MULLER & PHIPPS (CEYLON) PLC

THE EQUATION OF CARE

ANNUAL REPORT 2025/26

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THE EQUATION OF CARE

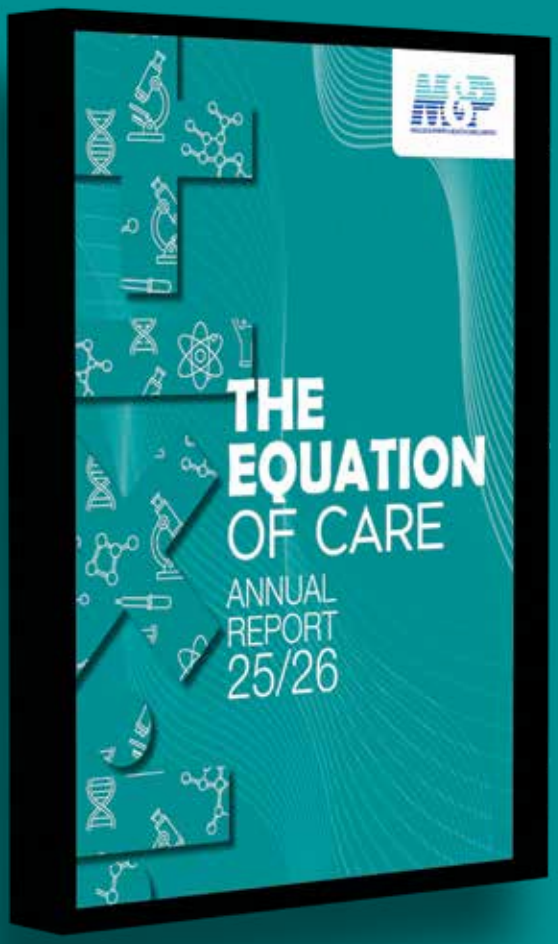
In a year where Sri Lanka's healthcare sector navigated shifting economic variables, and evolving patient needs, delivering care was no longer a simple sum. It became an equation, one that demanded balance, precision, and constant recalibration.

At Muller & Phipps (Ceylon) PLC, the year under review was defined by how well each variable was understood and managed. In this complex formula, progress was not measured by growth alone, but by continuity, responsibility, and resilience.

As the year unfolded, the company remained committed to a long-term solutions rather than a short-term answers. Investments in capability, compliance, and relationships were added steadily, reinforcing a model built not for instant results, but for enduring impact.

Because in healthcare, the true equation is never about numbers alone. It is about ensuring that every calculation leads to better outcomes, every adjustment strengthens the system, and every solution places patients at the centre.

WELCOME TO OUR
INTEGRATED ANNUAL REPORT



Muller & Phipps (Ceylon) PLC is pleased to present its second Integrated Annual Report, providing a comprehensive review of both financial and non-financial performance for the financial year ended 31 March 2026. Building on the foundation established in our inaugural Integrated Report, we have further strengthened our disclosures, enhanced connectivity across key value drivers, and improved the clarity of how the Group creates and sustains value over time.

This report has been prepared in accordance with the International Integrated Reporting Framework (<IR>), offering stakeholders a holistic perspective on how the Group creates sustainable value across multiple capitals over the short, medium, and long term.



SCOPE AND BOUNDARY

This Report highlights the activities of Muller & Phipps (Ceylon) PLC and its wholly owned subsidiary, Muller & Phipps (Health Care) Limited, for the financial year from 1 April 2025 to 31 March 2026.

It provides an integrated overview of our operating environment, business model, strategic priorities, governance framework, risk management practices, and sustainability initiatives. The Report also presents a balanced evaluation of our performance across the six capitals: financial, manufactured, intellectual, human, social and relationship, and natural.

STANDARDS AND PRINCIPLES OF PREPARATION

The financial statements included in this Report have been prepared in accordance with Sri Lanka Accounting Standards (LKAS and SLFRS), the requirements of the Companies Act No. 7 of 2007, and the Listing Rules of the Colombo Stock Exchange.

The Corporate Governance disclosures are presented in compliance with the Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka.

CORPORATE GOVERNANCE AND SUSTAINABILITY

Corporate Governance, Risk Management, and Sustainability practices form an integral part of our value creation framework and are discussed comprehensively in this Report. These practices have been instrumental in enhancing stakeholder confidence through transparency, accountability, and robust risk management.

The Management Discussion & Analysis and Governance sections provide detailed insights into these areas and their contribution to sustainable value creation.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

This Report presents information relevant to our key stakeholders and outlines our approach to stakeholder engagement and responsiveness.

Material matters are identified based on their significance to stakeholders and their potential impact on the Group's operations, strategy, financial performance, and long-term sustainability.

ASSURANCE AND TRANSPARENCY

This report has been subjected to rigorous internal and external assurance processes to ensure the accuracy, reliability, and integrity of the information presented. Internal assurance is provided through established governance mechanisms, including oversight by the Audit Committee, reviews conducted by the Internal Audit function, and certifications by Senior Management.

STATEMENT BY THE BOARD

The Board accepts responsibility for maintaining the accuracy and reliability of the Annual Report, ensuring it presents a fair and balanced overview of the Group's performance while addressing all significant matters that could influence its ability to create value in the short, medium, and long term. The Board's confirmation of its responsibility for the Annual Report and its contents is detailed in the Report of the Board of Directors on pages 64 to 66.

The report was approved by the Board of Directors on 01st June 2026.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements relating to the Group's future performance, strategic objectives, risk and opportunities and economic outlook. These statements are based on the Group's current expectations, informed assumptions, projections and prevailing market intelligence. However, they are inherently subject to risks and uncertainties beyond the Group's control, including macroeconomic developments and changes in the regulatory environment.

While such statements are intended to assist stakeholders in assessing the Group's value creation potential over the short to medium term, actual results may differ materially. Accordingly, the Muller & Phipps Group, its Board of Directors, and the preparers of this report disclaim any obligation or liability arising from reliance on these forward looking statements, and readers are advised to exercise due care when considering them.



A. D. T. Mendis
Director / Group Chief Financial Officer
Muller & Phipps (Ceylon) PLC
No. 98, Sri Sangaraja Mawatha,
Colombo 10.

Feedback and Queries

We welcome your comments and queries regarding this Report. Please direct your feedback to:
investor.relations@mphealthcare.lk




ADDING
LIFE TO
YOUR YEARS
WE DON'T JUST ADD MEDICINES. WE ADD CARE

ABOUT *US*

Muller & Phipps (Ceylon) PLC, a subsidiary of E.B. Creasy & Company PLC, was incorporated in 1964 and is listed on the Colombo Stock Exchange under the GICS Industry Group – Health Care Equipment & Services. The Group's legacy dates back to 1852, when brothers Joseph and Max Getz emigrated from Eastern Europe to Northern California, USA. Beginning with a modest general store, their entrepreneurial vision and commitment to ethical business practices laid the foundation for expansion across the United States and into Asia.

Muller & Phipps (Ceylon) PLC continues to operate guided by the founding values of integrity, foresight, and professionalism that shaped its early success and enduring reputation.

Its wholly owned subsidiary, Muller & Phipps (Health Care) Limited (MPHC), originated as Pettah Pharmacy (Pvt) Limited, a family-owned business established in 1956. In 1974, the Group commenced pharmaceutical distribution operations in Sri Lanka in partnership with Janssen Pharmaceutica BV, marking a significant milestone in its growth journey. Over the past five decades, MPHC has played a vital role in improving healthcare outcomes across Sri Lanka by consistently delivering high-quality medicines sourced from globally trusted partners.

MPHC is recognized as a fully compliant ethical pharmaceutical distributor, operating in strict adherence to international healthcare compliance standards. All operational activities are governed by robust compliance, governance, and business integrity frameworks that ensure transparency and accountability.

The Group's marketing teams are well-trained and empowered by advanced digital platforms, including e-detailing and real-time reporting tools. These capabilities facilitate the effective promotion and introduction of innovative, scientifically backed healthcare solutions to medical professionals across the country.

With a proud heritage and a forward-looking outlook, Muller & Phipps (Ceylon) PLC and MPHC remain committed to delivering sustainable value to customers, principals, and stakeholders. The Group's continued success is driven by a team of experienced professionals possessing deep industry expertise, a strong culture of innovation, and an unwavering commitment to excellence.

As the healthcare landscape continues to evolve amid changing market dynamics and global challenges, the Group maintains a strong focus on operational excellence, sustainability, and technological advancement, positioning itself at the forefront of Sri Lanka's healthcare distribution sector.



VISION

To provide healthcare solutions that enhance quality of life.



MISSION

To enhance patient care and support healthcare providers by delivering access to globally available innovative healthcare solutions, while fostering sustainable long-term growth and creating value for all stakeholders.



OUR VALUES

- Integrity
- Innovation
- Diversity
- Excellence
- Sustainability
- Social Responsibility

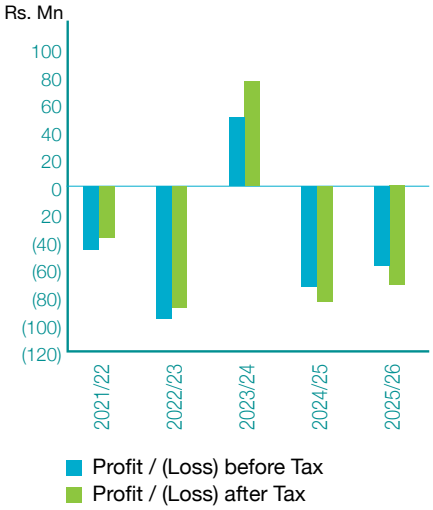
FINANCIAL *HIGHLIGHTS*

	2025/26	2024/25	2023/24
Performance			
Group Turnover (Rs.'000)	587,290	724,568	763,498
Operating (Loss) / Profit (Rs.'000)	(49,193)	(56,766)	86,971
Group (Loss) / Profit Before Taxation (Rs.'000)	(57,163)	(72,914)	49,614
Group (Loss) / Profit After Taxation (Rs.'000)	(71,351)	(83,698)	75,089
Growth and Stability			
Net Assets per Share (Rs.)	(0.48)	(0.22)	0.07
Total Assets (Rs.'000)	565,603	519,003	647,034
Total Liabilities (Rs. '000)	451,009	332,479	378,248
Return to share holders			
Earnings per Share (Rs.)	(0.25)	(0.30)	0.27
Market Price per Share (Rs.)	2.00	1.20	1.10
Market Capitalization (Rs. 'Mn)	566	340	311

Group Turnover



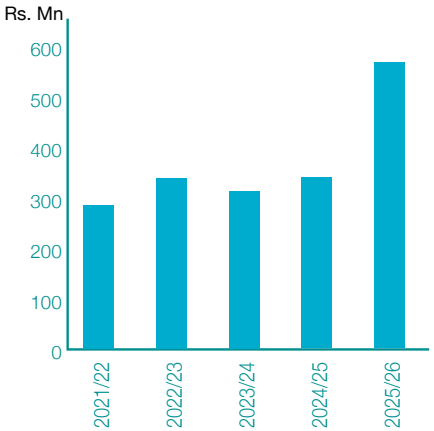
Group Profitability



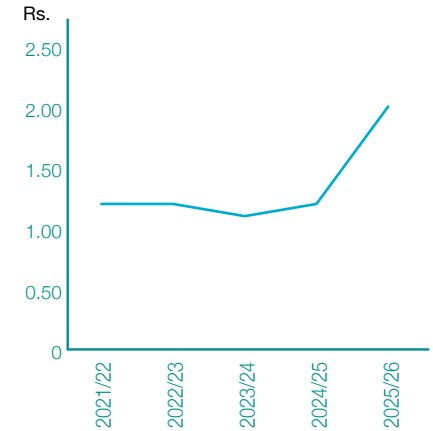
Total Assets and Liabilities



Market Capitalization



Market Price Per share



Net Assets per Share



VALUE *CREATION MODEL*

INPUTS (CAPITALS)

FINANCIAL CAPITAL



- Total Assets: Rs. 566 Mn
- Shareholders' Equity: Rs. 115 Mn
- Cash Deposits Rs. 78 Mn
- Borrowings Rs. 215 Mn

MANUFACTURED CAPITAL



- ERP-enabled operating structure
- Island-wide distribution network (16 distributors)

HUMAN CAPITAL



- Equal opportunity practices
- Employee wellbeing & safety
- Skills development and engagement

INTELLECTUAL CAPITAL



- Brand equity and awareness
- IT infrastructure and digital platforms

SOCIAL & RELATIONSHIP CAPITAL



- Strong customer relationships
- Community engagement initiatives
- 3,000+ customer touchpoints

NATURAL CAPITAL



- Energy management initiatives
- Waste management practices

BUSINESS MODEL / PROCESS

STRATEGIC FOUNDATION

Vision & Mission aligned operations

Core Activities

- Pharmaceutical distribution
- Marketing & medical engagement
- Supply chain management
- Compliance-driven operations

Support Functions

- Finance
- Human Resources
- Internal Audit
- Credit Control
- Commercial & Procurement
- Information Technology

OUTPUTS

OPERATIONAL OUTPUTS

- Efficient nationwide distribution
- Strengthened brand presence
- Improved employee productivity
- Enhanced compliance and governance

FINANCIAL OUTPUTS

- Gross Profit Margin: 24%
- Loss Per Share : Rs. (0.25)

VALUE CREATION FOR STAKEHOLDERS

SHAREHOLDERS

- Sustainable long-term returns

CUSTOMERS

- Quality healthcare products
- Trust and timely deliveries

EMPLOYEES

- Career progression opportunities
- Work–life balance

REGULATORS

- Strong compliance and governance culture

LOCAL COMMUNITIES

- Community welfare initiatives

ENVIRONMENT

- Increased renewable energy usage
- Reduced environmental impact

OUR *STRATEGY*

Muller & Phipps (Ceylon) PLC's strategy is anchored in sustainable growth and in reinforcing our standing as a trusted distribution partner within Sri Lanka's healthcare and consumer healthcare sectors. Our focus on operational excellence, strategic partnerships, digital transformation, and responsible business practices enables us to create enduring value for all stakeholders.

FUTURE OUTLOOK

Operating within a dynamic economic and regulatory environment, the Group maintains an adaptive and forward-looking strategic approach. By balancing short-term performance priorities with long-term sustainability objectives, Muller & Phipps (Ceylon) PLC is positioning itself for sustained growth, resilience, and enhanced stakeholder value creation.

STRATEGIC PILLARS

1. Customer-Centric Growth

- Strengthening relationships with principals and customers through responsible, transparent, and reliable distribution solutions.
- Enhancing service quality, introducing innovative solutions, and deepening customer engagement to improve overall satisfaction and long-term partnerships.

2. Operational Excellence

- Continuous process optimization across logistics, inventory management, and territory demarcation.
- Improving access to products while enhancing efficiency, cost management, and service reliability.

3. Digital Enablement

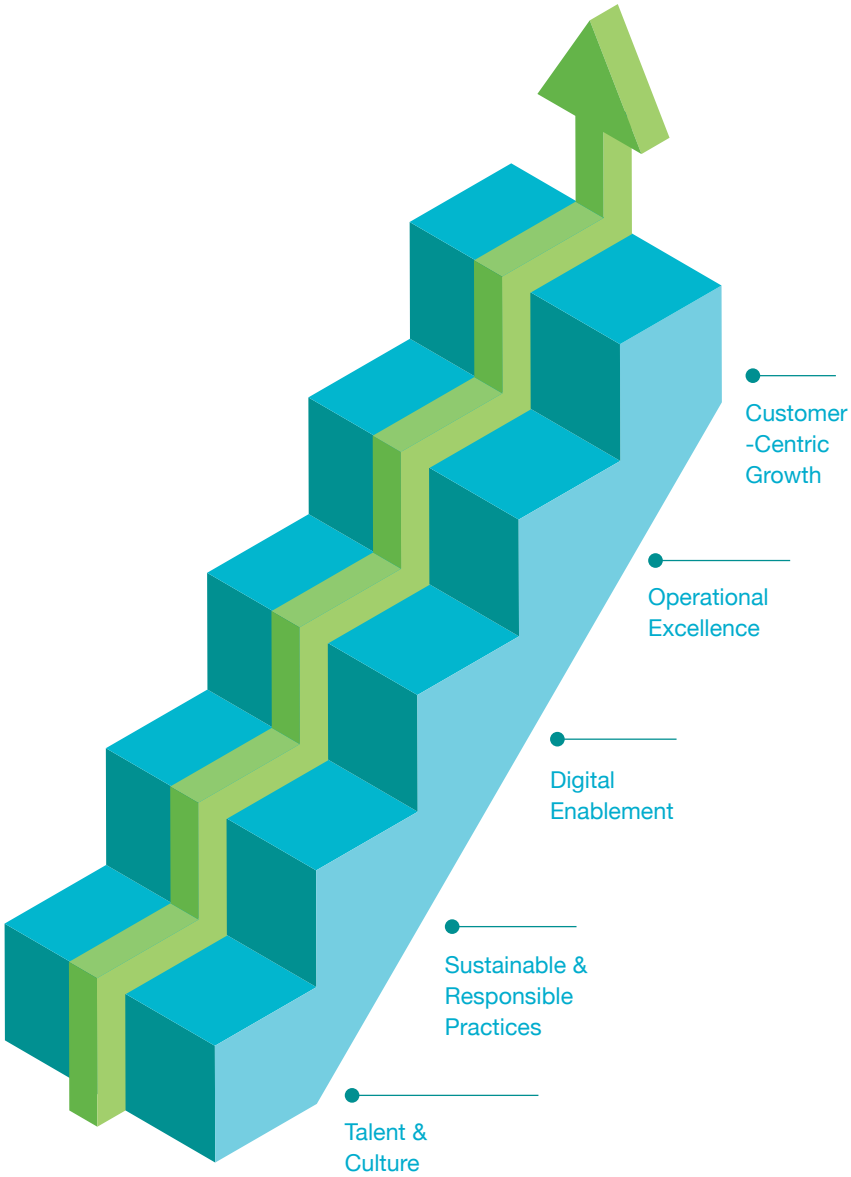
- Leveraging technology as a key driver of transformation.
- Investing in digital platforms, automation, and data analytics to improve decision-making, operational visibility, and scalability.

4. Sustainable & Responsible Practices

- Embedding ESG principles into business operations and decision-making.
- Promoting ethical supply chains, responsible resource utilization, and meaningful contributions to healthcare community development.

5. Talent & Culture

- Developing a skilled, motivated, and inclusive workforce.
- Fostering a culture of continuous learning, safety, accountability, and performance excellence, recognizing that our people are central to long-term success.



STAKEHOLDER *ENGAGEMENT*

Muller & Phipps (Ceylon) PLC recognizes that open, consistent, and meaningful stakeholder engagement is fundamental to sustaining the business and creating long-term value. The Group's engagement approach is guided by transparency, mutual respect, and responsiveness, enabling the timely identification of emerging expectations, proactive risk management, and alignment of strategic priorities with the evolving dynamics of the operating environment.

Key stakeholder groups are identified based on their level of influence on the Group's operations and the extent to which the Group's activities impact them. Engagement is carried out through structured communication channels and formal feedback mechanisms that foster constructive dialogue, strengthen trust, and support the creation of shared value.

KEY STAKEHOLDER GROUPS AND ENGAGEMENT MECHANISMS

Stakeholder Group	Methods of Engagement	Frequency	Key Topics of Interest	Our Response
Regulators	Statutory reporting, compliance submissions, industry consultations	As required	Regulatory compliance, ethical marketing, pharmacovigilance	Full compliance with local and international healthcare regulations and Colombo Stock Exchange requirements
Employees	Performance reviews, training programmes, internal communications, engagement sessions	Ongoing	Career development, work–life balance, compensation, workplace safety	Continuous training, open communication culture, strengthened health & safety practices
Customers (Healthcare professionals, hospitals, pharmacies)	Field visits, customer service channels, scientific promotions, digital engagement platforms	Regular	Product availability, quality, ethical promotion, after-sales support	Timely distribution, e-detailing initiatives, professional education, responsive customer support
Suppliers & Principals	Business reviews, compliance audits, partnership meetings	Monthly / Quarterly / Annually	Order fulfilment, regulatory compliance, supply chain visibility	Transparent procurement practices, regular performance feedback, technology-enabled logistics management
Shareholders & Investors	Annual General Meeting, financial reporting, Colombo Stock Exchange disclosures	Annually / Ongoing	Financial performance, returns, governance, strategic direction	Transparent disclosures, regular strategic updates, focus on sustainable long-term value creation
Community	CSR initiatives, stakeholder forums, feedback channels	Periodic	Public health impact, sustainability, ethical conduct	Improved access to essential medicines, community-focused initiatives, sustainable business practices

OUR COMMITMENT

As the Group continues to grow and evolve, stakeholder engagement remains a cornerstone of our corporate strategy. We are committed to strengthening dialogue with stakeholders to foster collaboration, mitigate risks, and build a resilient and inclusive business model that contributes responsibly to Sri Lanka's healthcare ecosystem.

MATERIALITY

STRATEGIC FOCUS ON WHAT MATTERS MOST

Muller & Phipps (Ceylon) PLC considers materiality to be a core principle underpinning the formulation of its strategy, operational priorities, and sustainability agenda. The Group systematically identifies and prioritizes matters that are most significant to its stakeholders and critical to the long-term success and resilience of the business.

These material matters inform the value creation process, strengthen the management of risks and opportunities, and guide decision-making across the short, medium, and long term.

MATERIALITY ASSESSMENT PROCESS

The materiality assessment for the financial year 2025/26 was conducted in accordance with the principles of the International Integrated Reporting (<IR>) Framework and the Global Reporting Initiative (GRI) Standards. The process included the following key stages:

1. Identification of Material Topics

Internal policies, strategic documents, industry developments, regulatory requirements, and stakeholder expectations were reviewed to develop an initial list of relevant topics.

2. Stakeholder Engagement

Input was obtained from key stakeholder groups, including healthcare professionals, suppliers, regulators, shareholders, and employees, to understand areas of concern, expectations, and potential impacts.

3. Impact and Influence Assessment

Each topic was evaluated based on:

- Its actual and potential impact on the Group's ability to create value; and
- Its level of importance to stakeholder decision-making.

4. Prioritization

The identified topics were mapped onto a materiality matrix to determine relative importance and to guide strategic focus, risk management, and reporting disclosures.

KEY MATERIAL TOPICS

Material Topic	Impact on Muller & Phipps (Ceylon) PLC	Primary Stakeholder Relevance
Ethical Compliance & Governance	Strengthens oversight in sourcing and distribution, reducing regulatory, operational, and reputational risks	Regulators, Investors
Supply Chain Reliability	Ensures timely and consistent delivery of essential medicines	Suppliers, Distributors, Investors
Regulatory Adherence	Essential for operating within a highly regulated healthcare environment	Regulators
Customer & Patient Safety	Central to maintaining trust and delivering quality healthcare solutions	Customers, Regulators
Innovation & Product Access	Expands therapeutic options and supports sustainable growth	Customers, Distributors
Employee Development & Well-being	Enhances engagement, retention, and operational effectiveness	Employees
Data Privacy & Digital Security	Supports secure digital operations and protects stakeholder information	Customers, Regulators
Environmental Impact	Demonstrates commitment to sustainability and responsible resource management	Communities, Regulators
Economic Performance	Enables reinvestment, shareholder returns, and long-term business viability	Shareholders, Lenders

CONTINUOUS EVALUATION

Materiality is an evolving process. As the business environment and stakeholder expectations continue to change, the Group remains committed to periodically reassessing material matters to ensure that strategy, performance management, and reporting remain aligned with what matters most to stakeholders and sustainable value creation.

INTEGRATING *SUSTAINABILITY*

BUILDING A RESILIENT FUTURE

Muller & Phipps (Ceylon) PLC recognizes that sustainability is becoming an increasingly important component of long-term business resilience. As the Group looks ahead, steps are being taken to progressively integrate sustainability considerations into its strategic and operational decision-making.

Initial groundwork has commenced, including the measurement of voluntary emissions, as part of establishing a structured sustainability framework. While formal disclosures remain limited at this stage, these foundational efforts are intended to strengthen the Group's ability to manage emerging risks, respond to stakeholder expectations, and build long-term resilience.

DRIVING SUSTAINABLE VALUE CREATION

Our sustainability journey is driven by a balanced framework that aligns economic growth with environmental responsibility and social impact. This approach is founded on three key pillars:

While the new SLFRS S1 and SLFRS S2 standards are not yet mandatory, the Group continues to monitor developments relating to sustainability and climate related financial reporting. Accordingly, the Group has not voluntarily adopted the disclosures relating to Sustainability Related Risks and Opportunities (SRROs) or Climate-Related Risks and Opportunities (CRROs) during the reporting period. However, emissions calculations have been performed across the Group to assess environmental impact and support internal evaluation.

As a Main Board listed company on the Colombo Stock Exchange, the Group will make SLFRS Sustainability-related Financial Disclosures available for the financial year ending 31 March 2027.







1 ENVIRONMENTAL RESPONSIBILITY

We continue to strengthen initiatives aimed at minimising our environmental footprint by optimising resource utilisation, reducing waste generation, and lowering greenhouse gas emissions across our distribution and operational activities. The adoption of energy-efficient technologies, renewable energy solutions, and structured waste management practices has contributed to both reduced environmental impact and improved operational efficiency.

2 SOCIAL COMMITMENT

Our people remain the foundation of our success. We invest continuously in employee wellbeing, diversity, and professional development to foster an inclusive and high-performing workplace. Beyond our workforce, we actively engage with communities through initiatives supporting healthcare access, education, and social empowerment.

3 GOVERNANCE AND TRANSPARENCY

Strong governance practices underpin our sustainability journey. Sustainability considerations are integrated into strategic decision-making at Board and management levels, ensuring accountability and responsible oversight. Transparent reporting and adherence to applicable environmental, social, and regulatory requirements guide our actions. Sustainability performance is regularly reviewed to support continuous improvement and reinforce stakeholder confidence.

CHAIRMAN'S *REVIEW*

A key milestone during the year was the successful introduction of Dreavia Switzerland Nutrition products, marking an important step in the Company's strategy to expand into therapeutic nutrition and specialized healthcare segments. The launch reflects Muller & Phipps' commitment to diversifying its portfolio toward value-added healthcare solutions aligned with evolving consumer and patient needs.

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Muller & Phipps (Ceylon) PLC for the financial year ended 31st March 2026. The year under review was characterized by a gradual stabilization of the economic environment alongside continued structural challenges within the healthcare and pharmaceutical distribution sector. Against this backdrop, the Group remained focused on strengthening its operational foundation while advancing strategic initiatives aimed at long-term value creation.

ECONOMIC AND INDUSTRY ENVIRONMENT

Sri Lanka's economic landscape in 2025 reflected a gradual recovery supported by improved macroeconomic stability and policy reforms implemented in the aftermath of the recent economic crisis. Economic activity strengthened during the year with real GDP growth estimated at 5%, signaling a return to positive growth momentum following the contraction experienced in previous years. At the same time, inflationary pressures eased considerably, with headline inflation remaining at relatively low single-digit levels, reflecting the impact of tighter monetary policy, stabilized commodity prices and improved supply conditions.

This positive momentum was further supported by a gradual recovery in private sector credit growth, following a period of subdued lending in the previous year, as well as a declining interest rate environment driven by accommodative monetary policy. The easing of interest rates improved borrowing conditions, stimulated business activity, and enhanced liquidity in the financial system, thereby contributing to the overall strengthening of financial markets.

The foreign exchange market remained relatively stable despite moderate currency movements. The Sri Lankan rupee recorded a year-to-date depreciation of around 5.6% against the US dollar by end December 2025, with the exchange rate standing at approximately LKR 309.99 per USD. This trend was observed against a backdrop of continued global uncertainties, including elevated interest rates in advanced economies, a relatively strong US dollar, and ongoing geopolitical tensions, which exerted pressure on emerging market currencies.

Domestically, the currency experienced some pressure due to increased import demand and the gradual normalization of external debt servicing. However, overall foreign exchange market liquidity improved during the period, supported by stronger foreign inflows, improved investor sentiment, and continued macroeconomic stabilization.

Notwithstanding these positive developments, the external environment remained challenging, with ongoing global geopolitical tensions, trade disruptions, and uncertainty in international commodity and energy markets posing potential downside risks. These factors may exert pressure on inflation, exchange rate stability, and external balances in the period ahead.

Overall, Sri Lanka's macroeconomic environment in 2025 indicated a gradual stabilization phase, characterized by returning economic growth, moderating inflation, strengthening financial market conditions, and relatively stable foreign exchange dynamics. While these developments provide a more supportive operating environment for businesses, sustaining this recovery will depend on continued policy discipline, progress in structural reforms, and resilience in navigating evolving global uncertainties.

FINANCIAL PERFORMANCE

During the year under review, the Group recorded a decline in revenue compared to the previous year, primarily reflecting portfolio adjustments and challenging market conditions. For the year ended 31st March 2026, Group revenue amounted to Rs. 587.3 million.

Operational losses continued to reflect the transitional phase of the business as investments were directed toward restructuring initiatives and future growth platforms. Nevertheless, strengthened working capital management enabled a significant improvement in liquidity, with notable reductions in inventories and receivables contributing to a healthier cash position.

CHAIRMAN'S REVIEW

STRATEGIC DEVELOPMENTS AND NEW PRODUCT LAUNCH

A key milestone during the year was the successful introduction of Dreavia Switzerland Nutrition products, marking an important step in the Company's strategy to expand into high-potential therapeutic nutrition and specialized healthcare segments. The launch reflects Muller & Phipps' commitment to diversifying its portfolio toward value-added healthcare solutions aligned with evolving consumer and patient needs.

The strategy surrounding Dreavia Rontamil extends beyond a single product introduction. The Group aims to leverage its established distribution network, strong healthcare professional engagement, and digital sales platforms to build a sustainable nutraceutical and therapeutic nutrition portfolio. This initiative supports the Group's broader objective of improving profitability while continuing to leverage its distribution channels.

STRATEGY AND VALUE CREATION FOR SHAREHOLDERS

Looking ahead, the Group's strategic direction is centered on three key pillars:

- Portfolio Transformation – expanding into higher-growth and higher-margin healthcare categories including therapeutic nutrition, and specialized healthcare products.
- Operational Excellence – strengthening supply chain efficiency, digital integration, and inventory optimization to improve profitability and cash generation.
- Strategic Partnerships – deepening relationships with global principals and identifying new collaborations that enhance product pipelines and long-term competitiveness.

Through these initiatives, the Group intends to progressively restore profitability and generate sustainable returns to shareholders. The Board remains focused on disciplined capital allocation, improving operational efficiency, and building scalable revenue streams that support long-term shareholder value.

SUSTAINABILITY AND GOVERNANCE

Sustainability continues to form an integral part of the Group's strategic agenda. During the year, the Board reviewed progress on ESG initiatives and future sustainability frameworks, including alignment with evolving sustainability reporting standards. The Group remains committed to responsible operations, ethical governance practices, and transparent stakeholder engagement.

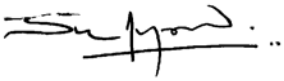
OUTLOOK

While short-term industry challenges remain, the Board is encouraged by the progress made in repositioning the business. The introduction of new growth platforms, including therapeutic nutrition products such as Dravia Rontamil, together with ongoing operational improvements, is expected to strengthen the Group's performance trajectory over the medium term.

APPRECIATION

I extend my sincere gratitude to our shareholders for their continued trust and confidence. I also thank my fellow Directors for their guidance and add comma after and acknowledge the dedication and resilience of our management team and employees, whose commitment remains fundamental to the Group's progress.

Together, we remain committed to building a stronger, more resilient, and sustainable Muller & Phipps (Ceylon) PLC for the benefit of all stakeholders.



S. D. R. Arudpragasam
Chairman

01st June 2026

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, C.W. Mackie PLC and C M Holdings PLC in addition to holding other Directorships within the CFLB Group. He also functions as a member on several Board Subcommittees of 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.

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 also serves as a Director on the Board of The Colombo Fort Land and Building PLC (CFLB) and several of the subsidiaries of the CFLB Group. He functions as a member of several Board Subcommittees within the CFLB Group and in certain other listed entities.

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 Jayewardenepura.

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), the Institute of Chartered Accountants of Sri Lanka (ACA) and the 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 serving as a visiting lecturer for the CASL examinations and has previously served as a visiting lecturer for the ACCA and CFA qualifications.

BOARD OF DIRECTORS

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.

Mr. Mendis is an Executive Director of E.B. Creasy & Co. PLC and is currently the Group Chief Financial Officer of E.B. Creasy Group providing overall leadership for the finance functions of the Group. He also serves as a Non-Executive Director of Laxapana PLC, a listed subsidiary Company of the E.B. Creasy Group.

K.G. PUNCHIHEWA - FCA, CPA (AUS.)
DIRECTOR

Mr. Kamal Punchihewa was appointed to the Board as an Independent Non-Executive Director on 1st January 2025. He began his career at M/s B. R. De Silva & Co., Chartered Accountants, in 1983 and became a partner in 1991.

He moved to the mercantile sector as Financial Controller of Kotagala Plantations Limited (under M/s George Steuarts Management Services) in 1992, and in 1997 was promoted to Group Financial Controller of the George Steuarts Group of Companies, as well as Director of Finance of George Steuart Auto Supplies (Private) Limited.

He re-joined the plantation sector as General Manager – Finance of Kahawatte Plantations Limited in 2002.

In 2005, he took his first overseas posting as Financial Controller of PT Agro Bukit Indonesia and was later promoted to Head of Finance, Plantation Operations and Business Support for the entire Indonesian operation of Good Hope Asia Group, which comprised six oil palm plantation companies.

Mr. Punchihewa returned to Sri Lanka in 2011 and joined Lankem Tea & Rubber Plantations (Private) Limited (LT&RP) as Director/ Deputy CEO. He was appointed CEO of Agarapatana Plantations Limited in April 2014 and served on its board from 2012 to 2016.

In October 2016, he joined Browns Group as Group Chief Executive Officer – Plantation Sector, overseeing three regional plantation companies, and subsequently served as CEO of Maturata Plantations Limited within the same group until July 2020.

He joined Richard Pieris Group as Chief Financial Officer – Plantation Sector in August 2020 and was promoted to Chief Executive Officer of Maskeliya Plantations PLC in February 2021, a role he held alongside his existing responsibilities until March 2023.

He currently sits on the board of The Colombo Fort Land & Building PLC (CFLB) and on the boards of several other listed entities within the Colombo Fort Land & Building Group as an Independent Non-Executive Director, as well as on the boards of numerous unlisted entities within the CFLB Group.

Mr. Punchihewa was appointed as a Member of the Board Subcommittees of the Company with effect from 7th February 2025. Further, Mr. Punchihewa functions as the Chairman/ Member of the Board Subcommittees of several subsidiary companies of the CFLB Group.

Mr. Punchihewa is a Fellow member of the Institute of Chartered Accountants of Sri Lanka since 1988 (FCA) and a Member of the Certified Public Accountants (CPA) – Australia since 2014.

S. B. PERERA - FCMA/CGMA(UK) B.SC. MECH. ENG. (HONS.)
DIRECTOR

Mr. Shrihan Perera was appointed to the Board as an Independent Non-Executive Director on 1st January 2025.

He was the Chief Executive Officer of Teejay Group from April 2018 to December 2019. He also served as the Chief Executive Officer of Brandix Apparel Solutions Limited from January 2010 to March 2018. Mr. Perera previously held positions including Group Financial Controller & Treasurer, Group Accounts Manager, and Finance Director at Unilever Sri Lanka while counting overall experience over 30 years both with Engineering and Finance exposure in highly competitive conditions and multidimensional challenges. He has wide exposure in the FMCG, Garment and Textile Manufacture and service industries.

Mr. Perera currently serves as an Independent Director of Teejay Lanka PLC, Teejay Lanka Prints (Private) Limited and Nubian Threads Private Limited. He also serves on the Boards of Fintrex Finance PLC, C.W. Mackie PLC and on the Board of The Colombo Fort Land & Building PLC (CFLB) and certain subsidiaries of CFLB.

Mr. Perera was appointed as a Member of the Board Subcommittees of the Company with effect from 7th February 2025. In addition, he functions as the Chairman/Member of certain Board Subcommittees of several subsidiary companies of the CFLB Group and other companies.

Mr. Perera holds a Bachelor of Science Degree in Mechanical comma after 2nd Class Upper Honours, from the University of Moratuwa and is a Fellow of the Chartered Institute of Management Accountants/CGMA, UK.

P.Y.S. PERERA - FCA, FCMA (UK)
DIRECTOR

Mr. Yohan Perera was appointed to the Board as an Independent Non-Executive Director on 7th February 2025.

Mr. Perera is a Chartered Accountant by profession and retired from the position of the Managing Partner of KPMG Sri Lanka & Maldives with effect from 31st March 2023. He served on the KPMG Middle East & South Asia Board during his tenure as Managing Partner of the firm.

He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and a Fellow Member of the Chartered Institute of Management Accountants, UK. He counts over 40 years of experience in audits of conglomerates and listed companies with diversified business interests.

Mr. Perera served as the President of the Institute of Chartered Accountants of Sri Lanka during the years 2006 and 2007 and is a former Chairman of the Sri Lanka Auditing Standards Committee. He also served as a Board Member of the Confederation of Asian and Pacific Accountants (CAPA), one of four regional organizations (ROs) recognized by the International Federation of Accountants (IFAC).

He has also served as a Commissioner of the Securities & Exchange Commission of Sri Lanka, a Member of the Monetary Policy Consultative Committee of the Central Bank of Sri Lanka, and a Member of the Governing Council of the Postgraduate Institute of Management of the University of Sri Jayewardenepura.

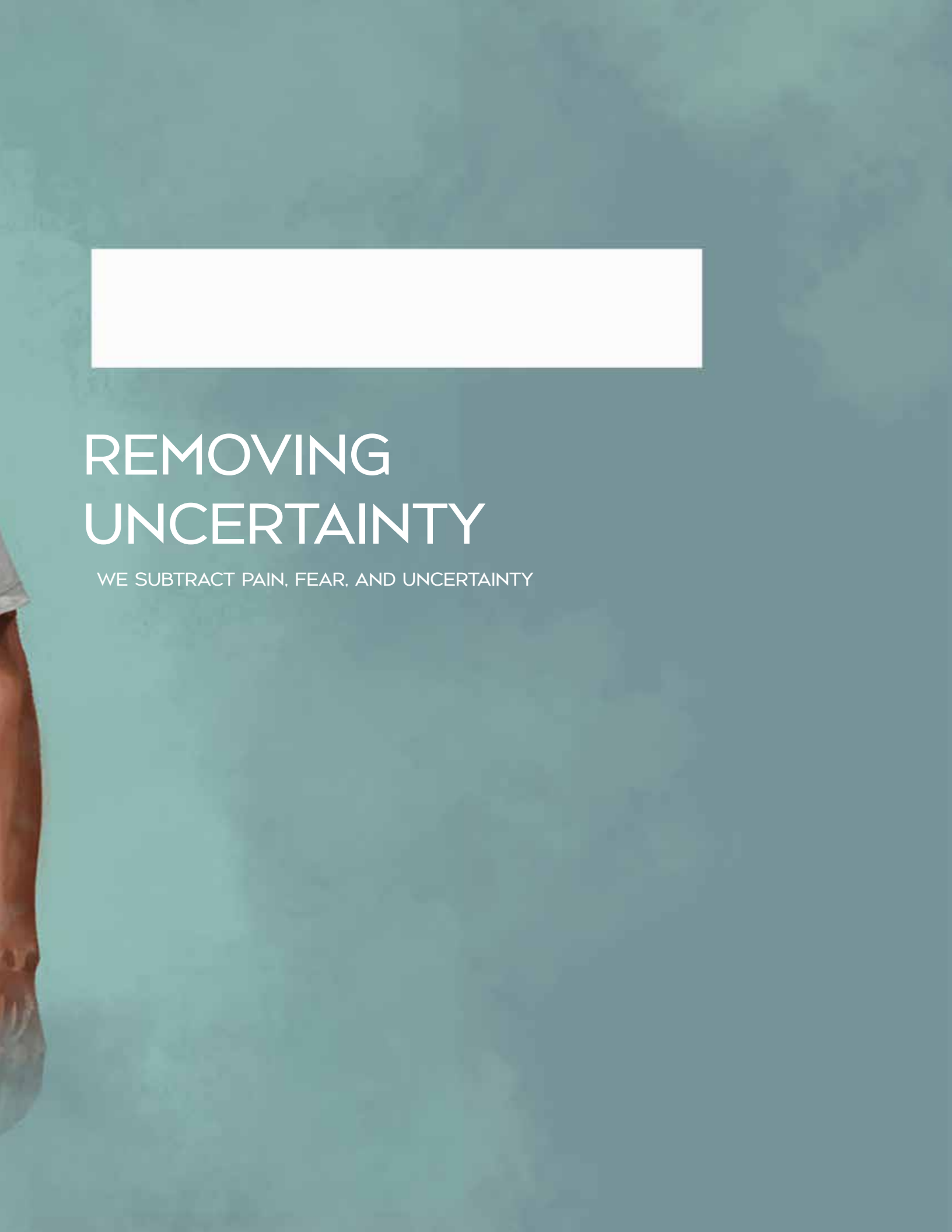
Mr. Perera currently serves as an Independent Non-Executive Director on the Boards of Hayleys PLC, Haycarb PLC, Dipped Products PLC, Overseas Realty (Ceylon) PLC, Commercial Bank of Ceylon PLC, E.B. Creasy & Co. PLC and Laxapana PLC.

Mr. Perera functions as the Senior Independent Director of the E B Creasy & Co PLC and the Chairman of the Board Subcommittees of the Listed Entities in the E.B Creasy Group including the Company and his appointment as the Chairman of the Board Subcommittees of the Company was effective from 7th February 2025.

Group Sub Committees

- Audit Committee
- Nomination and Governance Committee
- Remuneration Committee
- Related Party Transactions Review Committee





REMOVING UNCERTAINTY

WE SUBTRACT PAIN, FEAR, AND UNCERTAINTY

OPERATING *LANDSCAPE*

The financial year 2025/26 unfolded within a complex global and domestic economic environment that significantly influenced strategic decision-making and operational dynamics across industries. For Muller & Phipps (Ceylon) PLC, navigating this landscape required resilience, adaptability, and forward-looking leadership to sustain performance while positioning the Group for future growth.

GLOBAL ECONOMIC ENVIRONMENT

The global economy maintained moderate yet stable momentum during the year, demonstrating resilience in the aftermath of recent economic disruptions. The OECD projects global GDP growth to moderate from 3.2% in 2025 to 2.9% in 2026, before a gradual recovery, driven by trade tensions, elevated policy uncertainty, and persistent inflationary pressures. Growth in major economies is expected to soften, with U.S. growth declining to approximately 1.6%–1.7% and China's growth moderating to around 4.4% in 2026.

G20 headline inflation is projected to moderate from 6.2% to 3.6% in 2025 and further to 3.2% in 2026, reflecting an overall easing in global price pressures. This moderation is supported by the cumulative impact of tight monetary policies adopted by central banks, moderating global economic growth, and improvements in supply chain conditions.

However, unlike earlier expectations of a stable energy price environment, recent geopolitical developments, particularly escalating tensions in key energy producing regions have introduced significant volatility into global energy markets. Oil and gas prices have experienced sharp fluctuations and upward pressure due to supply disruptions and heightened uncertainty, challenging the assumption of sustained price stability.

Persistent services inflation, combined with volatile energy and commodity prices, as well as ongoing geopolitical and trade uncertainties, are likely to keep inflation levels somewhat elevated above long-term central bank targets in the near term. Additionally, any prolonged energy price shock could reintroduce inflationary pressures and complicate monetary policy decisions globally.

Despite improving macroeconomic conditions, global uncertainties persist. Rising trade tensions, particularly between the United States and major trading partners, continue to pose risks to international trade flows. The introduction of higher tariffs on selected imports, along with retaliatory measures, highlights ongoing geopolitical and commercial challenges.

Monetary policy responses remain cautious and increasingly data-dependent across major economies. In the euro area, the European Central Bank has maintained a measured stance as inflation moderates, with expectations of gradual policy easing supported by improving price stability and modest economic recovery. In contrast, the U.S. Federal Reserve faces a more complex policy environment, balancing resilient labour market conditions with persistent inflation pressures, resulting in a cautious approach toward rate reductions. These diverging policy paths reflect ongoing uncertainty surrounding global growth, trade dynamics, and geopolitical risks.

For internationally connected businesses such as Muller & Phipps, these developments reinforce the importance of agile supply chain management, disciplined pricing strategies, and proactive risk mitigation to navigate currency volatility, demand fluctuations, and evolving financing conditions.

SRI LANKAN ECONOMIC CONTEXT

Sri Lanka's economic performance during 2025/26 reflected a phase of continued stabilization as the economy transitioned from recovery to more sustainable growth. Real GDP growth for 2025 was estimated at around 5%, supported by improving domestic demand, easing monetary conditions, and the gradual normalization of economic activity. Looking ahead, growth in 2026 is projected to remain in the range of 3%–4%, while moderating toward medium-term trend levels amid ongoing structural adjustments and global uncertainties. Inflation is expected to gradually stabilize around the Central Bank's 5% target, reflecting strengthening demand conditions alongside prudent monetary management. Despite the improving outlook, sustained fiscal discipline and continued reform momentum remain essential to reinforce macroeconomic stability and long-term economic resilience.

INFLATION AND MONETARY POLICY

Inflation moderated during 2025, stabilizing closer to the Central Bank's target levels after the sharp fluctuations of previous years. This trend was supported by stabilizing energy prices, moderate currency movements, and steady domestic demand. In response, the Central Bank maintained a measured and accommodative monetary policy stance, keeping interest rates supportive of growth while managing price stability. As a result, private sector credit continued to expand, reflecting improving business confidence and sustained economic activity across key sectors.

FISCAL AND EXTERNAL PERFORMANCE

On the fiscal front, the Government continued its consolidation efforts during 2025/26, supported by ongoing tax reforms and enhanced revenue collection

measures. Government revenue and grants increased steadily, underpinning public finances and enabling targeted development spending. While the trade deficit remained elevated due to sustained import demand, gross official reserves improved further, strengthening external stability. Progress under the IMF's Extended Fund Facility (EFF) programme continued to reinforce macroeconomic stability and bolster investor confidence, building on the recovery path established in prior years.

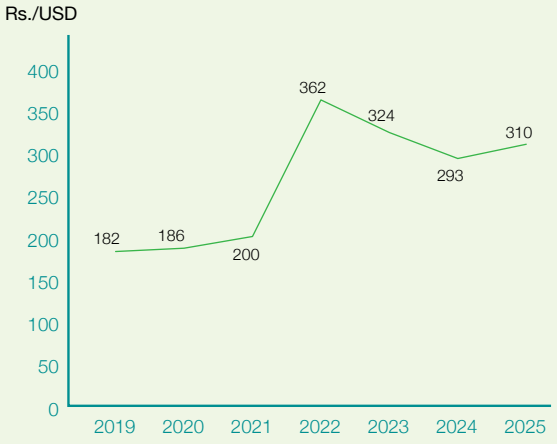
IMPLICATIONS FOR MULLER & PHIPPS

Against this evolving operating environment, Muller & Phipps remained focused on enhancing resilience while leveraging emerging opportunities. Moderating global inflation, stabilizing domestic conditions, and improving consumer sentiment contributed to a more supportive backdrop for commercial growth. Simultaneously, ongoing regulatory and policy developments underscore the need for strategic foresight, proactive stakeholder engagement, and operational agility. The Group continues to monitor macroeconomic trends and policy shifts closely, adapting its business model to safeguard long-term sustainability, competitiveness, and value creation in an increasingly dynamic and interconnected market.

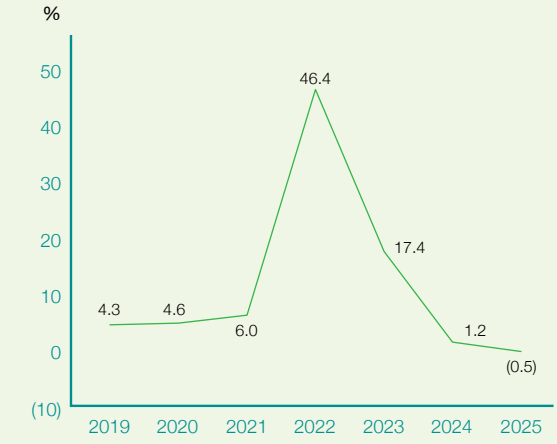
Real GDP Growth



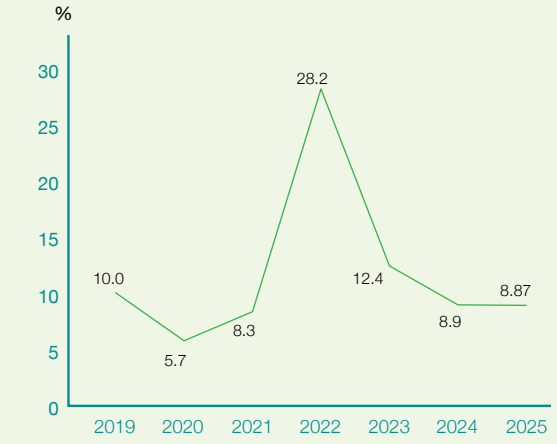
Exchange Rate



Inflation - Annual Average



Interest Rate



FINANCIAL
CAPITAL



REVENUE AND PROFITABILITY

During the financial year 2025/26, the Muller & Phipps (Ceylon) PLC Group operated within a challenging commercial environment characterized by shifting consumer demand patterns, evolving product portfolios, and heightened competitive pressures within the healthcare and consumer distribution sectors.

For the year ended 31 March 2026, the Group recorded revenue of Rs. 587.3 million, compared with Rs. 724.6 million in the previous year. The contraction in revenue primarily reflects the transition and discontinuation of certain product lines by strategic principals, as well as the ongoing realignment of the Group's brand portfolio.

Despite the reduction in turnover, the Group continued to maintain a disciplined focus on margin management, recording a gross profit of Rs. 140.0 million during the period.

Consequently, the Group recorded an operating loss of Rs. 49.2 million, compared to Rs. 56.8 million in the previous year. After accounting for finance income and finance costs, the loss before taxation amounted to Rs. 57.2 million, while the net loss for the period stood at Rs. 71.4 million.

While these results reflect short-term pressures arising from portfolio transitions and market adjustments, the Group remains confident that its strategic initiatives will support a gradual recovery in financial performance.

FINANCIAL POSITION AND ASSET MANAGEMENT

The Group continues to prioritize prudent asset management and efficient utilization of financial resources in order to strengthen balance sheet resilience.

During the year, the Group continued to maintain prudent working capital management practices with a focus on supporting operational efficiency and maintaining adequate liquidity levels for its day-to-day operations. Management closely monitored cash flows, receivable collections, payable cycles, inventory holding and overall funding requirements to ensure effective utilization of resources across the business.

These measures contributed towards improving the Group's cash conversion cycle and operational agility, thereby enabling more efficient capital deployment across its distribution and marketing operations while supporting sustainable business growth.

The Group also continues to maintain a robust approach to receivable management, reinforcing credit monitoring mechanisms and collection processes to support improved liquidity while maintaining strong relationships with customers and business partners.

CASH FLOW AND LIQUIDITY

During the period under review, the Group's cash flow performance reflected the combined impact of operating losses and ongoing working capital management initiatives.

Net cash flows used from operating activities amounted to Rs. 67.3 million, primarily influenced by movements in working capital components, including trade receivables, inventories, and trade payables.

Net cash generated from investing activities amounted to Rs. 13.3 million, mainly attributable to proceeds received from the redemption of debentures and interest income earned during the year.

Meanwhile, net cash flows from financing activities amounted to approximately Rs. 80.0 million, mainly reflecting movements in short-term borrowings.

Overall, the Group continues to maintain a prudent approach to liquidity management, ensuring that sufficient financial resources are available to support operational requirements while maintaining financial discipline in the deployment of capital.

INTEGRATION WITH OTHER CAPITALS

The effective stewardship of financial capital remains closely linked to the Group's broader value creation framework. Investments in intellectual capital, including the development and introduction of new product offerings and brand portfolios, are expected to enhance the Group's competitive positioning over the medium term.

Similarly, the Group's long-standing relationships with global principals, healthcare partners, and distributors, representing a critical element of relationship capital continue to support market access and operational continuity.

In addition, the Group's established manufactured capital, particularly its distribution infrastructure and operational capabilities, enables efficient product delivery and service excellence across its markets. The integrated management of these capitals supports the Group's objective of strengthening financial resilience while creating sustainable value for stakeholders.

Market Capitalization



FINANCIAL OUTLOOK

Looking ahead to 2026/27, the Group remains cautiously optimistic about stabilizing its financial performance as the impact of recent portfolio transitions gradually moderates. Management will continue to prioritize revenue recovery through the expansion of existing product categories, the introduction of new brands, and deeper market penetration across its distribution network.

At the same time, sustained emphasis will be placed on cost optimization, working capital efficiency, and disciplined capital allocation to enhance profitability and strengthen financial resilience. By leveraging its established partnerships, distribution capabilities, and evolving product portfolio, the Group aims to progressively restore financial momentum and position itself for sustainable long-term growth.

MANUFACTURED *CAPITAL*



Manufactured Capital encompasses the physical assets, technological infrastructure, and operational systems that enable the Group to deliver value efficiently and reliably across its distribution network. Although the Group does not engage in direct manufacturing operations, our Manufactured Capital is defined by the advanced infrastructure, digital platforms, logistics capabilities, and quality systems that support pharmaceutical and healthcare distribution across Sri Lanka.

During the year under review, strategic focus was placed on strengthening our technological backbone, enhancing digital capabilities, reinforcing cybersecurity, and maintaining rigorous quality standards. These initiatives reflect our commitment to operational resilience, service excellence, and continuous improvement.

DIGITAL INFRASTRUCTURE AND SYSTEM ENHANCEMENTS

A cornerstone of our operational framework is our Enterprise Resource Planning (ERP) platform, SAP S/4HANA, originally implemented in September 2016. The system was initially hosted on-premises at the Sri Lanka Telecom (SLT) Data Center with the production server located at SLT Head Office, Colombo 01, and the disaster recovery site at the SLT Data Centre in Welikada.

The implementation encompassed a comprehensive suite of modules including:

- Sales and Distribution (SD)
- Material Management (MM)
- Production Planning (PP)
- Quality Management (QM)
- Plant Maintenance (PM)
- Finance and Controlling (FI/CO)

These modules support operational efficiency, process accuracy, regulatory compliance, and data-driven decision-making. In 2021, the Group upgraded to SAP S/4HANA version 2020 in collaboration with Neovatic Technologies Private Limited and Colombo Fort Group Services (Private) Limited, enhancing system stability and performance.

Further modernization was achieved in February 2024 through a full migration of our SAP landscape to Microsoft Azure under a lift-and-shift strategy. The production environment is hosted in Azure's Central India Region, while the disaster recovery environment is maintained in the South India Region. This transition has significantly improved scalability, data resilience, system availability, and responsiveness to evolving business demands.

In addition to ERP enhancements, we continue to leverage proprietary digital solutions:

- The current SFA system was implemented with the support of Elevex Technologies Pvt Ltd in January 2024
- The Doctor Call Report (DCR) Work Hub system, implemented in partnership with Overdime Technologies Private Limited, enables medical representatives to digitally log field interactions, improving accountability and operational transparency.
- All sales representatives are equipped with tablets and PDAs, ensuring seamless access to digital platforms and real-time connectivity.

ADVANCEMENTS IN IT SECURITY AND RISK MANAGEMENT

As digital integration expands, the Group continues to prioritize information security and IT risk governance.

During the year, we upgraded our Microsoft ecosystem to an enterprise-level solution, incorporating advanced endpoint protection through Microsoft Defender. Key enhancements include:

- Implementation of Virtual Local Area Network (VLAN) architecture to segment and secure internal systems
- Deployment of Two-Factor Authentication (2FA) for strengthened access control
- Installation of a comprehensive Network Monitoring System (NMS) for proactive threat detection

Annual disaster recovery drills are conducted to test business continuity readiness, while ongoing employee awareness programmes foster a security-conscious culture.

All critical infrastructure is housed within a secured server room at the Head Office, with remote access facilitated through encrypted Virtual Private Network (VPN) connections.

Our Information Technology Policy provides a structured governance framework covering:

- Information systems controls
- Change management procedures
- Firewall and network protocols
- IT asset management
- SAP system administration
- Data backup and restoration processes

These controls collectively safeguard the confidentiality, integrity, and availability of our digital assets.

COMMITMENT TO QUALITY AND OPERATIONAL EXCELLENCE

While the Group does not operate manufacturing facilities, maintaining product integrity and regulatory compliance remains fundamental to our operations.

A formalized Quality Management System (QMS) governs all quality assurance and control processes. The framework includes:

- Documented quality policies and procedures
- Standard Operating Procedures (SOPs)
- Document control mechanisms
- Internal audit programmes
- Employee training and competency development
- Risk management and Corrective and Preventive Actions (CAPA)

Additionally, specialized environmental control systems including cold storage temperature monitoring ensure that temperature-sensitive pharmaceutical products are stored and transported within approved ranges, preserving product safety and efficacy in line with local and international standards.



DISTRIBUTION NETWORK AND SERVICE DELIVERY INFRASTRUCTURE

The Group operates a decentralized distribution model designed to ensure agile and island-wide pharmaceutical coverage.

As a distributor agent for both local and international pharmaceutical manufacturers, the Group supplies products to 16 registered distributors strategically located across:

Kurunegala, Gampaha, Colombo, Naththandiya, Akkaraipattu, Batticaloa, Jaffna, Anuradhapura, Galle, Moratuwa, Panadura, Matara, Ratnapura, Sri Jayawardanapura ,Kandy, and the Upcountry region.

This extensive network ensures uninterrupted product availability to pharmacies, hospitals, and healthcare institutions throughout Sri Lanka.

In addition to the distributor network, the Group supplies directly to:

- Modern trade partners
- Private hospitals
- The State Pharmaceuticals Corporation (SPC)
- The Medical Supplies Division (MSD)
- SPC retail outlets
- Defense health systems

Through this integrated and technology-enabled distribution model, the Group ensures the timely and reliable delivery of essential medicines and healthcare products, reinforcing its role as a trusted partner within Sri Lanka's healthcare ecosystem.

INTELLECTUAL *CAPITAL*



Intellectual Capital comprises the systems, processes, organizational knowledge, governance frameworks, and brand value that collectively support sustainable business performance. It is strengthened through investments in technology platforms, compliance systems, knowledge-sharing mechanisms, and employee recognition initiatives all of which enhance innovation, efficiency, and operational excellence.

The Group recognizes intellectual capital as a critical driver of competitive advantage and long-term value creation. By continuously investing in digital infrastructure, institutional knowledge, and organizational culture, the Group reinforces operational resilience while upholding the highest standards of compliance and governance.

SYSTEMS AND PROTOCOLS FOR PERFORMANCE ENHANCEMENT

A robust digital ecosystem underpins the Group's operational performance.

The DCR Work Hub functions as a dynamic technology platform that streamlines internal workflows, improves data accessibility, and enhances cross-functional collaboration. Complementing this platform are structured user account maintenance protocols across authentication and messaging servers, strict environmental controls, and periodic system audits to ensure information integrity and security.

Cybersecurity awareness programmes conducted by the IT Division during the year further reinforced data protection practices across the organization.

System integrity is prioritized through:

- Diligent maintenance of software licenses
- Structured SAP user access management
- Strong access control frameworks
- Periodic compliance reviews

These mechanisms safeguard intellectual property, protect sensitive information, and ensure regulatory compliance across business functions.

FOSTERING INNOVATION AND KNOWLEDGE SHARING

A strong knowledge culture forms the foundation of the Group's intellectual capital strategy.

Employees are empowered through structured training and development programmes aimed at strengthening technical competencies, regulatory awareness, and leadership capabilities. Continuous learning initiatives enable employees to remain responsive to industry developments and evolving customer needs.

Open communication is actively encouraged to foster collaboration. Cross-functional engagement through both formal platforms and informal knowledge-sharing forums supports the continuous transfer, refinement, and retention of institutional expertise. This collaborative environment enhances innovation, strengthens problem-solving capabilities, and promotes organizational cohesion.

BUILDING BRAND IDENTITY AND ENHANCING VALUE

Although external brand campaigns were limited during the year, internal initiatives contributed significantly to strengthening organizational identity.

The Spot Award campaign was introduced to recognise employee

achievements through immediate, on-the-spot appreciation. Designed to resonate particularly with today's millennial workforce, the initiative fostered a culture of recognition, motivation, and performance excellence.

The campaign generated positive employee engagement, strengthened morale, and cultivated a healthy sense of competition reinforcing internal brand value and strengthening the Group's employer brand.

EMBEDDING VALUES AND ETHICAL INTEGRITY

The Group's strategic direction is guided by its core values and ethical framework, which are embedded into daily operations and decision-making processes. Emphasis is placed on integrity, transparency, accountability, and responsible business conduct.

Ethical governance is reinforced through adherence to the Healthcare Compliance and Business Integrity Guidelines issued by Johnson & Johnson Innovative Medicines (JJIM), one of the Group's principal suppliers. Compliance with these standards is supported by regular audits conducted by JJIM, ensuring continuous alignment with international best practices.

During the year, the Group continued to leverage its intellectual capital by strengthening its product portfolio through the introduction of new offerings such as Dreavia Switzerland Nutrition products. These developments reflect our ability to translate market insights, technical knowledge, and strong partnerships with principals into commercially viable products that address evolving consumer and healthcare needs. The successful introduction of these products demonstrates the value of our internal expertise, distribution capabilities, and collaborative relationships, which collectively support innovation and enhance the Group's long term value creation.





REGULATORY COMPLIANCE AND DOCUMENTATION PRACTICES

The Group remains fully compliant with regulatory requirements issued by the National Medicines Regulatory Authority (NMRA) of Sri Lanka. This includes strict adherence to:

- Pricing regulations
- Product registration protocols
- Documentation and reporting standards

Regulatory affairs are managed by qualified professionals trained to meet international pharmaceutical industry benchmarks. Documentation processes are handled with precision and timeliness, enabling smooth regulatory navigation and operational stability.

AWARDS AND CERTIFICATIONS

Muller & Phipps (Ceylon) PLC was awarded a Certificate of Compliance at the "TAGS Awards 2025" organised by the Institute of Chartered Accountants of Sri Lanka, recognising the quality, transparency, and integrity of its corporate reporting practices.

FUTURE OUTLOOK

In the year ahead, the Group will continue strengthening its intellectual capital through targeted investments in digital innovation, knowledge enhancement, and brand development.

Key focus areas include:

- Enhancing Daily Call Report (DCR) capabilities within the Work Hub platform through advanced analytics and expanded mobile accessibility
- Expanding cybersecurity training and conducting more frequent system audits
- Launching structured mentorship programmes and collaborative learning forums
- Increasing external brand visibility through selective communication initiatives and thought leadership within the pharmaceutical industry
- Maintaining strong alignment with evolving regulatory and compliance standards

Through these strategic initiatives, the Group is well-positioned to further strengthen its intellectual capital, enhance stakeholder trust, and drive sustainable long-term value creation.

HUMAN *CAPITAL*



Human Capital encompasses the knowledge, skills, competencies, health, safety, and overall well-being of our employees. It reflects the value generated through our workforce's dedication, professional development, and commitment to excellence, all of which are essential to sustaining high-quality performance, operational efficiency, and innovation.

At Muller & Phipps (Ceylon) PLC, we recognise that organizational success is intrinsically linked to the growth and engagement of our people. Our human capital strategy focuses on capability development, performance alignment, employee well-being, diversity, and regulatory compliance.

EMPLOYEE DEVELOPMENT AND TRAINING

We adopt a comprehensive and continuous approach to employee development, ensuring that our people are equipped to perform effectively and grow within the organisation.

The induction and orientation programme serves as the foundation of our training framework. New employees receive structured introductions to the Group's heritage, product portfolio, operational processes, and standard operating procedures. This is followed by role-specific on-the-job training to facilitate a confident and practical transition into assigned responsibilities.

Continuous improvement is supported through:

- Ongoing coaching and mentoring by experienced managers
- Structured leadership development initiatives
- Skills enhancement and competency-building programmes
- Cross-functional learning opportunities

High-potential employees are identified and groomed through leadership development pathways, strengthening succession planning and long-term organizational stability.

PERFORMANCE MANAGEMENT AND REWARDS

Performance management is embedded within a structured framework that aligns individual objectives with strategic business goals.

Sales and Marketing teams are evaluated against clearly defined Key Performance Indicators (KPIs), measuring both individual output and collective team effectiveness. The annual performance appraisal process provides a comprehensive assessment of achievements, competencies, and development needs. Reviews are conducted by Business Unit Heads with active HR participation to ensure fairness and objectivity.

Our merit-based reward system includes:

- Promotions linked to performance and capability
- Incentive schemes aligned with results
- Recognition initiatives that reinforce excellence

This structured approach fosters accountability, transparency, and sustained high performance across the organisation. Employee Well-being and Work-Life Balance

Employee well-being remains central to our human capital philosophy. We recognise that a healthy and engaged workforce drives productivity and organizational resilience.

Employees benefit from a competitive compensation and benefits framework, which includes:

- Biannual bonuses and festival advance
- Medical reimbursement schemes
- Statutory benefits such as Employees' Provident Fund (EPF)
- Employees' Trust Fund (ETF)
- Gratuity schemes
- Reward/recognition schemes for sales achievers

These provisions ensure financial security and reinforce long-term employee commitment.

RECRUITMENT AND TALENT ACQUISITION

The Group follows a fair, transparent, and merit-based recruitment policy.
Talent acquisition channels include job portals, advertisements, employee referrals, and professional headhunting agencies to attract a diverse candidate pool. All applicants undergo a structured verification process covering:

- Academic credential validation
- Experience assessment
- Medical fitness checks

A strict no-canvassing policy ensures that recruitment decisions are based solely on merit and competence.

The recruitment process follows a structured workflow:

1. Line managers initiate requisitions
2. Senior management approval is obtained
3. Candidates undergo competency-based interviews
4. Final selection is confirmed by senior executives
5. HR manages remuneration discussions and onboarding

This systematic process ensures consistency, transparency, and quality in talent selection.

EMPLOYEE TURNOVER AND RETENTION STRATEGIES

During the financial year, the Group experienced a notably high level of employee turnover, primarily driven by increased attrition among field staff, reflecting a trend observed across the broader industry.
Retention strategies include:

- Competitive remuneration structures
- Clearly defined career progression pathways
- Recognition and incentive programmes
- Regular engagement and feedback mechanisms
- Well-being and employee support initiatives

Turnover metrics are closely monitored to identify trends and implement proactive interventions.

DIVERSITY, EQUITY, AND INCLUSION (DEI)

We are committed to fostering an inclusive workplace that values diversity across gender, ethnicity, and socio-economic backgrounds.

Recruitment and promotion processes are designed to minimize bias, supported by awareness initiatives and mentorship programmes. Strong policies against discrimination and harassment are strictly enforced to maintain a respectful and equitable workplace culture.

Equal access to development opportunities and fair compensation practices remain fundamental to our DEI framework.

GRIEVANCE HANDLING MECHANISM

A structured grievance procedure ensures that employee concerns are addressed promptly, fairly, and transparently.
Issues relating to remuneration, working conditions, promotions, disciplinary matters, or interpersonal conflicts are managed through a step-ladder escalation process:

- Immediate supervisor
- Division Head
- Chief Executive Officer or Human Resources

An Open Door Policy allows employees to approach HR directly at any stage, reinforcing trust and organizational transparency.

OCCUPATIONAL HEALTH AND SAFETY (OHS)

Health and safety are integral to our operational framework.
Warehouse and related facilities are certified under:

- ISO 45001 (Occupational Health & Safety Management)
- ISO 9001 (Quality Management Systems)

These certifications are issued by Bureau Veritas, reflecting our commitment to maintaining safe, hygienic, and employee-friendly environments.

HUMAN CAPITAL

Health and safety initiatives include:
- Annual medical examinations for all employees
- First aid and fire safety training
- Fire hydrants and extinguishers in operational areas
- Air-conditioned and ventilated workplaces
- Provision of purified drinking water
- Travel and road safety training for field staff

These measures safeguard employee well-being both within and beyond the workplace.

COMPLIANCE WITH LABOUR LAWS AND ETHICAL STANDARDS

The Group strictly adheres to all applicable labour laws and international labour conventions, including those established by the International Labour Organization (ILO).

Our employment practices prohibit:
- Child labour
- Forced labour
- Discrimination

All statutory obligations including provident fund contributions, gratuity payments, and trust fund benefits are fulfilled without exception, ensuring lawful and ethical employment practices.

HUMAN CAPITAL STATISTICS

As at the reporting date, the Group employed a total of 60 employees, comprising:

Grade	Number of Employees
Non-Executive	46
Executive	14
Total	60

AGE DISTRIBUTION

Age Group	Non-Executive	Executive	Total
20–30	26	02	28
31–40	08	04	12
41–50	09	07	16
51–60	02	01	03
Above 60	01	0	01

The workforce profile reflects a predominantly youthful demographic, supporting agility and long-term talent sustainability.

GENDER REPRESENTATION

Gender	Non-Executive	Executive	Total
Male	44	08	52
Female	02	06	08

The executive cadre demonstrates strong female representation, reflecting progress toward gender diversity at leadership levels.

FUTURE OUTLOOK

Looking ahead, the Group will further strengthen its human capital framework to meet evolving industry and business demands.
Key priorities include:

- Expansion of leadership development programmes
- Introduction of enhanced digital learning platforms
- Strengthening diversity and inclusion initiatives
- Expanding employee wellness and mental health programmes
- Leveraging technology to streamline recruitment, performance management, and engagement

Through these initiatives, the Group aims to cultivate a resilient, skilled, and motivated workforce capable of driving sustainable growth and reinforcing our position as a forward-thinking employer within Sri Lanka's pharmaceutical distribution sector.

SOCIAL AND *RELATIONSHIP CAPITAL*



Social and Relationship Capital represents the strength and quality of our connections with customers, healthcare professionals, business partners, regulators, industry bodies, and the communities we serve. It reflects the trust, credibility, and long-term partnerships built through ethical conduct, responsible marketing, effective complaint resolution, regulatory compliance, and meaningful societal contribution.

At Muller & Phipps (Ceylon) PLC, strong stakeholder relationships remain fundamental to protecting our reputation, sustaining market leadership, and driving long-term value creation.

During the year under review, focused initiatives were undertaken to deepen engagement, enhance transparency, and reinforce trust across all stakeholder groups.

STRENGTHENING CUSTOMER RELATIONSHIPS

Patient safety and customer satisfaction continue to be central to our operations.

The Group maintains comprehensive pharmacovigilance practices, with all employees trained in adverse event monitoring, reporting procedures, and product quality assurance protocols. This systematic approach ensures that the safety and efficacy of pharmaceutical products remain paramount.

A dedicated Patient Care Help Line remains operational to receive:

- Adverse event notifications
- Product quality complaints
- Customer feedback

This mechanism is integrated with the corporate website, providing accessible reporting channels for healthcare professionals and consumers. All reported concerns are escalated to manufacturers and the national regulator within 24 hours, reflecting responsiveness and adherence to international healthcare communication standards.

In parallel, initiatives were undertaken to enhance brand visibility across the healthcare consumer portfolio. Targeted advertising campaigns and structured social media engagement strengthened communication with health-conscious consumers, enabling wider dissemination of accurate product information and reinforcing public trust.

Enhancing Business Relationships
Sustained engagement with healthcare professionals and industry partners remains a strategic priority.
During the year, the Group organised and participated in:

- Chemist meetings
- Healthcare Professional (HCP) engagement programmes
- Scientific discussion forums
- Collaborative knowledge-sharing sessions

These platforms facilitated the exchange of clinical insights, introduction of new therapies, and reinforcement of professional partnerships.

The Group also maintained visibility at key industry events organised by healthcare associations and professional bodies, strengthening dialogue, collaboration, and collective advancement within the pharmaceutical sector.

SUPPORTING BUSINESS GROWTH THROUGH INNOVATION

To align with evolving healthcare needs, the Group intensified efforts to expand and diversify its product portfolio.

During the year, development initiatives focused on introducing products in emerging therapeutic categories, particularly within:

- Nutraceuticals
- Nutritional supplements

These expansions reflect a broader strategic shift toward preventive healthcare, wellness-oriented solutions, and consumer-driven health trends. By diversifying offerings, the Group enhances resilience while responding to contemporary health priorities.

FOSTERING COMMUNITY RELATIONS

The Group remains committed to advancing community well-being through structured corporate social responsibility initiatives.

During the year, disease awareness campaigns were conducted in rural hospitals to address healthcare knowledge gaps and promote preventive care. Public education programmes also highlighted the importance of deworming in underserved communities a critical public health issue in several regions. These outreach efforts:

- Strengthen public health awareness
- Support national healthcare objectives
- Reinforce the Group's identity as a responsible healthcare partner

Through sustained community engagement, the Group contributes meaningfully to societal development while strengthening its social license to operate.

MAINTAINING CONSTRUCTIVE GOVERNMENT RELATIONS

Transparent and constructive engagement with regulators remains a cornerstone of the Group's compliance culture. The organisation maintained close professional relationships with:

- The National Medicines Regulatory Authority (NMRA)
- The Import and Export Control Department

All operations were conducted in full compliance with regulatory guidelines governing product registration, pricing frameworks, import licensing, and pharmacovigilance reporting. This disciplined approach affirms our commitment to safety, efficacy, and regulatory integrity.

INDUSTRY COLLABORATION AND SHARED PROGRESS

Recognizing the importance of collective industry action, the Group actively contributed to the work of the Sri Lanka Chamber of Pharmaceutical Industry (SLCPI).

Through this engagement, the Group supported unified strategies to address sector-wide challenges, advocate policy improvements, and strengthen healthcare delivery systems. This collaborative approach reflects our belief in shared value creation and responsible industry stewardship.

FUTURE OUTLOOK

Looking ahead, the Group remains committed to deepening stakeholder engagement through innovation, transparency, and responsible business conduct.

Key priorities include:

- Further enhancement of pharmacovigilance systems and digital reporting platforms
- Development of integrated feedback mechanisms to better understand patient experiences
- Expansion of scientific forums and digital learning platforms for healthcare professionals
- Strengthening partnerships in emerging therapeutic and wellness segments
- Broadening community outreach initiatives in alignment with national health priorities
- Maintaining proactive regulatory engagement to adapt swiftly to evolving compliance standards
- Continued collaboration with the Sri Lanka Chamber of Pharmaceutical Industry to shape industry best practices

The Group's approach to Social and Relationship Capital will remain grounded in integrity, inclusiveness, accountability, and innovation ensuring sustained trust and long-term shared value for all stakeholders.

Natural *CAPITAL*



Natural Capital reflects the environmental resources that support our operations and the responsibility we bear in preserving them. Efficient energy use, responsible waste management, emissions control, and regulatory compliance are integral to how we operate.

At Muller & Phipps (Ceylon) PLC, we prioritise measurable and practical initiatives that reduce environmental impact, strengthen operational sustainability, and reinforce long-term resilience, particularly as a non-manufacturing, logistics-driven health care distribution organization.

OVERVIEW

Operating within the healthcare products sector, the Group recognizes the interdependence between business continuity and environmental stewardship.

In alignment with our Environment, Social, Governance (ESG) Sustainability Policy, we are committed to:

- Conserving natural resources
- Improving operational efficiency
- Reducing emissions and waste
- Enhancing long-term environmental resilience

Our environmental strategy focuses on responsible resource utilization, regulatory compliance, and continuous improvement across energy, emissions, and waste management practices.

STRATEGIC APPROACH TO ENVIRONMENTAL STEWARDSHIP

Environmental responsibility is embedded within the Group's corporate strategy, with specific focus on key natural capital priorities. Our objective extends beyond minimizing our environmental footprint, we seek to create long-term value through innovation, efficiency, and responsible operational practices.

As a distribution-focused organization, our environmental impacts are primarily associated with:

- Energy consumption in administrative and warehousing facilities
- Logistics and transportation-related emissions
- Pharmaceutical waste management
- Packaging and material handling

Accordingly, our sustainability initiatives are targeted toward these areas.

ENERGY AND EMISSIONS MANAGEMENT

The Group has implemented structured energy management measures to reduce electricity consumption and carbon intensity across facilities.

Key initiatives include:

- Installation of energy-efficient LED lighting in administrative offices and warehouses
- Optimisation of lighting systems to reduce unnecessary power usage
- Monitoring of electricity consumption to identify efficiency opportunities

In addition, the Group is exploring renewable energy integration, including the installation of solar power systems at selected locations. These initiatives reflect our intention to gradually transition toward cleaner energy sources where operationally feasible.

Looking ahead, the Group has initiated measures to assess and certify its carbon footprint, providing a structured baseline for future emission reduction targets. This approach will enable improved transparency, accountability, and alignment with evolving sustainability standards.

WASTE MANAGEMENT AND ENVIRONMENTAL COMPLIANCE

Given the nature of our operations, pharmaceutical waste management is a critical environmental priority.
In strict compliance with regulations issued by:

- The National Medicines Regulatory Authority (NMRA)
- The Central Environmental Authority (CEA)

all expired and damaged pharmaceutical products are disposed of through approved high-temperature thermal destruction processes. This method ensures the complete neutralization of active pharmaceutical ingredients, preventing environmental contamination.

ZERO WASTE TO LANDFILL COMMITMENT

The Group has adopted a “Zero Waste to Landfill” policy for pharmaceutical waste.

Under this approach:

- No expired or damaged medicines are sent to municipal landfill systems
- Disposal methods are selected to prevent soil and groundwater contamination
- Environmental risks associated with hazardous waste are mitigated

This policy reinforces our commitment to environmental integrity and responsible healthcare stewardship.

WASTE PREVENTION AND OPERATIONAL EFFICIENCY

Beyond responsible disposal, the Group focuses on preventing waste generation at source.

Through improved supply chain visibility, real-time inventory monitoring, and enhanced demand forecasting, we aim to:

- Minimize expired product volumes
- Improve stock rotation efficiency
- Reduce environmental burden
- Enhance overall operational performance

By integrating environmental considerations into logistics and inventory management practices, we not only reduce waste but also improve cost efficiency and supply reliability.

FUTURE OUTLOOK

Looking ahead, the Group will continue to strengthen its natural capital strategy through measurable and forward-looking initiatives.

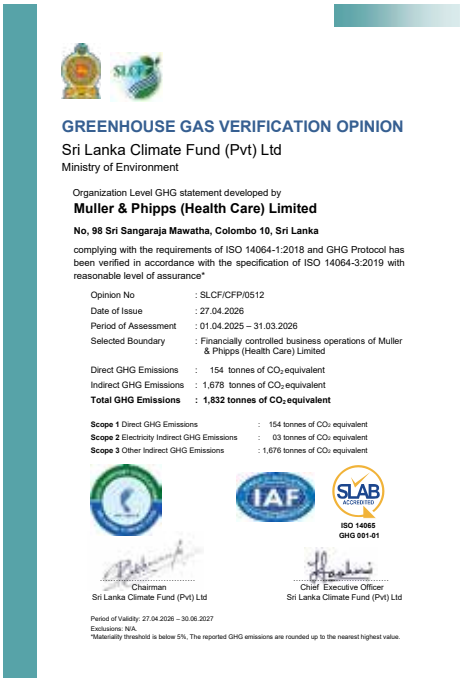
Key priorities include:

- Formal carbon footprint assessment and potential certification
- Progressive renewable energy adoption at selected facilities
- Further optimisation of logistics routes to reduce fuel consumption
- Enhanced environmental data tracking and reporting
- Continuous alignment with NMRA and CEA regulatory standards
- Strengthening employee awareness of sustainable workplace practices

Through disciplined environmental governance and continuous improvement, the Group remains committed to balancing operational growth with ecological responsibility ensuring that sustainability remains integral to long-term value creation.

Summary of GHG emission 2025/26

Scope	2025/26 (tCO2e)
Scope 1	154
Scope 2	2
Scope 3	1,676
Total	1,832



GREENHOUSE GAS VERIFICATION OPINION

Sri Lanka Climate Fund (Pvt) Ltd
Ministry of Environment

Organization Level GHG statement developed by
Muller & Phipps (Health Care) Limited
No, 98 Sri Sangaraja Mawatha, Colombo 10, Sri Lanka

complying with the requirements of ISO 14064-1:2018 and GHG Protocol has been verified in accordance with the specification of ISO 14064-3:2019 with reasonable level of assurance*

Opinion No : SLCF/CFP/0512
Date of Issue : 27.04.2026
Period of Assessment : 01.04.2025 – 31.03.2026
Selected Boundary : Financially controlled business operations of Muller & Phipps (Health Care) Limited

Direct GHG Emissions : 154 tonnes of CO_2 equivalent
Indirect GHG Emissions : 1,678 tonnes of CO_2 equivalent
Total GHG Emissions : 1,832 tonnes of CO_2 equivalent

Scope 1 Direct GHG Emissions : 154 tonnes of CO_2 equivalent
Scope 2 Electricity Indirect GHG Emissions : 03 tonnes of CO_2 equivalent
Scope 3 Other Indirect GHG Emissions : 1,676 tonnes of CO_2 equivalent

ISO 14065
GHG 001-01

Chairman
Sri Lanka Climate Fund (Pvt) Ltd

Chief Executive Officer
Sri Lanka Climate Fund (Pvt) Ltd

Period of Validity: 27.04.2026 – 30.06.2027
Exclusions: N/A.
*Materiality threshold is below 5%, The reported GHG emissions are rounded up to the nearest highest value.



MULTIPLYING WELLNESS

SCIENCE MULTIPLIES WHEN CARE IS SHARED



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

The Board of Muller & Phipps (Ceylon) PLC comprises of eight 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 in office appear on pages 15 to 17.

Mr. S.D.R. Arudpragasam - Non-Executive Director *(Chairman)*
Mr. S. Rajaratnam - Non-Executive Director
Mr. R.C.A. Welikala - Non-Executive Director
Mr. S.W. Gunawardena - Non-Executive Director
Mr. A.D.T. Mendis - Non-Executive Director
Mr. K.G. Punchihewa - Independent Non-Executive Director
Mr. S.B. Perera - Independent Non-Executive Director
Mr. P.Y.S. Perera - Independent Non-Executive Director

BOARD BALANCE

All Directors on the Board are Non-Executives of whom three are Independent Directors. The Directors, with a blend of experience in the fields of finance, business management and possessing a high standing of integrity and business acumen, constitute a balanced Board.

The Independent Non-Executive Directors have submitted signed and dated declarations of their independence or non-independence to the Board. The Board makes a determination annually as to the independence or non-independence of each Independent Non-Executive Director based on such declarations made on the defined criteria and other information available to the Board. The names of Directors determined to be “Independent” are set out in the Annual Report.

Mr. K.G. Punchihewa, Mr. S.B. Perera and Mr. P.Y.S. Perera, Independent Non-Executive Directors of the Company, meet the criteria for defining independence as set out in Listing Rule 9.8.3 of the Colombo Stock Exchange and were determined to be independent by the Board.

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. The Chairman and Directors satisfy the fit and proper assessment criteria stipulated in the Listing Rules of the CSE.

DECISION MAKING OF THE BOARD

All the Directors are responsible for proper direction of the Company and to ensure the success of the business from year to year. The Board is always equipped with the relevant information necessary for decision-making.

The Board discusses matters relating to formulation and implementation of sound business strategies, ensuring an effective system to secure integrity of information, internal controls and risk management.

The Board has met on five occasions during the year under review. In addition to the Board Meetings, matters are referred to the Board and decided by written resolutions.

The individual attendance by members at Board Meetings is shown below:

Name of the Director	Attendance at Meetings
Mr. S.D.R Arudpragasam	5/5
Mr. S. Rajaratnam	5/5
Mr. R.C.A. Welikala	4/5
Mr. S.W. Gunawardena	5/5
Mr. A.D.T. Mendis	5/5
Mr. K.G. Punchihewa	5/5
Mr. S.B. Perera	5/5
Mr. P.Y.S. Perera	5/5

CHAIRMAN’S ROLE

The Chairman is a Non-Executive Director and is responsible for steering the Board to preserve order and to facilitate the effective discharge of Board functions. He conducts Board proceedings in a manner which always ensures the following:

- The effective participation of Directors.
- From Directors within their respective capabilities, for the benefit of the Company.
- Ascertainment of the views of Directors on issues under consideration.

The Board is in complete control of the Company’s affairs and is alert to its obligation to all shareholders and other stakeholders.

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 for the Board and top management.
- Approval of budgets, corporate plans, major capital investments, divestments, and acquisitions.
- Ensuring 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.
- Ensuring compliance with the Company policies.

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.

NOMINATIONS & GOVERNANCE COMMITTEE AND APPOINTMENTS TO THE BOARD

There is a formal and transparent procedure for the appointment of new Directors to the Board, which is in accordance with the recommendations made by the Nominations & Governance Committee, in consultation with the Chairman and in compliance with the provisions of the Articles of Association of the Company, the policies adopted by the Company, and the Rules on Corporate Governance.

The Board as a whole annually assesses the Board-composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company. The findings of such assessments are taken into account when new Board appointments are considered and when incumbent Directors come up for re-election.

Upon the appointment of a new Director to the Board, the Company makes the required disclosures to the shareholders by making announcements to the Colombo Stock Exchange.

The report of the Nominations and Governance Committee is set out on page 70 to 72.

RE-ELECTION AND REAPPOINTMENT 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 who retire are those who have been longest in office since their last election. Retiring Directors are eligible for re-election.

The Nominations & Governance Committee of the Company has duly recommended to the Board the re-election and reappointment of the Directors at the forthcoming Annual General Meeting and the Board of Directors has duly approved the said re-election and reappointment of the Directors.

REMUNERATION COMMITTEE

The Remuneration Committee Report is set out on page 73.

DISCLOSURE OF REMUNERATION

Aggregate remuneration paid to the Non-Executive Directors is disclosed in Note 32.1.2 to the Financial Statements on page 139 of this report.

COMPANY SECRETARIES AND INDEPENDENT PROFESSIONAL ADVICE

The Company and all the Directors may seek advice from Corporate Managers & Secretaries (Private) Limited (CMSL) who are qualified to act as Secretaries as per the provisions of the Companies Act No.07 of 2007. CMSL assists the Board in ensuring that Board procedures are followed and that relevant rules and regulations are complied with. The Board in discharging its duties seeks independent professional advice from external parties when 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 six 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.

Corporate Governance

The Key Management Personnel meet regularly to monitor the performance of the varied business segments and to review the progress towards achieving the budgets.

Corrective action is being taken after discussing the operational issues. Matters of relevance to the industries in which the Company operates are also discussed and conveyed to the Board.

CONSTRUCTIVE USE OF THE ANNUAL GENERAL MEETING/GENERAL MEETINGS

The Board makes use of the Annual General Meeting/General Meetings to communicate with shareholders and encourages their active participation. The Board considers the AGM/General Meetings as an opportunity to maintain an appropriate dialogue with shareholders and welcomes their suggestions. These meetings provide shareholders with the ability to engage with the Board and discuss matters concerning the Company.

The policy on Relations with Shareholders and Investors is available on the Company's website https://mpceylon.lk where contact persons are also provided. Major issues and concerns of shareholders are communicated to all Directors by the Senior Management, Corporate Secretaries and Registrars of the Company.

OTHERS

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

MAJOR TRANSACTIONS

There have been no transactions during the year under review which fall within the definition of "Major Transactions" under Section 185 of the Companies Act No. 07 of 2007.

PRICE SENSITIVE INFORMATION

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

FINANCIAL REPORTING

The Board undertakes the responsibility for the preparation and presentation of financial statements and ensures that they are prepared and presented in accordance with the Sri Lanka Accounting Standards adopted by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 07 of 2007.

The Board values the timely publication of annual and quarterly results and other price-sensitive information enabling shareholders to make effective economic decisions and strives to take all possible steps to comply with the statutory requirements and procedures laid down by the Colombo Stock Exchange and the Securities and Exchange Commission with regard to those publications.

The Annual Report of the Board of Directors presents a balanced and understandable assessment of the Company's financial position, performance and future prospects.

DISCLOSURES

The Annual Report of the Board of Directors is given on pages 64 to 66 in this Report. The Auditor's Report on the Financial Statements is given on pages 78 to 82 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 the Financial Statements.

COMPLIANCE WITH LEGAL REQUIREMENTS

The Board is conscious of its responsibility to the shareholders, the Government and the Society in which it operates and is unequivocally committed to upholding ethical behaviour in conducting its business. The Board strives to ensure that the Company and its Subsidiary comply with the laws and regulations of the Country.

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 Report is set out on pages 67 to 69.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions are disclosed in Note 32 to the Financial Statements.

The report of the Related Party Transactions Review Committee is set out on pages 74 to 75.

RIGHTS OF EMPLOYEES/ OTHER STAKEHOLDERS

The Group identifies the rights of employees. Several employee performance enhancing mechanisms such as 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.

COMPLIANCE STATUS WITH THE COLOMBO STOCK EXCHANGE LISTING RULES ON CORPORATE GOVERNANCE

The Company's compliance status with the Colombo Stock Exchange Listing Rules on Corporate Governance is disclosed on pages 47 to 61.

COMPANY POLICIES

Muller & Phipps (Ceylon) PLC has established a comprehensive suite of corporate policies that align with the Listing Rules of the Colombo Stock Exchange (CSE) and reflect the company's commitment to ethical governance, transparency, and sustainable business practices. These policies encompass key areas such as:

- Matters relating to the Board of Directors
- Board Committees
- Corporate Governance, Nominations, and Re-election
- Remuneration
- Internal Code of Business Conduct and Ethics
- Risk Management and Internal Controls
- Relations with Shareholders and Investors
- Environmental, Social, and Governance (ESG) Sustainability
- Control and Management of Company Assets and Shareholder Investments
- Corporate Disclosures
- Whistleblowing
- Anti-Bribery and Corruption

These policies are publicly accessible on the company's website at https://mpceylon.lk ensuring transparency and adherence to best practices in corporate governance.

No changes have been made to these Policies during the period under review.

DIRECTORS' OTHER DIRECTORSHIPS

The details pertaining to the names of the companies (in Sri Lanka) in which the Directors serve as a Director or Key Management Personnel are 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
D	- Director
CEO	- Chief Executive Officer
Alt	- Alternate Director
SID	- Senior Independent Non Executive Director

COMPANIES	Mr. S.D.R. Arudpragasam		Mr. S. Rajaratnam		Mr. R.C.A. Welikala		Mr. S.W. Gunawardena		Mr. A.D.T. Mendis		Mr. P.Y.S. Perera		Mr. K. G. Punchihewa		Mr. S.B. Perera	
The Colombo Fort Land and Building PLC*	√	C/NE	√	NE									√	INE	√	INE
Muller & Phipps (Ceylon) PLC*	√	C/NE	√	NE	√	NE	√	NE	√	NE	√	INE	√	INE	√	INE
E.B. Creasy & Company PLC*	√	C/ MD/ EX	√	JMD/ EX	√	EX	√	EX	√	EX	√	SID	√	INE	√	INE
Laxapana PLC*	√	C/NE	√	NE	√	NE	√	NE	√	NE	√	INE	√	INE	√	INE
C M Holdings PLC*	√	C/NE	√	NE												
York Arcade Holdings PLC*	√	C/NE	√	NE												
Lankem Ceylon PLC*	√	C/NE											√	INE	√	INE
Lankem Developments PLC*	√	C/NE											√	INE	√	INE
Kotagala Plantations PLC*	√	C/NE											√	INE	√	INE
Agarapatana Plantations PLC*	√	C/NE											√	INE	√	INE
Beruwala Resorts PLC*	√	C/NE	√	NE											√	INE
Marawila Resorts PLC*	√	C/NE	√	NE											√	INE
Sigiriya Village Hotels PLC*	√	C/NE	√	NE											√	INE

Corporate Governance

COMPANIES	Mr. S.D.R. Arudpragasam		Mr. S. Rajaratnam		Mr. R.C.A. Welikala		Mr. S.W. Gunawardena		Mr. A.D.T. Mendis		Mr. P.Y.S. Perera		Mr. K. G. Punchihewa		Mr. S.B. Perera	
J.F. Packaging PLC* (Formerly known as J.F. Packaging Ltd. Name change effective from 09.01.2026 consequent to the Initial Public Offering of the Company.)	√	C/NE											√	INE	√	INE
C W Mackie PLC*	√	C/NE													√	INE
ACME Printing & Packaging PLC*	√	NE											√	SID		
Colombo Fort Investments PLC*	√	C/NE	√	NE												
Colombo Investment Trust PLC*	√	C/NE	√	NE												
American Lloyd Travels Limited*	√	D	√	D												
ACME Packaging Solutions (Private) Limited	√	D														
Alliance Five (Private) Limited*	√	C											√	D	√	D
Associated Farms (Private) Limited*	√	C														
BOT Hotel Services (Private) Limited*	√	C	√	D												
C. F. Travels Limited*			√	D												
C. W. M. Hotels Holdings Limited	√	D														
Candy Delights Limited*	√	C/ MD	√	JMD	√	D	√	D	√	D						
Capital Finance Limited			√	D												
Capital Investments Limited*	√	D														
Capital Leasing Company Limited*	√	C														
Century Equity Trust Limited	√	D														
Ceyflex Rubber Limited*	√	C	√	D	√	D	√	D								
Colombo Fort Holdings Limited*	√	D	√	D												
Colombo Fort Hotels Limited*	√	C	√	D												
Colombo Fort Travels Limited*	√	D	√	D												
Colonial Motors (Ceylon) Limited*	√	C/NE	√	D												
Consolidated Tea Plantations Limited*	√	D											√	D	√	D
Corporate Systems Limited*	√	C	√	D	√	D	√	D								

COMPANIES	Mr. S.D.R. Arudpragasam		Mr. S. Rajaratnam		Mr. R.C.A. Welikala		Mr. S.W. Gunawardena		Mr. A.D.T. Mendis		Mr. P.Y.S. Perera		Mr. K. G. Punchihewa		Mr. S.B. Perera	
Creasy Plantation Management Limited*	√	D														
Ceylon Tapes (Private) Limited*	√	C											√	D	√	D
Ceytape (Private) Limited*	√	C											√	D	√	D
Colombo Fort Group Services (Private) Limited*	√	D														
Colombo Residencies (Private) Limited	√	D														
Company Holdings (Private) Limited	√	D	√	D												
Consolidated Commercial Investments (Private) Limited			√	D												
Consolidated Holdings (Private) Limited	√	D														
Darley Butler & Company Limited*	√	C/ MD	√	JMD	√	D	√	D	√	D						
E. B. Creasy Logistics Limited*	√	C	√	D	√	D	√	D	√	D						
E. B. Creasy Trading Limited*	√	D	√	D	√	D										
E. B. Creasy Ceylon (Private) Limited*	√	C	√	D	√	D	√	D								
E. B. Creasy Milk Foods Limited* (Striking Off in progress)	√	C	√	D	√	D										
Far Eastern Exports (Colombo) Limited*	√	D														
Financial Trust Limited			√	D												
Fortland Finance Limited	√	C	√	D												
Guardian Asset Management Limited*	√	D	√	D												
Great Eastern Resorts Ltd			√	D												
Galle Fort Hotel (Private) Limited*	√	D	√	D												
Group Three Associate (Private) Limited*	√	C	√	D	√	D	√	D								
Imperial Hotels Limited*	√	C	√	D												
JF Ventures Limited*	√	C											√	D	√	D
Kiffs (Private) Limited*	√	C											√	D	√	D
Lanka Special Steel Limited*	√	C	√	D	√	D	√	D	√	D						

Corporate Governance

COMPANIES	Mr. S.D.R. Arudpragasam		Mr. S. Rajaratnam		Mr. R.C.A. Welikala		Mr. S.W. Gunawardena		Mr. A.D.T. Mendis		Mr. P.Y.S. Perera		Mr. K. G. Punchihewa		Mr. S.B. Perera	
Lankem Agrochemicals Limited*	√	C														
Lankem Cargo Storage Limited*	√	D														
Lankem Chemicals Limited* (Striking Off in progress)	√	C														
Lankem Consumer Products Limited* (Striking Off in progress)	√	C														
Lankem Minerals Limited*	√	D														
Lankem Paints Limited*	√	C														
Lankem Plantation Services Limited*	√	D														
Lankem Research Limited* (Striking Off in progress)	√	C														
Lankem Technology Services Limited* (Striking Off in progress)	√	C														
Lankem Exports (Private) Limited*	√	C														
Lankem Tea & Rubber Plantations (Private) Limited*	√	C														
Muller & Phipps (Health Care) Limited*	√	C	√	D	√	D	√	D	√	D						
Maitland & Knox (Private) Limited	√	D	√	D												
Motor Mart Ceylon (Private) Limited* (Striking Off in progress)	√	D	√	D												
Nature's Link Limited*	√	C														
Nutriklim (Ceylon) Limited	√	D	√	D												
Oakley Investments (Private) Limited	√	D	√	D												
Property and Investment Holdings (Private) Limited	√	D	√	D												
Rubber & Allied Products (Colombo) Limited*	√	C														
Sherwood Holidays Limited*	√	C	√	D												
Sigiriya Resorts Limited			√	D												

COMPANIES	Mr. S.D.R. Arudpragasam		Mr. S. Rajaratnam		Mr. R.C.A. Welikala		Mr. S.W. Gunawardena		Mr. A.D.T. Mendis		Mr. P.Y.S. Perera		Mr. K. G. Punchihewa		Mr. S.B. Perera	
SunAgro Farms Limited*	√	C														
SunAgro LifeScience Limited*	√	C														
Sunrise Resorts Limited			√	D												
Sterling Steels (Private) Limited*	√	C	√	D	√	D	√	D								
Tropical Beach Resorts Limited			√	D												
Teacom (Private) Limited*	√	C														
Transways (Private) Limited*			√	D												
Udaveriya Plantations Limited	√	D														
Unicom Clearing and Forwarding (Private) Limited*	√	C														
Union Commodities (Private) Limited*	√	C														
Union Commodities Exports (Private) Limited	√	C														
Union Commodities Teas (Private) Limited*	√	C														
Union Group (Private) Limited*	√	D														
Union Investments (Private) Limited*	√	D	√	D												
Villa Investments (Private) Limited			√	D												
Voyages Ceylan (Private) Limited*			√	D												
Weligama Hills Limited	√	D														
Waverly Power (Private) Limited*	√	C	√	D												
York Hotel Management Services Limited*	√	C	√	D												
York Tours Limited*			√	D												
York Conventions (Private) Limited*			√	D												
Hayleys PLC											√	INE				
Heycarb PLC											√	INE				
Dipped Products PLC											√	INE				
Overseas Realty (Ceylon) PLC											√	INE				

Corporate Governance

COMPANIES	Mr. S.D.R. Arudpragasam		Mr. S. Rajaratnam		Mr. R.C.A. Welikala		Mr. S.W. Gunawardena		Mr. A.D.T. Mendis		Mr. P.Y.S. Perera		Mr. K. G. Punchihewa		Mr. S.B. Perera	
Commercial Bank of Ceylon PLC											√	INE				
World Vision Lanka (Guarantee) Ltd											√	INE				
Plantation Human Development Trust													√	D		
Fintrex Finance PLC															√	NE
Teejay Lanka PLC															√	INE
Teejay Lanka Prints (Private) Limited															√	D
Teejay India Private Limited															√	D
Teejay Mauritius Private Limited															√	D
Nubian Threads Private Limited															√	C
Icon Business School (Private) Limited									√	NE						
Infinity Space Business School (Private) Limited									√	NE						

The companies marked * are Subsidiaries or Associates of The Colombo Fort Land & Building Group.

Mr. S.B. Perera resigned from the Boards of J F Ventures Ltd, Ceytape Ltd, Alliance Five (Pvt) Ltd, Kiffs (Pvt) Ltd and Teejay India Private Ltd with effect from 10.05.2025 and also from the Board of Teejay Mauritius Private Ltd with effect from 31.05.2025.

Mr. K.G. Punchihewa ceased to be a Director of Plantations Human Development Trust (PHDT) with effect from 28.09.2025.

Mr. S.D.R. Arudpragasm was appointed as the Non-Executive Chairman of C.W. Mackie PLC with effect from 01.04.2026. Further, Mr. S.D.R. Arudpragasam was appointed as the Non-Executive Chairman of Colonial Motors (Ceylon) Limited with effect from 02.04.2026.

Mr. A.D.T. Mendis was appointed as an Executive Director to the Board of E.B. Creasy & Co. PLC with effect from 01.08.2025. He was also appointed as a Director to the Boards of Darley Butler & Co. Ltd, Candy Delights Ltd, Lanka Special Steels Ltd, E.B. Creasy Logistics Ltd and Muller & Phipps (Health Care) Ltd with effect from 01.04.2026.

ADHERENCE TO THE CORPORATE GOVERNANCE RULES OF THE COLOMBO STOCK EXCHANGE

Compliance With Listing Rules of Colombo Stock Exchange (CSE) - Rule 7.6 - Contents of the Annual Report

CSE Rule Reference	Contents of Annual Report	Adherence
7.6		
(i)	Board of Directors of the Entity during the financial year.	Complied
(ii)	Principal activities of the Entity and the Subsidiaries during the year and any changes therein.	Complied
(iii)	The names and the number of shares held by the 20 largest holders of voting shares and the percentage of such shares held.	Complied
(iv)	The public holding details.	Complied
(v)	A statement of each Director's holding and Chief Executive Officer's (CEO) holding in each class of shares of the Entity.	Complied
(vi)	Information pertaining to material foreseeable risk factors of the Entity.	Complied
(vii)	Details of material issues pertaining to employees and industrial relation of the Entity.	Not Applicable During the financial year there were no material issues pertaining to employees and industrial relation of the Entity.
(viii)	Extent, locations, valuations and the number of buildings of the Entity's land holding and investment properties.	Complied
(ix)	Number of shares representing the Entity's Stated Capital.	Complied
(x)	A distribution schedule of the number of holders in each class of equity securities and the percentage of their total holding.	Complied
(xi)	Financial ratios and market price information.	Complied
(xii)	Significant change in the Company's fixed assets and market value of land, if the value differs substantially from the book value as at the end of the year.	Not Applicable There were no significant changes during the financial year.
(xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year.	Not Applicable
(xiv)	Information in respect of Employee Share Option Schemes (ESOS) and Employee Share Purchase Schemes (ESPS).	Not Applicable
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Rules.	Complied
(xvi)	Related Party Transactions exceeding 10% of the Equity or 5% of the Total Assets of the Entity as per Audited Financial Statements, whichever is lower.	Complied

Corporate Governance

Compliance With Listing Rules Of Colombo Stock Exchange (CSE) - Rule 9 - Corporate Governance

CSE Rule Reference	Corporate Governance Principles	Adherence
9.2	POLICIES	
9.2.1	Establish and maintain the following policies a) Matters relating to the Board of Directors b) Board Committees c) Corporate Governance, Nominations and Re-election d) Remuneration e) Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities f) Risk management and Internal controls g) Relations with Shareholders and Investors h) Environmental, Social and Governance Sustainability i) Control and Management of Company Assets and Shareholder Investments j) Corporate Disclosures k) Whistleblowing l) Anti-Bribery and Corruption	Complied.
9.2.2	Any waivers from compliance with the Internal code of business conduct and ethics or exemptions granted by the Listed Entity shall be fully disclosed in the Annual Report	Not Applicable
9.2.3	Listed entities shall disclose in their Annual Report. (i) The list of policies that are in place in conformity with rule 9.2.1. above with reference to its website. (ii) Details pertaining to any changes to policies adopted by the Listed Entities in compliance with Rule 9.2 above	Complied Not Applicable. No changes were made to the Policies during the period.
9.2.4	Listed Entities shall make available all such policies to shareholders upon a written request being made for any such Policy.	Will be made available as and when requests are received
9.2.5	i. If a Listed Entity fails to comply with Rule 9.2.1, the Exchange will issue a Notice of Show Cause, granting seven (7) Market Days to provide reasons for the non-compliance. ii. If no response is received within the given time or if the explanation is deemed insufficient, enforcement measures will follow as outlined below: a. A letter of warning will be issued by the Exchange. b. If the Entity fails to rectify the non-compliance within three (3) months from the date of the warning letter, a penalty of Rs. 250,000 will be imposed. iii. The Exchange will make a Market Announcement regarding the non-compliance, enforcement action, and penalty. The penalty must be settled within seven (7) Market Days from notification. Failure to do so will result in referral to the SEC under Section 65 of the SEC Act.	Not Applicable

CSE Rule Reference	Corporate Governance Principles	Adherence
9.3	BOARD COMMITTEES	
9.3.1	Establishment of Committees (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee.	Complied. The Company maintains the Nominations & Governance Committee, Remuneration Committee, Audit Committee and Related Party Transactions Review Committee.
9.3.2	Compliance with the composition, responsibilities and disclosures required in respect of the Board Committees.	Complied.
9.3.3	The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees	Complied.
9.4	MEETING PROCEDURES AND THE CONDUCT OF ALL GENERAL MEETINGS WITH SHAREHOLDERS	
9.4.1	Records of all resolutions and the following information upon a resolution being considered at any General Meeting shall be maintained. (a) The number of shares in respect of which proxy appointments have been validly made; (b) The number of votes in favour of the resolution; (c) The number of votes against the resolution; and (d) The number of shares in respect of which the vote was directed to be abstained.	Complied.
9.4.2	Communication and relations with shareholders and investors.	The Company has established the Policy on Relations with Shareholders and Investors and it is published on the corporate website https://mpceylon.lk
	(a) Have a policy on effective communication and relations with shareholders and investors	Complied.
	(b) Disclose the contact person for such communication.	The contact person is mentioned.
	(c) Policy on relations with shareholders and investors shall include a process to make all Directors aware of major issues and concerns of shareholders.	Major issues and concerns of shareholders are effectively communicated to the Directors by the Senior Management and the Corporate Secretaries & Registrars as and when they arise.
	(d) When conducting of any shareholder meetings through virtual or hybrid means, compliance with the Guidelines issued by the Exchange	Complied.

Corporate Governance

CSE Rule Reference	Corporate Governance Principles	Adherence
9.5	POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS	
9.5.1	Establish and maintain formal policy governing matters relating to the Board a) Composition and Board Balance (Executive and Non-Executive), Role and function of Chairman and CEO and Procedure for Appraisal of Board Performance and appraisal of CEO b) Where the Role of Chairman and CEO are combined Appointment of SID-Establish Board Charter inclusive of functions and safeguards for SID c) Board diversity – experience, skills, competencies, age, gender, industry requirements d) Maximum number of Directors and rationale e) Frequency of Board meetings f) Mechanisms for ensuring that Directors are kept abreast of the Listing Rules and on-going compliance and/or non-compliance g) Specify the minimum number of meetings, in numbers and percentage, that a Director must attend, h) Requirements relating to trading in securities of the Listed Entity and its listed group Companies and disclosure of such requirements. i) Specify the maximum number of directorships in Listed Entities that may be held by Directors. j) Participation at meeting of the Board and Board committees by audio-visual means and participation to be taken into account when deciding the quorum.	(a) Complied. The Company has established the policy on matters relating to the Board of Directors and it is published on the corporate website https://mpceylon.lk (b) Not Applicable. (c) - (j) Complied
9.5.2	Confirm compliance with 9.5.1. in Annual Report – If non-compliant provide explanations with reasons and proposed remedial action	Complied with 9.5.1.
9.6	CHAIRPERSON AND CEO	
9.6.1	Chairperson shall be a Non-Executive Director Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed	Complied Not Applicable
9.6.2	Market announcement in the event the Chairperson is an Executive Director and/ or the position of Chairman and CEO are held by the same individual.	Not Applicable
9.6.3	REQUIREMENT FOR A SENIOR INDEPENDENT DIRECTOR (SID)	
9.6.3 (a)	Appoint an Independent Director as the SID in the following instances: i. The positions of the Chairperson and CEO are held by the same individual. ii. The Chairperson is an Executive Director. iii. The Chairperson and CEO are Close Family Members or Related Parties.	Not Applicable
9.6.3 (b)	Senior Independent Director shall meet with the Independent Directors at least once a year or as often as deemed necessary at a meeting chaired by the SID without the presence of the other Directors and provide feedback and recommendations to the Board.	Not Applicable
9.6.3 (c)	Senior Independent Director shall chair a meeting of the Non-Executive Directors without the presence of the Chairperson at least annually to appraise the Chairman's performance.	Not Applicable

CSE Rule Reference	Corporate Governance Principles	Adherence
9.6.3 (e)	SID shall make a signed explanatory disclosure demonstrating the effectiveness of The SID's duties.	Not Applicable
9.6.4	Rationale for the appointment of a SID set out in the Annual Report.	Not Applicable
9.7	FITNESS OF DIRECTORS AND CEO	
9.7.1	Fitness of Directors and CEO in terms of the Listing Rules	Complied.
9.7.2	Listed Entities shall ensure that the persons recommended by the Nominations and Governance Committee as Directors are fit and proper before such nominations are placed before Shareholders' meeting or appointments.	Complied.
9.7.3	'Fit and Proper Assessment Criteria' set out in Rule 9.7.3 (a) Honesty, Integrity and Reputation - (i)-(vii) (b) Competence and Capability - (i)-(ii) (c) Financial Soundness - (i)-(iii)	Complied.
9.7.4	Declarations to be obtained from Directors and CEO on an annual basis confirming that each of them has continuously satisfied the Fit and Proper Assessment Criteria set out in the Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation.	Complied.
9.7.5	Disclosures in the Annual Report (a) Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria (b) Any non-compliance/s and remedial action taken to rectify non- compliance	Complied. Not Applicable
9.8	BOARD COMPOSITION	
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors.	Complied.
9.8.2 (a)	The Board of Directors of Listed Entities shall include at least two (2) Independent Directors or such number equivalent to one-third (1/3) of the total number of Directors of the Listed Entity at any given time, whichever is higher.	Complied.
9.8.2 (b)	Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change.	Not Applicable.

Corporate Governance

CSE Rule Reference	Corporate Governance Principles	Adherence
9.8.3	CRITERIA FOR DETERMINING INDEPENDENCE	
(i) - (ix)	Requirements for meeting the criteria to be an Independent Director A Director shall not be considered independent if he/she: (i) Has been employed by the Listed Entity during the period of three (3) years immediately preceding appointment as Director (ii) Currently has/had during the period of three (3) years immediately preceding appointment as a Director, a Material Business Relationship with the Listed Entity, whether directly or indirectly. (iii) Currently has/had during the preceding financial year had a close Family Member who is a Director and/or CEO in the Listed Entity. (iv) Has a Significant Shareholding in the Listed Entity. (v) Has served an aggregate period of nine (9) years on the Board of the Listed Entity from the date of the first appointment. (vi) Is employed in another Company or business; a) In which a majority of the other directors of the Listed Entity are employed or are directors; or b) In which a majority of the other directors of the Listed Entity have a Significant Shareholding or Material Business Relationship; or c) That has a Significant Shareholding in the Listed Entity or with which the Listed Entity has a Business Connection. (vii) Is a director of another Company; a) In which a majority of the other Directors of the Listed Entity are employed or are Directors; or b) That has a Business Connection with Listed Entity or a Significant Shareholding. (viii) Has a Material Business Relationship or a Significant Shareholding in another company or business; a) In which a majority of the other Directors of the Listed Entity are employed or are Directors; and/or b) Which has a Business Connection with the Listed Entity or a Significant Shareholding in the same; and/or c) Where the core line of business of such Company is in direct conflict with the line of business of the Listed Entity. (ix) Is above the age of seventy (70) years. Provided that a person above the age of seventy (70) years may nevertheless be considered independent if compliant with Rule 9.8.3 (ix) (a) to (d) and The requirements of sub-clauses (a), (b) and (c) shall be repeated at each Annual General Meeting of the Listed Entity in respect of any director over the age of seventy years whom the Listed Entity wishes to continue to treat as independent.	Complied.
9.8.5	INDEPENDENT DIRECTORS	
9.8.5 (a)	Each Independent Director to submit a signed and dated declaration annually of his "independence" or "non-independence" against the criteria specified in the Listing Rules.	Complied.

CSE Rule Reference	Corporate Governance Principles	Adherence
9.8.5 (b)	Make an annual determination as to the "independence" or "non- independence" of each Independent Director based on the Directors` declaration and other information available to it and shall set out the names of Directors determined to be 'independent' in the Annual Report.	Complied.
9.8.5 (c)	If independence is impaired against any of the criteria set out in Rule 9.8.3, an immediate market announcement is required	Not Applicable
9.8.6	Enforcement Actions for Non-Compliance with Rules 9.8.1 and 9.8.2 A. In the event a Listed Entity fails to comply with Rules 9.8.1 and/or 9.8.2 of these Rules B. Where a Listed Entity has failed to comply with Rules 9.8.1 or 9.8.2 and has not disclosed of such non-compliance to the Exchange or the market	Complied with Rule 9.8.1 and 9.8.2 Hence 9.8.6 A and B Not Applicable.
9.9	ALTERNATE DIRECTORS	
9.9 (a-e)	Compliance with the following requirements and such requirements shall also be incorporated into the Articles of Association. Alternate Directors shall only be appointed in exceptional circumstances and for a maximum period of one (1) year from the date of appointment b) If an Alternate Director is appointed for a Non-Executive Director such alternate should not be an executive director of the Listed Entity. c) If an Alternate Director is appointed by an Independent Director, the person so appointed should meet the criteria of independence. The Nominations and Governance Committee shall review and determine that the person nominated as the alternate would qualify as an Independent Director before such appointment is made. d) Immediate Market Announcement regarding the appointment of an Alternate Director e) Attendance of an Alternate Director to be counted for the purpose of quorum at Board and Board Committee meetings.	Complied.
9.10	DISCLOSURES RELATING TO DIRECTORS	
9.10.1	Disclose its policy on the maximum number of Directorships in Listed Entities that Board members shall be permitted to hold as per Rule 9.5.1. Non-compliance to be reported in the Annual Report.	Complied. The Company Policy on maximum number of Directorships which a Director can hold in Listed Companies is 25.
9.10.2	Market announcement upon the appointment of a new Director. (i - iii)	Not Applicable There were no new Directors appointed to the Board during the period.

Corporate Governance

CSE Rule Reference	Corporate Governance Principles	Adherence
9.10.3	Immediate Market announcement upon any changes to the composition of the Board Committees. (i - iii)	Not Applicable. No changes were made to the composition of the Board Committees during the period.
9.10.4	Disclosure in the Annual Report - Directors Details • Details in relation to the Board Name, qualifications and brief profile • Nature of his/her expertise in relevant functional areas • Whether either the Director or a Close Family Members has any material business relationships with other Directors • Whether Executive, Non-Executive and/or independent Director • Total number and names of Companies in Sri Lanka in which the Director concerned serves as a Director and/or KMP stating whether listed or unlisted, whether functions as executive • or non-executive (If the directorships are within the Group names need not be disclosed) • Number of Board meetings attended • Names of Board Committees in which the Director serves as Chairperson or a member • Attendance at committee meetings	Complied.
	TOR and powers of SID	Not Applicable
9.10.5	Non-Disclosure of Changes to Board and Committees A. Failure to disclose new appointments or changes to the Board of Directors B. Failure to disclose changes to the composition of Board Committees in terms of Rule 9.10.3 (ii)	Not Applicable
9.11	NOMINATIONS AND GOVERNANCE COMMITTEE	
9.11.1	Establishment of Nominations and Governance Committee	Complied.
9.11.2	Maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee.	Complied.
9.11.3	Written terms of reference	Complied
9.11.4	Composition (1) The members of the Nominations and Governance Committee shall; (a) It shall comprise a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors. (b) Not comprise of Executive Directors of the Listed Entity (2) An Independent Director shall be appointed as the Chairperson (3) Identify Members in the Annual Report	Complied

CSE Rule Reference	Corporate Governance Principles	Adherence
9.11.5	Functions (i) Evaluate the appointment of Directors to the Board of Directors and Board Committees (ii) Recommend (or not recommend) the re-appointment/re-election of current Directors (iii) Establish and Maintain a formal and transparent procedure to evaluate, select and appoint/reappoint Directors (iv) Establish and maintain a set of criteria for selection of Directors (v) Establish and maintain a suitable process for the periodic evaluation of the performance of the Board of Directors and the CEO of the Entity to ensure that their responsibilities are satisfactorily discharged. (vi) Develop a succession plan for the Board of Directors and Key Management Personnel (vii) Review the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities (viii) Review and recommend the overall corporate governance framework of the Listed Entity taking into account the Listing Rules of the Exchange, other applicable regulatory requirements and industry/international best practices.	Complied
	(ix) Periodically review and update the Corporate Governance Policies/Framework of the Entity in line with the regulatory and legal developments relating to same, as a best practice. (x) Receive reports from the Management on compliance with the corporate governance framework of the Entity including the Entity's compliance with provisions of the SEC Act, Listing Rules of the Exchange and other applicable laws, together with any deviations/non-compliances and the rationale for same.	Complied
9.11.6	Disclosures in Annual Report Nomination & Governance Committee Report and contents to be incorporated -Sections (a)-(m)	Complied
9.12	REMUNERATION COMMITTEE	
9.12.1	The term "remuneration" shall make reference to cash and all non-cash benefits whatsoever received	Complied.
9.12.2	Listed Entity shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of the Listing Rules.	Complied.
9.12.3	Establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own remuneration.	Complied.
9.12.4	Remuneration for Non-Executive Directors shall be based on a policy of non-discriminatory pay practices to ensure the independence is not impaired.	Complied.
9.12.5	The Remuneration Committee shall have written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	Complied.
9.12.6	Composition (1) The members of the Remuneration Committee shall; (a) Comprise a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors. (b) Not comprise of Executive Directors of the Listed Entity	Complied.

Corporate Governance

CSE Rule Reference	Corporate Governance Principles	Adherence
9.12.6 (2)	An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	Complied.
9.12.7	Functions (1) Recommend the remuneration payable to the Executive Directors and CEO of the Listed Entity and/or equivalent position thereof to the Board of the Listed Entity which will make the final determination upon consideration of such recommendations. (2) Engage any external consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to Directors and CEO	Complied.
9.12.8 (a)	Names of Remuneration Committee members.	Complied.
9.12.8 (b)	Statement of Remuneration Policy.	Complied.
9.12.8 (c)	Aggregate remuneration paid to Executive Directors and Non-Executive Directors.	Complied.
9.13	AUDIT COMMITTEE	
9.13.1	Where Listed Entities do not maintain separate Committees to perform the Audit and Risk functions, the Audit Committee of such Listed Entities shall additionally perform the Risk functions.	Complied.
9.13.2	The Audit Committee shall have written terms of reference clearly defining its scope, authority and duties.	Complied.
9.13.3 (1)	Composition of the Audit Committee.	Complied.
9.13.3 (2)	Quorum - requires that the majority of those in attendance to be independent Directors.	Complied.
9.13.3 (3)	Compulsorily to meet on a quarterly basis prior to recommending the financial to be released to the market.	Complied.
9.13.3 (4)	An Independent Director shall be the Chairman of the Committee.	Complied.
9.13.3 (5)	Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation.	Complied.
9.13.3 (6)	The Chairperson of the Audit Committee shall be a member of a professional accounting body.	Complied.
9.13.4	Functions of the Audit Committee. Detailed in Rule (1) (i) –(xiii) and (2)	Complied.
9.13.5	Disclosure in the Annual Report relating to Audit Committee. (a) Names of the chairperson and members with nature of directorship (b) Status of risk management and internal control – Company and group (c) Statement on CEO and CFO assurance on operations and finances (d) Opinion on compliance with financial reporting requirements, information requirements Listing Rules, Companies Act, SEC Act and any other requirements. (e) Availability of formal Audit Charter (f) Internal audit assurance and summary of the work of the internal audit function (g) Details demonstrating effective discharge of functions and duties (h) Statement on external auditors' assurance on their independence (i) Confirmation on determining auditor's independence	Complied.

CSE Rule Reference	Corporate Governance Principles	Adherence
9.14	RELATED PARTY TRANSACTIONS REVIEW COMMITTEE (RPTR)	
9.14.1	Establishment of Committee Listed Entities shall have a Related-Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of these Rules	Complied.
9.14.2	(1) The Related-Party Transactions Review Committee shall comprise the following; - Minimum three (03) Directors out of which a minimum of two (02) members shall be Independent Directors - May comprise of Executive Directors - An Independent Director shall be appointed as the Chairperson.	Complied
9.14.3	Functions of the Related-Party Transactions Review Committee (1) The committee shall be responsible for reviewing the Related-Party Transactions (2) Objective - ensure that the interests of shareholders as a whole are taken into account when entering into Related-Party Transactions. (3) The objective and the economic and commercial substance of the Related-Party Transactions should take precedence over the legal form and technicality. (4) Establish and maintain a clear policy, procedure and process in place for the identification, clarification and reporting of the Related-Party Transactions on an end-to-end basis across the Entity's operations	Complied.
9.14.4	(1) The Related-Party Transactions Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors. (2) Should ensure that it has access to, enough knowledge or expertise required to assess or aspects of proposed Related-Party Transactions and where necessary obtain appropriate professional and expert advice from appropriately qualified persons when necessary. (3) Board of Directors to approve RPTs when required by the Committee	Complied.
	(4) If a Director has a material personal interest in a matter being considered at a Board Meeting to approve a Related-Party Transaction as required in Rule 9.14.4(3), such Director shall not: (a) Be present while the matter is being considered at the meeting; and, (b) Vote on the matter.	Not Applicable

Corporate Governance

CSE Rule Reference	Corporate Governance Principles	Adherence
9.14.5	Review of Related-Party Transactions by the Related-Party Transactions Review Committee	Complied.
9.14.6	Shareholder approval 1. Listed Entities shall obtain shareholder approval by way of a Special Resolution for the following Related-Party Transaction. a) Non-recurrent transaction i) Transactions exceeding one third (1/3) of the Total Assets as per the latest Audited Financial Statements ii) Transactions exceeding one third (1/3) of the Total Assets as per the latest Audited Financial Statements when aggregated with other non- recurrent transactions entered into with the same Related-Party during the same financial year iii) Acquisition of a substantial asset from, or disposal of a substantial asset to, any Related-Party of the Entity or its associates b) Recurrent transaction (i) One third (1/3) of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of a group entity consolidated group revenue of the Entity as per the latest Audited Financial Statements; or (ii) One third (1/3) of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group entity consolidated group revenue of the Entity as per the latest Audited Financial Statements of the Entity, when aggregated with other recurrent transactions entered into with the same Related-Party during the same Financial year; and; (iii) The transactions are not in the ordinary course of business and in the opinion of the Related-Party Transactions Review Committee, are on terms favorable to the Related-Party than those generally available to the public.	Not Applicable
9.14.7 (1) (a)	Immediate disclosure of any non-recurrent Related-Party Transaction with a value exceeding 10% of the Equity or 5% of the Total Assets, whichever is lower, of the Entity as per the latest Audited Financial Statements. Subsequent non-recurrent transactions which exceed 5% of the Equity of the Entity, entered into with the same Related Party during the Financial year.	Not Applicable
9.14.7 (1) (b)	Immediate disclosure of the latest transaction, if the aggregate value of all non-recurrent Related-Party Transactions entered into with the same Related-Party during the same financial year amounts to 10% of the Equity or 5% of the Total Assets, whichever is lower, of the Entity as per the latest Audited Financial Statements.	Not Applicable
9.14.8 (1)	Disclosure in the Annual Report if the aggregate value of all the non-recurrent Related-Party Transactions exceeding 10% of the Equity or 5% of the Total Assets of the Listed Entity, whichever is lower, as per the latest Audited Financial Statements.	Not Applicable
9.14.8 (2)	Disclosures in the Annual Report if the aggregate value of the recurrent Related-Party Transactions exceeds 10% of the gross revenue/income (or equivalent term in the Income Statement and in the case of group entity consolidated revenue) as per the latest Audited Financial Statements.	Not Applicable

CSE Rule Reference	Corporate Governance Principles	Adherence
9.14.8 (3)	Report of the Related-Party Transactions Review Committee	Complied.
9.14.8 (4)	Declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to Related-Party Transactions, or a negative statement otherwise.	Complied.
9.14.9 (1) (2)	Shareholder approval for acquisition and disposal of substantial assets	Not Applicable
9.14.9 (3)	Rule 9.14.9(1) does not apply to: a) Transactions between the Listed Entity and a wholly owned subsidiary. b) Transaction between wholly owned subsidiaries of the Entity. c) Takeover offer made by the Listed Entity in accordance with the Takeovers and Mergers Code 1995 (as amended). d) Any transaction entered into by the Listed Entity with a bank as principal, on arm's length terms and in the ordinary course of it's banking business.	Not Applicable
9.14.9 (4) (5) (6)	Competent independent advice on acquisition and disposal of substantial asset	Not Applicable
9.14.10	Exempted Related-Party Transactions (a) Subject to Rule 9.14.8 (2), transactions with Related Parties which are recurrent, of revenue or trading nature and which are necessary for day-to-day operations of a Listed Entity or its subsidiaries and, in the opinion of the Related-Party Transactions Review Committee, the terms are not favorable to the Related-Party than those generally available to the public. (b) The payment of dividend, issue of Securities by the Listed Entity by way of a capitalization of reserves, the exercise of Rights, options or warrants (subject to Rules contained in Section 5 and 7 of these Rules), sub-division of shares or consolidation of shares. (c) The grant of options, and the issue of Securities pursuant to the exercise of options, under an employee share option scheme/employees share purchase scheme (subject to Rule 5.6 of these Rules). (d) A transaction in marketable securities carried out in the open market where the counterparty's identity is unknown to the Listed Entity at the time of the transaction. (e) The provision or receipt of financial assistance or services, upon usual commercial terms and in the ordinary course of business, from a Company whose activities are regulated by any written law relating to licensed banks, Finance Companies or insurance Companies or are subject to supervision by the Central Bank of Sri Lanka or the Insurance Board of Sri Lanka. (f) Directors' fees and remuneration, and employment remuneration	Complied
9.15	PENALTIES FOR NON-COMPLIANCE WITH BOARD COMMITTEE COMPOSITION REQUIREMENTS	
	A. When a Listed Entity fails to comply with Rules 9.11.4(1), 9.11.4(2), 9.12.6, 9.13.3(1), 9.13.3(4), 9.13.3(6), or 9.14.2 B. Where a Listed Entity has failed to comply with Rules 9.11.4(1), 9.11.4(2), 9.12.6, 9.13.3(1), 9.13.3(4), 9.13.3(6) or 9.14.2 and has not disclosed of such non-compliance to the Exchange or the market: - If non-compliance is rectified: (a) - (b) - If non-compliance is not rectified: (c) - (e)	Not Applicable

Corporate Governance

CSE Rule Reference	Corporate Governance Principles	Adherence
9.17	ADDITIONAL DISCLOSURES	
	(i) Directors have disclosed all material interests in contracts and have refrained from voting when materially involved. (ii) Directors have conducted a review of the internal controls and obtained reasonable assurance of their effectiveness and adherence. (iii) Directors are aware of laws, rules and regulations and their changes particularly to Listing Rules and applicable capital market provisions. (iv) Disclosure of material non-compliance with laws/regulations and fines by relevant authorities where the Entity operates.	Complied.
9.18	ENFORCEMENT PROCEDURE FOR NON-COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS	
	a) Immediate Market Announcement on non compliance in the event of failure to comply with any of the requirements contained in Rules 9.3.1, 9.8.1, 9.8.2(a), 9.11.4(1),9.11.4(2), 9.12.6, 9.13.3(1),9.13.3(4),9.13.3(6) or 9.14.2 about such non-compliance within one (1) Market Day from the date of the non-compliance. Announcement shall be repeated on the first (1st) Market Day of each calendar month until the Entity becomes compliant with these Rules. b) The non-compliance must be rectified within three (03) months from the date of non-compliance. c) If not rectified within three months, the Entity's Securities shall be transferred to the Watch List immediately upon the expiration of the said period. d) While the Securities are on the Watch List, Directors, CEO, their Close Family Members, parent Entity, and entities where they hold 50% or more voting rights, cannot transact in the Entity's Securities without prior SEC approval. This restriction continues for three (03) months after resignation or until compliance is restored-whichever is earlier. e) Upon being placed on the Watch List, the Entity must make a Market Announcement including: - The remedial action proposed within six (06) months. - The following statements: i) Any change in the plan will be announced within 1 Market Day after Board approval. ii) If the plan is not implemented within 6 months, trading will be suspended. iii) If suspension lasts more than 6 months, delisting will follow. f) At the first General Meeting following the transfer to the Watch List, shareholders must be informed of the non-compliance, remedial actions, and that continued failure will result in suspension and potential delisting.	Not Applicable

CSE Rule Reference	Corporate Governance Principles	Adherence
	g) The outcome of the above General Meeting must be announced to the Market by the next Market Day, including any decisions made. h) The Entity must rectify non-compliance within six (06) months from the date of the Watch List transfer. i) Failure to comply within six months will result in trading suspension.The Exchange will also announce the enforcement action and any penalties imposed. j) In addition to actions under 9.18(c) and 9.18(i), the Exchange shall impose penalties on the Listed Entity and/or its Directors as of the date of non-compliance. k) If suspension exceeds six (06) months, the Securities shall be delisted under Rule 11.3. l) The Exchange's decision to delist the Securities and any attached conditions shall be communicated to the SEC.	Not Applicable

Compliance with Companies Act No. 7 of 2007

Section		Compliance
168 (1) (a)	The state of the Company's affairs and nature of the business of the Company or any of its subsidiaries together with any change thereof during the accounting period.	Complied.
168 (1) (b)	Signed Financial Statement of the Company for the accounting period completed	Complied.
168 (1) (c)	Auditors Report on Financial Statements of the Company	Complied.
168 (1) (d)	Accounting Policies and any changes thereto	Complied.
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period	Complied.
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Complied.
168 (1) (g)	Total amount of donations made by the Company during the accounting period	Complied.
168 (1) (h)	Names of the Directors of the Company at the end of the accounting period and the name of Directors who ceased to hold office during the accounting period	Complied.
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period	Complied.
168 (1) (j)	Other relationships or any interest of Auditors with the Company or any of its subsidiaries.	Complied.
168 (1) (k)	Acknowledgment of the content of this report and signature on behalf of the Board.	Complied.

Risk *Management*

At Muller & Phipps (Ceylon) PLC, effective risk management remains integral to the achievement of our strategic objectives and the creation of sustainable value for our stakeholders. In an increasingly dynamic and uncertain business environment, the ability to anticipate, assess, and manage risks continues to be a key priority for the Group.

The Board of Directors provides oversight of the Group's Risk Management Framework, ensuring that potential risks are systematically identified, evaluated, and addressed in a timely manner. The framework is embedded within the Group's governance structure and is implemented across both Group and business unit levels. Risk assessments are carried out periodically and reviewed by the Audit Committee to ensure their continued relevance, adequacy, and effectiveness in supporting the Group's strategic direction.

During the year under review, the Group continued to strengthen its risk management practices through ongoing monitoring of internal operations and external market developments. This proactive approach enables the organization to respond effectively to emerging risks while maintaining resilience in a rapidly evolving operating landscape. Business units are responsible for implementing appropriate preventive and corrective measures to ensure that risk exposures remain within the Group's defined risk appetite.

In addition, the Group continues to foster a culture of accountability, transparency, and risk awareness across all levels of the organization, supporting informed decision-making and responsible business practices.

Further, during the year under review, the Group continued to operate in a challenging macroeconomic environment characterized by currency volatility, evolving regulatory requirements, inflationary pressures, and fluctuations in consumer demand. These conditions required heightened focus on financial discipline, operational efficiency, and prudent risk management. The Group closely monitored developments in the economic and regulatory landscape and implemented appropriate measures to manage potential impacts on operations, supply chains, and financial performance. Our risk management approach therefore remained focused on strengthening resilience, safeguarding stakeholder value, and ensuring the continuity and stability of our business operations.

The table below outlines the principal risks identified during the year under review, together with the key mitigation strategies adopted by the Group.

Risk Category	Description of Risk	Mitigation Strategies
Inflation Risk	Persistent global and local inflationary pressures, driven by volatility in commodity prices, fuel costs, and freight charges, may lead to increased input costs and reduced consumer purchasing power, potentially affecting sales volumes and margins.	The Group continues to implement cost rationalization initiatives and strict budgetary controls to manage operating expenditure. Strong relationships with key suppliers enable favorable commercial terms, while ongoing evaluations of sourcing alternatives help reduce cost pressures where feasible.
Foreign Exchange Risk	As an import-dependent business, fluctuations in foreign exchange rates, particularly depreciation of the Sri Lankan Rupee, may significantly impact the Group's cost structure and profitability.	The Group maintains a centralized treasury advisory function to monitor currency movements and recommend appropriate mitigation strategies. Where feasible, forward exchange contracts and pricing adjustments are utilized, while negotiations with suppliers help manage currency related cost pressures.
Credit Risk	The extension of credit to customers exposes the Group to risks relating to delayed payments, customer defaults, and potential deterioration in receivable balances, particularly during periods of economic uncertainty.	Robust credit evaluation procedures are implemented prior to extending credit facilities. Credit limits, bank guarantees where necessary, and continuous monitoring of debtor balances are utilized, supported by a structured collections process and proactive customer engagement.
Health and Safety Risk	Operational activities may expose employees to workplace hazards, while product related risks may arise in pharmaceutical and consumer-facing segments if safety standards are not consistently maintained.	Comprehensive health and safety policies are implemented and regularly reviewed. Facilities are designed with appropriate safety measures, while employees receive regular safety training. Quality assurance teams ensure strict adherence to regulatory and safety standards across all products and operations.

Risk Category	Description of Risk	Mitigation Strategies
Product / Service Quality Risk	Any lapse in product quality, particularly within pharmaceutical and healthcare-related businesses, may lead to regulatory action, reputational damage, and loss of customer confidence.	Dedicated quality assurance and control teams operate across business divisions to ensure compliance with established standards. Regular internal and external quality audits, employee training programmes, and investments in technology support the maintenance of high product quality standards.
Cybersecurity Risk	Increasing reliance on digital systems exposes the Group to cybersecurity threats including data breaches, malware attacks, and system disruptions, which could impact business continuity and data security.	The Group maintains robust IT security infrastructure including firewalls, monitoring systems, and secure data management practices. Cybersecurity awareness programmes are conducted for employees, while Business Continuity and Disaster Recovery Plans are in place to ensure operational resilience.
Political and Economic Risk	Changes in the political or regulatory landscape may create economic uncertainty, impact policy stability, and influence business operations, including import regulations, taxation, and market sentiment.	The Group continuously monitors political and economic developments through structured environmental scanning and strategic analysis. Diversification of the business portfolio and maintaining operational flexibility support the Group's ability to adapt to changing external conditions.
Regulatory and Compliance Risk	The Group operates within a complex regulatory framework covering product standards, imports, labour regulations, and environmental compliance. Non-compliance could lead to penalties, operational disruption, or reputational damage.	Dedicated teams monitor regulatory developments and ensure timely compliance with applicable laws and standards. The Group maintains active engagement with regulatory authorities and industry bodies to remain informed of emerging regulatory changes.
Human Capital Risk	The ability to attract, develop, and retain skilled employees is essential to sustaining operational performance and supporting long-term growth. Talent shortages or employee disengagement could affect organizational effectiveness.	The Group continues to invest in employee development through structured training and leadership programmes. Initiatives aimed at strengthening employee engagement, maintaining positive labour relations, and promoting a supportive work environment contribute to talent retention.
Operational Risk	Failures in internal processes, human error, supply chain disruptions, or unforeseen external events could impact operational efficiency and service delivery.	Internal control systems, regular internal audits, and continuous process improvements help mitigate operational risks. Business Continuity Plans and crisis management protocols are in place to ensure operational resilience during disruptions.
Funding and Liquidity Risk	Limited access to funding or increased financing costs could constrain the Group's ability to meet working capital requirements or support strategic investments.	The Group maintains prudent financial management practices, including a balanced dividend policy and disciplined cash flow management. Strong relationships with financial institutions and the Group's listed status facilitate access to funding at competitive terms.

FUTURE OUTLOOK

Muller & Phipps will continue to strengthen its Enterprise Risk Management framework in order to effectively respond to evolving global and local market dynamics as well as increasing stakeholder expectations. The current operating environment remains influenced by global economic uncertainty, inflationary pressures, geopolitical tensions, and shifting trade dynamics, all of which may continue to impact supply chains, currency stability, and consumer demand.

During the reporting period, the Group did not experience any material labour or industrial relations issues, reflecting our continued commitment to maintaining a stable and collaborative workplace environment.

Looking ahead, the Group will further enhance its risk governance practices to ensure that emerging risks are proactively identified and managed. By continuously refining our risk management processes and strengthening organizational resilience, Muller & Phipps aims to support its strategic objectives while ensuring that risk management remains a key pillar in delivering sustainable value to stakeholders.

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 2026.

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 83 to 142.

AUDITORS' REPORT

The Auditors' Report on the Financial Statements is given on pages 78 to 82.

ACCOUNTING POLICIES

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 90 to 103.

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. These have been entered in the Interests Register which is maintained by the Company. The Company carries out transactions in the ordinary course of business with entities in which a Director of the Company is a Director and the said transactions are disclosed in Note 32 'Related Party Transactions', on pages 139 to 142.

The Directors have no direct or indirect interest in any other contract or proposed contract with the Company.

During the financial year the Company has not entered into any contracts in which the Directors have had a material interest. Neither the Directors nor their close family members have had any material business relationship with other Directors.

Directors' Interest in Shares

Directors of the Company who have an interest in the shares of the Company are required to disclose their shareholdings and any acquisitions/ disposals to the Board in compliance with Section 200 of the Companies Act 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 2025/2026 is detailed in Note 32.1.2 to the Financial Statements on page 139.

DIRECTORATE

The names of the Directors who held office during the financial year are given below. Brief profiles of the Directors are given on pages 15 to 17.

Mr. S.D.R. Arudpragasam - *Chairman*
Mr. S. Rajaratnam - *Director*
Mr. R.C.A. Welikala - *Director*
Mr. S.W. Gunawardena - *Director*
Mr. A.D.T. Mendis - *Director*
Mr. K.G. Punchihewa - *Director*
Mr. S.B. Perera - *Director*
Mr. P.Y.S. Perera - *Director*

In terms of Articles 83 & 84 of the Articles of Association, Mr. R.C.A. Welikala and Mr. A.D.T. Mendis retire by rotation and being eligible offer themselves for re-election.

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 GOVERNANCE

The Corporate Governance Principles adhered to by the Company are given on pages 47 to 61.

CORPORATE DONATIONS

No donations were made by the Company during the year. (2024/2025 – 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 authorize the Directors to determine their remuneration will be proposed at the Annual General Meeting.

The Auditors, KPMG, Chartered Accountants were paid Rs. 693,000/- (2024/2025 – Rs.660,000/-) as audit fees and fees for audit related services by the Company during the year under review.

Further, KPMG, Chartered Accountants, were appointed as the Auditors of the Subsidiary Company during the year under review and the audit fees and fees for audit related services paid to the said Auditors by the Subsidiary Company for the year under review was Rs. 1,140,000/-

The former Auditors of the Subsidiary Company, namely, Kreston Sri Lanka, were paid a sum of Rs.1,140,000/- as audit fees and fees for audit related services during the period 2024/2025.

Further, these Auditors weren't paid any amount as the Non Audit Services fee during the year (2024/2025 – Nil)

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

Revenue

The revenue of the Group for the year was Rs. 587.3 million (2024/2025 – Rs. 724.6 million).

RESULTS

The Group made a loss before tax expense of Rs. 57.2 million against a loss before tax expense of Rs.72.9 million in the previous year. The detailed results are given in the Statement of Profit or Loss and Other Comprehensive Income on page 83.

INVESTMENTS

Investments made by the Group are given in Notes 15 and 16 to the Financial Statements on pages 111 to 112.

Property, Plant and Equipment

Information relating to movement in Property, Plant and Equipment is given in Note 12 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 2026 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 2026 amounted to Rs. 26.4 million comprising General Reserve of Rs. 5.0 million, Capital Reserve of Rs. 0.4 million, Fair Value Reserve of Rs. 20.9 million and Accumulated loss of Rs. 244.8 million. The movements are shown in the Statement of Changes in Equity in the Financial Statements on page 86.

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. 10 to these Financial Statements.

RELATED PARTY TRANSACTIONS

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

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 139 to 142.

SHARE INFORMATION

Information relating to earnings, dividend, net assets, market value per share and share trading is given on pages 143 to 144.

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 142.

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 on page 142 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 60 (2024/2025 – 69).

SHAREHOLDERS

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

Annual Report of the Board of Directors

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 takes 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 the Financial Statements.

For and on behalf of the Board,

S.D.R. Arudpragasam
Chairman

S. Rajaratnam
Director

By Order of the Board,

Corporate Managers & Secretaries (Private) Limited
Secretaries

01st June 2026

Audit Committee *Report*

The role of the Audit Committee is to assist the Board of Directors of the Company in fulfilling its oversight responsibilities on financial reporting. This includes oversight of the financial reporting process, ensuring the integrity of the financial statements, and monitoring the audit of such financial statements. The Committee also oversees financial reporting on sustainability and ESG related matters and reviews the effectiveness of the Group's internal control systems to ensure compliance with applicable laws and regulations. These responsibilities are carried out through an independent and objective review process, with the aim of safeguarding the interests of shareholders and other stakeholders.

CHARTER OF THE AUDIT COMMITTEE

The Committee is governed by the specific terms of reference set out in the Audit Committee Charter which has been reviewed and recommended by the Audit Committee and approved by the Board to ensure its alignment with the Listing Rules of the Colombo Stock Exchange.

The Terms of Reference of the Audit Committee were amended during the financial year ended 31st March 2026 in line with the requirements of the SLFRS S1 – "General Requirements for Disclosure of Sustainability related Financial Information" and SLFRS S2 – "Climate related Disclosures" and were duly approved by the Committee and the Board.

KEY RESPONSIBILITIES & DUTIES OF THE 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 reviews the key judgements applied in the preparation of the Financial Statements described in the relevant accounting policies and Notes to the Financial Statements.
- Obtain and review statements of compliance received from the Director/ Joint Managing Director of E.B. Creasy & Co. PLC, parent company of Muller & Phipps (Ceylon) PLC and the Director/ Group Chief Financial Officer regarding the Entity's operations, finances, risk management and internal control systems.
- The Committee reviews and recommends the interim and year end financial statements of the Group to the Board of Directors for its deliberation and issuance with special reference to major accounting policy changes, financial reporting issues, significant judgements, unusual events or transactions and compliance with accounting standards and other legal requirements.
- Review the audit plan and scope, performance of the external auditors, and recommend on the appointment, reappointment, dismissal and approve the remuneration and terms of engagement.
- Review and confirm that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest. Due consideration will be given to the nature of the services provided by the Auditors and the level of audit, audit related and non-audit fees received by the Auditors, to ensure that it did not compromise their independence.
- The Committee confirms compliance with the requirements under the Companies Act No. 07 of 2007 in relation to the appointment, reappointment, and removal of the External Auditors.
- Monitor and assess the effectiveness and sufficiency of the Group's internal control system and risk management function in order to ensure that Group assets are adequately protected.
- Review the Company's arrangement for the confidential receipt, retention and treatment of complaints alleging fraud, received from internal/external sources and pertaining to accounting, internal controls or other such matters and assure confidentiality to employees on the adherence to the whistle blowing policy.
- Oversee the integration of ESG principles into the Group's business operations and risk management framework.
- Oversee the quality and integrity of sustainability related reporting and disclosures, and monitor compliance with applicable laws, regulations, and relevant standards, including SLFRS S1 – General Requirements for Disclosure of Sustainability related Financial Information and SLFRS S2 – Climate-related Disclosures, while ensuring appropriate connectivity and consistency with the Group's financial statements and other public disclosures.

Audit Committee Report

ACTIVITIES 2025/26

Financial Reporting System

The Audit Committee reviewed the quality and integrity of the financial reporting system adopted by the Group in the preparation and presentation of its quarterly and annual financial statements to ensure reliability of the processes and consistency of the accounting policies adopted and their compliance with the Sri Lanka Financial Reporting Standards.

The Audit Committee obtained Statements of Compliance from the Management where appropriate. The Committee reviewed the adequacy of disclosures and presentation of the Annual and Interim Financial Statements before recommending them for approval by the Board.

Further, the Committee reviewed the procedures established by the Management to comply with regulatory requirements and is satisfied that the financial reporting requirements under the Listing Rules of the Colombo Stock Exchange, Companies Act No. 07 of 2007, Securities and Exchange Commission Act and other relevant financial reporting related regulations and requirements are met.

Internal Audit, Risk and Control

The Group's internal audit function is headed by the Manager Internal Audit and the Manager Internal Audit regularly reports to the Committee on the adequacy and effectiveness of internal controls in the Group and compliance with rules and regulations and established policies of the Company.

The Committee also evaluated, the functions and resources of the Internal Audit department in terms of its independence, effectiveness and competency, and satisfied itself that the department has the necessary authority to carry out its work.

The Committee reviewed and approved the Internal Audit Charter and the Annual Internal Audit Plan ensuring there are no unjustified restrictions or limitations in the scope of the Internal Audit.

The Audit Committee facilitates and monitors Enterprise Risk Management (ERM) process. The Committee reviewed the key risks in Risks Models including Climate Related Risks and Opportunities (CRRO).

The Company obtained services of an external consultant to review and strengthen the ESG Management Framework and to align with SLFRS S1 and S2 compliance. The Committee also reviews the developments in sustainability and ESG reporting frameworks to ensure alignment with emerging disclosure requirements.

The Committee also exercises oversight over the governance initiatives undertaken by the Company ensuring alignment with the requirements of Personal Data Protection Act No. 09 of 2022 and the Anti-Corruption Act No. 09 of 2023.

External Audit

During the year under review, the Committee held meetings with the External Auditors to review the audit plan and scope of the audit. Before the conclusion of the audit, the Committee met with the External Auditors and Management to discuss any reports from the External Auditors to the Committee on significant audit issues and actions agreed towards the resolution of the same.

Further, the Audit Committee discussed Management Letters issued by the External Auditors with regard to the Financial Statements and Internal Controls and the management responses and recommendations and ensured that appropriate follow-up actions were taken.

The Committee annually reviews the appointment/reappointment of the External Auditors and makes recommendations to the Board accordingly. During the year under review, the Committee assessed the independence and effectiveness of the External Audit function and is satisfied that the independence of the External Auditor has not been impaired by any event or service that gives rise to a conflict of interest. The Audit Committee reviewed the nature of services provided by the External Auditor and the level of audit, audit related and non- audit fees received by the Auditor, to ensure that they did not compromise their independence.

Furthermore, during the financial year under review, Messrs. KPMG, Chartered Accountants, were appointed as the External Auditors of the subsidiary company Muller & Phipps (Health Care) Ltd, consequent to the resignation of the former External Auditors of the said entity.

The Committee obtained written assurance from the External Auditors that they have been independent throughout the conduct of the audit engagement in terms of all relevant professional and regulatory requirements. The Auditors have expressed their willingness to continue as Auditors of the Company for the forthcoming financial year.

The Audit Committee has recommended to the Board of Directors that KPMG, Chartered Accountants, continue as External Auditors for the financial year ending 31st March, 2027 subject to the approval of the shareholders at the Annual General Meeting.

The current Auditor KPMG has been functioning as the external auditor for the company for over 25 years. A Partner rotation of the External Auditor takes place periodically as per the current regulatory requirements. The present Partner has served on the audit of the financial statements of the Company for five (05) years as at 31 March 2026.

Sustainability and ESG

In the financial year 2025/26, the Audit Committee expanded its focus on sustainability and Environmental, Social and Governance (ESG) matters in line with its responsibilities for risk management, internal controls, and the integrity of reporting. The Management Team regularly updated the Committee on how climate-related risks and opportunities (CRROs) are identified, evaluated, and managed, ensuring that such risks are properly considered.

The Committee will continue its oversight to promote transparency and strengthen the reliability of sustainability reporting.

Compliance

The Committee conducted a thorough review of the management compliance statements, encompassing detailed quarterly reports on financial, operational, and regulatory compliance. In addition to this, to ensure the highest level of consistency and accountability, the Audit Committee obtained written assurances from the Director /Joint Managing Director of E.B. Creasy & Co. PLC, parent company of Muller & Phipps (Ceylon) PLC and Director/ Group Chief Financial Officer, confirming that the financial statements are prepared in full compliance with all applicable accounting standards, supported by accurate records and transparent disclosures, upholding strong internal controls and risk management frameworks that meet all relevant regulatory requirements. This confirmation serves as a key endorsement of the integrity and transparency of the Group's financial reporting and overall operational compliance.

Ethics and Good Governance

The Committee continuously emphasized on upholding ethical values of the staff members. In this regard, the Policy on Internal Code of Business Conduct and Ethics, the policy on Whistleblowing and the Policy on Anti-Bribery and Corruption have been established. The Policies were followed by educating and encouraging all members of the staff. All appropriate procedures are in place to conduct independent investigations into incidents reported through Whistleblowing or identified through other means. The Whistleblower Policy guarantees strict confidentiality of the identity of the Whistleblowers.

Composition

The Audit Committee of the Company comprises of the following members:

Mr. P.Y.S. Perera - Chairman
Independent Non-Executive Director, Muller & Phipps (Ceylon) PLC
Mr. K.G. Punchihewa - Member
Independent Non-Executive Director, Muller & Phipps (Ceylon) PLC
Mr. S.B. Perera - Member
Independent Non-Executive Director, Muller & Phipps (Ceylon) PLC

The members have varied experience, financial knowledge and business acumen to carry out their role effectively and efficiently.

The Chairman of the Committee is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA) and of the Chartered Institute of Management Accountants (FCMA), UK.

Brief profiles of the members of the Committee are given on pages 15 to 17 of the Annual Report.

Other members of the Board, the Director/ Joint Managing Director of E.B. Creasy & Co. PLC, parent company of Muller & Phipps (Ceylon) PLC, Director/ Group Chief Financial Officer and Senior Management Personnel of the Company and its Subsidiary are invited to the meetings regularly. External Auditors were present when appropriate.

The proceedings of the Audit Committee are reported to the Board of Directors, and an update is provided by the Chair of the Committee on matters that require the attention of the Board.

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

Meetings & Attendance

The Audit Committee met on eight occasions during the year ended 31st March, 2026 and the attendance was as follows:

Mr. P.Y.S. Perera – Chairman	8/8
Mr. K.G. Punchihewa – Member	8/8
Mr. S.B. Perera – Member	8/8



P.Y.S. Perera
Chairman

Audit Committee
01st June 2026

Nominations and Governance *Committee Report*

The Nominations & Governance Committee ensures that the governance framework of the Company aligns with the requirements of the Colombo Stock Exchange (CSE), and the Securities and Exchange Commission of Sri Lanka (SEC).

The Committee supports the Board in fulfilling its statutory and fiduciary responsibilities relating to corporate governance and the selection/appointment of new Directors and re-election and reappointment of current Directors to ensure the highest levels of Corporate Governance in the Company and among members of the Board of Directors.

There is a formal and transparent procedure for the appointment of new Directors to the Board, and the re-election and reappointment of current comma after which is in accordance with the recommendations made by the Nominations & Governance Committee, in consultation with the Chairman and in compliance with the provisions of the Articles of Association of the Company, the Policies adopted by the Company and the Rules on Corporate Governance.

The composition and the scope of work of the Committee are in line with the Terms of Reference of the comma after which will be periodically reviewed and revised with the concurrence of the Board.

KEY RESPONSIBILITIES & DUTIES OF THE COMMITTEE

- The Committee oversees the corporate governance structure of the organization, providing an overview of the principles, policies, and practices of the Board of Directors. This framework enables the Company to meet the governance requirements of the Colombo Stock Exchange (CSE), and the Securities and Exchange Commission of Sri Lanka (SEC).
- Furthermore, the Committee is responsible for reviewing and recommending improvements to the Company's governance policies and practices.
- The Committee monitors the effectiveness of compliance with the relevant regulatory and legal requirements and makes recommendations to the Board on such matters and any corrective action to be taken, as the Committee may deem appropriate.
- Whilst exercising the oversight with respect to the corporate governance by the Board of Directors, the Committee also considers and recommends succession arrangements from time to time for the retiring Directors, and Key Management Personnel taking into account the additional/new expertise required. The Committee regularly reviewed the structure, size, composition including gender representation and competencies (including the skills, knowledge and experience) of the Board members and made recommendations to the Board with regard to any changes.
- The fitness and propriety of the Directors were considered during the year as and when required to ensure compliance with requirements and Corporate Governance Rules of the CSE.

ACTIVITIES IN 2025/26

Performance evaluations of the Board were conducted and, reviewed by the Committee, and discussed at the Board Meeting.

The Policies of the Company were reviewed and recommended by the Committee and approved by the Board and duly established during the period 2024/25. The Committee ensured that the Policies were uploaded on the Company website by 1st October 2024. There were no changes made to the Policies during the period 2025/26.

The Committee reviewed general disclosure of interests, statutory and fit and proper declarations submitted by Directors and confirmed that the Directors meet eligibility criteria as set out in Listing Rule 9.7.3 of the Colombo Stock Exchange.

The Committee also reviewed the independence declarations submitted by Independent Non-Executive Directors and confirm that all Independent Non-Executive Directors meet and continue to meet the criteria for determining independence as set out in Listing Rule 9.8.3 of the Colombo Stock Exchange and were determined to be independent by the Board.

The Directors were briefed on the structure, processes, and resources of the Company and the applicable corporate governance framework, applicable Listing Rules, securities market regulations, and other applicable laws and regulations. Further, an annual update was given to existing Directors on Corporate Governance, Listing Rules, securities market regulations, and other applicable laws and regulations. Any major issues relating to the Company are communicated to the Independent

Directors and special meetings of the Board are held when the need arises to address such matters.

REAPPOINTMENTS/RE-ELECTIONS

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 by the shareholders.

Accordingly, the members of the Committee recommend that Mr. R.C.A. Welikala and Mr. A.D.T. Mendis, who retire by rotation in terms of the Articles of Association of the Company, be re-elected as Directors at the forthcoming Annual General Meeting to be held on 30th June 2026, based on their performance and the contribution made to achieve the objectives of the Board.

In view of the strategic direction of the Company and the Group and the pivotal role played by Mr. S.D.R. Arudpragasam, Non-Executive Chairman, in terms of sustenance and growth of the Company and the Group's business as a whole, as well as his Management skills, integrity, expertise, wealth of experience and business acumen, the Committee recommend to the shareholders that Mr. S.D.R. Arudpragasam, who is over 70 years of age, and who retires in terms of Section 210 of the Companies Act No. 7 of 2007 be re-appointed as a Director of the Company in terms of the Section 211 of the Companies Act No. 7 of 2007, at the forthcoming Annual General Meeting to be held on 30th June 2026.

The Directors coming up for re-election or reappointment do not have any close family relationship with the directors, the listed entity, nor do they have any relationship with shareholders holding over 10% of shares, other than disclosed hereunder.

Information of Directors who are to be re-elected/reappointed at the AGM are as follows:

Board Member	Date first appointed as Director	Date last re-appointed / re-elected as a Director	Board Committees served on	Any relationships including close family relationships between the member and the Directors of Muller & Phipps (Ceylon) PLC, the Company or its shareholders holding more than ten per-centum (10%) of the shares of Muller & Phipps (Ceylon) PLC. (M&PPLC)
Mr. S.D.R. Arudpragasam, Chairman (Non-Executive)	23rd June 2000	30th July 2025	None	Mr. S.D.R. Arudpragasam is the Executive Chairman/ Managing Director of the Parent Entity, E.B. Creasy & Co. PLC which holds more than ten per-centum (10%) of the shares of Muller & Phipps (Ceylon) PLC
Mr. R.C.A. Welikala Director (Non-Executive)	1st December 2006	25th September 2023	None	Mr. R.C.A. Welikala is an Executive Director of the Parent Entity, E.B. Creasy & Co. PLC which holds more than ten per-centum (10%) of the shares of Muller & Phipps (Ceylon) PLC
Mr. A.D.T. Mendis Director (Non-Executive)	1st August 2024	26th September 2024	None	Mr. A.D.T. Mendis is an Executive Director and the Group Chief Financial Officer of the Parent Entity, E.B. Creasy & Co. PLC which holds more than ten per-centum (10%) of the shares of Muller & Phipps (Ceylon) PLC

The names, qualifications, principal commitments, and other Directorships or Chairmanships of the aforesaid Directors coming up for re-election or reappointment and of the rest of the Board members of Muller & Phipps (Ceylon) PLC are given in their profiles on pages 15 to 17 and under the caption "Details of Directors' other Directorships" appearing on pages 41 to 46.

The Company's compliance status with the Colombo Stock Exchange Listing Rules on Corporate Governance is disclosed on pages 47 to 61.

COMPOSITION

The Nomination & Governance Committee of the Company comprises of the following members:

Mr. P.Y.S. Perera - *Chairman - Independent Non-Executive Director, Muller & Phipps (Ceylon) PLC*
Mr. K.G. Punchihewa - *Member - Independent Non-Executive Director, Muller & Phipps (Ceylon) PLC*
Mr. S.B. Perera - *Member - Independent Non-Executive Director, Muller & Phipps (Ceylon) PLC*

Nominations and Governance Committee Report

The independent Directors of the Listed Entity have submitted their declarations and the said Independent Directors meet and continue to meet the criteria for determining independence.

Brief profiles of the current members of the Committee are given on pages 15 to 17 of the Annual Report.

The Company's Secretaries, Corporate Managers & Secretaries (Private) Ltd. function as the Secretaries to the Nominations and Governance Committee.

MEETING ATTENDANCE

The Nominations and Governance Committee has met on 03 occasions during the financial year ended 31st March 2026 and the attendance was as follows:

Mr. P.Y.S. Perera – Chairman	3/3
Mr. K.G. Punchihewa - Member	3/3
Mr. S.B. Perera – Member	3/3

Other members of the Board are invited to attend meetings as and when required. The proceedings of the Nominations and Governance Committee are reported to the Board.

CONCLUSION

The Committee will continue to support the Board in choosing qualified applicants with the requisite training, expertise, and experience, guaranteeing the intended diversity of the Board to satisfy the Group's and Company's strategic needs and adhere to the Listing Rules of the Colombo Stock Exchange.

The Committee also ensures that consistent governance structures are in place to improve accountability and transparency.



P.Y.S. Perera
Chairman

Nominations and Governance Committee
01st June 2026

Remuneration *Committee Report*

The Remuneration Committee is responsible to the Board for developing and setting the Company's Remuneration Policy and recommending the policy applicable for the Executive Directors and for the Key Management personnel of the Company.

In addition, they lay down guidelines and parameters for the compensation structure of the management staff.

REMUNERATION POLICY

The key objective of the Company is to attract, motivate, and retain a highly qualified and experienced executive team by offering performance-based compensation aligned with industry standards. These packages are designed to be appropriate for each business within the Company and reflect the individual's level of expertise and contributions, taking into account business performance and shareholder returns.

All Non-Executive Directors receive a fee for serving on the Board and on Sub-Committees. They do not receive any performance related incentive payments.

KEY RESPONSIBILITIES & DUTIES OF THE COMMITTEE

- Determine and agree with the Board on a remuneration framework for the Chairman and Directors, based on performance, benchmarking principles, industry trends, and historical remuneration data.
- Plan for succession of Key Management Personnel to ensure leadership continuity and organizational stability.
- Review and recommend the company's overall remuneration philosophy, strategy, policies, practices, and performance-based pay plans.
- Formulate guidelines, policies, and parameters for structuring compensation packages for all Key Management Personnel within the Company.
- Regularly review executive compensation information to ensure alignment with current market and industry standards.

COMPOSITION

The Remuneration Committee of the Company consists of the following members:

Mr. P.Y.S. Perera - *Chairman*
Independent Non-Executive Director, Muller & Phipps (Ceylon) PLC
Mr. K.G. Punchihewa - *Member*
Independent Non-Executive Director, Muller & Phipps (Ceylon) PLC
Mr. S.B. Perera - *Member*
Independent Non-Executive Director, Muller & Phipps (Ceylon) PLC

Brief profiles of the members of the Committee are given on pages 15 to 17 of the Annual Report.

The Remuneration Committee has well defined Terms of Reference outlining the Committee's composition, quorum, authority and its responsibilities.

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

MEETINGS AND ATTENDANCE

The Committee has met once during the financial year ended 31st March 2026 and the meeting was attended by all the members.

Mr. P.Y.S. Perera - Chairman	1/1
Mr. K.G. Punchihewa - Member	1/1
Mr. S.B. Perera - Member	1/1

Other members of the Board are invited to attend meetings as and when required. The proceedings of the Remuneration Committee are reported to the Board.

KEY MANAGEMENT PERSONNEL REMUNERATION

The aggregate remuneration of the Executive and Non-Executive Directors for the Financial Year ended 31st March 2026 amounted to Rs. 4,966,000/-

CONCLUSION

The Committee is satisfied that it has fulfilled the responsibilities delegated to it by the Board during the year under review, and that the necessary objectives were successfully achieved.



P.Y.S. Perera
Chairman

Remuneration Committee
01st June 2026

Related Party Transactions *Review Committee Report*

The Related Party Transactions Review Committee is entrusted with the responsibility of ensuring that Shareholder interests are protected and fairness and transparency are maintained in all related party transactions.

KEY RESPONSIBILITIES & DUTIES OF THE COMMITTEE

- Review all proposed related party transactions (RPTs) of the Group in advance, either prior to the transaction being entered into or, if conditional upon such review, prior to its completion.
- Request and obtain any necessary information from management, employees, or external parties regarding any transaction involving a related party.
- Acquire appropriate knowledge or expertise to assess all aspects of proposed RPTs. This includes obtaining independent professional or expert advice from suitably qualified persons when required.
- Where necessary, recommend the proposed RPT to the Board and obtain its approval prior to the execution of the transaction.
- Monitor to ensure that all RPTs are conducted on normal commercial terms and are not prejudicial to the interests of the Group or its minority shareholders.
- Review any transfer of resources, services, or obligations between related parties, irrespective of whether a price is charged.
- Evaluate the economic and commercial substance of both recurrent and non-recurrent RPTs.
- Monitor and provide recommendations on the acquisition or disposal of substantial assets involving related parties. This includes obtaining competent and independent professional advice on the value of the substantial assets involved.
- Ensure that adequate and effective processes are in place to capture, track, and provide relevant information necessary for the Committee's review functions.

POLICY AND TERMS OF REFERENCE

The Committee has established a clear Policy and Terms of Reference approved by the Board, setting forth the procedure to identify related parties and the process of reporting the transactions with related parties to the Committee on a quarterly basis. It also specifies the approval process and disclosure requirements, including market announcements and Annual Report disclosures.

COMPOSITION

The Related Party Transactions Review Committee of the Company comprises of the following members:

Mr. P.Y.S. Perera - *Chairman*
Independent Non-Executive Director, Muller & Phipps (Ceylon) PLC
Mr. K.G. Punchihewa - *Member*
Independent Non-Executive Director, Muller & Phipps (Ceylon) PLC
Mr. S.B. Perera - *Member*
Independent Non-Executive Director, Muller & Phipps (Ceylon) PLC

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

Brief profiles of the members of the Committee are given on pages 15 to 17 of the Annual Report.

MEETINGS OF THE COMMITTEE

The Related Party Transactions Review Committee has met on five occasions during the financial year ended 31st March, 2026. Meetings of the Committee had been held in each quarter of the financial year and the attendance of the Committee was as follows:

Mr. P.Y.S. Perera – Chairman	5/5
Mr. K.G. Punchihewa – Member	5/5
Mr. S.B. Perera – Member	5/5

In addition to these Meetings a Related Party Transaction was referred to the Related Party Transactions Review Committee and had been reviewed and recommended by Resolution in writing.

The activities and views and proceedings of meetings of the Related Party Transactions Review Committee are duly documented and minuted and submitted to the Board of Directors.

Other members of the Board and senior management are invited to attend meetings as and when required.

DISCLOSURES

A detailed disclosure of all the related party transactions including recurrent and non- recurrent related party transactions which are required to be disclosed in the annual report under Section 9.14.8 of the Listing Rules of the Colombo Stock Exchange has been made in note 32 to the financial statements given on page No. 139 to 142 to this report.

CONCLUSION

The Related Party Transaction 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 Company has complied with the requirements of the Listing Rules on Related Party Transactions and details of Related Party Transactions are disclosed under Note No 32.

A declaration by the Board of Directors on compliance with the rules pertaining to related party transactions appears in the Annual Report of the Board of Directors on page No. 64 to 66.



P.Y.S. Perera
Chairman

Related Party Transactions Review Committee

01st June 2026





DIVIDING THE BARRIERS TO ACCESS

CARE DIVIDED WISELY REACHES EVERYONE

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

TO THE SHAREHOLDERS OF MULLER & PHIPPS (CEYLON) PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Muller & Phipps (Ceylon) PLC ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the Statement of Financial Position as at March 31, 2026, 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 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 March 31, 2026, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

Carrying value of inventories – Group

Refer material accounting policies 3.7 and explanatory note 18 to the financial statements

Risk description	Our response
The Group recorded inventories amounting to Rs.180.9 Mn as at 31st March 2026. This amounts to 31.99% 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.	Our audit procedures included, • 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.

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

T.J.S. Rajakarier FCA
W.K.D.C. Abeyrathne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R. G. H. Raddella ACA,
W.W.J.C. Perera FCA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA
Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

Principals: S.R.I. Perera FCMA (UK), LLB; Attorney-at-Law, H.S. Goonewardene ACA, Ms. F. R. Ziyard ACA, FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D Corea Dharmaratne

Carrying value of inventories – Group

Refer material accounting policies 3.7 and explanatory note 18 to the financial statements

Risk description	Our response
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.	• Evaluating the appropriateness of the Company's and the Group's revenue recognition policies, including the recognition, measurement and classification criteria as well as disclosure requirements as per SLFRS 15. • On a sample basis, comparing specific revenue transactions recorded before and after the financial year end with the underlying goods delivery notes and invoices to assess whether the related revenue had been recognized in the correct financial period. • Performing test of details over revenue by inspecting a sample of invoices and credit notes in order to ensure revenue is recognized and measured in accordance with the contractual terms of the contract and the Company's and the Group's accounting policies. • Comparing the consolidated financial statements disclosures against the underlying transactions and the accounting requirements.

Impairment of investment in subsidiary – Company

Refer material accounting policies in note 3.1.1, and explanatory note 15 to the financial statements

Risk description	Our response
The Company recorded Rs. 323.9 Mn as investment in subsidiary as at 31st March 2026. Muller & Phipps (Health Care) Limited, the subsidiary recorded a loss of Rs. 49.3 Mn during the year ended 31st March 2026. 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 and Company's ability to continue as going concern	
Refer material accounting policies in note 2.9 to the financial statements	
Risk description	Our response
The Group reported a net loss of Rs. 71.3 Mn for the year ended 31st March 2026. The Group has accumulated losses of Rs. 244.7 Mn as at reporting date which can primarily be attributed to the performance of its subsidiary, Muller & Phipps (Health Care) Limited. 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 and evaluate the appropriateness of management assessment of going concern. • 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 financial performance and position of the Group for the subsequent period, analyze trends and variances in key financial metrics based on the management accounts. • 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 in accordance with the relevant accounting standards

OTHER INFORMATION

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

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

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

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

Independent Auditor's Report

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.

CHARTERED ACCOUNTANTS
Colombo, Sri Lanka

01st June 2026

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March,	Notes	Group 2026 Rs.'000	Group 2025 Rs.'000	Company 2026 Rs. '000	Company 2025 Rs.'000
Revenue from contract with customers	5	587,290	724,568	2,000	2,000
Cost of sales		(447,271)	(559,380)	-	-
Gross profit		140,019	165,188	2,000	2,000
Other operating income	6.1	31,687	30,737	-	-
Administrative expenses		(99,487)	(89,187)	(13,735)	(9,417)
Selling & Distribution expenses		(118,861)	(157,505)	-	-
Other operating expenses	6.2	(1,873)	(1,656)	-	-
Loss of impairment on financial assets	7	(678)	(4,343)	(57)	(4,343)
Operating loss		(49,193)	(56,766)	(11,792)	(11,760)
Finance income		8,648	6,992	1,740	1,873
Finance costs		(16,618)	(23,140)	(12,060)	(13,075)
Net finance costs	8	(7,970)	(16,148)	(10,320)	(11,202)
Loss before income tax	9	(57,163)	(72,914)	(22,112)	(22,962)
Income tax expense	10	(14,188)	(10,784)	(10)	(292)
Loss for the year		(71,351)	(83,698)	(22,122)	(23,254)
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurement of retirement benefit obligation	27.3	(3,028)	(7,852)	-	-
Deferred tax on remeasurement of retirement benefit obligation		909	2,356	-	-
Equity investments at FVOCI - net change in fair value		(21)	82	-	-
		(2,140)	(5,414)	-	-
Items that are or may be reclassified to profit or loss					
Debt investments at FVOCI - net change in fair value		1,561	6,850	1,561	6,850
		1,561	6,850	1,561	6,850
Other comprehensive income for the year, net of tax		(579)	1,436	1,561	6,850
Total comprehensive income for the year		(71,930)	(82,262)	(20,561)	(16,404)
Loss per share (Rs.)	11	(0.25)	(0.30)	(0.08)	(0.08)

The Accounting Policies and Notes on pages 90 to 142 form an integral part of these financial statements.

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

As at 31st March,	Notes	Group		Company	
		2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	**4,421**	6,017	**-**	-
Intangible assets	13	**673**	871	**-**	-
Right-to-use assets	14	**906**	1,811	**-**	-
Investment in subsidiary	15	**-**	-	**323,897**	323,897
Other financial assets	16	**18,434**	23,236	**18,344**	23,125
Deferred tax asset	17	**65,405**	78,685	**25**	35
Total non-current assets		**89,839**	110,620	**342,266**	347,057
Current assets					
Inventories	18	**180,915**	109,461	**-**	-
Trade and other receivables	19	**174,370**	205,203	**-**	-
Amounts due from related companies	20	**39,889**	40,506	**502**	506
Other financial assets	21	**1,234**	-	**-**	-
Current tax assets		**987**	811	**976**	802
Cash and cash equivalents	22	**78,369**	52,402	**4,688**	2,044
Total current assets		**475,764**	408,383	**6,166**	3,352
Total assets		**565,603**	519,003	**348,432**	350,409
EQUITY					
Stated capital	23	**83,000**	83,000	**83,000**	83,000
Other components of equity	24	**26,372**	24,832	**9,720**	8,159
(Accumulated losses)/ retained earnings		**(244,778)**	(171,308)	**97,699**	119,821
Equity attributable to equity holders of the Company		**(135,406)**	(63,476)	**190,419**	210,980
Non-controlling interest - Preference shares	23.1	**250,000**	250,000	**-**	-
Total equity		**114,594**	186,524	**190,419**	210,980

As at 31st March,	Notes	Group 2026 Rs.'000	Group 2025 Rs.'000	Company 2026 Rs. '000	Company 2025 Rs.'000
LIABILITIES					
Non-current liabilities					
Loans and borrowings	25.2	**115,460**	115,460	**115,460**	115,460
Lease liabilities	26	**-**	1,053	**-**	-
Retirement benefit obligation	27	**31,484**	27,579	**-**	-
Total non-current liabilities		**146,944**	144,092	**115,460**	115,460
Current liabilities					
Trade and other payables	28	**177,295**	154,117	**5,435**	4,983
Loans and borrowings	25.1	**99,523**	18,539	**-**	-
Lease liabilities	26	**1,053**	929	**-**	-
Amounts due to related companies	29	**26,194**	14,281	**37,118**	18,986
Other financial liabilities	30	**-**	521	**-**	-
Total current liabilities		**304,065**	188,387	**42,553**	23,969
Total liabilities		**451,009**	332,479	**158,013**	139,429
Total equity and liabilities		**565,603**	519,003	**348,432**	350,409

The Accounting Policies and Notes on pages 90 to 142 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.
These Financial Statements were approved and signed for and on behalf of the Board of Directors of Muller & Phipps (Ceylon) PLC.

S.D.R. Arudpragasam
Chairman

S. Rajaratnam
Director

Colombo, Sri Lanka
01st June 2026

STATEMENT OF CHANGES IN EQUITY

Group	Equity attributable to equity holders of the Company						Non controlling interest - Preference shares	Total
	Stated capital	General reserve	Capital reserve	Fair value reserve	Accumulated losses	Total		
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs,'000	Rs.'000
Balance as at 1st April 2024	83,000	5,000	401	(7,636)	(61,979)	18,786	250,000	268,786
Total comprehensive income for the year								
Loss for the year	-	-	-	-	(83,698)	(83,698)	-	(83,698)
Other comprehensive income for the year	-	-	-	6,932	(5,496)	1,436	-	1,436
Total comprehensive income for the year	-	-	-	6,932	(89,194)	(82,262)	-	(82,262)
Transfer from fair value reserve to accumulated losses due to disposal of investment	-	-	-	20,135	(20,135)	-	-	-
Balance as at 31st March 2025	83,000	5,000	401	19,431	(171,308)	(63,476)	250,000	186,524
Balance as at 1st April 2025	83,000	5,000	401	19,431	(171,308)	(63,476)	250,000	186,524
Total comprehensive income for the year								
Loss for the year	-	-	-	-	(71,351)	(71,351)	-	(71,351)
Other comprehensive income for the year	-	-	-	1,540	(2,119)	(579)	-	(579)
Total comprehensive income for the year	-	-	-	1,540	(73,470)	(71,930)	-	(71,930)
Balance as at 31st March 2026	83,000	5,000	401	20,971	(244,778)	(135,406)	250,000	114,594

The Accounting Policies and Notes on pages 90 to 142 form an integral part of these financial statements.

Figures in brackets indicate deductions.

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 as at 1st April 2024	83,000	5,000	401	(4,092)	143,075	227,384
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(23,254)	(23,254)
Other comprehensive income for the year	-	-	-	6,850	-	6,850
Total comprehensive income for the year	-	-	-	6,850	(23,254)	(16,404)
Balance as at 31st March 2025	83,000	5,000	401	2,758	119,821	210,980
Balance as at 1st April 2025	83,000	5,000	401	2,758	119,821	210,980
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(22,122)	(22,122)
Other comprehensive income for the year	-	-	-	1,561	-	1,561
Total comprehensive income for the year	-	-	-	1,561	(22,122)	(20,561)
Balance as at 31st March 2026	83,000	5,000	401	4,319	97,699	190,419

The Accounting Policies and Notes on pages 90 to 142 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		Company	
		2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Cash flows from operating activities					
Loss before tax	9	**(57,163)**	(72,914)	**(22,112)**	(22,962)
Adjustments for:					
Depreciation on property, plant and equipment	12	**1,714**	1,673	**-**	-
Amortisation of intangible assets	13	**198**	177	**-**	-
Depreciation on right-of-use assets	14	**905**	905	**-**	-
Provision for retirement benefit obligation	27.2	**5,225**	4,522	**-**	-
Interest expense	8	**16,618**	20,862	**12,060**	13,075
Interest income	8	**(7,006)**	(6,992)	**(1,740)**	(1,873)
(Reversal)/Provision for inventories	18.1	**(14,456)**	20,459	**-**	-
Gain on sale of property, plant and equipment	6.1	**(124)**	(134)	**-**	-
Impairment/ (Reversal of impairment) on related party receivables	20.2.1	**586**	33	**(35)**	33
Impairment loss on other financial assets	7	**92**	4,310	**92**	4,310
Operating cash flows before working capital changes		**(53,411)**	(27,099)	**(11,735)**	(7,417)
Changes in:					
Inventories		**(56,998)**	147,395	**-**	-
Trade and other receivables		**30,833**	(48,423)	**-**	-
Amount due from related companies		**31**	539	**39**	77
Amounts due to related companies		**(147)**	(171)	**6,072**	3,551
Other financial liabilities		**(521)**	521	**-**	-
Other financial Assets		**(1,234)**	-	**-**	-
Trade and other payables		**23,178**	(44,932)	**451**	2,165
Cash (used in) / generated from operations		**(58,267)**	27,830	**(5,172)**	(1,624)
Interest paid (excluding lease interest)	8	**(4,362)**	(7,483)	**-**	-
Retiring benefit paid	27.1	**(4,348)**	(1,223)	**-**	-
Income tax paid		**(176)**	(9)	**(174)**	(70)
Lease interest paid	8	**(196)**	(304)	**-**	-
Net cash (used in) / generated from operating activities		**(67,348)**	18,810	**(5,346)**	(1,694)

For the year ended 31st March,	Notes	Group		Company	
		2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Cash flows from investing activities					
Purchase of property, plant and equipment and intangible assets	12/13	**(153)**	(3,308)	**-**	-
Proceeds from sale of property, plant and equipment		**157**	227	**-**	-
Proceeds from sale of equity shares		**-**	11,745	**-**	-
Interest income received		**7,006**	6,992	**1,740**	1,873
Net of, granted and recovered loans due from related companies	20.1	**-**	(40,000)	**-**	-
Proceeds from Redemption of Debenture		**6,250**	-	**6,250**	-
Net cash generated from / (used in) investing activities		**13,260**	(24,344)	**7,990**	1,873
Cash flows from financing activities					
Proceeds from trust receipt loans	25.4	**325,787**	242,955	**-**	-
Repayment of trust receipt loans	25.4	**(244,803)**	(252,334)	**-**	-
Repayment of lease liabilities	14.2	**(929)**	(821)	**-**	-
Net cash generated from / (used in) financing activities		**80,055**	(10,200)	**-**	-
Increase / (Decrease) in cash and cash equivalents		**25,967**	(15,735)	**2,644**	179
Cash and cash equivalents at the beginning of the year		**52,402**	68,137	**2,044**	1,865
Cash and cash equivalents at the end of the year	22	**78,369**	52,402	**4,688**	2,044

The Accounting Policies and Notes on pages 90 to 142 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 & 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, Sri Lanka.

The consolidated financial statements of the Group as at and for the year ended 31st March 2026 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 (Healthcare) Limited which is serving as an authorised agent representative in Sri Lanka for overseas pharmaceutical principals and is primarily involved in the import, marketing, promotion, and distribution of pharmaceutical products in the domestic market.

1.3. Parent Enterprise

The Company's immediate parent company is E.B. Creasy and Company PLC, and its ultimate parent and controlling entity is The Colombo Fort Land and Building PLC

2. BASIS OF PREPARATION

2.1. Statement of Compliance

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 (the Accounting Standards) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Accounting standards comprise:

- Sri Lanka Financial Reporting Standards (SLFRS)
- Sri Lanka Accounting Standards (LKAS)
- Statement of Recommended Practices (SoRPs)
- Statements of Alternative Treatment (SoATs) and Financial Guidelines issued by the CA Sri Lanka

2.2. Responsibility of Financial Statements

The Board of Directors is responsible for the preparation and presentation of these financial statements of the Group and the Company 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 2026 were authorized for issue by the Directors on 01st June 2026.

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 3.4** – retirement benefit obligations which are measured at the present value of the defined benefit plans.
- **Note 3.11** – financial assets 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 3.10)

B. Assumptions and Estimation Uncertainties

Information about assumptions and estimation uncertainties at 31st March 2026 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 3.4** – measurement of defined benefit obligations: key actuarial assumptions;
- **Note 3.6.2** – recognition of deferred tax asset: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;
- **Note 3.12** – measurement of ECL allowance for trade receivables: key assumptions in determining the weighted average loss rate and recoverable rate.
- **Note 3.12** – measurement of fair value of debt securities measured at fair value through other comprehensive income

C. Measurement of Fair Values

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.

Notes to the Financial Statements

Further information about the assumptions made in measuring fair values is included in the Note 31.1.4, financial instruments.

2.9. Going Concern

The Directors have assessed the Group's ability to continue as a going concern and are satisfied that the Group possesses the requisite resources to maintain its business operations for the foreseeable future. Directors confirmed that there is no intention to liquidate or cease operations of any business unit within the Group. In order to assess the Group's ability, the Directors assessed the Subsidiary's ability as a going concern since Muller & Phipps (Ceylon) PLC operates as a holding entity, maintaining its investment in its sole subsidiary, Muller & Phipps (Healthcare) Limited, and currently has no direct commercial operations.

The Directors have assessed the subsidiary's ability to continue as a going concern. Based on this assessment, they are satisfied that the subsidiary has adequate resources to continue its operations for the foreseeable future. In performing this assessment, the Directors considered that the subsidiary incurred a net loss after tax of Rs. 49,388,924/- for the year ended 31 March 2026 (2024/25 – Rs. 60,444,335), has accumulated losses of Rs. 302,133,942/- as at 31 March 2026 (2025 – Rs. 250,625,122), and reported net cash outflows from operating activities of Rs. 62,001,704/- during the year (2024/25 – positive operating cash flows of Rs. 20,502,276).

Further, as at the reporting date, the subsidiary's net assets are less than half of the stated capital and faces a serious loss of capital situation. These matters indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt on the subsidiary's ability to continue as a going concern. However, the Directors also considered several mitigating factors. As at 31 March 2026, the subsidiary's current assets exceeded its current liabilities by Rs. 207,854,713/- (2025 – Rs. 240,613,774), indicating that the subsidiary is in a positive working capital position and is expected to meet its obligations as they fall due in the normal course of business. In addition, the subsidiary has unutilized trust receipt facilities available to support the financing of inventory purchases, if required.

The Management of subsidiary has also undertaken strategic initiatives to strengthen it's operational performance and future revenue streams. These include the launch of a new product range in February 2026 and the execution of 17 partnership agreements. Out of these, 8 portfolios comprising 16 products have been submitted to the National Medicines Regulatory Authority (NMRA) for approval and are expected to be commercialized during the first half of the 2027/28 financial year. Additional partnership agreements are currently under negotiation, which are expected to further enhance the subsidiary's product portfolio and revenue-generating capacity. In addition, the Board of Directors of the subsidiary confirms that they do not have any intention to liquidate the Company or cease the operations at least 12 months from the date of signing the financial statements.

Accordingly, based on the foregoing, the Directors of the Parent Company are therefore satisfied that the use of the going concern basis of accounting is appropriate and firmly believe that the Group will continue to operate as a going concern for the foreseeable future. Consequently, these financial statements have been prepared on a going concern basis.

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. MATERIAL ACCOUNTING POLICIES

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

3.1. 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.

3.1.1 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'.

3.1.2. 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.

3.1.3. 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.

3.1.4. 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.

3.1.5 Transactions Eliminated on Consolidation

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

3.2. Foreign Currency

3.2.1.Foreign Currency Transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group's entities at the

Notes to the Financial Statements

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.

3.3. Revenue from Contracts with Customers

The Group generates revenue through sales and management fees.

Performance obligation and revenue recognition policies
Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over goods to a customer and adopts following policies.

(A). Sale of goods
Customers obtain control of products when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Invoices are usually payable within 40/ 60 days based on the customer and product categories.

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

3.4. Employee benefits

3.4.1. 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.

3.4.2. 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.

3.4.3. 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.

3.4.4. 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.

3.5. Finance Income and Finance Costs

The Group's net finance expense comprises of interest expenses, interest income, the net foreign currency gain or loss, fair value gain or loss on corporate debt securities at FVOCI and fair value loss or gain on financial derivatives.

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

The 'effective interest rate' is the rate which 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.

3.6. 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.

3.6.1. 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.

3.6.2. 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.

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.

3.7. 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.

3.8 Property, Plant and Equipment

3.8.1 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.

3.8.2. 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.

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3.8.3. 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	Number 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.

3.8.4. 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.

3.9 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.

3.9.1. Recognition and Measurement

3.9.1.1. 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.

3.9.2. 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.

3.9.3. 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	Number of years
Computer software	05 years

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

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

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.

3.10.1. 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". and lease liabilities in "Interest Bearing Loans and borrowings" in the statement of financial position.

3.10.2. 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.

3.11. Financial Instruments

3.11.1. 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.

3.11.2. Classification and Subsequent Measurement

3.11.2.1. 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).

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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.

3.11.2.2. 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.

3.11.2.3. 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 sole 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.

3.11.2.4. 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 and transferred directly to retained earnings.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3.11.3. De-Recognition

3.11.3.1. Financial Assets

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

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.

3.11.3.2. Financial Liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified 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.

3.11.4 Derivatives Recorded at fair Value Through Profit or Loss

A derivative is a financial instrument or other contract that meets all three of the following criteria:

- Its value changes in response to changes in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable. In the case of a non-financial variable, it must not be specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Group enters into derivative transactions, including forward foreign exchange contracts. Derivatives are recorded at fair value and are recognized as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are recognized in the profit or loss.

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3.12. Impairment

3.12.1 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.

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.

3.12.1.1 Measurement of ECLs

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

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

3.12.1.2 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.

3.12.1.3 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.

3.12.1.4 Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For 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.

3.12.2 Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than 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.

3.13 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.

3.14 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.

3.15 Other Income

Other income is recognised on an accrual basis. Net gains and losses of a revenue nature on the disposal of property, plant and 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.

Notes to the Financial Statements

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.

3.16 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.

3.17 Borrowing Costs

Borrowing costs are recognised as an expense in profit and loss in the period in which they are incurred, except to the extent that they are attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset. The amount of borrowing costs to be capitalised is determined in accordance with the LKAS 23 - Borrowing Costs.

3.18 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.

3.19 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.

3.20 Stated Capital

3.20.1 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.

3.20.2 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.

3.21 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.

3.22 Cash and 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.

Cash and cash equivalents includes bank overdrafts that are repayable on demand and form integral part of the Group and Company's cash management.

3.23 Movement of Reserves

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

3.24 Capital Commitments and Contingencies

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

3.25 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.

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE AS AT THE REPORTING DATE

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has issued several new accounting standards and amendments/ improvements to existing standards. These new standards are set to become effective in the coming years. Early application of these standards are allowed, but the Group has not early adopted any of the new or amended standards in the preparation of these financial statements.

A) SLFRS 18 Presentation and Disclosure in Financial Statement

SLFRS 18 will replace LKAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new accounting standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations, and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.
- Management-defined Performance Measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

B) Other Accounting Standards

The following new and amended accounting standards are not expected to have a significant impact on the financial statements.

- Classification and Measurement of Financial Instruments (Amendments to SLFRS 9 and SLFRS 7) applies for annual reporting periods beginning on or after 1 January 2026.
- Subsidiaries without Public Accountability Disclosures (SLFRS 19) applies for annual reporting periods beginning on or after 1 January 2027.

Notes to the Financial Statements

5 REVENUE FROM CONTRACT WITH CUSTOMERS

For the year ended 31st March,	Group		Company	
	2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Sale of pharmaceuticals	**587,290**	724,568	**-**	-
Management fee	**-**	-	**2,000**	2,000
	587,290	724,568	**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) Limited).

6 OTHER OPERATING INCOME/ EXPENSES

6.1 Other Operating Income

For the year ended 31st March,	Group		Company	
	2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Commission and reimbursement from foreign principal (Note 6.1.1)	**24,945**	30,586	**-**	-
Gain on disposal of property, plant and equipment	**124**	134	**-**	-
Sample income	**6,618**	17	**-**	-
	31,687	30,737	**-**	-

6.1.1 Commission income is derived from documentation related services provided to foreign principal.

6.2 Other Operating Expenses

For the year ended 31st March,	Group		Company	
	2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Bank charges	**1,375**	827	**-**	-
Write-off of trade receivable	**6**	101	**-**	-
Social Security Contribution Levy (SSCL)	**492**	728	**-**	-
	1,873	1,656	**-**	-

7 LOSS OF IMPAIRMENT ON FINANCIAL ASSETS

For the year ended 31st March,	Group		Company	
	2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
(Loss)/ reversal of impairment on financial assets;				
Corporate debt securities	**(92)**	(4,310)	**(92)**	(4,310)
Amounts due from related companies	**(586)**	(33)	**35**	(33)
	(678)	(4,343)	**(57)**	(4,343)

8 NET FINANCE (COSTS)/ INCOME

For the year ended 31st March,	Group		Company	
	2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Interest income under the effective interest method on:				
Loans due from related companies	**4,178**	4,607	**-**	-
Call, savings and fixed deposits	**1,088**	512	**-**	-
Interest income from debenture	**1,740**	1,873	**1,740**	1,873
Total interest income	**7,006**	6,992	**1,740**	1,873
Fair value gain on derivative	**1,234**	-	**-**	-
Net foreign exchange gain	**408**	-	**-**	-
Total finance income	**8,648**	6,992	**1,740**	1,873
Interest expense on financial liabilities measured at amortized cost				
Trust receipt loans	**(2,000)**	(4,466)	**-**	-
Corporate guarantee charges	**(2,357)**	(2,353)	**-**	-
Bank overdraft	**(5)**	(664)	**-**	-
Lease liabilities	**(196)**	(304)	**-**	-
Loans due to related companies	**(12,060)**	(13,075)	**(12,060)**	(13,075)
Total interest costs	**(16,618)**	(20,862)	**(12,060)**	(13,075)
Net foreign exchange loss	**-**	(1,757)	**-**	-
Fair value loss on financial derivative	**-**	(521)	**-**	-
Total finance costs	**(16,618)**	(23,140)	**(12,060)**	(13,075)
Net finance costs recognized in profit or loss	**(7,970)**	(16,148)	**(10,320)**	(11,202)

Notes to the Financial Statements

9 LOSS BEFORE TAX

This is stated after charging all expenses including the following;

	Group		Company	
For the year ended 31st March,	**2026 Rs.'000**	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Directors' emoluments	**4,966**	2,316	**4,710**	2,028
Auditors' remuneration - Statutory audit	**1,833**	1,800	**693**	660
Non-audit services	**714**	117	**529**	117
Depreciation and amortization	**2,817**	2,755	**-**	-
Lease and service charges for storage	**4,887**	7,349	**-**	-
Staff cost (Note 9.1)	**90,041**	125,530	**-**	-

9.1 Staff Cost

	Group		Company	
For the year ended 31st March,	**2026 Rs.'000**	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Salaries and related costs	**76,610**	109,208	**-**	-
Defined benefit plan costs - Retirement benefit	**5,225**	4,522	**-**	-
Defined contribution plan costs - EPF and ETF	**8,206**	11,800	**-**	-
Total staff cost	**90,041**	125,530	**-**	-
Number of employees at year end	**60**	69	**-**	-

10 INCOME TAX EXPENSE

10.1 Tax Recognized in Profit or Loss

	Group		Company	
For the year ended 31st March,	**2026 Rs.'000**	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Current income tax expense	**-**	-	**-**	-
Change in estimate related to previous years	**-**	-	**-**	-
Deferred tax expense	**(14,188)**	(10,784)	**(10)**	(292)
Reversal of temporary differences (Note 17)	**(14,188)**	(10,784)	**(10)**	(292)

10.2 Reconciliation of Accounting (Loss)/ Profit to Income Tax Expense

For the year ended 31st March,	Group		Company	
	2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Accounting loss before income tax expense	**(57,163)**	(72,914)	**(22,112)**	(22,962)
Aggregate disallowable expenses	**20,484**	45,686	**10,381**	17,418
Aggregate allowable expenses	**(29,809)**	(10,024)	**-**	-
Taxable loss of the business	**(66,486)**	(37,252)	**(11,731)**	(5,544)

10.3 Reconciliation Carried Forward of Tax Loss

For the year ended 31st March,	Group		Company	
	2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Balance at 1st April	**320,297**	308,627	**5,544**	26,472
Expired during the year	**-**	(25,582)	**-**	(26,472)
Incurred during the year	**66,485**	37,252	**11,731**	5,544
Losses transferred from business to investment	**(7,934)**	-	**-**	-
Balance at 31st March	**378,848**	320,297	**17,275**	5,544

10.4 Tax Recognized on Other Comprehensive Income

For the year ended 31st March,	Group					
	2026			**2025**		
	Before tax Rs.'000	**Tax effect Rs.'000**	**Net of tax Rs.'000**	Before tax Rs.'000	Tax effect Rs.'000	Net of tax Rs.'000
Remeasurement of retirement benefit obligation	**(3,028)**	**909**	**(2,120)**	(7,852)	2,356	(5,496)

10.5 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.

Notes to the Financial Statements

11 LOSS PER SHARE

The calculation of loss per share is based on the loss after tax attributable to ordinary shareholders and the weighted average number of ordinary shares in oustanding during the year.

	Group		Company	
For the year ended 31st March,	**2026 Rs.'000**	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Loss after tax attributable to ordinary shareholders (Rs.'000)	**(71,351)**	(83,698)	**(22,122)**	(23,254)
Weighted average number of ordinary shares in issue ('000)	**283,000**	283,000	**283,000**	283,000
Loss per share (Rs.)	**(0.25)**	(0.30)	**(0.08)**	(0.08)

11.1 Diluted Earnings Per Share

There were no potentially dilutive ordinary shares outstanding at any time during the year.

12 PROPERTY, PLANT AND EQUIPMENT

12.1 Group

	Motor vehicle Rs.'000	Computers Rs.'000	Furniture and fittings Rs.'000	Office equipment Rs.'000	Total Rs.'000
Cost					
Balance as at 1st April 2024	300	13,045	2,823	2,505	18,673
Additions during the year	-	1,601	216	502	2,319
Disposals during the year	-	(5,975)	(777)	(967)	(7,719)
Balance as at 31st March 2025	300	8,671	2,262	2,040	13,273
Balance as at 1st April 2025	300	8,671	2,262	2,040	13,273
Additions during the year	-	-	-	153	153
Write off	-	(128)	-	-	(128)
Disposals during the year	-	(102)	-	(34)	(136)
Balance as at 31st March 2026	**300**	**8,441**	**2,262**	**2,159**	**13,162**
Accumulated depreciation					
Balance as at 1st April 2024	300	9,435	1,797	1,677	13,209
Disposals during the year	-	(5,975)	(777)	(874)	(7,626)
Depreciation	-	1,260	155	258	1,673
Balance as at 31st March 2025	300	4,720	1,175	1,061	7,256
Balance as at 1st April 2025	300	4,720	1,175	1,061	7,256
Write off	-	(127)	-	-	(127)
Disposals during the year	-	(93)	-	(9)	(102)
Depreciation	-	1,310	166	238	1,714
Balance as at 31st March 2026	**300**	**5,810**	**1,341**	**1,290**	**8,741**
Carrying amount					
Balance as at 31st March 2026	**-**	**2,631**	**921**	**869**	**4,421**
Balance as at 31st March 2025	-	3,951	1,087	979	6,017

12.2 Company

	Motor vehicle Rs.'000	Computers Rs.'000	Furniture and fittings Rs.'000	Office equipment Rs.'000	Total Rs.'000
Cost					
Balance as at 1st April 2024	300	814	378	54	1,546
Balance as at 31st March 2025	300	814	378	54	1,546
Balance as at 1st April 2025	300	814	378	54	1,546
Balance as at 31st March 2026	**300**	**814**	**378**	**54**	**1,546**
Accumulated depreciation					
Balance as at 1st April 2024	300	814	378	54	1,546
Balance as at 31st March 2025	300	814	378	54	1,546
Balance as at 1st April 2025	300	814	378	54	1,546
Balance as at 31st March 2026	**300**	**814**	**378**	**54**	**1,546**
Carrying amount					
Balance as at 31st March 2025	-	-	-	-	-
Balance as at 31st March 2026	**-**	**-**	**-**	**-**	**-**

13 INTANGIBLE ASSETS

As at 31st March,	Group		Company	
	2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Computer software				
Cost				
Balance as at 1st April	**2,723**	2,424	**-**	-
Additions during the year	**-**	989	**-**	-
Disposals during the year	**(1,200)**	(690)	**-**	-
Balance as at 31st March	**1,523**	2,723	**-**	-
Amortization				
Balance as at 1st April	**1,852**	2,365	**-**	-
Amortization	**198**	177	**-**	-
Disposals during the year	**(1,200)**	(690)	**-**	-
Balance as at 31st March	**850**	1,852	**-**	-
Carrying amount				
Balance as at 31st March	**673**	871	**-**	-

Notes to the Financial Statements

14 RIGHT OF USE ASSETS

As at 31st March,	Group 2026 Rs.'000	Group 2025 Rs.'000	Company 2026 Rs. '000	Company 2025 Rs.'000
Cost				
Balance as at 1st April	**11,086**	11,086	**-**	-
Balance as at 31st March	**11,086**	11,086	**-**	-
Depreciation				
Balance as at 1st April	**9,275**	8,370	**-**	-
Depreciation	**905**	905	**-**	-
Balance as at 31st March	**10,180**	9,275	**-**	-
Carrying amount				
Balance as at 31st March	**906**	1,811	**-**	-

The Subsidiary has entered into a lease agreement with E.B. Creasy & Company PLC (Intermediate Parent Company) for the office premises for a period of 4 years commencing 1st April 2023 and ending on 31st March 2027.

14.1 Amounts Recognized in Profit or Loss

As at 31st March,	Group 2026 Rs.'000	Group 2025 Rs.'000	Company 2026 Rs. '000	Company 2025 Rs.'000
Depreciation of right-of-use asset	**905**	905	**-**	-
Interest on lease liabilities (Note 26)	**196**	304	**-**	-

14.2 Amounts recognized in statement of cash flows

As at 31st March,	Group 2026 Rs.'000	Group 2025 Rs.'000	Company 2026 Rs. '000	Company 2025 Rs.'000
Lease interest paid (Note 26)	**196**	304	**-**	-
Repayment of lease liabilities (Note 26)	**929**	821	**-**	-

15 INVESTMENTS IN SUBSIDIARY

As at 31st March	Principal place of business/ Country of incorporation	Number of shares	Company holding	Group holding	2026 Rs.'000	2025 Rs.'000
Muller & Phipps (Health Care) Limited (Formerly known as Pettah Pharmacy (Private) Limited)	No. 98, Sri Sangaraja Mawatha, Colombo 10, Sri Lanka/ Sri Lanka	272,033,618	100%	100%	**323,897**	323,897
					323,897	323,897

Principal activity of Subsidiary
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 fair value measurement was categorized as a Level 3 fair value based on the inputs in valuation technique were used.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industry and have based on historical data from both external and internal sources.

Investee	Significant unobservable inputs	Value of the input
Muller & Phipps (Health Care) Limited	Average growth rate	First year 75% second year 58%, third year 30% and 10% average annual growth over fourth to fifth years
	Gross profit margin	First year 21.5% and 25% average annual gross profit margin over second to fifth years
	EBITDA margin	Margin of 2.1% to 4.2% over first to fifth year
	Discount rate	Weighted average cost of capital rate 23.1%
	Term	5 years (terminal value thereafter)

The estimated recoverable amount of Muller & Phipps (Health Care) Limited exceeded its carrying value by approximately Rs. 134.7 Mn.
Management has identified that a reasonably possible change in two key assumptions could impact the carrying amount which to be exceeded the recoverable amount.

Notes to the Financial Statements

The following table shows the percentage by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

As at 31st March,	Change required for carrying amount to equal recoverable amount 2026
Discount rate	2.5%
Average growth rate	-4.5%

16 OTHER FINANCIAL ASSETS

As at 31st March,	Group		Company	
	2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Equity securities - at FVOCI (Note 16.1)	**90**	111	**-**	-
Corporate debt securities - FVOCI (Note 16.2)	**18,344**	23,125	**18,344**	23,125
	18,434	23,236	**18,344**	23,125

16.1 Equity Securities - at FVOCI

As at 31st March,	Group			Company		
	2026		2025	**2026**		2025
	Cost Rs.'000	**Value Rs.'000**	Value Rs.'000	**Cost Rs.'000**	**Value Rs.'000**	Value Rs.'000
Beruwala Resorts PLC (30,000 shares)	**45**	**90**	111	**-**	**-**	-
	45	**90**	111	**-**	**-**	-

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.

16.2 Corporate Debt Securities - at FVOCI

As at 31st March,	Group			Company		
	2026		2025	**2026**		2025
	Cost Rs.'000	**Value Rs.'000**	Value Rs.'000	**Cost Rs.'000**	**Value Rs.'000**	Value Rs.'000
Kotagala Plantations PLC (Note 16.2.1)	**18,750**	**18,344**	23,125	**18,750**	**18,344**	23,125
	18,750	**18,344**	23,125	**18,750**	**18,344**	23,125

16.2.1 During the year ended 31st March 2015, the Company subscribed to 500,000 redeemable debentures of Kotagala Plantations PLC with a par value of Rs. 100 each. During the year debentures amounting to Rs. 6,250,000/- were redeemed and the remaining balance as at the reporting date amounted to 250,000 debentures.

The rated secured redeemable debenture Type C and Type D issued by Kotagala Plantations PLC in terms of the trust deed dated 5th May 2014 was restructured with the requisite consent of the debenture holders of Kotagala Plantations PLC at a meeting convened by the Trustees on 17th September 2020. The term sheet for the restructured redeemable debentures Type C and Type D applicable for the Company which is a related party of Kotagala Plantations PLC are as follows:

Category	Nature of the instrument	Number of debentures	Year of issue	Interest rate	Coupon frequency	Date of maturity
Type C (Restructured)	Unsecured, unlisted and rated	125,000	2014	7.5% per annum	Monthly	Monthly redemption, starting from 30th September 2025
Type D (Restructured)	Secured, listed and rated	125,000	2014	7.5% per annum	Annually	30th September 2026

16.2.2 Corporate Debt Securities - at FVOCI - Movement During the Year

As at 31st March,	Group		Company	
	2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Balance as at 1st April	**23,125**	20,585	**23,125**	20,585
Redemption	**(6,250)**	-	**(6,250)**	-
Recognized in other comprehensive income				
Increase in fair value	**1,469**	2,540	**1,469**	2,540
Impairment loss	**92**	4,310	**92**	4,310
Recognized in profit or loss				
Reversal of impairment	**(92)**	(4,310)	**(92)**	(4,310)
Balance as at 31st March	**18,344**	23,125	**18,344**	23,125

17 DEFERRED TAX ASSETS

As at 31st March	Group		Company	
	2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Balance as at 1st April	**78,685**	87,113	**35**	327
Reversal of temporary difference recognized in profit or loss	**(14,188)**	(10,784)	**(10)**	(292)
Origination of temporary difference recognized in other comprehensive income	**909**	2,356	**-**	-
Balance as at 31st March	**65,405**	78,685	**25**	35

Notes to the Financial Statements

17 DEFERRED TAX ASSETS (CONTD.)

17.1 Composition of Deferred Tax Assets/ (Liabilities)

As at 31st March	2026		2025	
	Temporary difference Rs.'000	**Tax effect Rs.'000**	Temporary difference Rs.'000	Tax effect Rs.'000
Company				
On provision for impairment on amounts due from related companies	**82**	25	**117**	35
	82	25	**117**	35
Group				
On property, plant and equipment	**(2,356)**	(707)	**(2,446)**	(734)
On carried forward tax loss	**183,257**	54,978	**216,508**	64,952
On lease liabilities	**1,053**	316	**1,982**	595
On unrealized foreign exchange gain	**(1,299)**	(390)	**(180)**	(54)
On retirement benefit obligation	**31,484**	9,445	**27,579**	8,274
On provision for impairment on amounts due from related companies	**702**	211	**117**	35
On right-of-use assets	**(906)**	(272)	**(1,811)**	(543)
On provision for impairment on inventories	**6,078**	1,823	**20,534**	6,160
	218,013	65,405	**262,283**	78,685

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, current tax rate applicable for the Group was 30% as at 31st March 2026 (31st March 2025 - 30%).

17.2 Unrecognized Deferred Tax Assets

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

As at 31st March	Group			
	2026		2025	
	Temporary difference Rs.'000	**Tax effect Rs.'000**	Temporary difference Rs.'000	Tax effect Rs.'000
On carried forward tax loss	**195,591**	**58,677**	**103,789**	31,137
Unrecognized deferred tax assets	**195,591**	**58,677**	**103,789**	31,137

As at 31st March	Company			
	2026		2025	
	Temporary difference Rs.'000	Tax effect Rs.'000	Temporary difference Rs.'000	Tax effect Rs.'000
On carried forward tax loss	17,275	5,183	5,544	1,663
Unrecognized deferred tax assets	17,275	5,183	5,544	1,663

Deferred tax assets are recognized 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 recognize 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 realized; such deductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized 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.

Group						
As at 31st March,			Deferred Tax Assets			
			Recognized		Unrecognized	
Rs.'000	Amount	Expiry date	Tax loss	Tax effect	Tax loss	Tax effect
2022/2023	131,102	3/31/2028	-	-	131,102	39,330
2023/2024	151,943	3/31/2029	104,729	31,419	47,214	14,164
2024/2025	37,252	3/31/2030	31,708	9,513	5,544	1,663
2025/2026	58,551	3/31/2031	46,820	14,046	11,731	3,519
	378,848		183,257	54,978	195,591	58,677

Company						
As at 31st March,			Deferred Tax Assets			
			Recognized		Unrecognized	
Rs.'000	Amount	Expiry date	Tax loss	Tax effect	Tax loss	Tax effect
2024/2025	5,544	3/31/2030	-	-	5,544	1,663
2025/2026	11,731	3/31/2031	-	-	11,731	3,519
	17,275				17,275	5,182

Notes to the Financial Statements

18 INVENTORIES

As at 31st March	Group		Company	
	2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Trading stocks	**186,993**	129,995	**-**	-
Less: Provision for impairment on inventories (Note 18.1)	**(6,078)**	(20,534)	**-**	-
	180,915	109,461	**-**	-

18.1 Provision for Impairment of Inventories

As at 31st March	Group		Company	
	2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Balance as at 1st April	**20,534**	75	**-**	-
(Reversal)/charge of impairment loss	**(14,456)**	20,459	**-**	-
Balance as at 31st March	**6,078**	20,534	**-**	-

Inventories pledged as securities in obtaining loans are disclosed in Note 25.5

In the year ended 31st March 2026, inventories of Rs. 461.7 Mn (In the year ended 31st March 2025: Rs. 538.9 Mn) were recognized as an expense and included in 'cost of sales'.

19 TRADE AND OTHER RECEIVABLES

As at 31st March	Group		Company	
	2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Trade receivables	**76,023**	136,571	**-**	-
Reimbursements due from principals	**67,521**	63,843	**-**	-
Other receivables, deposits and prepayments (Note 19.1)	**30,826**	4,789	**-**	-
	174,370	205,203	**-**	-

19.1 Other Receivables, Deposits and Prepayments

As at 31st March	Group		Company	
	2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Prepayments	**1,425**	1,201	**-**	-
Advances	**4,926**	2,874	**-**	-
Advances paid to foreign principals	**5,162**	461	**-**	-
Dreavia sample conversion	**4,413**	-	**-**	-
VAT receivable	**14,900**	253	**-**	-
	30,826	4,789	**-**	-

19.2 Provision for Impairment on Other Receivables

As at 31st March	Group		Company	
	2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Balance as at 1st April	**-**	886	**-**	886
Write-off	**-**	(886)	**-**	(886)
Balance as at 31st March	**-**	-	**-**	-

20 AMOUNTS DUE FROM RELATED COMPANIES

20.1 Loans Due from Related Companies

As at 31st March,	Relationship	Group		Company	
		2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Darley Butler & Company Limited- loan	Affiliate	**40,000**	40,000	**-**	-
Darley Butler & Company Limited- current account	Affiliate	**8**	-	**-**	-
Less :Impairment provision (Note 20.2.1)		**(621)**	-	**-**	-
		39,387	40,000	**-**	-

20.2 Amounts Due from Related Companies

As at 31st March,	Relationship	Group		Company	
		2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Kotagala Plantations PLC	Affiliate	**584**	623	**584**	623
Less: Provision for impairment on amounts due from related companies (Note 20.2.1)		**(82)**	(117)	**(82)**	(117)
		502	506	**502**	506
		39,889	40,506	**502**	506

Notes to the Financial Statements

20 AMOUNTS DUE FROM RELATED COMPANIES (CONTD.)

20.2 Amounts Due from Related Companies (Contd.)

20.2.1 Provision for Impairment on Amounts Due from Related Companies

As at 31st March,	Group		Company	
	2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Balance as at 1st April	**117**	204	**117**	204
Write-off	**-**	(120)	**-**	(120)
Loss/ (reversal) of impairment	**586**	33	**(35)**	33
Balance as at 31st March	**703**	117	**82**	117

21 OTHER FINANCIAL ASSETS

As at 31st March,	Group		Company	
	2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Other financial assets	**1,234**	-	**-**	-
	1,234	-	**-**	-

The Subsidiary, Muller & Phipps (Health Care) Limited has recorded financial derivatives on forward exchange contracts covering bills payable totaling to USD 501,117/-.

22 CASH AND CASH EQUIVALENTS

As at 31st March,	Group		Company	
	2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Cash in hand	**210**	489	**-**	-
Cash at bank	**78,159**	51,913	**4,688**	2,044
Cash and cash equivalents in the statement of financial position	**78,369**	52,402	**4,688**	2,044

23 STATED CAPITAL

	Group		Company	
As at 31st March,	**2026**	2025	**2026**	2025
Issued and fully paid number of shares ('000)				
Ordinary shares				
Balance as at 1st April	**283,000**	283,000	**283,000**	283,000
Balance as at 31st March	**283,000**	283,000	**283,000**	283,000
Value of ordinary shares (Rs. '000)				
Balance as at 1st April	**83,000**	83,000	**83,000**	83,000
Balance as at 31st March	**83,000**	83,000	**83,000**	83,000

23.1 Non-Controlling Interest- Preference Shares

	Group		Company	
As at 31st March,	**2026**	2025	**2026**	2025
Issued and fully paid number of shares ('000)				
Preference shares				
Balance as at 1st April	**250,000**	250,000	**-**	-
Balance as at 31st March	**250,000**	250,000	**-**	-
Value of ordinary shares (Rs. '000)				
Balance as at 1st April	**250,000**	250,000	**-**	-
Balance as at 31st March	**250,000**	250,000	**-**	-

250,000,000 preference shares of the subsidiary company, Muller & Phipps (Health Care) Limited were allotted to E.B. Creasy & Company PLC (Parent Company) 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.

Notes to the Financial Statements

24 OTHER COMPONENTS OF EQUITY

As at 31st March,	Group		Company	
	2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Capital reserves	**401**	401	**401**	401
Revenue reserves				
General reserves (Note 24.1)	**5,000**	5,000	**5,000**	5,000
Fair value reserves (Note 24.2)	**20,971**	19,431	**4,319**	2,758
	26,372	24,832	**9,720**	8,159

24.1 General reserve is the reserve set aside for the general purpose.

24.2 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 loss allowance until the assets are derecognized or reclassified.

25 LOANS AND BORROWINGS

25.1 Amount Payable within One Year

As at 31st March,	Group		Company	
	2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Trust receipt loans (Note 25.4)	**99,523**	18,539	**-**	-
	99,523	18,539	**-**	-

25.2 Amount Payable After One Year

As at 31st March,	Group		Company	
	2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Long term loans (Note 25.3)	**115,460**	115,460	**115,460**	115,460
	115,460	115,460	**115,460**	115,460

25.3 Long Term Loans

As at 31st March,	Group		Company	
	2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Balance as at 1st April	**115,460**	115,460	**115,460**	115,460
Balance as at 31st March	**115,460**	115,460	**115,460**	115,460
Repayable after one year	**115,460**	115,460	**115,460**	115,460

25.4 Trust Receipt Loans

As at 31st March,	Group		Company	
	2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Balance as at 1st April	**18,539**	27,918	**-**	-
Proceeds	**325,787**	242,955	**-**	-
Repayments	**(244,803)**	(252,334)	**-**	-
Balance as at 31st March	**99,523**	18,539	**-**	-
Repayable within one year	**99,523**	18,539	**-**	-

Trust receipt loans payable to banks by the Subsidiary; Muller & Phipps (Health Care) Limited, is secured over the stocks of pharmaceuticals and book debts.

25.5 Terms and Conditions for Outstanding Loans

Lender	Interest Rate	Terms of repayment	Security	**Balance as at 31st March 2026**	Balance as at 31st March 2025
Hatton National Bank PLC	AWPLR Based Rate	Each loan should be repaid within a maximum period of 180 days.	Primary floating mortgage bond over stocks of pharmaceuticals and an assignment of book debts.	**29,847**	18,539
National Development Bank PLC	AWPLR Based Rate	Each loan should be repaid within a maximum period of 150 days.	Primary floating mortgage bond over stocks of pharmaceuticals and an assignment of book debts.	**69,676**	-
E.B. Creasy & Company PLC (Parent Company)	AWPLR Based Rate	Repaid in 6 years*.	Un-secured	**115,460**	115,460
				214,983	133,999

* During the financial year 2023/24, E. B. Creasy & Company PLC granted a long-term loan amounting to Rs. 115.46 Mn to Muller & Phipps (Ceylon) PLC at an interest rate of AWPLR plus 2%. Initially the loan is repayable over a period of three years and has been extended for a further three years, resulting in a total tenure of six years.

Notes to the Financial Statements

26 LEASE LIABILITIES

As at 31st March,	Group		Company	
	2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Balance as at 1st April	**1,982**	2,803	**-**	-
Interest	**196**	304	**-**	-
Repayments	**(1,125)**	(1,125)	**-**	-
Balance as at 31st March	**1,053**	1,982	**-**	-
Payable within one year	**1,053**	929	**-**	-
Payable after one year	**-**	1,053	**-**	-

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments as of the reporting date.

As at 31st March,	Group		Company	
	2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Payable within one year	**1,053**	929	**-**	-
Payable after one year	**-**	1,053	**-**	-
	1,053	1,982	**-**	-

27 RETIREMENT BENEFIT OBLIGATION

As at 31st March,	Group	
	2026 Rs.'000	2025 Rs.'000
Present value of the unfunded retirement benefit obligation	**31,484**	27,579
	31,484	27,579

27.1 Retirement benefit obligation - Movement during the year

As at 31st March,	Group 2026 Rs.'000	Group 2025 Rs.'000
Balance as at 1st April	**27,579**	16,429
Current service cost (Note 27.2)	**2,191**	1,824
Interest cost (Note 27.2)	**3,034**	2,698
Re-measurement of retirement benefit obligation (Note 27.3)	**3,028**	7,852
Payments	**(4,348)**	(1,223)
Balance as at 31st March	**31,484**	27,579

27.2 Expenses recognized in the statement of profit or loss

As at 31st March,	Group 2026 Rs.'000	Group 2025 Rs.'000
Current service cost	**2,191**	1,824
Interest cost	**3,034**	2,698
	5,225	4,522

27.3 Re-measurement of Retirement Benefit Obligation Recognized in Other Comprehensive Income

As at 31st March,	Group 2026 Rs.'000	Group 2025 Rs.'000
Due to change in financial assumptions	**3,468**	214
Due to change in demographic assumptions	**-**	(2,704)
Due to experience adjustment	**(440)**	10,342
	3,028	7,852

Notes to the Financial Statements

27.4 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 2026 Rs.'000	Group 2025 Rs.'000
Effect on the retirement benefit obligation		
Increase by one percentage point in discount rate	**(1,835)**	(1,414)
Decrease by one percentage point in discount rate	**2,072**	1,580
Increase by one percentage point in salary increment rate	**2,199**	1,719
Decrease by one percentage point in salary increment rate	**(1,982)**	(1,563)

27.5 THE KEY ACTUARIAL ASSUMPTIONS

Messrs. Actuarial and Management Consultants (Private) Limited has carried out Actuarial Valuation for the subsidiary; Muller & Phipps (Health Care) Limited using 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 2026 are stated below:

As at 31st March,	Group 2026 Rs.'000	Group 2025 Rs.'000
Discount rate	**9.00%**	11.01%
Expected salary increment rate	**10.00%**	10.00%
Retirement age	**60 years**	60 years
Expected staff turnover ratio - Executive	**12.0%**	12.0%
- Non Executive	**40.0%**	40.0%

27.6 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 19 - Employee Benefits.

27.7 MATURITY ANALYSIS

Following payments are the expected payments to the defined benefit plan for the future years:

As at 31st March,	Group 2026 Rs.'000	Group 2025 Rs.'000
Within next 12 months	**5,247**	4,785
Between 1 - 2 years	**3,436**	3,035
Between 2 - 5 years	**8,872**	8,333
Between 5 - 10 years	**5,267**	5,563
Over 10 years	**8,662**	5,863
	31,484	27,579

28 TRADE AND OTHER PAYABLES

As at 31st March,	Group		Company	
	2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Bills payable	**157,476**	117,803	**-**	-
Trade payable	**602**	4,381	**-**	-
Accrued expenses	**14,848**	12,827	**3,536**	2,082
Dividend payable	**1,862**	1,862	**1,862**	1,862
Import vendor	**-**	15,764	**-**	-
Other payables	**2,507**	1,481	**37**	1,039
	177,295	154,117	**5,435**	4,983

29 AMOUNTS DUE TO RELATED COMPANIES

As at 31st March,	Relationship	Group		Company	
		2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
E.B. Creasy & Company PLC	Parent Company	**26,194**	14,040	**25,748**	13,289
Darley Butler & Company Limited	Affiliate	**-**	241	**-**	-
Muller & Phipps (Health Care) Limited	Subsidiary	**-**	-	**11,370**	5,697
		26,194	14,281	**37,118**	18,986

30 OTHER FINANCIAL LIABILITIES

As at 31st March,	Group		Company	
	2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Financial derivative liability	**-**	521	**-**	-
	-	521	**-**	-

The Subsidiary, Muller & Phipps (Health Care) Limited has recorded financial derivatives on forward exchange contracts covering bills payable totaling to USD 395,715/-.

Notes to the Financial Statements

31 FAIR VALUE OF FINANCIAL INSTRUMENTS 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 or 3 during the year.

31.1.3 Valuation Techniques and significant Unobservable Inputs

The following tables summarises 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 Financial Instruments Measured at Fair Value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Corporate debt securities	Discounted cash flow: The value of the assets 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 7.5% to 8% (2025- 16.9%)	The estimated fair value would increase (decrease) if: - the corporate bond yield were lower (higher)
Forward exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date.	Not applicable	Not applicable

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

As at 31st March 2026 In Rs.000'	Notes	Financial assets measured at amortized cost	Financial assets measured at FVOCI	Other Financial Assets/ Liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Equity securities - Quoted	16.1	-	90	-	90	90	-	-	90
Corporate debt securities	16.2	-	18,344	-	18,344	-	18,344	-	18,344
		-	18,434	-	18,434	90	18,344	-	18,434
Financial assets not measured at fair value									
Trade and other receivables *	19	143,544	-	-	143,544	-	-	-	-
Amounts due from related companies	20	39,889	-	-	39,889	-	-	-	-
Cash and cash equivalents	22	78,369	-	-	78,369	-	-	-	-
		261,802	-	-	261,802	-	-	-	-
Financial assets measured at fair value									
Financial derivative assets	21	-	-	1,234	1,234	-	1,234	-	1,234
		-	-	1,234	1,234	-	1,234	-	1,234
Financial liabilities not measured at fair value									
Trade and other payables **	28	-	-	158,078	158,078	-	-	-	-
Loans and borrowings	25	-	-	214,983	214,983	-	-	-	-
Lease liabilities	26	-	-	1,053	1,053	-	-	-	-
Amounts due to related companies	29	-	-	26,194	26,194	-	-	-	-
		-	-	400,307	400,307	-	-	-	-

* Trade and other receivables that are not financial assets (Prepayments, Rs. 1,425,426, Advances Rs. 4,926,000, VAT receivables Rs. 14,900,000, Dreavia sample conversion Rs. 4,413,000, Advances paid to foreign principal Rs. 5,162,000) are not included.

** Trade and other payables that are not financial liabilities (Accrued expenses Rs. 14,848,402, Dividend payable Rs. 1,861,861, Other payables Rs. 2,507,021) are not included.

Notes to the Financial Statements

31 FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTD.)

31.1 Fair Value Measurement (Contd.)

31.1.5 Accounting Classifications and Fair Values (Contd.)

Group

As at 31st March 2025 In Rs.000'	Notes	Financial assets measured at amortized cost	Financial assets measured at FVOCI	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Equity securities - Quoted	16.1	-	111	-	111	111	-	-	111
Corporate debt securities	16.2	-	23,125	-	23,125	-	23,125	-	23,125
		-	23,236	-	23,236	111	23,125	-	23,236
Financial assets not measured at fair value									
Trade and other receivables *	19	200,414	-	-	200,414	-	-	-	-
Amounts due from related companies	20	40,506	-	-	40,506	-	-	-	-
Cash and cash equivalents	22	52,402	-	-	52,402	-	-	-	-
		293,322	-	-	293,322	-	-	-	-
Financial liabilities measured at fair value									
Financial derivative liabilities	30	-	-	521	521	-	521	-	521
		-	-	521	521	-	521	-	521
Financial liabilities not measured at fair value									
Trade and other payables **	28	-	-	137,948	137,948	-	-	-	-
Loans and borrowings	25	-	-	133,999	133,999	-	-	-	-
Lease liabilities	26	-	-	1,982	1,982	-	-	-	-
Amounts due to related companies	29	-	-	14,281	14,281	-	-	-	-
		-	-	288,209	288,209	-	-	-	-

* Trade and other receivables that are not financial assets (Prepayments, Rs. 1,200,631, Advances Rs. 2,874,241, VAT receivables Rs. 253,000, Advances paid to foreign principal Rs. 461,000) are not included.

** Trade and other payables that are not financial liabilities (Accrued expenses Rs. 12,826,663, Dividend payable Rs. 1,861,861, Other payables Rs. 1,480,920) are not included.

Company

As at 31st March 2026 In Rs.000'	Notes	Financial assets measured at amortized cost	Financial assets measured at FVOCI	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Corporate debt securities	16.2	-	18,344	-	18,344	-	18,344	-	18,344
		-	18,344	-	18,344	-	18,344	-	18,344
Financial assets not measured at fair value									
Amounts due from related companies	20.2	502	-	-	502	-	-	-	-
Cash and cash equivalents	22	4,688	-	-	4,688	-	-	-	-
		5,190	-	-	5,190	-	-	-	-
Financial liabilities not measured at fair value									
Loans and borrowings	25.2	-	-	115,460	115,460	-	-	-	-
Amounts due to related companies	29	-	-	37,118	37,118	-	-	-	-
		-	-	152,578	152,578	-	-	-	-

Other payables that are not financial liabilities (Accrued expenses Rs.3,536,318, Dividend payable Rs. 1,861,861, Other payables Rs.36,626) are not included.

Company

As at 31st March 2025 In Rs.000'	Notes	Financial assets measured at amortized cost	Financial assets measured at FVOCI	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Corporate debt securities	16.2	-	23,125	-	23,125	-	23,125	-	23,125
		-	23,125	-	23,125	-	23,125	-	23,125
Financial assets not measured at fair value									
Amounts due from related companies	20.2	506	-	-	506	-	-	-	-
Cash and cash equivalents	22	2,044	-	-	2,044	-	-	-	-
		2,550	-	-	2,550	-	-	-	-
Financial liabilities not measured at fair value									
Loans and borrowings	25.2	-	-	115,460	115,460	-	-	-	-
Amounts due to related companies	29	-	-	18,986	18,986	-	-	-	-
		-	-	134,446	134,446	-	-	-	-

Other payables that are not financial liabilities (Accrued expenses Rs. 2,082,000, Dividend payable Rs. 1,861,861, Other payables Rs. 1,039,127) are not included.

Notes to the Financial Statements

31 FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTD.)

31.2 Risk Management

31.2.1 Overview

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

i. Credit risk
ii. Liquidity risk
iii. Market risk
iv. Operational risk

31.2.2 Risk management framework

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect 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.

31.2.3 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.

		Group		Company	
As at 31st March	Notes	**2026 Rs.'000**	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Exposure to credit risk					
Trade and other receivables *	19	**143,544**	200,414	**-**	-
Amount due from related companies	20	**39,889**	40,506	**502**	506
Cash at bank	22	**78,159**	51,913	**4,688**	2,044
Other financial assets measured at FVOCI	16	**18,434**	23,236	**18,344**	23,125
Total		**280,026**	316,069	**23,534**	25,675

* Trade and other receivables that are not financial assets (Prepayments, Rs. 1,425,426, Advances Rs. 4,926,000, VAT receivables Rs. 14,900,000, Dreavia sample conversion Rs. 4,413,000, Advances paid to foreign principal Rs. 5,162,000) are not included. (As at 31st March 2025 (Prepayments, Rs. 1,200,631, Advances Rs. 2,874,241, VAT receivables Rs. 253,000, Advances paid to foreign principal Rs. 461,000) are not included.)

31.2.4 Impairment (Losses)/ Reversals on financial Assets Recognized in Profit or Loss were as Follows,

		Group		Company	
For the year ended 31st March,	Notes	**2026 Rs.'000**	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Impairment loss - Amounts due from related companies	20.2.1	**(586)**	(33)	**35**	(33)
Impairment loss - Corporate debt securities	16.2.2	**(92)**	(4,310)	**(92)**	(4,310)
		(678)	(4,343)	**(57)**	(4,343)

31.2.5 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 subsidiary company's customer base, including the default risk of the industry and area in which the customer operates, 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. As a strategy to reduce credit risk, the subsidiary company operates under credit limits granted to customers and obtains bank guarantees from customers where applicable.

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 components that relates to individually significant exposures, and a collective loss components 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 31st March 2026, the exposure to credit risk for trade receivables by type of counterparty was as follows.

	Group		Company	
As at 31st March	**2026 Rs.'000**	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Distributors	**64,442**	123,667	**-**	-
Government institutions	**17**	114	**-**	-
Institutions	**11,564**	12,790	**-**	-
	76,023	136,571	**-**	-

The ageing of trade receivables is as follows.

	Group		Company	
As at 31st March	**2026 Rs.'000**	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Past due 1-30 days	**34,895**	69,228	**-**	-
Past due 31-90 days	**41,116**	66,910	**-**	-
Past due 91-180 days	**12**	432	**-**	-
Past due 181-365 days	**-**	1	**-**	-
Total trade receivables	**76,023**	136,571	**-**	-

Notes to the Financial Statements

31 FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTD.)

31.2 Risk Management (Contd.)

31.2.5 Trade and Other Receivables

Expected credit loss assessment for trade and other receivables as at 31st March 2026

The Group uses an allowance matrix to measure the expected credit losses (ECLs) of trade and other receivables.

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

As at 31st March,	2026		2025	
	Gross carrying amount Rs.'000	Loss allowance Rs.'000	**Gross carrying amount Rs.'000**	Loss allowance Rs.'000
Past due 1-30 days	**34,895**	-	69,228	-
Past due 31-90 days	**41,116**	-	66,910	-
Past due 91-180 days	**12**	**-**	432	-
Past due 181-365 days	**-**	**-**	1	-
	76,023	-	136,571	-

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 recovery period of the receivables.

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

As at 31st March,	Group		Company	
	2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Balance as at 1st April	**-**	886	**-**	886
Write-off	**-**	(886)	**-**	(886)
Balance as at 31st March	**-**	-	**-**	-

31.2.6 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

As at 31st March,	Group		Company	
	2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Balance as at 1st April	**117**	204	**117**	204
Write-off	**-**	(120)	**-**	(120)
Loss/ (reversal) of impairment	**586**	33	**(35)**	33
Balance as at 31st March	**703**	117	**82**	117

31.2.7 Maximum Exposure to Credit Risk

The following table shows the maximum exposure to credit risk by class of financial assets and the value of financial assets and the extent covered by the collateral.

Group		**As at 31st March 2026**			
Type of collateral	Notes	**Maximum exposure to credit risk Rs. '000**	**Bank guarantees Rs. '000**	**Total collateral value Rs. '000**	**Net exposure to credit risk Rs. '000**
Trade and other receivables	19	**143,544**	**60,550**	**60,550**	**82,994**
Amounts due from related companies	20.2	**502**	**-**	**-**	**502**
Loans due from related companies	20.1	**40,000**	**-**	**-**	**40,000**
Other financial assets measured at FVOCI	16	**18,434**	**-**	**-**	**18,434**
Total		**202,480**	**60,550**	**60,550**	**141,930**

* Trade and other receivables that are not financial assets (Prepayments, Rs. 1,425,426, Advances Rs. 4,926,000 VAT receivables Rs. 14,900,000, Dreavia sample conversion Rs. 4,413,000, Advances paid to foreign principal Rs. 5,162,000) are not included.

Company		**As at 31st March 2026**			
Type of collateral	Notes	**Maximum exposure to credit risk Rs. '000**	**Bank guarantees Rs. '000**	**Total collateral value Rs. '000**	**Net exposure to credit risk Rs. '000**
Amounts due from related companies	20.2	**502**	**-**	**-**	**502**
Other financial assets measured at FVOCI	16	**18,344**	**-**	**-**	**18,344**
Total		**18,846**	**-**	**-**	**18,846**

Notes to the Financial Statements

31 FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTD.)

31.2 Risk Management (Contd.)

31.2.8 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

As at 31st March,	Group / Company 2026 Rs.'000	Group / Company 2025 Rs.'000
Balance as at 1st April	**23,125**	20,585
Redemption	**(6,250)**	-
Increase in fair value	**1,469**	2,540
Balance as at 31st March	**18,344**	23,125

Credit rating

As at 31st March,	2026 Rs.'000	2025 Rs.'000
Credit Rating	**CCC/C**	CCC
Gross carrying amounts at amortized cost:	**23,125**	25,887
Loss allowance	**(4,702)**	(4,610)
Amortized cost	**18,423**	21,277
Carrying amount - Financial assets measured at FVOCI	**18,344**	23,125

The movement in the loss allowance for debt securities at fair value through other comprehensive income during the year was as follows.

As at 31st March,	Lifetime ECL - Not credit impaired 2026 Rs.'000	Lifetime ECL - Not credit impaired 2025 Rs.'000
Balance as at 1st April	**4,610**	300
Net remeasurement of loss allowance	**92**	4,310
Balance as at 31st March	**4,702**	4,610

31.2.9 Cash and Cash Equivalents

The Group held cash and cash equivalents favorable balance of Rs. 76,955,053/- as at 31st March 2026 (2025 - Favorable balance of Rs. 52,401,846/-) 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 - AA- (lka)
Standard Chartered Bank - AAA(lka)
Commercial Bank of Ceylon PLC - AA- (lka)
National Development Bank PLC - A- (lka)
Union Bank of Colombo PLC - BBB- (lka)
Amana Bank PLC - BBB- (lka)
Bank of Ceylon - AA-(lka)
People's Bank - AA-(lka)

31.2.10 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 Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group has focused on maintaining an acceptable retention policy and a balance between continuity of funding and flexibility, through the use of bank overdrafts, loans, intercompany borrowings, and leveraging the Group's strength as a listed entity to raise economical funding when required to mitigate possible liquidity risk.

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

		Group				Company			
As at 31st March 2026,	Notes	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									
Loans and borrowings	25	**214,983**	**254,409**	**100,753**	**153,656**	**115,460**	**153,656**	**-**	**153,656**
Lease liabilities	26	**1,053**	**1,053**	**1,053**	**-**	**-**	**-**	**-**	**-**
Trade and other payables*	28	**158,078**	**158,078**	**158,078**	**-**	**-**	**-**	**-**	**-**
Amounts due to related companies	29	**26,194**	**26,194**	**26,194**	**-**	**37,118**	**37,118**	**37,118**	**-**
Total		**400,307**	**439,734**	**286,077**	**153,656**	**152,578**	**190,774**	**37,118**	**153,656**

* Trade and other payables that are not financial liabilities (Group - Rs. 19,217,284, Company - Rs. 5,435,805) are not included.

Notes to the Financial Statements

31 FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTD.)

31.2 Risk Management (Contd.)

31.2.10 Liquidity Risk (Contd.)

As at 31st March 2025,	Notes	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									
Loans and borrowings	25	133,999	173,958	18,554	155,404	115,460	155,404	-	155,404
Lease liabilities	26	1,982	2,250	1,125	1,125	-	-	-	-
Trade and other payables*	28	137,948	137,948	137,948	-	-	-	-	-
Amounts due to related companies	29	14,281	14,281	14,281	-	18,986	18,986	18,986	-
Total		288,209	328,436	171,908	156,529	134,446	174,390	18,986	155,404
Derivative financial liabilities									
Financial derivative liabilities	30	521	521	521	-	-	-	-	-
Total		521	521	521	-	-	-	-	-

* Trade and other payables that are not financial liabilities (Group - Rs. 16,169,444, Company - Rs. 4,982,988) are not included.

31.2.11 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.

31.2.11.1 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, forward exchange contracts are entered into in accordance with its risk management policies. Forward exchange contracts are primarily entered into in respect of short term bills payable on imports.

The following significant exchange rates have been applied,

As at 31st March,	Average Rate		Year End Spot Rate	
	2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
USD	**304.36**	293.34	**311.77**	292.07

Foreign currency denominated financial assets and liabilities which expose the Subsidiary; Muller & Phipps (Health Care) Limited to currency risk are disclosed below.

As at 31st March 2026	**Euro exposure Euro**	**USD exposure USD**
Financial assets	**18,040**	**62,146**
Financial liabilities	**-**	**(501,117)**
Net exposure	**18,040**	**(438,972)**

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 +/-1 % change of the LKR/USD exchange rate for the year ended at 31st March 2026. 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 1% then this would have had the following impact:

	Profit for the year Rs.'000
31st March 2026	**4**

If the LKR had weakened against the USD by 1% then this would have had the following impact:

	Profit for the year Rs.'000
31st March 2026	**4**

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 FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTD.)

31.2 Risk Management (Contd.)

31.2.11 Market Risk (Contd.)

31.2.11.2 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 is exposed 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 a 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.

	Profit/ Equity net of tax for the year	
For the year ended 31st March	Rs.'000	Rs.'000
	+1%	-1%
31st March 2026	**90**	**(90)**

Exposure to interest rate risk

The interest rate profile of the Group's-interest bearing financial instruments as reported to the management of the Group is as follows.

		Group		Company	
As at 31st March,	Note	**2026 Rs.'000**	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Variable-rate instruments					
Financial liabilities	25	**214,983**	133,999	**115,460**	115,460
		214,983	133,999	**115,460**	115,460

31.2.12 Operational risk

Operational risk represents the potential for direct or indirect loss arising from a broad range of internal and external factors associated with the Group's and the Company's involvement in financial instruments and daily operations. These include risks related to internal processes, personnel, technology, infrastructure, and external events, excluding credit, market, and liquidity risks. In the context of the pharmaceutical and healthcare industry, operational risk extends to legal and regulatory compliance failures, evolving industry standards, supply chain disruptions, and reputational harm.

Responsibility for identifying, managing, and mitigating operational risk is assigned to senior management across business functions. This is supported by Group-wide policies and procedures designed to strengthen the control environment, including:

- Development and implementation of business continuity plans to maintain operations during events such as supply chain interruptions, pandemics, or regulatory delays.
- Periodic internal audits to assess the effectiveness of internal controls and compliance.
- Timely reconciliation and monitoring of both operational and financial transactions.
- Compliance with pharmaceutical regulations, including those mandated by the National Medicines Regulatory Authority and other relevant bodies.
- Timely evaluation of contracts with suppliers to assess terms and conditions and identify potential risks arising from contractual obligations.

32 RELATED PARTY TRANSACTIONS

32.1 Transactions with Key Management Personnel

According to LKAS-24 - Related Party Disclosures, Key management personnel, are those who have 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 or Company.

32.1.2 Key Management Personnel Compensation

As at 31st March,	Group		Company	
	2026 Rs.'000	2025 Rs.'000	**2026 Rs. '000**	2025 Rs.'000
Short term employee benefits	**4,966**	2,316	**4,710**	2,028
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 2026 by the Parent and its Subsidiary.

Notes to the Financial Statements

32 RELATED PARTY TRANSACTIONS (CONTD.)

32.2 Related Party Transactions (Contd.)

32.2.1 Related Party Transactions Carried Out by the Company

Name of the Company	Name of Common Directors	Nature of transactions	**Transaction value** Rs'000	**Balance due from/ (due to) at 31st March 2026 Rs'000**	Balance due from/ (due to) at 31st March 2025 Rs'000
Muller & Phipps (Health Care) Limited (Subsidiary Company) (Formerly known as Pettah Pharmacy (Private) Limited)	S.D.R. Arudpragasam	Management fees	**2,000**	**(11,370)**	(5,697)
	R.C.A. Welikala	Settlements during the year	**(2,000)**		
	A.D.T.Mendis (Appointed w.e.f. 01.04.2026)	Fund transfers	**(5,673)**		
	S. Rajaratnam				
	S.W. Gunawardena				
E.B. Creasy & Company PLC (Parent Company)	S.D.R. Arudpragasam	Loans obtained	**-**	**(115,460)**	(115,460)
	R.C.A. Welikala				
	S. Rajaratnam	Interest expenses	**(12,060)**	**(25,748)**	(13,289)
	S.W. Gunawardena	Reimbursement expenses incurred by related party	**(399)**		
	K.G. Punchihewa				
	S.B. Perera				
	P.Y.S. Perera				
	A.D.T.Mendis (Appointed w.e.f. 01.08.2025)				
Kotagala Plantations PLC (Affiliate)	Mr. S.D.R. Arudpragasam	Debenture Interest Income	**1,740**	**584**	623
	Mr. K.G. Punchihewa	Debenture interest Settlement	**(1,779)**		
	Mr. S.B. Perera				

32.2.2 Related Party Transactions Carried Out by the Subsidiary

Name of the Company	Name of Common Directors	Nature of transactions	Transaction Value Rs'000	Balance due from/ (due to) at 31st March 2026 Rs'000	Balance due from/ (due to) at 31st March 2025 Rs'000
E.B. Creasy & Company PLC (Intermediate Parent Company)	S.D.R. Arudpragasam	Lease rent	(1,859)	(447)	(751)
	R.C.A Welikala	Expenses payable	(5,006)		
	S.Rajaratnam	Corporate guarantee charges	(2,360)		
	S.W.Gunawardena	Expenses receivable	3,945		
	A.D.T.Mendis	Settlements during the year	5,583		
Darley Butler & Company Limited (Affiliate)	S.D.R. Arudpragasam	Storage expenses	(7,129)	8	(241)
	R.C.A. Welikala	Settlements during the year	(5,447)		
	P.M.A.Sirimane	Expenses receivable	8,629		
	S. Rajaratnam	Loan interest income	4,178		
	S.W. Gunawardena	Sales during the year	18		
	A.M. Mubarak	Loans granted	-	40,000	40,000
	S. Rajaratnam				
	A.R. Rasiah				
	A.D.T.Mendis (Appointed w.e.f. 01.04.2026)				
E.B. Creasy Logistics Limited (Affiliate)	S.D.R. Arudpragasam	Clearing charges	(20,165)	-	-
	R.C.A. Welikala	Settlements during the year	20,165		
	P.M.A. Sirimane				
	S. Rajaratnam				
	S.W. Gunawardena				
	A.D.T.Mendis (Appointed w.e.f. 01.04.2026)				

32.2.2.1 Corporate Guarantees Obtained from Related Companies by Subsidiary

As at 31st March	Relationship	Group 2026 Rs.'000	Group 2025 Rs.'000
E.B. Creasy & Company PLC	Intermediate Parent Company	100,000	100,000
Total		100,000	100,000

There are no related party transactions other than those disclosed above.
This note should be read in conjunction with notes 20, 25 and 29 to the financial statements.

Notes to the Financial Statements

32 RELATED PARTY TRANSACTIONS (CONTD.)

32.2 Related Party Transactions (Contd.)

32.2.3 Recurrent and non-recurrent related party transactions

32.2.3.1 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 2025 audited financial statements, which require additional disclosure in the year ended 31st March 2026 financial statements 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.

32.2.3.2 Non-recurrent Related Party Transactions

There were no non-recurrent related party transactions entered into in respect of the financial year ended 31st March 2026, 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 2025 audited financial statements, which require additional disclosure in the year ended 31st March 2026 financial statements 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.

33 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There have been no material events occurring after the reporting period that require adjustments to or disclosure in the financial statements.

34 CAPITAL COMMITMENTS

There were no material capital commitments, which require adjustment to or disclosure in the financial statements 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 date.

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.

37 RECLASSIFICATION OF COMPARATIVES

Reclassifications have been made to the comparative figures to improve the comparability and fair presentation of these financial statements. As a result, following balances have been amended in the Statement of Profit or Loss and Other Comprehensive Income as shown below:

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March 2025,	As previously reported Rs'000	Adjustment Rs'000	Reclassified amount Rs'000
Cost of sales	(538,921)	(20,459)	(559,380)
Administrative expenses	(168,825)	79,638	(89,187)
Selling & distribution expenses	(77,867)	(79,638)	(157,505)
Other operating expenses	(22,115)	20,459	(1,656)

Above reclassifications did not result in changes to the profit for the year or total net assets presented previously.

Share *Information*

DISTRIBUTION OF SHAREHOLDINGS

Shareholdings	31st March 2026 No.of Shareholders	31st March 2026 Total Shareholdings	31st March 2026 %	31st March 2025 No.of Shareholders	31st March 2025 Total Shareholdings	31st March 2025 %
1 - 1,000	**1,830**	**573,915**	**0.20**	1,424	485,442	0.17
1,001 - 10,000	**1,168**	**5,190,726**	**1.83**	936	4,096,890	1.45
10,001 - 100,000	**574**	**21,763,109**	**7.69**	378	12,860,686	4.54
100,001 - 1,000,000	**174**	**50,761,671**	**17.94**	88	22,572,835	7.98
Over 1,000,000	**16**	**204,710,579**	**72.34**	9	242,984,147	85.86
Total	**3,762**	**283,000,000**	**100.00**	2,835	283,000,000	100.00
Categories of Shareholders						
Individuals	**3,668**	**91,570,114**	**32.36**	2,759	43,980,658	15.54
Institutions	**94**	**191,429,886**	**67.64**	76	239,019,342	84.46
Total	**3,762**	**283,000,000**	**100.00**	2,835	283,000,000	100.00

MARKET VALUE

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

	2025/26 Rs.	2024/25 Rs.
Highest Price	**2.90**	**1.40**
Lowest Price	**1.00**	**1.00**
Year End Price	**2.00**	**1.20**

FINANCIAL STATISTICS

	2025/26 Rs.	2024/25 Rs.
Loss per Share	**(0.25)**	**(0.30)**
Net Assets per Share	**(0.48)**	**(0.22)**

PUBLIC HOLDING

The percentage of shares held by the public as at 31st March 2026 was 48.66%. (31st March 2025 - 48.66%)

FLOAT ADJUSTED MARKET CAPITALIZATION

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 31.03.2026 was Rs.275,415,600.00.

Share Information

PUBLIC SHAREHOLDERS

The number of Public Shareholders as at 31st March 2026 were 3,755 (31st March 2025 - 2,828)

MAJOR SHAREHOLDERS

		31st March 2026		31st March 2025	
	Name	No. of shares	%	No. of shares	%
1	E.B. CREASY & COMPANY PLC	73,061,773	25.82%	73,061,773	25.82%
2	AMANA BANK PLC/E.B. CREASY & COMPANY PLC	72,000,000	25.44%	72,000,000	25.44%
3	SAMPATH BANK PLC/ SENTHILVERL HOLDINGS (PVT) LTD	28,591,747	10.10%	84,062,830	29.70%
4	MR. DARANAKUMBURALAGE SHALIKA RANGAJITH DARANAKUMBURA	5,727,064	2.02%	-	-
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	MR. SHANTILAL TISSA HERAT	2,977,216	1.05%	-	-
8	MR. MOHAMED NAJUMUDEEN MOHAMED ZACKIE	2,189,097	0.77%	400,000	0.14%
9	MISS SHARMILA SHASHI PRABAH KANDAMBI	2,000,000	0.71%	-	-
10	MR. RADESH NEOMAL DALUWATTE	1,821,977	0.64%	-	-
11	MR. GAME KANKANAMGE KASUN MADUSANKA	1,600,001	0.57%	-	-
12	COMMERCIAL BANK OF CEYLON PLC/ S.A. SENEVIRATNE	1,500,000	0.53%	-	-
13	SENKADAGALA FINANCE PLC/T.NITHYANANDALINGAM	1,200,000	0.42%	-	-
14	MR. COLAMBA PATABENDIGE CHRISTO CHATURA SUBHASHANA PEIRIS	1,058,572	0.37%	-	-
15	MR. NIRMALAN ARJUN	1,040,500	0.37%	-	-
16	MR. RAVINDRA ERLE RAMBUKWELLE	1,019,000	0.36%	1,119,000	0.40%
17	MR. BUWANEKA TISSA PRATHAPASINGHE AND MRS. UMA KUMARI PRATHAPASINGHE	1,000,000	0.35%	1,000,000	0.35%
18	CITIZENS DEVELOPMENT BUSINESS FINANCE PLC/R. RANAWEERA	1,000,000	0.35%	-	-
19	MR. NITHIANANTHAN KRISHAN DIAS	1,000,000	0.35%	-	-
20	MR. BRIAN LESTER SEBASTIAN PEIRIS AND MRS. LORRAINE BERNADETTE PEIRIS	1,000,000	0.35%	-	-
21	MR. RATNASINGAM NIRMALAN	1,000,000	0.35%	-	-
	Total	209,710,579	74.10%	240,567,235	85%

TEN YEAR SUMMARY
GROUP

	2016/17 Rs.'000	2017/18 Rs.'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	2024/25 Rs.'000	**2025/26 Rs.'000**
Trading Result										
Turnover	898,607	937,388	988,647	847,098	750,876	1,064,608	526,850	763,498	724,568	**587,290**
Profits/(Loss) Before Tax	30,754	1,263	(73,451)	(87,954)	40,346	(46,110)	(96,094)	49,614	(72,914)	**(57,163)**
Taxation	(9,157)	1,856	12,939	(15,999)	26,481	9,422	7,790	25,475	(10,784)	**(14,188)**
Profits/(Loss) After Tax	21,597	3,119	(60,512)	(103,953)	66,827	(36,688)	(88,304)	75,089	(83,698)	**(71,351)**
Assets Employed										
Property, Plant & Equipment	5,305	4,358	3,806	2,815	3,680	6,390	5,233	5,464	6,017	**4,421**
Intangible Assets	136	655	511	1,242	895	563	263	59	871	**673**
Investments	78,096	83,590	63,865	50,427	47,157	35,481	35,222	32,359	23,236	**18,434**
Other Non Current Assets	771	2,671	16,729	8,072	35,519	59,711	65,897	89,829	80,496	**66,311**
Net Current Assets (Liabilities)	123,309	111,476	44,950	14,230	8,745	(55,450)	(155,974)	274,946	219,996	**171,699**
	207,617	202,750	129,861	76,786	95,996	46,695	(49,359)	402,657	330,616	**261,538**
Equity										
Stated Capital	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000	**83,000**
Other components of equity	10,526	16,021	12,993	19,351	14,751	2,704	(7,095)	(2,235)	24,832	**26,372**
Retained Earnings	107,174	97,834	24,878	(78,841)	(13,350)	(47,200)	(135,642)	(61,979)	(171,308)	**(244,778)**
Non Controlling Interest	-	-	-	-	-	-	-	250,000	250,000	**250,000**
Total Equity	200,700	196,855	120,871	23,510	84,401	38,504	(59,737)	268,786	186,524	**114,594**
Non-Current Liabilities	6,917	5,895	8,990	53,276	11,595	8,192	10,378	133,871	144,092	**146,944**
Total Equity & Non Current Liabilities	207,617	202,750	129,861	76,786	95,996	46,695	(49,359)	402,657	330,616	**261,538**
Others										
Earnings/(Loss) Per Share (Rs.)	0.08	0.01	(0.21)	(0.37)	0.24	(0.13)	(0.31)	0.27	(0.30)	**(0.25)**
Net Assets Per Share (Rs.)	0.71	0.70	0.43	0.08	0.30	0.14	(0.21)	0.07	(0.22)	**(0.48)**
Market Price Per Share (Rs.)	1.10	1.00	0.60	0.60	1.10	1.00	1.20	1.10	1.20	**2.00**
Market Capitalization (Rs. '000)	311,300	283,000	169,800	169,800	311,300	283,000	339,600	311,300	339,600	**566,000**

Notice of *Meeting*

Notice is hereby given that the Sixty First Annual General Meeting of Muller & Phipps (Ceylon) PLC will be held on 30th June 2026 at 12.00 noon. and conducted as a Virtual Meeting from 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01, for the following purposes, 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 2026 with the Report of the Auditors thereon.
2. To re-elect as a Director, Mr. R.C.A. Welikala 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 Articles 83 & 84 of the Articles of Association.
4. 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.6).
5. To authorize the Directors to determine contributions to charities.
6. To reappoint as Auditors, KPMG Chartered Accountants, and authorize the Directors to determine their remuneration.
7. Special Business
   To consider and if thought fit to pass the following Special Resolution to amend the Articles of Association of the Company.

   Special Resolution
   Resolved –
   "That the existing Articles 14 and 15 be deleted in its entirety and the following be substituted therefor:

14.(i) Every person whose name is entered as a Member in the Register of Members shall be entitled without payment to receive within two months after allotment or lodgment of a valid transfer (or within such other period as the terms of issue shall provide or in the case of shares or debentures quoted on the Colombo Stock Exchange within such period as may be stipulated by the Colombo Stock Exchange) one certificate for all his shares of any one class or upon payment for every certificate after the first of such sum as the Directors shall from time to time determine, several certificates, each for one or more of his shares of any one class. Where a Member transfers part only of the shares comprised in a certificate the old certificate shall be cancelled and a new certificate for the balance of such shares issued in lieu without charge. Every certificate shall be issued under the seal and bear the signatures of at least one Director and the Secretary, or such other person as may be authorized by the Directors, and shall specify the shares to which it relates, and the amount paid up thereon. Provided that the Company shall not be bound to register more than three persons as the joint-holders (including the principal holder) of any shares (except in the case of executors, administrators or heirs of a deceased member), and in the case of a share held jointly by several persons, the company shall not be bound to issue more than one certificate therefore and delivery of a certificate to one of such persons or his duly authorized representative shall be sufficient delivery to all.

   Any certificates if sent by post shall be sent at the risk of the person entitled thereto.

   (ii) Where the Directors so resolve, one of the signatures in witness of the Seal upon share or debenture certificates issued by the Company according to the provisions of these Articles, may, with the approval and subject to the control of the auditors, transfer auditors or bankers of the Company, be in the form of an autographic signature stamped or printed or impressed thereon.

15.If a share certificate be defaced, lost or destroyed, it may be renewed on payment of such fee (if any) as may be determined by the Directors from time to time, and on such terms (if any) as to evidence and indemnity and the payment of out-of-pocket expenses of the Company in investigating evidence as the Directors think fit."

By Order of the Board,

Corporate Managers & Secretaries (Private) Limited.
Secretaries

Colombo
01st June 2026

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 01st June 2026 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. S.D.R. Arudpragasam who is seventy four years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to the said Director, Mr. S.D.R. Arudpragasam."

Form of ***Proxy***

I/ We ..... of

..... being a member/members of

MULLER & PHIPPS (CEYLON) PLC hereby appoint ..... of

..... or failing him/her

1.	SRI DHAMAN RAJENDRAM ARUDPRAGASAM	of Colombo or failing him
2.	ROHAN CHRISANTHA ANIL WELIKALA	of Colombo or failing him
3.	SANJEEV RAJARATNAM	of Colombo or failing him
4.	SANJEEWA WIJESIRI GUNAWARDENA	of Colombo or failing him
5.	AGAMPODI DASUN THARAKA MENDIS	of Colombo or failing him
6.	KAMAL GARDIYE PUNCHIHEWA	of Colombo or failing him
7.	SHRIHAN BLAISE PERERA	of Colombo or failing him
8.	PATHIRANAGE YOHAN SRINETH PERERA	of Colombo

as my/our* proxy to represent me/us* and to vote on my/our* behalf at the Sixty First Annual General Meeting of the Company to be held on 30th June 2026, at 12.00 noon. 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 2026, with the Report of the Auditors thereon.		
2.	To re-elect Mr. R.C.A. Welikala, who retires in accordance with Articles 83 & 84 of the Articles of Association, as a Director.		
3.	To re-elect Mr. A.D.T. Mendis, who retires in accordance with Articles 83 & 84 of the Articles of Association, as a Director.		
4.	To reappoint Mr. S.D.R. Arudpragasam as a Director. As Mr. S.D.R. Arudpragasam is over 70 years of age, Special Notice has been received from a shareholder of the intention to pass a Resolution, which is set out in the Notice of Meeting.		
5.	To authorize the Directors to determine contributions to charities.		
6.	To reappoint as Auditors, KPMG, Chartered Accountants, and to authorize the Directors to determine their remuneration.		
7	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 Six.

.....
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.

Form of Proxy

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
S. W. Gunawardena
A.D.T. Mendis
K.G. Punchihewa
S.B. Perera
P.Y.S. Perera

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
People's Bank

SUBSIDIARY

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

optima
Designing Your Year!



Muller & Phipps (Ceylon) PLC
98, Sri Sangaraja Mawatha, Colombo 10.
Tel: 94 (11) 2421311 | Fax: 94 (11) 2448534