
	-	-	**-**	20,091

21.2.3. Other Group Companies

As at 31st March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
York Hotel Management Services Limited	**120**	120	**120**	120
Darley Butler & Company Ltd	**560**	5,775	**-**	-
Kotagala Plantations PLC	**701**	703	**701**	703
Less :Impairment provision	**(204)**	(210)	**(204)**	(210)
	1,177	6,388	**617**	613
	1,177	55,786	**617**	101,912

22. OTHER FINANCIAL ASSETS - CURRENT

As at 31st March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Investment in treasury bond	-	98,533	-	-
	-	98,533	-	-

23. CASH AND CASH EQUIVALENTS

As at 31st March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Cash in hand	**282**	37	**-**	-
Cash at bank	**83,067**	19,488	**1,865**	2,279
Cash and cash equivalents in the statement of financial position	**83,349**	19,525	**1,865**	2,279
Bank overdrafts repayable on demand and used for cash management purposes	**(15,212)**	(9,641)	**-**	-
Cash and cash equivalents in the statement of cash flows	**68,137**	9,884	**1,865**	2,279

24. STATED CAPITAL

	Group		Company	
For the year ended 31st March	2024	2023	2024	2023
Issued and fully paid no of shares ('000)				
Ordinary shares				
At the beginning of the year	**283,000**	283,000	**283,000**	283,000
At the end of the year	**283,000**	283,000	**283,000**	283,000
Value of ordinary shares (Rs.'000)				
At the beginning of the year	**83,000**	83,000	**83,000**	83,000
At the end of the year	**83,000**	83,000	**83,000**	83,000

24.1. NON CONTROLLING INTEREST-PREFERENCE SHARES

	Group		Company	
For the year ended 31st March	2024	2023	2024	2023
Issued and fully paid no of shares ('000)				
Preference shares				
At the beginning of the year	**-**	-	**-**	-
Shares Issued during the year	**250,000**	-	**-**	-
At the end of the year	**250,000**	-	**-**	-
Value of preference shares (Rs.'000)				
At the beginning of the year	-	-	**-**	-
Shares Issued during the year	**250,000**	-	**-**	-
At the end of the year	**250,000**	-	**-**	-

250,000,000 preference shares of the subsidiary company, Muller & Phipps (Health Care) Limited were allotted to E.B. Creasy & Co. PLC at a price of Rs. 1.00 per share on 13th March 2024 for a consideration equal to Rs. 250 Mn.

All preference Shares are equally eligible to receive dividends paid only at the discretion of the issuer which shall be paid in priority to all other shares in the capital and shall be redeemable solely at the discretion of the issuer. The holder of the said preference shares shall not be entitled for voting at any General Meeting of the company or for net assets of the Company at the time of liquidation.

25. OTHER COMPONENTS OF EQUITY

	Group		Company	
As at 31st March	2024 Rs 000	2023 Rs 000	2024 Rs 000	2023 Rs 000
Capital reserves	**401**	401	**401**	401
Revenue reserves				
General reserves (Note 25.1)	**5,000**	5,000	**5,000**	5,000
Fair value reserves (Note 25.2)	**(7,636)**	(12,496)	**(4,092)**	(8,965)
	(2,235)	(7,095)	**1,309**	(3,564)

NOTES TO THE FINANCIAL STATEMENTS

25.1 General Reserve is the reserve set aside for the general purpose.

25.2 The fair value reserve comprises: -

The cumulative net change in the fair value of equity securities designated at FVOCI, and

The cumulative net change in fair value of debt securities at FVOCI, and net change in impairment provision until the assets are derecognised or reclassified.

26. INTEREST BEARING BORROWINGS

26.1 Amount Payable After One Year

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Long Term Loans (26.3)	**115,460**	-	**115,460**	-
	115,460	-	**115,460**	-

26.2 Amount Payable Within One Year

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Long Term Loans (26.3)	**-**	-	**-**	-
Trust receipt loans (26.4)	**27,918**	303,794	**-**	-
	27,918	303,794	**-**	-

Trust Receipt Loans Payable to banks by the subsidiary; Muller & Phipps (Health Care) Limited, is secured over the stocks of pharmaceuticals and book debts.

26.3. Long Term Loans

For the year ended 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
At the beginning of the year	**-**	-	**-**	-
Obtained during the year	**115,460**	-	**115,460**	-
Repayment during the year	**-**	-	**-**	-
Balance at the end of the year	**115,460**	**-**	**115,460**	**-**
Loan Repayable within one year	**-**	-	**-**	-
Loan Repayable after one year	**115,460**	-	**115,460**	-

The company obtained a long term intercompany loan from E.B. Creasy & Co. PLC subject to an interest of AWPLR + 2% per annum which will be repaid in 3 years.

26.4 Trust Reciept Loans

Lender	Facility	Security	Terms of repayment	Interest Rate	Balance on 31.03.2024 Rs'000	Balance on 31.03.2023 Rs'000
Hatton National Bank PLC	Revolving Trust Receipt Loan of Rs.225 Mn	Primary Floating Mortgage bond for Rs.450 Mn over stocks of pharmaceuticals and an assignment of book debts.	Each loan should be repaid within a maximum period of 180 days	AWPLR + 1.00% (weekly review)	**27,918**	190,939
National Development Bank PLC	Revolving Trust Receipt Loan of Rs.100 Mn	Primary Floating Mortgage bond for Rs.160 Mn over stocks and an assignment of book debts.	Each loan should be repaid within a maximum period of 120 days	18% p.a and adjusted periodically whenever necessary	**-**	45,000
Union Bank of Colombo PLC	Revolving Trust Receipt Loan of Rs.50 Mn	Primary Floating Mortgage Bond for Rs.50 Mn over stocks and assignment over book debts.	Out of own cash flows	AWPLR + 2.50% (p.a.)with a floor rate 12% (AWPLR to be fixed monthly)	**-**	67,855
					27,918	303,794

27. LEASE LIABILITIES

For the year ended 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
At the beginning of the Year	**-**	970	-	-
Additions during the year	**3,621**	-	-	-
Repayment during the Year	**(1,218)**	(1,031)	-	-
Interest Expense	**400**	61	-	-
Balance at the end of the Year	**2,803**	**-**	**-**	**-**
Payable within one year	**821**	**-**	**-**	**-**
Payable after one year	**1,982**	**-**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

28. RETIREMENT BENEFIT OBLIGATIONS

As at 31st March	Group	
	2024 Rs.'000	2023 Rs.'000
Present value of the unfunded retirement benefit obligation	**16,429**	10,378
	16,429	10,378

28.1 Retirement benefit obligation

For the year ended 31st March	Group	
	2024 Rs.'000	2023 Rs.'000
At the Beginning of the Year	**10,378**	8,192
Current service cost	**2,332**	1,196
Interest cost	**915**	1,413
Re-measurement of retirement benefit obligation	**6,681**	197
Benefits paid	**(3,877)**	(620)
At the end of the year	**16,429**	10,378

28.2 Expenses recognised in the statement of profit or loss

For the year ended 31st March	Group	
	2024 Rs.'000	2023 Rs.'000
Current service cost	**2,332**	1,196
Interest cost	**915**	1,413
	3,247	2,609

28.3. Re-measurement of retirement benefit obligation recognised in other comprehensive income

For the year ended 31st March	Group	
	2024 Rs.'000	2023 Rs.'000
Re-measurement of retirement benefit obligation	**6,681**	197
	6,681	197

28.4 Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined obligation by the amounts as shown below.

As at 31st March	Group	
	2024 Rs.'000	2023 Rs.'000
Effect on the defined benefit obligation liability		
Increase by one percentage point in discount rate	**(469)**	(332)
Decrease by one percentage point in discount rate	**506**	357
Effect on the defined benefit obligation liability;		
Increase by one percentage point in salary increment rate	**506**	364
Decrease by one percentage point in salary increment rate	**(478)**	(343)

28.5. The Key Actuarial Assumptions

The subsidiary; Muller & Phipps (Health Care) Limited applies Projected Unit Credit Method to make a reliable estimate of the Obligation in order to determine the present value of the retirement benefit obligation.The liability is not externally funded. The key assumptions were made in arriving at the retirement benefit obligation as at 31st March 2024 are stated below:

As at 31st March	2024	2023
Discount Rate	**11.1%**	18.0%
Salary Increment Rate	**10%**	15%
Retirement Age	**60 years**	60 years
Staff Turnover Ratio	**10%**	10%

28.6. Discount rate change

As per the guidelines issued by the institute of Chartered Accountants of Sri Lanka, the discount rate have been adjusted to convert the coupon bearing yield to a zero-coupon yield to match the characteristics of the gratuity payment liability and the resulting yield to maturity for the purpose of valuing employee benefit obligations as per LKAS No. 19 “Employee Benefits”.

29. TRADE AND OTHER PAYABLES

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Bills payable	**185,345**	-	**-**	-
Trade Payable	**4,555**	-	**-**	-
Accrued expenses	**6,859**	4,131	**920**	1,045
Dividends payable	**1,862**	1,862	**1,862**	1,862
Other payables	**428**	382	**37**	37
	199,049	6,375	**2,819**	2,944

30. AMOUNTS DUE TO RELATED COMPANIES

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
E.B. Creasy & Co. PLC	**419**	60,785	**214**	-
Darley Butler & Company Limited	**958**	124,714	**-**	-
Muller & Phipps (Health Care) Limited	**-**	-	**2,146**	-
	1,377	185,499	**2,360**	-

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS -FAIR VALUES AND RISK MANAGEMENT

31.1 Fair value measurement

31.1.1 Determination of Fair Value Hierarchy

The Group and the Company use the following hierarchy to determine and disclose the fair value of financial instruments by valuation techniques.

Level 01: Quoted (unadjusted) prices in active market for identical assets or liabilities.

Level 02: Other techniques for which all inputs with significant effect on the recorded fair values are observable either directly or indirectly.

Level 03: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

31.1.2.Transfer between Levels of Fair Value Hierarchy

There were no transfers between Level 1,2,3 during the year.

31.1.3 Valuation techniques and significant unobservable inputs

The following tables summarizes the valuation techniques used by the Group and the Company in measuring Level 2 and Level 3 fair values, and the significant unobservable inputs used for the valuation.

31.1.4 Assets measured at fair value

Assets	Valuation technique	Significant unobservable inputs
Unquoted Corporate debt securities	The value of the security was based on the present values of future cash flows discounted at the required rate of return. Required rate of return was based on the risk free rate plus a risk premium.	Corporate bond yield 11.1% (2023-24%)
Unquoted equity securities	Net Assets basis	Net Asset values of unquoted equity securities Colombo Fort Hotels Limited- Rs. 9.20 per share (2023 - 9.21 per share)

31.1.5. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

GROUP

At 31st March 2024 In Rs.000'	Financial assets measured at amortised cost	FVOCI instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Equity securities - quoted	-	42	-	42	42	-	-	42
Equity securities - unquoted	-	11,732	-	11,732	-	-	11,732	11,732
Debt securities	-	20,585	-	20,585	-	20,585	-	20,585
	-	**32,359**	**-**	**32,359**	**42**	**20,585**	**11,732**	**32,359**
Financial assets not measured at fair value								
Trade and other receivables **	153,636	-	-	153,636	-	-	-	-
Amounts due from related companies	1,177	-	-	1,177	-	-	-	-
Cash and cash equivalents	83,349	-	-	83,349	-	-	-	-
	238,162	**-**	**-**	**238,162**	**-**	**-**	**-**	**-**
Financial liabilities not measured at fair value								
Trade and other payables*	-	-	196,301	196,301	-	-	-	-
Interest bearing borrowings	-	-	143,378	143,378	-	-	-	-
Lease Liability	-	-	2,803	2,803	-	-	-	-
Amounts due to related companies	-	-	1,377	1,377	-	-	-	-
Bank overdrafts	-	-	15,212	15,212	-	-	-	-
	-	**-**	**359,071**	**359,071**	**-**	**-**	**-**	**-**

** Trade and other receivables that are not financial assets (Prepayments; Rs. 2,041,202/- advances; Rs.1,093,004/-) are not included.
* Trade and other payables that are not financial liabilities (Accrued expenses Rs. 2,747,794/-) are not included.

NOTES TO THE FINANCIAL STATEMENTS

GROUP

At 31st March 2023 In Rs.000'	Financial assets measured at amortised cost	FVOCI instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Equity securities - quoted	-	10,510	-	10,510	10,510	-	-	10,510
Equity securities - unquoted	-	11,745	-	11,745	-	-	11,745	11,745
Debt securities	-	12,967	-	12,967	-	12,967	-	12,967
	-	35,222	-	35,222	10,510	12,967	11,745	35,222
Financial assets not measured at fair value								
Trade and other receivables **	87,735	-	-	87,735	-	-	-	-
Amounts due from related companies	55,786	-	-	55,786	-	-	-	-
Investment in treasury bond	98,533	-	-	98,533	-	-	-	-
Cash and cash equivalents	19,525	-	-	19,525	-	-	-	-
	261,579	-	-	261,579	-	-	-	-
Financial liabilities not measured at fair value								
Trade and other payables*	-	-	4,082	4,082		-	-	-
Interest bearing borrowings	-	-	303,794	303,794		-	-	-
Amounts due to related companies	-	-	185,499	185,499		-	-	-
Bank overdrafts	-	-	9,641	9,641		-	-	-
	-	-	503,016	503,016		-	-	-

** Trade and other receivables that are not financial assets (Prepayments; Rs.1,826,113/- advances; Rs.10,991,597/-) are not included.

* Trade and other payables that are not financial liabilities (Statutory liabilities; Rs.1,247,553/-, Accrued expenses Rs.1,045,381/-) are not included.

COMPANY

At 31st March 2024 In Rs.000'	Financial assets measured at amortised cost	FVOCI instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Debt securities	-	20,585	-	20,585	-	20,585	-	20,585
	-	**20,585**	**-**	**20,585**	**-**	**20,585**	**-**	**20,585**
Financial assets not measured at fair value								
Trade and other receivables	20	-	-	20	-	-	-	-
Amounts due from related companies	617	-	-	617	-	-	-	-
Cash and cash equivalents	1,865	-	-	1,865	-	-	-	-
	2,502	**-**	**-**	**2,502**	-	-	-	-
Financial liabilities not measured at fair value								
Interest bearing borrowings	-	-	115,460	115,460	-	-	-	-
Amounts due to related companies	-	-	2,360	2,360	-	-	-	-
Trade and other payables *	-	-	1,899	1,899	-	-	-	-
	-	**-**	**119,719**	**119,719**	-	-	-	-

* Trade and other payables that are not financial liabilities (Accrued expenses Rs.920,134/-) are not included.

At 31st March 2023 In Rs.000'	Financial assets measured at amortised cost	FVOCI instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Equity securities - quoted	-	10,468	-	10,468	10,468	-		10,468
Debt securities	-	12,967	-	12,967	-	12,967		12,967
	-	23,435	-	23,435	10,468	12,967		23,435
Financial assets not measured at fair value								
Trade and other receivables	20	-	-	20	-	-	-	-
Amounts due from related companies	101,912	-	-	101,912	-	-	-	-
Cash and cash equivalents	2,279	-	-	2,279	-	-	-	-
	104,211	-	-	104,211	-	-	-	-
Financial liabilities not measured at fair value								
Trade and other payables *	-	-	1,899	1,899	-	-	-	-
	-	-	1,899	1,899	-	-	-	-

* Trade and other payables that are not financial liabilities (Accrued expenses Rs.1,045,381/-) are not included.

NOTES TO THE FINANCIAL STATEMENTS

31.2 Risk Management

Overview

The Company has exposure to the following risks arising from financial instruments

- Credit Risk
- Liquidity Risk
- Market Risk

Risk management framework

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit Department. Internal Audit Department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

31.2.1 Credit risk

Credit risk is the risk of financial loss to the Group, if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and related parties and investment securities

The carrying amounts of financial assets represent the maximum credit exposure.

As at 31st March	Note	Group 2024 Rs.000	Group 2023 Rs.000	Company 2024 Rs.000	Company 2023 Rs.000
Exposure to credit risk					
Trade and other receivables **	20	**153,636**	87,735	**20**	20
Amount due from related companies	21	**1,177**	55,786	**617**	101,912
Investment in Fixed Deposit/ Treasury Bond	22	**-**	98,533	**-**	-
Cash at bank	23	**83,067**	19,488	**1,865**	2,279
Total		**237,880**	261,542	**2,502**	104,211

** Trade and other receivables that are not financial assets (Prepayments; Rs.2,041,202/- advances; Rs.1,093,004/-) are not included.

Impairment losses on financial assets recognized in profit or loss were as follows,

For the year ended 31st March	Group		Company	
	2024 Rs.000	2023 Rs.000	2024 Rs.000	2023 Rs.000
Expected loss/ (allowance) - trade and other receivables	**17**	103	**-**	-
Expected loss/ (allowance) - related parties	**3,436**	(3,018)	**29,581**	(28,095)
Expected loss/ (allowance) - debt securities	**430**	9,540	**430**	9,540
	3,883	6,625	**30,011**	(18,555)

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographic of the Company's customer base, including the default risk of the industry and area in which customer operate, as these factors may have an influence on credit risk.

The Group is closely monitoring the economic environment in the country and is taking necessary measures to limit its exposure to customers experiencing particular economic volatility.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The main components of this allowance are specific loss component that relates to individually significant exposures, and a collective loss component established for group of similar assets in respect of losses that are expected to be incurred and not yet identified. The collective loss allowance is determined based on historical data of payment statistics of those receivables and the future macro economic conditions.

At 31 March 2024, the exposure to credit risk for trade receivables by type of counterparty was as follows.

At 31st March	Group		Company	
	2024 Rs.000	2023 Rs.000	2024 Rs.000	2023 Rs.000
Distributors	**76,009**	33,158	-	-
Government Institutions	**101**	33,636	-	-
Institutions	**10,983**	7,115	-	-
	87,093	73,909	-	-

The ageing of trade recievables is as follows.

At 31st March	Group		Company	
	2024 Rs.000	2023 Rs.000	2024 Rs.000	2023 Rs.000
Past due 1-30 days	**48,872**	28,656	-	-
Past due 31-90 days	**38,139**	10,904	-	-
Past due 91-180 days	**-**	-	-	-
Past due 181-365 days	**82**	34,349	-	-
Total trade receivables	**87,093**	73,909	-	-

Impaired other receivables at 31 March 2024 had a gross carrying amount of Rs.886,000/- (2022/23 -Rs.886,000/-)

NOTES TO THE FINANCIAL STATEMENTS

Expected credit loss assessment for trade and other receivables as at 31 March 2024

The Group uses an allowance metrix to measure the ECLs of trade and other receivables.

The following table provides information about the exposue to credit risk and ECLs for trade and other receivables.

As at 31st March Rs.000	2024		2023	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Past due 1-30 days	**48,872**	-	28,656	-
Past due 31-90 days	**38,139**	-	10,904	1
Past due 91-180 days	**-**	-	-	-
Past due 181-365 days	**82**	-	34,349	997
	87,093	-	73,909	998

Loss rates are based on actual credit loss experience over the past five years.These rates are multiplied by scalar factors to reflect 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.

The movement in the allowance for impairment in respect of trade and other receivables during the year

For the year ended 31st March	Group		Company	
	2024 Rs.000	2023 Rs.000	2024 Rs.000	2023 Rs.000
At 1st April	**1,884**	1,987	**886**	886
Written off during the year	**(981)**	-	**-**	-
(Reversal) for the year	**(17)**	(103)	**-**	-
At 31st March	**886**	1,884	**886**	886

Amounts due from related parties

Impairment on amounts due from related parties has been measured on a life time expected credit loss basis and reflect the short maturities of the exposures.

The movement in the allowance for impairment in respect of amounts due from related companies during the year

For the year ended 31st March	Group		Company	
	2024 Rs.000	2023 Rs.000	2024 Rs.000	2023 Rs.000
At 1st April	**3,640**	622	**29,785**	1,690
Provision/ (Reversal) for the year	**(3,436)**	3,018	**(29,581)**	28,095
At 31st March	**204**	3,640	**204**	29,785

Debt securities

The following table presents an analysis of the credit quality of debt securities at fair value through other comprehensive income.

Investment in debentures of Kotagala Plantations PLC

For the year ended 31st March	Group/Company	
	2024	2023
	Rs.000	Rs.000
Balance at 1st April	**12,967**	14,713
Net change in fair value	**7,618**	(1,746)
Balance at 31st March	**20,585**	12,967

For the year ended 31st March	Group/Company	
	2024	2023
	Rs.000	Rs.000
Credit rating	**B +**	B +
Gross carrying amounts at amortised cost:	**26,169**	26,097
Loss allowance	**(300)**	(730)
Amortised cost	**25,869**	25,367
Carrying amount - at FVOCI	**20,585**	12,967

The movement in the loss allowance for impairment of debt securities at FVOCI during the year was as follows.

For the year ended 31st March	Lifetime ECL - not credit impaired	
	2024	2023
	Rs.000	Rs.000
Balance at 1st April	**730**	10,270
Net remeasurement of loss allowance	**(430)**	(9,540)
Balance at 31th March	**300**	730

CASH AND CASH EQUIVALENTS

The group held cash and cash equivalents favouable balance of Rs. 83.3 Mn and unfavourable balance of Rs. 15.2 Mn as at 31st March 2024 (2023- Favorable balance of Rs. 19.5 Mn, unfavourable balance of Rs. 9.6 Mn) which represents its maximum credit exposure on these assets.

Respective credit ratings of banks which group cash balances held areas follows;

Hatton National Bank PLC - A (lka)

Standard Chartered Bank - AAA(lka)

Commercial Bank of Ceylon PLC - A (lka)

National Development Bank PLC - A- (lka)

Union Bank of Colombo PLC - BBB- (lka)

Amana Bank PLC - BB+ (lka)

Bank of Ceylon - A (lka)

NOTES TO THE FINANCIAL STATEMENTS

31.2.2. Liquidity Risk

Liquidity Risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding of netting agreements.

As at 31 March 2024,	Group				Company			
	Carrying Amount Rs'000	Contractual Cash Flows Rs'000	Less than One Year Rs'000	More than One Year Rs'000	Carrying Amount Rs'000	Contractual Cash Flows Rs'000	Less than One Year Rs'000	More than One Year Rs'000
Non-derivative Financial Liabilities								
Interest bearing borrowings	143,378	143,951	27,918	115,460	-	-	-	-
Lease Liability	2,803	2,803	1, 125	2,250	-	-	-	-
Trade & other payables	196,301	196,301	196,301	-	1,899	1,899	1,899	-
Amounts due to related companies	1,377	1,377	1,377	-	-	-	-	-
Bank Overdraft	15,212	15,212	15,212	-	-	-	-	-
Total	**359,071**	**359,644**	**241,933**	**117,710**	**1,899**	**1,899**	**1,899**	**-**

As at 31 March 2023,	Group				Company			
	Carrying Amount Rs'000	Contractual Cash Flows Rs'000	Less than One Year Rs'000	More than One Year Rs'000	Carrying Amount Rs'000	Contractual Cash Flows Rs'000	Less than One Year Rs'000	More than One Year Rs'000
Non-derivative Financial Liabilities								
Interest bearing borrowings	303,794	303,794	303,794	-	-	-	-	-
Amounts due to related companies	185,499	185,499	185,499	-	-	-	-	-
Trade & other payables	4,082	4,082	4,082	-	1,899	1,899	1,899	-
Bank Overdraft	9,641	9,641	9,641	-	-	-	-	-
Total	**503,016**	**503,016**	**503,016**	**-**	**1,899**	**1,899**	**1,899**	**-**

31.2.3. Market Risk

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

31.2.3.1. Currency Risk

The Company is not exposed to currency risk as at the reporting date.

The Subsidiary; Muller & Phipps (Health Care) Limited is exposed to currency risk on purchases that are denominated in a currency other than the functional currency which is Sri Lankan Rupees.

To mitigate the exposure to foreign currency risk, some of the non-LKR cash flows are monitored and forward exchange contracts are entered into in accordance with its risk management policies.

Forward exchange contracts are mainly entered into in respect of short term bills payable on imports.
The following significant exchange rates have been applied,

	Average Rate		Year End Spot Rate	
	2024	2023	2024	2023
USD	317.97	355.54	305.33	336.01

Foreign currency denominated financial assets and liabilities which expose the Subsidiary Company to currency risk are disclosed below.

31st March 2024	USD Exposure USD
Financial Assets	79,528
Financial Liabilities	(589,268)
Net Exposure	(509,740)

The following table illustrates the sensitivity of profit in regards to the Group's financial liabilities and the USD/LKR exchange rate 'all other things being equal'. It assumes a +/-2 % change of the LKR/USD exchange rate for the year ended at 31 March 2024. This percentage has been determined based on the average market volatility in exchange rates in the previous 12 months.

If the LKR had strengthened against the USD 2% then this would have had the following impact:

	Profit for the Year Rs.'000
31st March 2024	2,548

If the LKR had weakened against the USD by 2% then this would have had the following impact:

	Profit for the Year Rs.'000
31st March 2024	(2,548)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

NOTES TO THE FINANCIAL STATEMENTS

31.2.3.2 . Interest Rate Risk

Interest Rate Risk is the risk that the fair value or future cash flows of a financial instrument fluctuates because of changes in market interest rates. The exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligation and Investments with floating Interest rates.

The Subsidiary; Muller & Phipps (Health Care) Limited exposes to changes in market interest rate through bank borrowings at variable interest rates. The company is exposed to the changes in market interest through the long term loan obtained from related party, subject to monthly variable interest rate. The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/-1% These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

The following table demonstrates the company's sensitivity to a reasonably possible change in interest rate with all other variables held constant of the profit before tax.

	Profit /Equity net of tax for the Year	
	Rs.'000	Rs.'000
	+1%	-1%
31st March 2024	(5,270)	5,270

Exposure to Interest rate risk

As at 31st March	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Variable-rate instruments				
Financial Liabilities	143,518	303,794	115,460	-
	143,518	303,794	115,460	-

32 RELATED PARTY TRANSACTIONS

32.1 Transactions with Key Management Personnel

According to Sri Lanka Accounting Standard LKAS-24 'Related Party Disclosures', Key Management Personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly the Board of Directors (including Executive and Non-executive Directors) have been classified as key management personnel.

32.1.1 Loans to Directors

No loans have been given to the Directors by the Group/Company.

32.1.2 Key Management Personnel Compensation

As at 31st March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Short term employee benefits	1,533	1,631	1,245	1,343
Post Employment Benefits	Nil	Nil	Nil	Nil

32.2 Related Party Transactions

All Related Party Transactions are carried out in the normal course of business and outstanding balance at year end are unsecured and are to be settled in cash.

The following transactions were carried out with related parties during the year ended 31st March 2024 by the Parent and its Subsidiary.

32.2.1 Related Party Transactions carried out by the Company

Name of the Company	Name of Directors	Nature of Transactions	Transaction Value Rs'000	Outstanding Balance as at 31.03.2024 Rs'000	Outstanding Balance as at 31.03.2023 Rs'000
Muller & Phipps (Health Care) Ltd	S.D.R. Arudpragasam	Loan granted	63,100	**-**	61,500
	R.N.Bopearatchy	Loan recovered	(124,600)		
(Subsidiary Company)	R.C.A. Welikala				
	P.M.A. Sirimane	Interest Income	7,821	**(2,146)**	20,091
(Fomerly known as Pettah Pharmacy (Private) Limited and Muller & Phipps (Health Care) (Private) Limited)	A.R. Rasiah	Management Fees	2,000		
	S.N.P. Palihena	Current Account balance converted to Investments	(20,739)		
	A.M. Mubarak				
	S. Rajaratnam	Interest amount converted to Investments	(9,209)		
	S.W. Gunawardena	Settlements	(2,110)		
E.B.Creasy & Company PLC	S.D.R. Arudpragasam	Loan obtained	(115,460)	**(115,460)**	38,500
	R.N. Bopearatchy	Loan recovered	(38,500)		
(Parent Company)	R.C.A. Welikala				
	P.M.A. Sirimane	Interest Income	3,917	**(214)**	10,783
	A.R. Rasiah	Interest received	(14,700)		
	S.N.P. Palihena	Interest expenses	(214)		
	A.M. Mubarak				
	S. Rajaratnam				
	S.W. Gunawardena				
Kotagala Plantations PLC (Affiliate Company)	S.D.R. Arudpragasam P.M.A. Sirimane	Interest Income	1,875	**701**	703
		Interest received	(1,877)		

NOTES TO THE FINANCIAL STATEMENTS

32.2.2 Relataed Party Transactions carried out by the Subsidiary

Name of the Company	Name of Directors	Nature of Transactions	Transaction Value Rs'000	Outstanding Balance as at 31.03.2024 Rs'000	Outstanding Balance as at 31.03.2023 Rs'000
E.B.Creasy & Company PLC	S.D.R. Arudpragasam	Rent expenses	(1,823)	**(205)**	(8,240)
(Intermediate Parent Company)	R.N. Bopearatchy	Re-imbursement of expenses	(10,528)		
	R.C.A. Welikala	Loan settlement	49,000	-	(49,000)
	P.M.A. Sirimane	Expenses recievable	2,977		
	A.R. Rasiah	Loan Interest	(5,315)		
	S.N.P. Palihena	Settlements	22,725		
	A.M. Mubarak				
	S. Rajaratnam				
	S.W. Gunawardena				
Darley Butler & Company Ltd	S.D.R. Arudpragasam	Re-imbursement of expenses	(2,814)	**(398)**	(35,913)
(Affiliate Company)	R.N. Bopearatchy	Storage expenses	(7,370)		
	R.C.A.Welikala	Settlements	49,999		
	P.M.A.Sirimane	Expenses recievable	9,382		
	A.R. Rasiah	Loan Interest	(7,486)		
	S.N.P. Palihena	Local purchases	(6,195)		
	A.M. Mubarak	Loan settlements	83,026	-	(83,026)
	S. Rajaratnam				
	S.W. Gunawardena				
E.B.Creasy Logistics Ltd	S.D.R. Arudpragasam	Clearing charges	(4,574)	-	-
(Affiliate Company)	R.N. Bopearatchy	Settlements	4,574		
	R.C.A. Welikala				
	P.M.A. Sirimane				
	S. Rajaratnam				
	S.W. Gunawardena				

There are no related party transactions other than those disclosed above.

This Note should be read in conjunction with Note No. 21,26 and 30 to Financial Statements.

32.2.3 Recurrent and non-recurrent related party transactions

Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceed 10% of the consolidated revenue of the Group as per 31st March 2023 audited financial statements, which require additional disclosure in the 2023/2024 Annual Report under Colombo Stock Exchange Listing Rule 9.14.8(2) and Code of Best Practice on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission Act.

Non-Recurrent related party transactions

The non-recurrent related party transactions entered into in respect of the financial year ended 31st March 2024 , the value of which in aggregate value exceed 10% of the Equity or 5% of the Total Assets, whichever is lower of the Group as per 31st March 2023 audited financial statements, which require additional disclosure in the 2023/2024 Annual Report under Colombo Stock Exchange Listing Rule 9.14.8(1) and Code of Best Practice on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission Act are detailed below.

Name of Related Party	Relationship	Value of the Related Party Transactions entered into during the financial year(Rs.)	Value of Related Party Transactions as a % of Total Assets	Terms and Conditions of the Related Party Transactions	The rationale for entering into the transactions
* Muller & Phipps (Health Care) Limited	Subsidiary	270,000,000	58% of Total Assets	270,000,000 Ordinary shares were alloted at Rs. 1.00 per share	Providing financial support to the Subsidiary company to continue the business operations and strengthen the capital structure by way of an equity investment.
E.B. Creasy & Co. PLC	Parent	115,460,000	25% of Total Assets	an intercomapny loan was obtained at applicable group interest rates	Funds raised to invest in the Subsidiary company, MPHC
Muller & Phipps (Health Care) Limited	Subsidiary	51,500,000	11% of Total Assets	an intercomapny loan was granted at applicable Group interest rates	Providing financial assistance to Subsidiary Company, MPHC to manage its operations

* Muller & Phipps (Health Care) Limited (Formerly known as Pettah Pharmacy (Private) Limited and Muller & Phipps (Health Care) (Private) Limited)

33. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There have been no material events occuring after the reporting date that require adjustments to or disclosure in the Financial Statements.

34. CAPITAL COMMITMENTS

There were no any material capital commitments as at the reporting date.

35. CONTINGENT LIABILITIES

There were no material contingent liabilities, which require adjustment to or disclosure in the financial statements as at the reporting period.

36. DIRECTORS RESPONSIBILITY

The Board of Directors is responsible for the preparation and presentation of the financial statements in accordance with Sri Lanka Accounting Standards and in compliance with the requirements of the Companies Act No. 07 of 2007.

SHARE INFORMATION

DISTRIBUTION OF SHAREHOLDINGS

Shareholdings			31st March 2024 No.of Shareholders	Total Shareholdings	%	31st March 2023 No.of Shareholders	Total Shareholdings	%
1	-	1,000	1,405	**480,226**	0.17	1,405	495,106	0.17
1,001	-	10,000	983	**4,363,575**	1.54	1,023	4,580,323	1.62
10,001	-	100,000	391	**13,466,295**	4.76	415	14,632,550	5.17
100,001	-	1,000,000	90	**24,050,569**	8.50	88	22,947,552	8.11
Over		1,000,000	8	**240,639,335**	85.03	9	240,344,469	84.93
Total			2,877	**283,000,000**	100.00	2,940	283,000,000	100.00
Catergories of Shareholders								
Individuals			2,801	**44,346,724**	15.67	2,867	48,146,733	17.01
Institutions			76	**238,653,276**	84.33	73	234,853,267	82.99
Total			2,877	**283,000,000**	100.00	2,940	283,000,000	100.00

MARKET VALUE

The market prices of an ordinary share of Muller & Phipps (Ceylon) PLC

	2023/24 Rs.	2022/23 Rs.
Highest Price	**1.40**	1.70
Lowest Price	**0.90**	0.70
Year End Price	**1.10**	1.20

FINANCIAL STATISTICS

	2023/24 Rs.	2022/23 Rs.
Earnings/(Loss) per Share	**0.27**	(0.31)
Net Assets per Share	**0.07**	(0.21)
Dividend per Share	**-**	-

PUBLIC HOLDING

The percentage of shares held by the public as at 31st March 2024 was 48.66%. (31st March 2023-48.66%)

FLOAT ADJUSTED MARKET CAPITALISATION

The applicable option under CSE Rule 7.13.1 (i) (a) on minimum public holding is option 5 and the Float Adjusted Market Capitalization as of 31.03.2024 was Rs.151,478,580.00.

PUBLIC SHAREHOLDERS

Number of Public Shareholders as at 31st March 2024 were 2,869 (31st March 2023 - 2,932).

SHARE INFORMATION

MAJOR SHAREHOLDERS

		31st March 2024		31st March 2023	
	Name	No. of shares	%	No. of shares	%
1.	SAMPATH BANK PLC/ DR.T.SENTHILVERL	**73,592,100**	26.00%	73,592,100	26.00%
2.	E.B. CREASY & COMPANY PLC	**73,061,773**	25.82%	73,061,773	25.82%
3.	AMANA BANK PLC/E.B. CREASY & COMPANY PLC	**72,000,000**	25.44%	72,000,000	25.44%
4.	SEYLAN BANK PLC/SENTHILVERL HOLDINGS (PVT) LTD	**10,470,730**	3.70%	6,824,835	2.41%
5.	MR. AJITH KRISHANTHA PALLIYA GURUGE DON (DECEASED)	**5,248,632**	1.85%	5,248,632	1.85%
6.	GETZ BROS. & CO. INC.	**3,675,000**	1.30%	3,675,000	1.30%
7.	HATTON NATIONAL BANK PLC/RAVINDRA ERLE RAMBUKWELLE	**1,357,100**	0.48%	1,357,100	0.48%
8.	MR. RAVINDRA ERLE RAMBUKWELLE	**1,234,000**	0.44%	1,234,000	0.44%
9.	MR. BUWANEKA TISSA PRATHAPASINGHE AND MRS. UMA KUMARI PRATHAPASINGHE	**1,000,000**	0.35%	1,000,000	0.35%
10.	MR. HARSHAKA CHAMUPATHIE SUBASINGHE	**1,000,000**	0.35%	1,000,000	0.35%
11.	MR. TILAKARATHNE CHANDIMA UPUL JAYANETTI AND DR. AMARAWICKRAMA LIYANAGE THUSHARI PRASANGIKA AMARAWICKRAMA	**839,439**	0.30%	408,500	0.14%
12.	MR. SHYAMSUNDER RAMANATHAN	**766,352**	0.27%	478,744	0.17%
13.	MR. SAJID HUSSEIN MAKEEN	**700,000**	0.25%	700,000	0.25%
14.	MR. ABHAYAGUNAWARDHANALAGE NILANTHA PRADEEP ABHAYAGUNAWARDHANA	**680,200**	0.24%	680,200	0.24%
15.	MR. BHADRAKA YASANGA EDIRISURIYA AND MRS. RUWANKA DEEPANI EDIRISURIYA AND MR. PRIYANTHA MANJUSRI WEERASURIYA	**650,001**	0.23%	1	0.00%
16.	SAMPTH BANK PLC/MR.ANANDA SAMARANAYAKE	**606,795**	0.21%	506,795	0.18%
17.	MR. DHANUSHA SENAJITH DUKE DE LANEROLLE	**604,500**	0.21%	604,500	0.21%
18.	MR. JOSEPH ROHAN VICTORIA	**550,000**	0.19%	550,000	0.19%
19.	MR. VIRAJ KALHARA ATTALE	**519,400**	0.18%	500,000	0.18%
20.	MR. HERATH PATHIRANAGE PRADEEP ROSHAN HEMANTHA	**500,001**	0.18%	-	-
21.	SAMPATH BANK PLC/ARUNA ENTERPRISES PVT LTD.	**500,000**	0.18%	500,000	0.18%
22.	SEYLAN BANK PLC/ULUPEN VIDANELAGE JAGATH SHANTHAPRIYA RANASINGHE	**500,000**	0.18%	500,000	0.18%
Total		**250,056,023**	88.36%	244,422,180	86.37%

TEN YEAR SUMMARY - GROUP

	2014/15 Rs.'000	2015/16 Rs.'000	2016/17 Rs.'000	2017/18 Rs.'000
Trading Result				
Turnover	755,482	903,252	898,607	937,388
Profits/(Loss) Before Tax	57,395	41,753	30,754	1,263
Taxation	(15,766)	(9,975)	(9,157)	1,856
Profits/(Loss) AfterTax	41,629	31,778	21,597	3,119
Assets Employed				
Property, Plant & Equipment	6,255	5,734	5,305	4,358
Intangible Assets	228	182	136	655
Investments	74,983	79,454	78,096	83,590
Other Non Current Assets	214	647	771	2,671
Net Current Assets (Liabilities)	129,163	139,653	123,309	111,476
	210,843	225,670	207,617	202,750
Equity				
Stated Capital	83,000	83,000	83,000	83,000
Other components of equity	5,401	11,566	10,526	16,021
Retained Earnings	118,093	124,986	107,174	97,834
Non Controlling interest	-	-	-	-
Total Equity	206,494	219,552	200,700	196,855
Non-Currents Liabilities	4,349	6,118	6,917	5,895
Total Equity & Non Current Liabilities	210,843	225,670	207,617	202,750
Others				
Earnings/(Loss) Per Share (Rs.)	0.15	0.11	0.08	0.01
Net Assets Per Share (Rs.)	0.73	0.78	0.71	0.70
Market Price Per Share (Rs.)	1.20	1.20	1.10	1.00
Market Capitalization (Rs. '000)	339,600	339,600	311,300	283,000

2018/19 Rs.'000	2019/20 Rs.'000	2020/21 Rs.'000	2021/22 Rs.'000	2022/23 Rs.'000	2023/24 Rs.'000
988,647	847,098	750,876	1,064,608	526,850	763,498
(73,451)	(87,954)	40,346	(46,110)	(96,094)	49,614
12,939	(15,999)	26,481	9,422	7,790	25,475
(60,512)	(103,953)	66,827	(36,688)	(88,304)	75,089
3,806	2,815	3,680	6,390	5,233	5,464
511	1242	895	563	263	59
63,865	50,427	47,157	35,481	35,222	32,359
16,729	8,072	35,519	59,711	65,897	89,829
44,950	14,230	8,744	(55,449)	(155,974)	274,946
126,861	76,786	95,996	46,696	(49,359)	402,657
83,000	83,000	83,000	83,000	83,000	83,000
12,993	19,351	14,751	2,704	(7,095)	(2,235)
24,878	(78,841)	(13,350)	(47,200)	(135,642)	(61,979)
-	-	-	-	-	250,000
120,871	23,510	84,401	38,504	(59,737)	268,786
8,990	53,276	11,595	8,192	10,378	133,871
129,861	76,786	95,996	46,696	(49,359)	402,657
(0.21)	(0.37)	0.24	(0.13)	(0.31)	0.27
0.43	0.08	0.30	0.14	(0.21)	0.07
0.60	0.60	1.10	1.00	1.20	1.10
169,800	169,800	311,300	283,000	339,600	311,300

NOTES

FORM OF PROXY

I/We ....

of ....

being a member/members of MULLER & PHIPPS (CEYLON) PLC hereby appoint …………………………………….…………..

.... of .... or failing him

1.	SRI DHAMAN RAJENDRAM ARUDPRAGASAM	of Colombo or failing him
2.	RANJIT NOEL BOPEARATCHY	of Colombo or failing him
3.	ROHAN CHRISANTHA ANIL WELIKALA	of Colombo or failing him
4.	PARAKRAMA MAITHRI ASOKA SIRIMANE	of Colombo or failing him
5.	ALBERT RASAKANTHA RASIAH	of Colombo or failing him
6.	SHANTHIKUMAR NIMAL PLACIDUS PALIHENA	of Colombo or failing him
7.	AZEEZ MOHAMED MUBARAK	of Colombo or failing him
8.	SANJEEV RAJARATNAM	of Colombo or failing him
9.	SANJEEWA WIJESIRI GUNAWARDENA	of Colombo or failing him
10.	AGAMPODI DASUN THARAKA MENDIS	of Colombo

as my/our* proxy to represent me/us* and to vote on my/our* behalf at the Annual General Meeting of the Company to be held on Thursday, 26th September 2024, at 11.00 a.m. and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting.

		For	Against
1	To receive and consider the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2024, with the Report of the Auditors thereon.	☐	☐
2	To re-elect Mr. S.W. Gunawardena as a Director.	☐	☐
3	To re-elect Mr. A.D.T. Mendis as a Director	☐	☐
4	To reappoint Mr. R.N. Bopearatchy as a Director	☐	☐
5	To reappoint Mr. A.R. Rasiah as a Director	☐	☐
6	To reappoint Mr. S.N.P. Palihena as a Director	☐	☐
7	To reappoint Dr. A.M. Mubarak as a Director	☐	☐
8	To reappoint Mr. S.D.R. Arudpragasam as a Director	☐	☐
9	To authorize the Directors to determine contributions to charities.	☐	☐
10	To reappoint as Auditors, KPMG and authorize the Directors to determine their remuneration.	☐	☐
11	Special Business. To amend the Articles of Association of the Company as set out in the Notice of Meeting.	☐	☐

Signed this .... day of .... Two Thousand and Twenty Four.

……………………………………….....
Signature of Shareholder(s)

Instructions as to completion are stated on the reverse hereof.

***Note: Please delete the inappropriate words.**

A proxy need not be a member of the Company. If no words are deleted or there is in the view of the proxy doubt (by reason of the way in which instructions contained in the proxy form have been completed) as to the way in which the proxy should vote, the proxy will vote as he thinks fit.

INSTRUCTIONS AS TO COMPLETION

1. Please perfect the Form of Proxy, after filling in legibly your full name and address by signing in the space provided and filling in the date of signature.

2. In the case of Company/Corporation, this Form of Proxy must be executed either under its Common Seal or by its Attorney or by an Authorized Officer on behalf of such Company/Corporation duly authorized in writing.

3. In the case of a proxy signed by an Attorney, the relative Power of Attorney should also accompany the completed Form of Proxy for registration, if such Power of Attorney has not been Registered with the Company.

4. The completed Form of Proxy should be deposited at the Registered Office of the Company's Secretaries, Corporate Managers and Secretaries (Pvt) Limited 8-5/2, Leyden Bastian Road, Colombo 1, not less than 48 hours before the time appointed for the holding of the meeting.

CORPORATE INFORMATION

NAME OF THE COMPANY
MULLER & PHIPPS (CEYLON) PLC

STATUS & LEGAL FORM
A Public Quoted Company with Limited Liability incorporated in Sri Lanka on 8th May, 1964 under the Companies Ordinance No. 51 of 1938

COMPANY REGISTRATION NO.
PQ 177

REGISTERED OFFICE
98, Sri Sangaraja Mawatha, Colombo 10.
Tel: 94 (11) 2421311
Fax: 94 (11) 2448534

STOCK EXCHANGE LISTING
The Issued Ordinary Shares of Muller & Phipps (Ceylon) PLC are listed with the Colombo Stock Exchange of Sri Lanka.

BOARD OF DIRECTORS
S.D.R. Arudpragasam (Chairman)
S. Rajaratnam
R.C.A. Welikala
R.N. Bopearatchy
P.M.A. Sirimane
A.R. Rasiah
S.N.P. Palihena
Dr. A.M. Mubarak
S. W. Gunawardena
A.D.T. Mendis *(Appointed w.e.f. 01.08.2024)*

SECRETARIES
Corporate Managers & Secretaries (Private) Limited
No. 8-5/2, Leyden Bastian Road,
York Arcade Building,
Colombo 1.

AUDITORS
KPMG
Chartered Accountants,
No. 32 A, Sir Mohamed Macan Marker Mawatha,
Colombo 03.
Tel: 5426426
Website: www.lk.kpmg.com

LAWYERS
Julius & Creasy
No. 371, R.A. De Mel Mawatha,
Colombo 03.

BANKERS
Hatton National Bank PLC
Standard Chartered Bank
Commercial Bank of Ceylon PLC
National Development Bank PLC
Union Bank of Colombo PLC
Amana Bank PLC
Bank of Ceylon

SUBSIDIARY
Muller & Phipps (Health Care) Limited
(Formerly known as Pettah Pharmacy (Pvt) Ltd and Muller & Phipps (Health Care) (Private) Ltd)

Designed & Produced by
mediaWIZE®
Annual Reports