



**MORISON LIMITED**  
ANNUAL REPORT **23/24**

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## **Morison Limited**

*Morison Limited is a fully Sri Lankan company with eight decades of experience and working relationships in the country.*

*Our Purpose is to “make premium healthcare affordable”.*

*As one of the oldest and largest pharmaceutical manufacturers in Sri Lanka, we take pride in providing for the healthcare needs of the private and public sectors.*

*In addition to manufacturing high quality pharmaceutical and OTC products, we also import and distribute internationally renowned healthcare and consumer products via our island wide distribution network.*

## MILESTONES AND EVENTS

# 1937 - 1950

## 1937

Mr. Russell Elliot was posted by J. L. Morison Son & Jones (UK) as the first agent to set up a trading outpost in Sri Lanka.

## 1939

J. L. Morison Son & Jones (Ceylon) was incorporated on 31 January 1939, on the eve of the Second World War by Mr. J E Ogle, a director of the parent company.

## 1941-1950

### During World War II

Operations were temporarily shifted to Kadugannawa in the Kandy district, where business was tapered and remained subdued.

### Post World War II

Recommended the Colombo operations and increased brand presence for its earlier products viz. Marmite & Brylcreem.

## 1950

Secured the agency rights for Mead Johnson Nutritionals Ltd to distribute the brands in its portfolio, leading up to popularising 'Sustagen' as a trusted household brand.

# 1951 - 1960

## 1952

Mr. M. B. Ogle took over the reins of J. L. Morison (Ceylon) and went on to extend an invaluable service for over 30 years to the Company.

Mr. Reginald Abeyawira who led J. L. Morison (Ceylon) with farsightedness for over a period of 60 years, joins the cadre as a trainee clerk.

## 1959

MSJ Industries (Ceylon) Ltd, a pioneer in generic pharmaceutical manufacturing is incorporated as a wholly owned subsidiary under the aegis of the Founder/Director, Mr. U. Karunatileka.

## 1960

Shifted operations to its own premises equipped with modern amenities and factory at 126, Aluthmawatha Road, Colombo 15.

## 1961 - 1970

1964

Broad based 100% foreign shareholding of J. L. Morison (Ceylon) listed on the Colombo Stock Exchange on 01 January 1964; as one of the first commercial ventures to list in Sri Lanka.

1968

Established a subsidiary, MSJ Cargoes (Ceylon) Ltd to offer a one-stop solution for clearing, forwarding, warehousing and transportation.

1969

Ventured into trading food products - tinned fruits and juices under the MSJ brand name.

1970

Set up a book division with an agency agreement with Granada Publishing Ltd, UK and began the MSJ picture postcards project.

## 1971 - 1980

1971

Commenced importing and distributing agro based products in affiliation with a Japanese company, Tozai Boeki Kaisha Ltd.

Acquired 78% stake of Canned & Preserved Foods Ltd, adding value to the food trading operations with a range of canned and preserved food products including catering to the export market.

1972

A new subsidiary, MSJ Foods (Ceylon) Ltd commenced its trading operations.

1977

Purchased 6 ½ acres at 620, Biyagama Road, Pethiyagoda, Kelaniya to erect a new office complex to accommodate the growing operations.

## Milestones and Events

# 1980 - 1995

## 1981

Mr. M. B. Ogle retired after nearly 3 decades of invaluable service to J. L. Morison (Ceylon)

## 1983

With the parent company in UK winding down its operations, the majority stake of the Company was taken over by nationals, diluting the foreign shareholding from 49% to 33%.

## 1986

Erected a new office premises and shifted part of the operations - the stores and marketing division to Pethiyagoda, Kelaniya.

## 1991

Pioneered and established Compak Morison (Lanka) Ltd to manufacture particle Board out of paddy straw.

## 1992

Compak Morison (Lanka) Ltd was listed on the Colombo Stock Exchange with an initial public offer which was oversubscribed. Non-viability of the project was subsequently established and discontinued operations in the mid 1990s.

## 1993

Mr. Richard Gunatilake, after a dedicated stint of over 45 years, retired from his duties as a Board Director.

# 1996 - 2005

## 1997

Bought over the 33% non-resident shareholding to become a fully owned local entity.

## 1998

Mr. U. Karunatileka, the founding Director of MSJ Industries who played a critical role in taking forward the manufacturing operations and also the generic pharmaceutical industry in Sri Lanka, retired from service after nearly 40 years.

## 2000

In conformance with the Sri Lanka Accounting Standards, J. L. Morison (Ceylon) consolidated its accounts with the Colombo Pharmacy Ltd with which it had an equity investment of 24%.

## 2002

Principals of Godrej Sara Lee and Sara Lee TTK commenced local manufacturing operations in collaboration with J. L. Morison (Ceylon).

## 2004

Shifted the administration and finance division to the new premises in Pethiyagoda, Kelaniya. Supported Tsunami affected families with dry rations, clothes, water and pharmaceuticals and initiated a housing project in the Galle district in partnership with the employees and principals.

# 2006 - 2018

2013

Diversified conglomerate Hemas Holdings PLC acquired the majority shareholding. Restructured and streamlined operations at J. L. Morison (Ceylon) with focus on healthcare and wellness products.

2014

Upgraded the manufacturing plant at Aluthmawatha Road, Colombo to increase capacity.

2015

Signed a 5 year buy back agreement with the Government of Sri Lanka.

Launched Atorvastatin, a new generic molecule.

2016

Launched the Morison's Rx branded pharmaceuticals range.

The Board of Directors resolved to build a new state of the art pharmaceutical research and manufacturing facility within the SLINTEC Nano Technology Park in Pitipana, Homagama.

2017

The Corporate name of J L Morison Son & Jones (Ceylon) PLC has been changed as Morison PLC

2018

Unveiled the "Morison Center of Excellence for Diabetes" (COED) partnering with the College of Endocrinologist.

# 2019 - 2024

2019

Morison PLC outsourced its warehousing and distribution process partnering with Spectra Logistics to comply with increasing demand for high quality storage practices in the pharmaceutical industry.

Launched "Meta Care" as a new business segment in the diabetic space.

95% of the construction and commissioning of new pharma manufacturing facility has been completed.

2021

Inaugurated the largest oral solid dosage pharmaceutical manufacturing and research plant in Sri Lanka.

2022

Introduced "EmpaMor" (Empagliflozin 10mg 25mg), the first ever locally manufactured SGLT2 (Sodium-Glucose Co-Transported-2), an oral medication to treat Type-2 Diabetes, at a significant price benefit from competition.

2023

Commenced commercial manufacturing from the Homagama new research and manufacturing facility in May 2022.

Morison's entry into the branded pharma segment showed good traction, with EmpaMor becoming Number Two across all Empagliflozin brands in Sri Lanka within two years of the product launch.

2024

EmpaMor became number one in volumes across all Empagliflozin brands in Sri Lanka - IQVIA 2023

# ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors have the pleasure in presenting to the Members their report together with the audited Financial Statements of the Company, for the year ended 31st March 2024.

## 1. PRINCIPAL ACTIVITIES OF THE COMPANY

Manufacturing, importing and distribution of pharmaceuticals, medical aid, diagnostics reagent and equipment, cosmetics and other consumer products.

## 2. FINANCIAL STATEMENTS OF THE COMPANY

The Financial Statements of the Company, duly certified by Director, Finance and signed by the Directors of the Company, in compliance with sections 152, 153 and 168 of the Companies Act No. 07 of 2007 are given on page 12 of this Annual Report.

## 3. PROPERTY, PLANT & EQUIPMENT

Movements in Property, Plant & Equipment during the year are set out in Note 03 to the Financial Statements.

## 4. FINANCIAL RESULTS

The total revenue of the Company for the year ended 31st March 2024 amounted to Rs. 7,317,660,719 (for 2022/2023 Financial Year - Rs. 6,738,344,676).

The profit/(Loss) before income tax of the Company for the year ended 31st March 2024 amounted to Rs. 93,708,690 (for 2022/2023 Financial Year - (Rs. 212,328,197) and Profit after tax for the year ended 31st March 2024 was Rs. 131,237,631 (for 2022/2023 Financial Year - (Rs. 203,526,455).

## 5. PROVISION FOR TAXATION

Income Tax on taxable income arising from the operations of the Company has been calculated in accordance with the provisions of the Inland Revenue Act, No. 24 of 2017 and any amendments thereto.

The deferred tax on all known temporary differences using the liability method have been calculated and disclosed in accordance with the Sri Lanka Accounting Standard LKAS 12 - Income Taxes.

Disclosures on Income Tax Expenses and Deferred Taxes are given in Note 23 to the Financial Statements on page 36 of this Annual Report.

## 6. DIRECTORS

The Board of Directors of the Company as at the date of this report are as follows:

1.	Mr. Murtaza A. A. H. Esufally	Chairman /Non-Executive Director
2.	Mr. A. M. Dinesh K. Athapaththu	Managing Director /Executive Director
3.	Mr. Ranjan Chakravarti	Independent Non-Executive Director
4.	Mr. A. Zalmi Fazeel	Non- Executive Director
5.	Dr. Sanjit Singh Lamba	Independent Non-Executive Director

During the year under review Ms. B. Arundathi I. Rajakarier , Independent Non-Executive Director resigned from the Board of Directors w.e.f. 30.06.2023 and Ms. Kasturi A. Chellaraja Wilson, Non-Executive Director resigned from the Board of Directors w.e.f. 29.03.2024).

## 5.1 Re- appointment of directors who are over 70 years of age and re-election of directors

The Board recommended that Mr. Ranjan Chakravarti who is over 70 years of age and vacate office in terms of Section 210 (2) (b) of the Companies Act No. 07 of 2007 be re-appointed as a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007 specially declaring that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said Director.

Mr. A. M. Dinesh K. Athapaththu retires by rotation in accordance with Article 84 of the Articles of Association, but being eligible, offers himself for re-election with the unanimous support of the Board.

## 7. DIRECTORS' DISCLOSURE IN DEALING IN SHARES

### Directors' Interest in Ordinary Voting and Non - Voting Shares of the Company - Direct

	31.03.2024	31.03.2023
Mr. Murtaza A. A. H. Esufally	Nil	Nil
Mr. A. M. Dinesh K. Athapaththu	Nil	Nil
Ms. B. Arundathi I. Rajakarier (Resigned w.e.f. 30.06.2023)	Nil	Nil
Mr. Ranjan Chakravarti	Nil	Nil
Ms. Kasturi A. Chellaraja Wilson (Resigned w.e.f. 29.03.2024)	Nil	Nil
Mr. A. Zalmi Fazeel	Nil	Nil
Dr. Sanjit Singh Lamba	Nil	Nil

### Directors' Interest in Ordinary Voting and Non - Voting Shares of the Company - Indirect

	31.03.2024	31.03.2023
Mr. Murtaza A. A. H. Esufally	Nil	Nil
Mr. A. M. Dinesh K. Athapaththu	Nil	Nil
Ms. B. Arundathi I. Rajakarier (Resigned w.e.f. 30.06.2023)	Nil	Nil
Mr. Ranjan Chakravarti	Nil	Nil
Ms. Kasturi A. Chellaraja Wilson (Resigned w.e.f. 29.03.2024)	Nil	Nil
Mr. A. Zalmi Fazeel	Nil	Nil
Dr. Sanjit Singh Lamba	Nil	Nil

## 8. DONATIONS

During the year charitable donations amounting to Rs. 1,012,150/- were made by the Company. (2023 - Rs. 150,000/-)



## 9. STATUTORY PAYMENTS

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

## 10. RESERVES

Details of Capital and Revenue Reserves of the Company are given in Note 13 on page 31 to the Financial Statements.

## 11. STATED CAPITAL

Details of the Stated Capital of the Company are given in Note 12 to the Financial Statements. There was no movement in the stated capital during the accounting period under review.

## 12. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no material events which occurred after the Balance Sheet date that would require adjustments to or disclosure in the Financial Statements.

## 13. INTEREST REGISTER

The Company has maintained an Interest Register in accordance with the Companies Act No. 07 of 2007 and is available for inspection as required by Section 119 (1) (d) of the aforesaid Act.

## 14. ENVIRONMENTAL PROTECTION

The Directors to the best of their knowledge and belief are satisfied that the Company has complied with the applicable environmental regulations and have not engaged in any activities, which may cause detriment to the environment.

## 15. GOING CONCERN

The Directors, having reviewed the basis of the current financial projections and resources available to continue business operations, are confident that the Company has adequate resources to continue business operations in the foreseeable future. Accordingly, the Directors consider that it is appropriate to adopt the going concern basis in preparing the Financial Statements.

## 16. EXTERNAL AUDITORS

The following payments were made to the Company's External Auditors, Messrs Ernst & Young.

	2023/24	2022/23
Audit Fees and Expenses	3,328,716	2,572,496
Fees for other services and Expenses	809,331	1,501,917

As far as the Directors are aware, the Auditors do not have any interest or relationship with the Company other than those disclosed above.

The Report of the Auditors on the Financial Statements of the Company is set out on Page 10 of this Annual Report.

A resolution to re-appoint the present Auditors, Messrs Ernst & Young, who have expressed their willingness to continue, will be proposed at the Annual General Meeting.

## 17. ACCOUNTING POLICIES

A summary of the significant Accounting Policies adopted in the preparation of the Financial Statements is given from pages 17 to 26 of the Annual Report as required by Section 168 (1) (d) of this Companies Act No. 07 of 2007.

There have been no changes in the accounting policies adopted by the Company during the year under review. The Company prepared its Financial Statements in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) which have materially converged with the International Financial Reporting Standard (IFRS) as issued by the International Accounting Standards Board (IASB).

## 18. INSURANCE AND THIRD-PARTY INDEMNIFICATION

During the year under review and up to the date of approval of this Annual Report, the Company maintained liability insurance and third-party indemnification provisions for its Directors.

## 19. ANNUAL GENERAL MEETING (AGM)

The AGM of the Company for the financial year 2023/24 will be held on Tuesday, 25th June 2024 at 10.00 a.m., as a Virtual AGM.

## 20. ACKNOWLEDGEMENT OF CONTENTS OF THE REPORT

As required by Section 168 (1) (K) of the Companies Act No. 07 of 2007, the Board of Directors hereby acknowledge the contents of this Report.

Signed for and on behalf of the Board



**Murtaza Esufally**  
Chairman



**Dinesh Athapaththu**  
Managing Director



**Hemas Corporate Services (Private) Limited**  
Secretaries

Colombo  
22nd May 2024

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

In keeping with the provisions of the Companies Act No. 07 of 2007 the Directors of Morison Limited acknowledge their responsibility to prepare and present the Financial Statements of the Company, in accordance with the relevant sections of the aforesaid Act and the Sri Lanka Accounting Standards (SLFRSs/ LKASs).

The Financial Statements for the year ended 31st March 2024, presented in this Report have been prepared in compliance with the requirements of the Sri Lanka Accounting standards and the Companies Act No. 07 of 2007. The Directors consider that appropriate accounting policies and Standards have been applied and reasonable estimations made when preparing the statements presented in this Annual Report. A material deviation, if any, from these Standards has been disclosed where necessary.

The Directors confirm their responsibility for ensuring the maintenance of proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and, enable them to ensure that its Financial Statements comply with the Companies Act No. 07 of 2007. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

In compliance with the Companies Act No. 07 of 2007, the Directors have caused to issue a copy of this Annual Report of the Company to every shareholder, fifteen working days before the date of the Annual General Meeting. A copy of the Financial Statements has also been delivered to the Registrar General of Companies.

## RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL REPORT

We, the Directors of the Company, confirm that to the best of our knowledge the Financial Statements of the Company have been prepared in accordance with applicable laws and regulations and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and the Directors' Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that face the Company.



**Murtaza Esufally**  
*Chairman*



**Dinesh Athapaththu**  
*Managing Director*



**Shaminda Fernando**  
*Director, Finance*

Colombo  
22nd May 2024

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# FINANCIAL REPORTS

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# INDEPENDENT AUDITOR'S REPORT



Ernst & Young  
Chartered Accountants  
Rotunda Towers  
No. 109, Galle Road  
P.O. Box 101  
Colombo 03, Sri Lanka

Tel : +94 11 246 3500  
Fax : +94 11 768 7869  
Email: eysl@lk.ey.com  
ey.com

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE MORISON LIMITED

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Morison Limited, which comprise the statement of financial position as at 31 March 2024, and the statement of 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 policy information.

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

#### Basis for opinion

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

#### 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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:

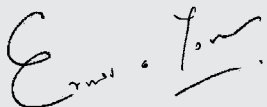
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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'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 Company'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 Company 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.

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.

#### 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.



22nd May 2024

Colombo

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman ACA ACMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

## STATEMENTS OF FINANCIAL POSITION

As at 31 March 2024	Note	2024 Rs.	2023 Rs.
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	3	6,344,754,555	6,283,309,674
Right to Use Assets	4	86,655,514	28,576,936
Intangible Assets	5	15,269,628	2,940,393
Other Financial Assets - Non Current	6	7,461,083	-
Lease Receivable - Non current	8	42,066,645	122,066,948
		6,496,207,425	6,436,893,951
<b>Current Assets</b>			
Inventories	10	2,222,946,391	1,673,367,598
Trade and Other Receivables	11	2,212,637,469	2,318,006,947
Advances and Prepayments		141,685,563	176,671,870
Other Financial Assets - Non Current	6	1,405,492	-
Lease Receivable - Current	8	32,483,790	24,605,413
Income Tax Recoverable		2,241,323	2,637,056
Cash and Cash Equivalents	18	282,349,536	52,289,292
		4,895,749,564	4,247,578,176
<b>Total Assets</b>		<b>11,391,956,989</b>	<b>10,684,472,127</b>
<b>EQUITY AND LIABILITIES</b>			
Stated Capital	12	7,924,800	7,924,800
Other Components of Equity	13	1,701,923,058	1,509,275,625
Retained Earnings		3,605,390,422	3,472,704,881
<b>Total Equity</b>		<b>5,315,238,281</b>	<b>4,989,905,306</b>
<b>Non-Current Liabilities</b>			
Interest Bearing Loans and Borrowings	14	1,425,000,000	1,800,000,000
Lease Liability - Non current	4	62,295,517	30,001,826
Deferred Tax Liabilities	23.2	547,182,218	501,527,442
Retirement Benefit Liability	15	122,622,820	113,268,394
		2,157,100,555	2,444,797,662
<b>Current Liabilities</b>			
Trade and Other Payables	16	1,986,707,006	1,456,215,093
Lease Liability - Current	4	34,602,336	4,995,730
Interest Bearing Loans and Borrowings	14	1,888,092,635	1,778,342,160
Dividends Payable	17	10,216,176	10,216,176
		3,919,618,153	3,249,769,159
<b>Total Equity and Liabilities</b>		<b>11,391,956,989</b>	<b>10,684,472,127</b>

These financial statements are in compliance with the requirements of the Companies Act No.07 of 2007.



**Shaminda Fernando**  
Director - Finance

The Board of Directors is responsible for these financial statements. Signed for and on behalf of the Board by,



**Murtaza Esufally**  
Director



**Dinesh Athapaththu**  
Director

The Accounting Policies and Notes on pages 17 through 41 form an integral part of these financial statements.

22nd May 2024  
Colombo

## STATEMENTS OF PROFIT OR LOSS

Year ended 31 March 2024	Note	2024 Rs.	2023 Rs.
<b>Revenue</b>	19	7,317,660,719	6,738,344,676
Cost of Sales		(5,459,533,044)	(5,191,497,340)
<b>Gross Profit</b>		1,858,127,675	1,546,847,336
Other Operating Income and Gains	20	3,137,926	16,221,364
Selling and Distribution Costs		(631,081,796)	(516,083,052)
Administrative Expenses		(754,874,248)	(735,548,196)
<b>Operating Profit/(Loss)</b>		475,309,557	311,437,452
Finance Cost	21.1	(395,512,528)	(524,977,433)
Finance Income	21.2	13,911,661	1,211,784
<b>Profit/(Loss) Before Tax</b>	22	93,708,690	(212,328,197)
Income Tax Expense	23	37,528,941	8,801,742
<b>Profit/(Loss) for the Year</b>		131,237,631	(203,526,455)
Earnings/(Loss) Per Share - Basic	24	17.38	-26.95

The Accounting Policies and Notes on pages 17 through 41 form an integral part of these financial statements.

## STATEMENTS OF COMPREHENSIVE INCOME

Year ended 31 March 2024	Note	2024 Rs.	2023 Rs.
<b>Profit/(Loss) for the Year</b>		131,237,631	(203,526,455)
<b>Other Comprehensive Income</b>			
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>			
Actuarial Gains / (Losses) on Defined Benefit Plans	15	2,068,444	(16,689,872)
Income Tax Effect	23.2.1	(620,533)	5,006,962
Revaluation of Land and Buildings	13.1	275,210,619	426,954,465
Income Tax Effect	23.2.1	(82,563,185)	(128,086,339)
Income Tax Effect on tax rate change			(173,694,238)
<b>Net other comprehensive income / (loss) not to be reclassified to profit or loss in subsequent periods</b>		192,647,434	125,173,888
<b>Other Comprehensive Income/(Loss) for the Year, net of tax</b>		194,095,345	287,185,215
<b>Total Comprehensive Income for the Year, net of tax</b>		325,332,976	83,658,760

The Accounting Policies and Notes on pages 17 through 41 form an integral part of these financial statements.



## STATEMENTS OF CHANGES IN EQUITY

Year ended 31 March 2024	Note	Other Components of Equity			Total Equity Rs.
		Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	
<b>Balance as at 1 April 2022</b>		7,924,800	1,901,609,419	2,948,617,558	4,858,151,777
Profit/(Loss) for the year		-	-	(203,526,455)	(203,526,455)
Other Comprehensive Income		-	125,173,888	(11,682,911)	113,490,977
Deferred Tax Effect on Revaluation surplus		-	221,789,007	-	221,789,007
Transfers during the year		-	(739,296,689)	739,296,689	-
Total Comprehensive Income		-	(392,333,794)	524,087,323	131,753,529
<b>As at 31 March 2023</b>		7,924,800	1,509,275,625	3,472,704,881	4,989,905,306
Profit/(Loss) for the year		-	-	131,237,631	131,237,631
Other Comprehensive Income		-	275,210,619	1,447,911	276,658,529
Deferred Tax Effect on Revaluation surplus		-	(82,563,185)	-	(82,563,185)
Total Comprehensive Income		-	192,647,434	132,685,542	325,332,976
Transfers during the year					
<b>As at 31 March 2024</b>		7,924,800	1,701,923,058	3,605,390,423	5,315,238,281

The Accounting Policies and Notes on pages 17 through 41 form an integral part of these financial statements.

## STATEMENT OF CASH FLOWS

Year ended 31 March 2024	Note	2024 Rs.	2023 Rs.
<b>Cash Flows From Operating Activities</b>			
Profit/(Loss) before Income Tax Expense		93,708,690	(212,328,197)
Adjustments for			
Depreciation	3	285,992,118	266,472,067
Amortization of Right - of - use Assets and Interest Expense on Lease Liabilities	4	44,102,892	33,045,359
Amortization of intangible assets	5	5,943,199	8,693,380
Profit on Sale of Property, Plant and Equipment	20	(270,000)	(9,134,141)
Unclaimable Tax		395,733	-
Interest Income	21.2	(13,911,661)	(1,211,784)
Finance Costs	21.1	424,329,579	464,966,172
Provision for Defined Benefit Plans - Gratuity	15	31,668,279	21,801,073
Provision for impairment of debtors		78,831,640	27,012,718
Operating Profit before Working Capital Changes		950,790,469	599,316,647
(Increase) / Decrease in Inventories		(549,578,793)	(80,080,055)
(Increase) / Decrease in Trade and Other Receivables		26,537,838	(970,898,318)
(Increase) / Decrease in Advances and Prepayments		26,119,732	107,898,309
Increase / (Decrease) in Trade and Other Payables		530,491,914	(179,218,512)
Cash Generated from Operations		984,361,160	(522,981,929)
Finance Costs Paid	21.1	(424,329,579)	(464,966,172)
Defined Benefit Plan Costs Paid	15	(20,245,410)	(26,026,467)
Tax Paid		-	(99,746,806)
Net Cash Flows from Operating Activities		539,786,171	(1,113,721,374)
<b>Cash Flows From / (Used in) Investing Activities</b>			
Acquisition of Property, Plant and Equipment	3	(72,226,380)	(148,785,865)
Proceeds from Sale of Property, Plant and Equipment		270,000	114,201,195
Acquisition of Intangible Assets	5	(18,272,434)	-
Net investment in Diagnostic Instruments		72,121,925	41,663,483
Interest Received	21.2	13,911,661	1,211,784
Net Cash Flows Used in Investing Activities		(4,195,228)	8,290,597
<b>Cash Flows From / (Used in) Financing Activities</b>			
Proceeds From Interest Bearing Loans and Borrowings	14	8,250,000,000	1,700,000,000
Repayment of Interest Bearing Loans and Borrowings	14	(8,388,000,000)	(539,777,778)
Settlement of Lease Liabilities		(40,281,173)	(32,475,333)
Net Cash Flows Used in Financing Activities		(178,281,173)	1,127,746,889
<b>Net Increase in Cash and Cash equivalents</b>		357,309,771	22,316,112
<b>Cash and Cash equivalents at the beginning of the year</b>	18	(338,052,869)	(360,368,982)
<b>Cash and Cash equivalents at the end of the year</b>	18	19,256,901	(338,052,869)

The Accounting Policies and Notes on pages 17 through 41 form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

### 1.1 General

Morison Limited- ("Company") is a Public Limited Liability Company, incorporated and domiciled in Sri Lanka. The registered office is located at "Hemas House", No. 75, Braybrooke Place, Colombo 2 and the principal place of business of the Company is the same.

### 1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Company - Manufacturing, Importing and distribution of pharmaceuticals, medical aid, diagnostics reagent and Equipments, cosmetics and other consumer products.

### 1.3 Parent and Ultimate Parent Entity

The Company's parent undertaking is Hemas Manufacturing (Private) Limited with the Company's ultimate parent undertaking and controlling party being Hemas Holdings PLC, incorporated in Sri Lanka.

### 1.4 Date of Authorization for Issue

The financial statements of Morison Limited for the year ended 31 March 2024 were authorized for issue in accordance with a resolution of the Board of Directors on 22nd May 2024.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 General Accounting Policies

#### 2.1.1 Statement of Compliance

The Financial Statements of Morison Limited comprise the Statement of Financial Position and the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows, together with the Accounting Policies and Notes to the Financial Statements.

These financial statements are prepared in accordance with the Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka, and in compliance with the requirements of the Companies Act No. 7 of 2007.

#### 2.1.2 Going Concern

The Board of Directors has made an assessment on the Company's ability to continue as a going concern based on the most recent information available and is satisfied that it has the resources to continue in business for the foreseeable future. Considering a wide range of factors including history of stable operations, liquidity position, availability of external funding sources, defensive cashflows and the initiatives taken to strengthen risk monitoring, the Management is satisfied that the going concern basis is appropriate. Therefore, the Financial Statements of the Group continue to be prepared on a going concern basis.

#### 2.1.3 Basis of Preparation

The financial statements have been prepared on an accrual basis and under the historical cost convention which are stated as fair value.

The financial statements are presented in Sri Lankan Rupees.

### 2.1.4 Comparative Information

The accounting policies have been consistently applied by the Company and, are consistent with those used in the previous year. Previous year's figures and phrases have been re-arranged whenever necessary to conform to current presentation.

## 2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.2.1 Amalgamation and Consolidation

Morison Limited merged with its Subsidiary, M.S.J. Industries (Ceylon) (Private) Limited with effect from 02 July 2018.

The financial statements of Compak Morison (Lanka) Limited, have been excluded from consolidation from the year 1998 under Section 146 (2) B (ii) of the Companies Act. No 17 of 1982 and under the Section 153 (6) (B) of the Companies Act No.7 of 2007.

As per the letter given by Messrs. Julius & Creasy, on February 11, 1998, the movable and immovable properties of Compak Morison (Lanka) Limited, which were under mortgage to the National Development Bank (NDB) were handed over to the NDB in exercise of the rights of parate execution, NDB having advertised the property for sale in the public auction brought it in, at the auction towards the claim of NDB.

### 2.2.2 Foreign Currency Translation

The Financial Statements are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the income statement.

Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

### 2.2.3 Taxation

#### a) Current Income Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

## Notes to the Financial Statements

Current income taxes relating to items recognized directly equity is also recognized in equity and not in the Statement of Profit or Loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Provision for taxation is made on the basis of the accounting profit for the year, as adjusted for taxation purposes, in accordance with the provisions of the Inland Revenue Act No. 24 of 2017, effective from 01 April 2018, and subsequent amendments thereto.

Changes proposed to the Inland Revenue Act, No. 24 of 2017 (IRA) by the Inland Revenue Bill with Committee Stage Amendments approved by Parliament on 09.12.2022 which certified by Hon. Speaker on 19th December 2022, and enacted as Inland Revenue (Amendment) Act, No 45 of 2022, income tax rates and proposed basis of quantifying current income tax stipulated in the said Circular to be effective from 01 October 2022 have been used to calculate the last quarter income tax provision of the 2022/23 financial year of the company. Accordingly, the company has decided to apply the revised income tax rates with effective from 1 October 2022.

Management has used its judgement in the application of tax laws including transfer pricing regulations involving identification of associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanism.

### b) *Deferred Tax*

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax relating to items recognized directly in equity are also recognized in equity and not in the statement of profit or loss.

Deferred tax assets and liabilities are set off if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### c) *Sales Tax*

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable
- Receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

### 2.2.4 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company only reassesses whether a contract is, or contains, a lease subsequent to initial recognition if the terms and conditions of the contract are changed.

#### **Company as a lessee**

##### ***Right of use assets***

The Company recognises right of use assets at the commencement date of the lease, when the underlying asset is available for use. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company 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. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. Right of use assets are subject to impairment.

Right of use assets are amortised on the straight line basis over 2 – 27 years of lease term.

##### ***Lease liabilities***

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The Company's lease liabilities are included in Interest-bearing loans and borrowings

##### ***Short-term leases and leases of low-value assets***

The Company applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### ***Company as a lessor***

Diagnostics instruments are placed in third parties to purchase reagents necessary for such instrument with monthly minimum commitment value through finance lease arrangement. Finance lease assets are reported as receivables at an amount equal to the net investment in the lease. Lease income from finance leases is recognised over the term of the lease based on the effective interest rate method.

#### **2.2.5 Borrowing Costs**

Borrowing costs are recognized as an expense in the year in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the respective asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using Company's weighted average cost of borrowing after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investments. Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted.

### **2.3 ASSETS AND BASES OF THEIR VALUATION**

Assets classified as current assets in the Statement of Financial Position are cash and those which are expected to be realised in cash during the normal operating cycle of the Company's business or within one year from the reporting date.

Assets other than current assets are those which the Company intends to hold beyond a period of one year from the reporting date.

#### **2.3.1 Property, Plant and Equipment**

##### ***(1) Valuation***

Property, Plant and Equipment is stated at cost except for land and building, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the Property, Plant and Equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of Property, Plant and Equipment are required to be replaced at intervals, the Company derecognises the net book value of replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit or Loss as incurred.

## Notes to the Financial Statements

Capital expenditure incurred in relation to fixed assets which are not completed as at the Reporting date are shown as capital work-in-progress and is stated at cost less Impairment. On completion, the related assets are transferred to property, plant and equipment. Depreciation on such assets commences when the assets are ready for their intended use.

When items of Property, Plant and Equipment are subsequently revalued, the entire class of such assets is revalued. Any revaluation surplus is recognised in Other Comprehensive Income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Profit or Loss, in which case the increase is recognised in the Statement of Profit or Loss. A revaluation deficit is recognised in the Statement of Profit or Loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

The Company has adopted a policy of revaluing land and building by professional valuers at least every three years unless otherwise there are indications that the fair value of the land and building differs materially from its carrying values.

The valuation methodology adopted and the key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Note 3

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

### (2) Cost

Cost of Property, Plant & Equipment is the cost of acquisition or construction together with any expenses incurred in bringing the assets to its working condition for its intended use.

Expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature by means of which to carry on the business or to increase the earning capacity of the business has been treated as capital expenditure.

### (3) Depreciation

The provision for depreciation is calculated by using a straight line method on the cost or valuation of all Property, Plant & Equipment other than freehold land, in order to write off such amounts over the estimated useful lives.

The principal annual rates used are:

Freehold Buildings	35 Years
Plant and Machinery	5-13.33 Years
Furniture and Fittings	10 Years
Motor Vehicles	5 Years
Office Equipment	5 Years
Computer Hardware	5 Years
Office Software	5 Years

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

The appropriateness of useful lives of the assets and the residual value is assessed annually.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

### 2.3.2 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or infinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category consistent with the function of the intangible asset.



Intangible assets with infinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an infinite life is reviewed annually to determine whether infinite life assessment continues to be supportable.

If not, the change in the useful life assessment from infinite to finite is made on a prospective basis.

### 2.3.3 Non-current assets held for sale

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

### 2.3.4 Financial Assets and Liabilities

#### 2.3.4.1 Financial Assets

##### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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.

##### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

##### *Financial assets at amortised cost (debt instruments)*

The Company measures financial assets at amortised cost if both of the following conditions are met:

The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade receivables, loans to an employees, loans to related parties and other investments included under other financial assets.

##### *De-recognition*

A financial asset is de-recognised when:

- The rights to receive cash flows from the asset have expired.
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Company's continuing involvement in it.

##### *Impairment of financial assets*

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

## Notes to the Financial Statements

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

### 2.3.4.2 Financial liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

#### Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

- Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

#### De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### 2.3.5 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Raw materials: Purchase cost on weighted average cost of capital.

Finished goods and work in progress: Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### 2.3.6 Cash and cash equivalents

Cash and cash equivalents are cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose statement of cash flow, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities (including investment in money market funds) i.e. three months or less from the date of acquisition are also treated as cash equivalents.

#### 2.3.7 Impairment of non-financial assets

The Company assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the group of non-financial asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell or its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of non-financial assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

## 2.4 LIABILITIES AND PROVISIONS

Liabilities classified as current liabilities in the Statement of Financial Position are those obligations payable on demand or within one year from the reporting date. Items classified as non-current liabilities are



those obligations which become payable beyond a period of one year from the reporting date. All known liabilities have been accounted for in preparing these Financial Statements. Provisions and liabilities are recognised when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

#### 2.4.1 Retirement Benefit Obligations

##### a) *Defined Contribution Plans - Employees' Provident Fund & Employees' Trust Fund*

Employees are eligible for Mercantile Service Provident Society Fund (MSPS) Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations in Sri Lanka.

The Company contributes 12 % and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

##### *Defined Benefit Plan - Gratuity*

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

The valuation is performed annually by the management by using independent actuary of each company, using the projected unit credit method in accordance with LKAS 19, "Employee Benefits".

The Company recognises all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in personnel expenses in the Statement of Profit or Loss.

The key assumptions used in the computation are stated in the Note 15 to the Financial Statements.

This liability is not externally funded and the item is grouped under non-current liabilities in the Statement of Financial Position.

#### 2.4.2 Capital Commitments and Contingencies

All material capital commitments and contingent liabilities which exist as at the reporting date are disclosed in the respective notes to the Financial Statements.

### 2.5 STATEMENT OF PROFIT OR LOSS

#### (a) Revenue

Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods.

SLFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods to a customer.

SLFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

In determining the transaction price for the revenue contracts, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration to the customer (if any)

#### Variable Consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some revenue contracts in the Consumer and Healthcare segments in the Company provide customers with a right to return, rebates, discounts and consideration payable to the customers. These give rise to variable consideration.

#### Turnover based tax

The Company pays turnover based taxes including value added tax in accordance with the respective statutes.

#### Accounting Judgement, Estimate and Assumption

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- Principal versus agent considerations  
In determining whether the Company is the principal or the agent pertaining to the certain revenue contracts the Company has evaluated who has control of the good before transferring it to the customer;

The following factors also have being considered;

- The primarily responsibility for fulfilling the promise to provide the specified good or the service.
- Inventory risk before or after the specified good has been transferred to the customer
- The discretion in establishing the price for the specified equipment.

## Notes to the Financial Statements

- Based on the above factors if the Company concludes that it does have control of the good before transferring it to the customer, the Company acts as the principal in which case revenue will be recognized in gross and if the Company does not have the control of the good before transferring it to the customer, it will recognize revenue on the contract on net basis as an agent.

### Determining method to estimate variable consideration and assessing the constraint

Certain revenue contracts especially in Consumer and Healthcare segments include a right of return, rebates and customer incentives that rise to variable consideration. In estimating the variable consideration, the Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

### Evaluation of point of transfer of control to the customer under the recognise revenue

The following factors were considered in determining the point of transfer of control to the customer.

- The entity has a present right to payment for the asset
- The customer has legal title to the asset
- The entity has transferred physical possession of the asset
- The customer has the significant risks and rewards of ownership of the asset
- The customer has accepted the asset
- Whilst the above indicators assist in the determination of transfer of control, none of the indicators above are meant to individually determine whether control has been transferred. Further not all of them must be present. Hence the above evaluation requires significant judgement.

### Goods transferred at a point in time

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

### Rendering of Services

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

### Interest Income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of profit or loss.

### Rental Income

Rental income is recognized on an accrual basis.

### Gains and Losses

Net gains and losses of a revenue nature on the disposal of Property, Plant & Equipment and other non current assets including investments are accounted for in the statement of profit or loss, after deducting from proceeds on disposal, the carrying amount of the assets and related selling expenses. On the disposal of revalued Property, Plant and Equipment, the amount remaining in the Revaluation Reserve, relating to that particular asset is transferred directly to Retained Earnings.

Gains and losses arising from activities incidental to the 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.

### Other Income

Other income is recognized on an accrual basis.

#### 2.5.1 Expenditure Recognition

The expenses are recognized on an accrual basis. All expenditure incurred in the ordinary course of business and in maintaining the Property, Plant & Equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

For the purpose of presentation of the statement of profit or loss, the Directors are of the opinion that "function of expenses" method presents fairly the elements of the Company's performance, and hence such presentation method is adopted.

### 2.6 RELATED PARTY DISCLOSURES

Disclosures are made in respect of related party transactions in accordance with LKAS 24.

### 2.7 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of 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.

The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates/Judgements made by management in the application of Sri Lanka Accounting Standards that have a significant effect on the financial statements are mentioned below.

	Policy	Note
Property, plant & equipment	2.3.1	3
Valuation and depreciation	2.3.1	3
Impairment of assets	2.3.4/2.3.7	-
Employee benefit liabilities	2.4.1	15
Financial Instruments	2.3.4	6/11

**2.8 CURRENT VERSUS NON-CURRENT CLASSIFICATION**

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period Or
- 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 normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
- The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**2.9 FAIR VALUE MEASUREMENT**

The Company measures financial instruments such as investment in equity instruments, and non-financial assets such as Land and buildings, at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in the following notes:

Disclosures for valuation methods, significant estimates and assumptions	Note 3
Quantitative disclosures of fair value measurement hierarchy	Note 3
Property, plant and equipment under revaluation model	Note 3

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. 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 Company.

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 Company 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as Land. Involvement of external valuers is decided upon annually by the Management after discussion with the Company’s Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

## Notes to the Financial Statements

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management presents the valuation results to the Audit Committee includes a discussion of the major assumptions used in the valuations.

The Management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### 2.10 NEW STANDARDS AND INTERPRETATIONS BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

#### Classification of Liabilities as Current or Non-current - Amendment to LKAS 1

Amendments to LKAS 1 relate to classification of liabilities with covenants as current or non-current. The amendments clarify that if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The requirements apply only to liabilities arising from loan arrangements.

The amendments are effective for annual periods beginning on or after 1 January 2024.

#### Disclosures: Supplier Finance Arrangements - Amendments to LKAS 7 and SLFRS 7

The amendments clarify the characteristics of supplier finance arrangements and require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements.

The amendments are effective for annual periods beginning on or after 1 January 2024.

#### Lease Liability in a Sale and Leaseback - Amendment to SLFRS 16

The amendments to SLFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. A seller-lessee applies the amendment retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2024.

#### SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of SLFRS 17 is the general model, supplemented by:

- a specific adaptation for contracts with direct participation features (the variable fee approach)
- a simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

#### International Tax Reform - Pillar Two Model Rule - Amendments to LKAS 12

The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments are effective for annual periods beginning on or after 1 January 2024.

**3. PROPERTY, PLANT AND EQUIPMENT****3.1**

Year ended 31 March 2024	Freehold Land	Freehold Buildings	Buildings on Leasehold Land	Plant and Machinery	Motor Vehicle	Office Equipment's	Furniture and Fittings	Capital Work in Progress	Computer Hardware	Computer Software	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
3.1.1 Cost or Valuation											
01 April 2023	467,665,000	250,735,000	3,272,793,798	2,394,065,503	36,309,580	156,187,079	106,444,921	169,813,542	67,105,154	51,148,886	6,972,288,461
Additions	-	-	-	17,186,504	-	2,179,538	-	95,078,844	9,154,314	-	123,599,200
Transfers	-	-	9,606,400	65,498,475	-	45,500,001	1,090,856	(123,117,032)	1,421,300	-	-
Disposal	-	-	-	(2,836,878)	-	-	-	-	(345,673)	-	(3,182,550)
Transfers to Intangible assets/ Receivable	-	-	-	-	-	-	-	(51,372,819)	-	-	(51,372,819)
Increase due to Revaluation	27,135,000	27,787,908	220,287,711	-	-	-	-	-	-	-	275,210,619
Transfers due to Revaluation	(8,972,908)	(8,972,908)	(85,072,541)	-	-	-	-	-	-	-	(94,045,449)
<b>As at 31 March 2024</b>	<b>494,800,000</b>	<b>269,550,000</b>	<b>3,417,615,368</b>	<b>2,473,933,604</b>	<b>36,309,580</b>	<b>203,866,619</b>	<b>107,535,777</b>	<b>90,402,535</b>	<b>77,335,095</b>	<b>51,148,886</b>	<b>7,222,497,462</b>

**3.1.2 Accumulated Depreciation**

01 April 2023	-	-	-	521,717,841	35,036,012	29,185,183	33,980,190	-	45,010,547	24,049,016	688,978,789
Charge for the year	-	8,972,908	85,072,541	148,833,755	1,021,504	13,182,475	13,358,822	-	7,874,446	7,675,668	285,982,118
Transfers due to Revaluation	(8,972,908)	(8,972,908)	(85,072,541)	-	-	-	-	-	-	-	(94,045,449)
Disposals	-	-	-	(2,836,878)	-	-	-	-	(345,673)	-	(3,182,550)
<b>As at 31 March 2024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>667,714,718</b>	<b>36,057,516</b>	<b>42,367,657</b>	<b>47,339,012</b>	<b>-</b>	<b>52,539,320</b>	<b>31,724,684</b>	<b>877,742,907</b>

**3.1.3 Carrying Value**

As at 31 March 2024	494,800,000	269,550,000	3,417,615,368	1,806,218,886	252,064	161,498,961	60,196,764	90,402,535	24,795,775	19,424,203	6,344,754,555
As at 31 March 2023	467,665,000	250,735,000	3,272,793,798	1,872,367,662	1,273,568	127,001,896	72,464,730	169,813,542	22,094,607	27,099,871	6,283,309,674

3.1.4 During the financial year, the Company acquired Property, Plant and Equipment to an aggregate value of Rs. 123,599,200/- (2023 - Rs. 148,785,865/-) Cash Payments amounting to Rs. 72,226,380/- (2023 - Rs. 148,785,865/-) were made during the year for the purchase of Property, Plant and Equipment.

3.1.5 The land and buildings belonging to Morison Limited, situated at No. 126 and 126/2, Aluthmawatha Road, Colombo 15 and Building on leasehold land at Nanotechnology Industrial Park, Pitipana North, Homagama were revalued during the financial year ended 31st March 2024 by M/S Perera Swasthara & Company, an independent Chartered valuer. The results of such revaluation were incorporated in these financial statements from its effective date which is 31 March 2024. The surplus arising from the revaluation was transferred to the revaluation reserve.

## Notes to the Financial Statements

Location	Extent	Method of Valuation	Significant unobservable inputs /Sensitivity	Range	Value	Level of Fair Value Hierarchy	Valuation Date
Land at Aluthmawatha	27.78 P	Investment Method	Rate of Return 7% + 0.5% 286Mn	Rs.6,000,000	160,200,000	Level 3	31.03.2024
Building at Aluthmawatha	21,930 Sq ft		- 0.5% 331Mn	Rs.100 - Rs. 275	133,300,000		
Land at Aluthmawatha	1R -19.15P	Investment Method	Rate of Return 6.5% + 0.5% 437Mn	Rs. 6,000,000	334,600,000	Level 3	31.03.2024
Building at Aluthmawatha	21,901 Sq ft		- 0.5% 510Mn	Rs. 135 - Rs. 275	136,250,000		
Building on Leasehold land at Pitipana, Homagama	113,310 Sq ft	Investment Method	Rate of Return 8.5% +0.5% 3,787Mn -0.5% 4,208Mn	Rs. 8,750 - Rs. 39,500	3,417,615,369	Level 3	31.03.2024

The carrying amount of revalued assets that would have been included in the financial statements had the assets been carried at cost less depreciation is as follows;

Class of Asset	Cost Rs.	Cumulative Depreciation if assets were carried at cost Rs.	Net Carrying Amount 2024 Rs.	Net Carrying Amount 2023 Rs.
Freehold Land	218,030,118	-	218,030,118	218,030,118
Freehold Buildings	2,052,411,943	(41,942,947)	2,010,468,996	2,052,411,943

#### 4. RIGHT OF USE ASSETS

##### 4.1 Amounts recognised in the statement of financial position and income statement

Set out below, are the carrying amounts of the Company's right of use assets and lease liabilities and the movements for the period ended 31 March 2024.

Right of Use Assets	2024 Rs.	2023 Rs.
<b>Cost</b>		
At the beginning of the year	28,576,936	57,111,681
Additions	59,856,397	2,734,197
Transfers & Reassessments	28,445,610	(1,526,190)
Amortisation	(30,223,429)	(29,742,752)
At the end of the year	86,655,514	28,576,936
<b>Lease Liabilities</b>		
At the beginning of the year	34,997,556	62,962,270
Additions	59,856,397	2,734,197
Interest expense	13,879,463	5,461,804
Transfers & Reassessments	28,445,610	(3,685,383)
Payments	(40,281,173)	(32,475,333)
<b>Net Carrying Value</b>	86,655,514	28,576,936
Current	34,602,336	4,995,730
Non-current	62,295,517	30,001,826
<b>Total</b>	86,655,514	28,576,936

Right of Use Assets	2024 Rs.	2023 Rs.
<b>The following are the amounts recognised in profit or loss:</b>		
Amortisation of right-of-use assets	30,223,429	27,583,558
Interest expense on lease liabilities	13,879,463	5,461,805
<b>Total amount recognised in profit or loss</b>	<b>44,102,892</b>	<b>33,045,363</b>

## 5. INTANGIBLE ASSETS

	2024 Rs.	2023 Rs.
<b>Computer Software</b>		
As at 1 April	2,940,393	11,633,772
Addition made during the year	18,272,434	-
Amortization	(5,943,199)	(8,693,380)
As at 31 March	15,269,628	2,940,393

## 6. OTHER FINANCIAL ASSETS

	2024 Rs.	2023 Rs.
<b>Loans to Company Employees:</b>		
Balance at the Beginning of the Year	-	-
Loans Granted During the Year	9,550,000	-
Less: Repayments	(683,425)	-
Balance at the End of the Year	8,866,575	-
Non Current	7,461,083	-
Current	1,405,492	-
<b>Total</b>	<b>8,866,575</b>	<b>-</b>

## 8. LEASE RECEIVABLE

**8.1** Diagnostics instruments are leased to third parties through finance lease arrangements. Such assets are reported as receivables at an amount equal to the net investment in the lease. Lease income from finance leases is recognised over the term of the lease based on the effective interest rate method.

	Gross Investment in lease		Present value of minimum lease receipts	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Between one and five years	48,028,810	129,445,931	42,066,645	122,066,948
Within one year	35,823,954	30,629,607	32,483,790	24,605,413
	83,852,764	160,075,538	74,550,435	146,672,361



## Notes to the Financial Statements

**10. INVENTORIES**

	2024 Rs.	2023 Rs.
Raw Materials and Packing Materials	734,662,198	504,196,785
Work in Progress	86,021,493	44,834,476
Finished Goods	1,391,816,207	1,086,750,108
Goods in Transit	155,662,399	128,539,323
	2,368,162,296	1,764,320,692
(-) Provision for Obsolete Stocks (Note 10.1)	(145,215,905)	(90,953,094)
	2,222,946,391	1,673,367,598

**10.1 Provision for Obsolete Stocks**

	2024 Rs.	2023 Rs.
Balance as at 1st April	90,953,094	51,812,092
Provision made/ (Reversals) during the year	54,262,811	39,141,002
Balance as at 31st March	145,215,905	90,953,094

**11. TRADE AND OTHER RECEIVABLES**

	2024 Rs.	2023 Rs.
Trade Receivables - Others	2,063,008,605	1,843,965,965
Trade Receivables - Related Parties (Note 11.1)	123,388,877	103,616,443
Less: Provision for Impairment (Note 11.3)	(78,831,640)	(27,012,718)
	2,107,565,842	1,920,569,690
Other Receivables - Others	117,628,111	396,382,043
Other Receivables - Related Parties (Note 11.2)	-	1,055,215
Less: Provision for Impairment	(12,556,485)	-
	2,212,637,469	2,318,006,947

**11.1 Trade Debtors - Related Parties**

	2024 Rs.	2023 Rs.
	Relationship	
Hemas Capital Hospital (Pvt) Ltd.	Group Company	7,960,135
Hemas Hospitals (Pvt) Ltd.	Group Company	5,891,658
Hemas Pharmaceuticals (Pvt) Ltd.	Group Company	79,198,266
Hemas Surgicals & Diagnostics (Pvt) Ltd.	Group Company	76,437
Hemas Manufacturing (Pvt) Ltd.	Parent Company	143,233
Lifeconnect Solutions (Pvt) Ltd.	Group Company	30,119,148
		123,388,877
		103,616,443

**11.2 Other Debtors - Related Parties**

	2024 Rs.	2023 Rs.
	Relationship	
Morlan (Pvt) Ltd.	Group Company	-
		1,055,215
		-
		1,055,215



**11.3 Reconciliation of Provision for Impairment of Trade Receivables**

	2024 Rs.	2023 Rs.
Balance as at 1st April	27,012,718	114,732,400
Writeback/(Write off)	-	(38,075,975)
Provision made/(Reversal) during the year	51,818,922	(49,643,707)
Balance as at 31st March	78,831,640	27,012,718

**11.4 As at 31 March, the ageing analysis of trade receivables, is as follows:**

	Total Rs.	Neither past due nor impaired		Past due but not impaired			
		Rs.	Rs.	< 30 days Rs.	30-60 days Rs.	61-90 days Rs.	91-120 days Rs.
2024	2,107,565,842	1,467,145,217	251,438,609	155,577,890	102,963,328	94,542,289	35,898,509
2023	1,920,569,690	1,504,606,109	217,983,840	62,510,934	50,321,040	49,944,851	35,202,915

**12. STATED CAPITAL**

	2024		2023	
	Number	Rs.	Number	Rs.
Fully Paid Ordinary Shares	5,808,290	6,182,310	5,808,290	6,182,310
Fully Paid Non-Voting Ordinary Shares	1,742,490	1,742,490	1,742,490	1,742,490
	7,550,780	7,924,800	7,550,780	7,924,800

**12.1 Rights, Preference and Restrictions of Classes of Capital**

The Non-Voting shares are ranked pari passu with the existing Ordinary Shares of the Company including the right to participate in any dividend declared after the date of the issue, but excluding the right to vote.

**13. OTHER COMPONENTS OF EQUITY**

	2024 Rs.	2023 Rs.
<b>Summary</b>		
Revaluation Reserve (Note 13.1)	1,701,923,058	1,509,275,625
	1,701,923,058	1,509,275,625

**13.1 Revaluation Reserve**

	2024 Rs.	2023 Rs.
<b>On: Property, Plant and Equipment</b>		
As at 1 April	1,509,275,625	1,901,609,419
Revaluation surplus during the year	275,210,619	426,954,465
Transfer from revaluation reserve on disposal	-	(517,507,682)
Tax effect on tax rate change	-	(173,694,238)
Deferred Tax effects on revaluation during the year	(82,563,185)	(128,086,339)
As at 31 March	1,701,923,058	1,509,275,625

## Notes to the Financial Statements

## 14. INTEREST BEARING LOANS AND BORROWINGS

14.1	2024 Rs.	2023 Rs.
<b>Current Interest Bearing Loans and Borrowings</b>		
Term Loans (Note 14.1.1)	1,625,000,000	1,388,000,000
Bank Overdrafts (Note 18.2)	263,092,635	390,342,160
	1,888,092,635	1,778,342,160
<b>Non-current Interest Bearing Loans and Borrowings</b>		
Bank Loans (Note 14.1.1)	1,425,000,000	1,800,000,000
	1,425,000,000	1,800,000,000

## 14.1.1 Term Loans

	31.03.2023 Rs.	Obtained Rs.	Repayment Rs.	31.03.2024 Rs.	Current Rs.	Non-current Rs.
Commercial Bank of Ceylon PLC	2,400,000,000	800,000,000	(1,350,000,000)	1,850,000,000	425,000,000	1,425,000,000
HSBC	-	1,800,000,000	(600,000,000)	1,200,000,000	1,200,000,000	-
Hatton National Bank	788,000,000	3,450,000,000	(4,238,000,000)	-	-	-
Nation Trust Bank	-	2,200,000,000	(2,200,000,000)	-	-	-
	3,188,000,000	8,250,000,000	(8,388,000,000)	3,050,000,000	1,625,000,000	1,425,000,000

## 14.2 Terms and conditions of Bank Loan

Details	Nature of the Facility	Interest Rate	Balance 2024 (Rs. '000)	Repayment Term	Security
Commercial Bank of Ceylon PLC	Term Loan Facility of LKR 2 Bn	First 2 Years 7.25% p.a. Next 4 Years 7.75% p.a. (Fixed)	1,850,000,000	1st & 2nd year grace period, 3rd year 4 Quarters 50 Mn each, 4th & 5th year 8 Quarters 125Mn each, 6th year 4 Quarters Rs. 200 Mn each.	Not applicable
HSBS	Short term Loan Facility of LKR 1,200 Mn	Market rate	1,200,000,000	At Maturity	Not applicable

**15. RETIREMENT BENEFIT OBLIGATION**

	2024 Rs.	2023 Rs.
Gratuity		
As at 01 April	113,268,394	100,803,916
Current Service Cost	11,279,968	9,704,604
Interest Cost on Benefit Obligation	20,388,311	12,096,470
Actuarial Loss/(Gain) for the year	(2,068,444)	16,689,872
Payments During the Year	(20,245,410)	(25,630,818)
Liability Transferred Out	-	(395,650)
As at 31 March	122,622,820	113,268,394

	Amounts charged to profit or loss					Remeasurement gains/(losses) in other comprehensive income				
	As at 01 April Rs.	Current Service Cost Rs.	Past Service Cost Rs.	Net interest Rs.	Sub-total included in profit or loss Rs.	Benefits paid Rs.	Actuarial changes arising from changes in assumptions Rs.	Experience adjustments Rs.	Sub total included in OCI Rs.	As at 31 March Rs.
<b>2024</b>	113,268,394	11,279,968	-	20,388,311	31,668,279	(20,245,410)	(2,068,444)	-	(2,068,444)	122,622,820
Transfer due to Liability Transferred	-	-	-	-	-	-	-	-	-	-
	113,268,394	11,279,968	-	20,388,311	31,668,279	(20,245,410)	(2,068,444)	-	(2,068,444)	122,622,820
<b>2023</b>	100,803,916	9,704,604	-	12,096,470	21,801,073	(25,630,818)	16,689,872	-	16,689,872	113,664,044
Transfer due to Liability Transferred	-	-	-	-	-	-	-	-	-	(395,650)
	100,803,916	9,704,604	-	12,096,470	21,801,073	(25,630,818)	16,689,872	-	16,689,872	113,268,394

**15.2** Messrs. K.A. Pandith Consultants and Actuaries, carried out an actuarial valuation of the defined benefit plan on 31 March 2024. Appropriate compatible assumptions were used in determining the cost of retirement benefits.

The principal assumptions used in determining defined benefit obligation are shown below:

	2024	2023
Discount Rate	12%	18%
Salary Increment	10%	15.0%
Retirement Age	57- 60 years	57- 60 years

**15.3 Sensitivity of assumptions used**

	Discount Rate Rs.	Discount Rate Rs.
Effect on the defined benefit obligation liability		
Increase by one percent	(4,511,651)	(3,779,530)
Decrease by one percent	4,941,713	4,108,276

## Notes to the Financial Statements

**15.4** Due to the prevailing economic conditions, the management has considered different scenarios for the possible changes in the assumptions used in valuing the retirement benefit obligation and concluded that the impact to the retirement benefit obligation from those possible changes are not material.

**15.5 Maturity Analysis of the Benefits Payments**

	2024	2023
1st Following Year	23,839,342	22,991,259
2nd Following Year	18,875,959	18,901,888
3rd Following Year	22,236,444	19,923,092
4th Following Year	15,942,830	21,215,190
5th Following Year	13,993,383	16,612,733
Sum of Years 6 to 10	61,723,487	80,214,593
Sum of Years 11 and Above	85,481,822	161,704,559

**16. TRADE AND OTHER PAYABLES**

	2024 Rs.	2023 Rs.
Trade Payables - Local others	60,563,042	19,837,328
- Related Parties (Note 16.1)	1,212,637	1,679,343
Foreign Bills Payable	1,207,351,150	863,389,819
Non Trade Payables - Related Parties (Note 16.2)	55,168,283	18,116,360
Non Trade Creditors including Accrued Expenses	662,411,894	553,192,243
	1,986,707,006	1,456,215,093

**16.1 Trade Payables - Related Parties**

	2024 Rs.	2023 Rs.
	<b>Relationship</b>	
Hemas Pharmaceutical (Pvt) Ltd	Group Company	1,108,637
Hemas Capital Hospital (Pvt) Ltd	Group Company	-
Hemas Hospitals (Pvt) Ltd	Group Company	104,000
		1,212,637

**16.2 Other Payables - Related Parties**

	2024 Rs.	2023 Rs.
	<b>Relationship</b>	
Hemas Holdings PLC	Ultimate Parent	19,312,530
Hemas Corporate Services (Pvt) Ltd	Group Company	887,828
Hemas Manufacturing (Pvt) Ltd	Parent Company	16,485,018
Hemas C O E (Pvt) Ltd.	Group Company	967,416
Atlas Axillia Co (Pvt) Ltd	Group Company	315,749
Hemas Development (Pvt) Ltd	Group Company	13,174,985
Hemas Ecopower (Pvt) Ltd	Group Company	4,024,757
		55,168,283

**17. DIVIDENDS PAYABLE**

	2024 Rs.	2023 Rs.
Unclaimed Dividends	10,216,176	10,216,176
	10,216,176	10,216,176

**18. CASH AND CASH EQUIVALENTS**

	2024 Rs.	2023 Rs.
<b>18.1 Favourable Cash and Cash Equivalents</b>		
Cash at Banks and in Hand	182,349,536	52,289,292
Investment in Short Term Deposits	100,000,000	-
	282,349,536	52,289,292
<b>18.2 Unfavourable Cash and Cash Equivalents</b>		
Bank Overdrafts	(263,092,635)	(390,342,160)
<b>Total Cash and Cash Equivalents</b>	19,256,901	(338,052,868)

**19. REVENUE**

	2024 Rs.	2023 Rs.
Goods transfers at a point in time	7,317,660,719	6,738,344,676
	7,317,660,719	6,738,344,676

**20. OTHER OPERATING INCOME AND GAINS**

	2024 Rs.	2023 Rs.
Profit on Disposal of Property, Plant and Equipment	270,000	9,136,266
Sundry Income	2,867,926	7,085,099
	3,137,926	16,221,364

**21. FINANCE COST AND INCOME**

	2024 Rs.	2023 Rs.
<b>21.1 Finance Cost</b>		
Interest Expense on Overdrafts	19,549,994	203,038,690
Interest Expense on Interest Bearing Loans and Borrowings	404,779,585	261,927,482
Finance Charges on Lease Liabilities	13,879,463	5,461,805
Exchange (Gain)/Loss - Realized	(59,435,222)	293,079,344
Exchange (Gain)/Loss - Unrealized	16,738,707	(238,529,887)
	395,512,528	524,977,433

## Notes to the Financial Statements

21.2 Finance Income	2024 Rs.	2023 Rs.
Income from Investments		
-Return on investment in Fixed Deposits	13,911,661	1,211,784
	13,911,661	1,211,784

**22. PROFIT BEFORE TAX**

Stated after Charging /Crediting	2024 Rs.	2023 Rs.
<b>Included in Cost of Sales</b>		
Employees Benefits including the following		
- Defined Contribution Plan Costs - EPF and ETF	26,538,196	25,698,237
- Salary Related Expenses	324,675,845	341,243,668
Depreciation	232,707,896	214,111,477
<b>Included in Administrative Expenses</b>		
Employees Benefits including the following		
- Defined Benefit Plan Costs -Gratuity	31,668,279	21,801,074
- Defined Contribution Plan Costs - EPF and ETF	14,138,380	15,012,202
- Salary Related Expenses	165,072,694	151,056,750
Depreciation	83,507,650	88,637,528
<b>Auditors' Remuneration</b>		
- Audit Fees	3,328,716	2,572,496
- Non-Audit Fees	809,331	1,501,917
<b>Included in Selling and Distribution Costs</b>		
Transport Costs	13,117,394	12,664,524
Advertising and Sales of Promotion	294,467,777	252,511,976

**23. INCOME TAX EXPENSE**

The major components of income tax expense for the years ended 31 March are as follows :

Income Statement	2024 Rs.	2023 Rs.
<b>Current Income Tax</b>		
Current Income Tax charge (Note 23.1)	-	-
Under/(Over) Provision of current taxes in respect of prior years	-	-
	-	-
<b>Deferred Income Tax</b>		
Deferred Taxation Charge/(Reversal) (Note 23.2)	(37,528,941)	(8,801,742)
	(37,528,941)	(8,801,742)

23.1 A reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows:

	2024 Rs.	2023 Rs.
Accounting Profit/(Loss) before Tax	93,708,690	(212,328,196)
Non Deductible Expenses	591,077,015	745,060,997
Deductible Expenses	(766,257,238)	(1,111,327,927)
Interest Income	13,911,661	1,211,784
Taxable Profit	(67,559,872)	(577,383,342)
Statutory Tax Rate	30%	30%
Income Tax on profits at Rate of 30%	-	-

## 23.2 Deferred Income Tax

23.2.1	Statement of Financial Position		Statement of Profit or Loss	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
<b>Deferred Tax Liability</b>				
Capital Allowances for Tax Purposes	280,480,021	293,496,203	(13,016,182)	232,040,232
Revaluation of Lands and Buildings	640,213,898	557,650,713	-	-
	920,693,919	851,146,916	(13,016,182)	232,040,232
<b>Deferred Tax Assets</b>				
Defined Benefit Plans	36,786,846	33,980,518	(3,426,861)	(6,796,695)
Tax Losses	336,724,855	315,638,957	(21,085,898)	(234,045,278)
	373,511,701	349,619,475		
Deferred Income (Tax Income)/Expense			(37,528,941)	(8,801,742)

	Other Comprehensive Income	
	2024 Rs.	2023 Rs.
Defined Benefit Plans	620,533	(5,006,962)
Revaluation of Lands and Buildings	82,563,185	128,086,336
Tax effect on tax rate change	-	173,694,238
Tax effect on Property disposal	-	(221,789,007)
	83,183,719	74,984,606
Net Deferred Tax Liability	547,182,218	501,527,441

## Notes to the Financial Statements

### 24. EARNINGS/(LOSS) PER SHARE

24.1 Basic Earnings/(Loss) Per Share is calculated by dividing the Profit/(Loss) for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

24.2 The following reflects the income and share data used in the basic Earnings/(Loss) Per Share computation.

	2024 Rs.	2023 Rs.
<b>Amount Used as the Numerator:</b>		
Profit attributable to Equity Holders of the Parent	17.38	(26.95)
	2024 Number	2023 Number
<b>Number of Ordinary Shares Used as Denominator:</b>		
Weighted Average Number of Ordinary Shares in issue applicable to Basic Earnings Per Share	7,550,780	7,550,780

### 25. COMMITMENTS AND CONTINGENT LIABILITIES

#### 25.1 Contingent Liabilities

The Department of Inland Revenue has issued VAT assessments for the years of assessment 2014 and 2015 disputing the application of exemption for sale of pharmaceutical product under the provision of section 3 (1) of the Inland Revenue Act No 10 of 2006. The Tax Appeals Commission (TAC) provided a determination confirming such assessment and the company filed cases against such determinations at the court of appeal which is ongoing. Having discussed with independent legal and tax experts and based on information available, the Directors are of the view that the company has followed due process and acted in accordance with the prevailing laws in its tax submissions, and no provisions has been made in the financial statements for the year ended 31 March 2024 in this regard.

The company has issued LKR 5.7 Mn of bank guarantee to The Tax Appeals Commission (TAC) in this regard.

### 26. ASSETS PLEDGED

As at the reporting date there have been no assets pledged, as securities for liabilities.

### 27. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustments or disclosures in the financial statement.



**28. RELATED PARTY DISCLOSURES**

Details of significant related party disclosures are as follows:

## 28.1 Transactions with the related entities

Nature of Transaction	Hemas Holdings PLC Ultimate Parent		Other Related Parties		Total	
	2024	2023	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>As at 1 April</b>	(9,309,067)	(5,744,222)	94,185,023	(724,715,207)	84,875,956	(730,459,429)
Sale of Goods and Services Provided	-	-	1,013,021,879	849,861,994	1,013,021,879	849,861,994
Purchase of Goods and Services Obtained	-	-	(59,425,941)	(41,887,215)	(59,425,941)	(41,887,215)
Reimbursement of amounts paid on behalf of group/(On behalf of Company)	(43,626,686)	(18,419,459)	(28,245,383)	(24,362,792)	(71,872,069)	(42,782,251)
Settlement of liabilities	53,309,728	14,854,614	(933,215,090)	(979,916,107)	(879,905,362)	(965,061,493)
Advance Received for Land & building (Borrowings)/Settlements	-	-	-	1,015,600,000	-	1,015,600,000
Gratuity & Other receivable Transfer	-	-	-	(395,650)	-	(395,650)
Finance cost	(19,686,503)	-	-	-	(19,686,503)	-
<b>As at 31 March</b>	<b>(19,312,528)</b>	<b>(9,309,067)</b>	<b>86,320,488</b>	<b>94,185,023</b>	<b>67,007,958</b>	<b>84,875,956</b>

**28.2 Transactions with Key Management Personnel of the Company**

The key management personnel of the Company are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly including directors (whether executive or otherwise) of the Company. There have been no transactions with key management during the year except below.

**Key Management Personnel Compensation**

	2024 Rs.	2023 Rs.
<b>Company</b>		
Short-term employee benefits	50,263,625	29,966,736
Retirement Benefits	4,542,000	330,000
	54,805,625	30,296,736

**29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's principal financial liabilities, comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company has loans and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The senior management is supported by the Board of Directors (BOD) that advises on financial risks and the appropriate financial risk governance framework for the Company. BOD provides assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and Company risk appetite. It is the Company's policy that all activities for risk management purposes are required to be approved by Board of Directors of Morison Limited."

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, and deposits.

## Notes to the Financial Statements

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk of changes in market interest rates relates primarily to the Company's long-term debt obligations. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The company has minimized its exposure to the risk of changes in market interest by entering in to a fixed rate borrowing agreement with the bank for its long term loan.

### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate with the changes in foreign exchange rates in current volatile economic environment. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Import of Raw Materials, Trading goods and packing materials. Hemas Group treasury continuously monitors the market condition of foreign exchange and provides market updates to the Senior Management, with the use of external consultants' advice when required. Based on the suggestions made by Group treasury, the Senior Management takes decisions in relation to the management of foreign exchange risk.

### Sensitivity Analysis

The following tables demonstrate the sensitivity to a reasonably possible change in USD, exchange rate against LKR with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

The major part of the foreign transactions is dealt with US Dollars.

	Change in US Dollar Rate			
	25% Movement		30% Movement	
	Strengthening Rs.	Weakening Rs.	Strengthening Rs.	Weakening Rs.
Effect on Profit of the Company	(191,744,885)	191,744,885	(230,093,862)	230,093,862

### Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

### Trade receivables

Customer credit risk is managed by each company subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on the established credit risk evaluation policy and individual credit limits are defined in accordance with this assessment.

Outstanding customer receivables are regularly monitored.

### Cash deposits

Credit risk from balances with banks is managed in accordance with the Company treasury policy. Investments of surplus funds are made only with approved counterparties as per this policy.

### Liquidity risk

The Company monitors its risk to a shortage of funds by setting up a minimum liquidity level. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, and finance leases. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of Company's financial liabilities based on contractual undiscounted payments.

Company	On Demand	Less than 3 Months	3 to 6 Months	6 to 9 Months	9 to 12 Months	Above 1 year	Total
Bank Overdraft	263,092,636	-	-	-	-	-	390,342,160
Bank Loans	-	1,250,000,000	125,000,000	125,000,000	125,000,000	1,425,000,000	3,050,000,000
Trade and Other Liabilities	-	-	-	-	1,986,707,006	-	1,986,707,006
Lease Liabilities	-	7,116,170	7,468,070	7,865,264	12,152,832	62,295,517	96,897,853
	263,092,636	1,257,116,170	132,468,070	132,865,264	2,123,859,837	1,487,295,517	3,881,554,808

### Capital management

Capital includes ordinary shares. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes managing capital during the year ended 31 March 2024 and 31 March 2023.

## NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Eighty Fifth (85th) Annual General Meeting (“AGM”) of Morison Limited will be held on Tuesday, 25th June 2024, at 10.00 a.m., as a Virtual AGM for the following purpose:

### AGENDA

1. To receive and consider the Statements of Accounts of the Company for the year ended 31st March 2024, together with the Reports of the Directors and Auditors thereon.
2. To re-elect as a Director, Mr. A. M. Dinesh K. Athapaththu who retires by rotation in terms of Article 84 of the Articles of Association of the Company.
3. To re-appoint Mr. Ranjan Chakravarti who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:  
 “IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. Ranjan Chakravarti who is 70 years of age and that he be re-appointed a Director of the Company.”
4. To re-appoint Messrs Ernst & Young, Chartered Accountants as Auditors for the ensuing year and to authorise the Directors to determine their remuneration.
5. To authorise the Directors to determine and make donations to Charity.

By Order of the Board of  
Morison Limited



**Hemas Corporate Services (Private) Limited**  
*Secretaries*

22nd May 2024

### Notes

- The AGM will be held as a Virtual AGM in conformity with the regulatory provisions of the Company.
- The Shareholders who wish to participate in the Virtual AGM are kindly requested to forward a duly completed Form of Registration to the email address [shinskaw@hemas.com](mailto:shinskaw@hemas.com) or deliver to the Registered Office of the Company, ‘Hemas House’ No. 75, Braybrooke Place, Colombo 02, not later than 3 days before holding of the meeting. The Shareholders are requested to provide an email address through which the web link to participate at the Virtual AGM and the relevant instructions for same could be communicated to the respective Shareholder.
- A member entitled to attend and vote at the AGM may appoint a Proxy to attend and vote in his/her place.
- A Proxy need not be a Member of the Company.
- A Form of Proxy accompanies this Notice.
- The completed Form of Proxy should be forwarded to the email address [shinskaw@hemas.com](mailto:shinskaw@hemas.com) or directly deposited at the Registered Office of the Company ‘Hemas House’ No. 75, Braybrooke Place, Colombo 2 not later than 48 hours before holding of the meeting.
- Kindly note that only registered Shareholders and Proxy holders will be permitted to participate in the Virtual AGM.
- Shareholders who are unable to participate at the Virtual AGM are encouraged to appoint a Director as his/her/its Proxy by forwarding the duly completed Form of Proxy clearly indicating their vote under each matter set out in the Form of Proxy and forward the Form of Proxy to the email address [shinskaw@hemas.com](mailto:shinskaw@hemas.com) or deposit the Form of Proxy at the Registered Office of the Company, ‘Hemas House’ No. 75, Braybrooke Place, Colombo 02 not later than 48 hours prior to holding of the Meeting, in order that their vote may be identified and recorded as if he/she/it were present at the Meeting.

# FORM OF REGISTRATION OF SHAREHOLDER INFORMATION - MORISON LIMITED

**MORISON LIMITED - (PQ 77 PB)**  
**85th ANNUAL GENERAL MEETING**

**Registration of Shareholder Information**

To : The Secretaries  
Hemas Corporate Services (Private) Limited  
'Hemas House' No. 75, Braybrooke Place  
Colombo 02

1. Full name of Shareholder : .....

2. Address of Shareholder : .....

3. Shareholder's NIC no./ Passport no./ Company Registration no. : .....

4. Shareholder's contact no. (Residence) : .....

(Mobile) : .....

5. Shareholder's Email address : .....

\*Kindly note that the web link to participate at the Virtual Annual General Meeting will be communicated to the aforementioned e-mail address of the Shareholder.

6. Full name of joint Shareholder 1 : .....

7. NIC no./ Passport of joint Shareholder 1 : .....

8. Full name of joint Shareholder 2 : .....

9. NIC no./ Passport of joint Shareholder 2 : .....

.....  
Principal Shareholder's  
Signature & Date

.....  
1st Joint Shareholder's  
Signature & Date

.....  
2nd Joint Shareholder's  
Signature & Date





## Form of Proxy - Morison Limited Voting

### INSTRUCTIONS AS TO COMPLETION OF THE FORM OF PROXY

1. Kindly perfect the Form of Proxy after filling in legibly your full name and address and by signing in the space provided and filling in the date of signature and your National Identity Card Number or Passport number.
2. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of him/her.
3. In the case of Corporate Members, the Form of Proxy must be completed under the Common Seal, which should be affixed and attested in the manner prescribed by the Articles of Association/Statutes.
4. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy.
5. The completed Form of Proxy, addressed to the Secretaries should be forwarded to the email address [shinskaw@hemas.com](mailto:shinskaw@hemas.com), faxed to +94 11 4731777 or directly deposited at the Registered Office 'Hemas House' No. 75, Braybrooke Place, Colombo 2 not less than Forty-Eight (48) hours before holding of the Meeting together with the following information.

Name of Shareholder	
Telephone number of the Shareholder	
Email address to which the web link and relevant instructions, should be forwarded for Proxy holder's participation at the Virtual AGM.	





## Form of Proxy - Morison Limited Non - Voting

### INSTRUCTIONS AS TO COMPLETION OF THE FORM OF PROXY

1. Kindly perfect the Form of Proxy after filling in legibly your full name and address and by signing in the space provided and filling in the date of signature and your National Identity Card Number or Passport number.
2. A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of him/her.
3. In the case of Corporate Members, the Form of Proxy must be completed under the Common Seal, which should be affixed and attested in the manner prescribed by the Articles of Association/Statutes.
4. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy.
5. The completed Form of Proxy, addressed to the Secretaries should be forwarded to the email address [shinskaw@hemas.com](mailto:shinskaw@hemas.com), faxed to +94 11 4731777 or directly deposited at 'Hemas House' No. 75, Braybrooke Place, Colombo 2 not less than Forty-Eight (48) hours before holding of the Meeting together with the following information.

Name of Shareholder	
Telephone number of the Shareholder	
Email address to which the web link and relevant instructions should be forwarded for Proxy holder's participation at the Virtual AGM	

# CORPORATE INFORMATION

## Legal Form

Public Company with Limited Liability.

## Date of Incorporation

31st January 1939

## Date of Re-registration

5th September 2007

## Registration Number

PQ 77 PB

## Accounting Year End

31st March

## Registered Office

'Hemas House' No. 75, Braybrooke Place

Colombo 2

Tel: 0114 731 731 (Hunting)

Fax: 0114731777

## Auditors

### Ernst & Young

Chartered Accountants

Rotunda Towers

No. 109, Galle Road

P.O. Box 101

Colombo 03

## Directors

Mr. Murtaza A. A. H. Esufally (Chairman)

Mr. A. M. Dinesh K. Athapaththu (MD)

Mr. Ranjan Chakravarti

Dr. Sanjit Singh Lamba

Mr. A. Zalmi Fazeel

## Secretaries

Hemas Corporate Services (Pvt) Ltd

'Hemas House' No. 75, Braybrooke Place

Colombo 2

Tel: 0114 731 731 (Hunting)

Fax: 0114 731 777

## Registrars

SSP Corporate Services (Pvt) Ltd

101, Inner Flower Road,

Colombo 3

Tel.: +94 11 2573894, +94 11 2576871

Fax: +94 11 2573609

Email: sspsec@slt.net.lk

## Lawyers to the Company

Group Legal

Hemas Holdings PLC

'Hemas House' No. 75, Braybrooke Place

Colombo 2

Tel; 0114 731 731 (Hunting)

## Bankers

Bank of Ceylon

People's Bank

Standard Chartered Bank

National Development Bank PLC

Nations Trust Bank PLC

The Hong Kong and Shanghai Banking Corp. Ltd

Commercial Bank of Ceylon PLC

Citi Bank N.A

Deutsche Bank AG

Hatton National Bank PLC

