

ANNUAL REPORT

2024



PURITY.
PERFORMANCE.
PASSION.

BOGALA GRAPHITE LANKA PLC
Annual Report 2024

CONTENTS

Overview	Financial and Operational Highlights	4
Executive Reviews and Management Information	Management Discussion and Analysis	5 - 6
	Chairperson's Review	7 - 8
	Chief Executive Officer's Review	9
	Directors' Profiles	10
Governance Reports	Corporate Governance Report	11 - 28
	Audit Committee Report	29 - 31
	Human Resources and Remuneration Committee Report	32 - 33
	Related Party Transaction Review Committee Report	34 - 36
	Nomination and Governance Committee Report	37 - 38
Financial Reports	Annual Report of the Board of Directors	39 - 46
	Statement of Directors' Responsibilities	47 - 48
	Independent Auditors' Report	49 - 53
	Financial Statements	
	Statement of Profit or Loss and Other Comprehensive Income	54
	Statement of Financial Position	55
	Statement of Changes in Equity	56
	Statement of Cash Flows	57
	Notes to the Financial Statements	58 - 94
	Ten-year Financial Summary	95
	Investor Information	96 - 97
	Notice of Meeting	98
	Form of Proxy	99 - 100
	Corporate Information	101

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Year Ended 31st December

Earnings Highlights and Ratios		2024	2023
Revenue	Rs.'000	1,765,701	1,623,085
Gross profit	Rs.'000	746,865	695,503
Profit from operations	Rs.'000	209,470	224,703
Profit before tax	Rs.'000	232,337	241,945
Profit after tax	Rs.'000	161,121	155,316
EBITDA	Rs.'000	256,353	266,274
Cash from operating activities	Rs.'000	277,946	254,662
Gross profit to turnover	%	42.3	42.9
Net income to turnover	%	9.1	9.6
Interest Cover	Number of Times	681.2	393.1
Return on equity (ROE)	%	8.7	9.2

Balance Sheet Highlights & Ratios

Total assets	Rs.'000	2,137,019	1,976,334
Total debt	Rs.'000	294,431	292,270
Total shareholders' funds	Rs.'000	1,842,588	1,684,063
No of shares in issue	Number	94,632,904	94,632,904
Net assets	Rs.'000	1,842,588	1,684,063
Net assets per share	Rs.	19.5	17.8
Debt/equity (book value)	%	16.0	17.4

Operational Highlights

Lost time accident rate	%	zero	zero
Accident severity rate	%	zero	zero
Earning per share	Rs.	1.70	1.64

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Environment and Economic Overview

Bogala Graphite Lanka PLC continued to demonstrate resilience and adaptability in a dynamic global and local economic environment. The year 2024 marked significant achievements in operational efficiency despite the pressures from the external landscape within which the Company operates.

The Sri Lanka economy began recording a gradual recovery during the latter part of 2023, marking the end of a prolonged period of economic contraction. This recovery continued in 2024. Inflation decelerated to single digit by the end of the year under review as a result of the implementation of policies and actions aimed at controlling the high inflation levels that prevailed in 2022. The country also witnessed a notable increase in foreign exchange inflows primarily driven by tourism and other service exports, particularly remittances from overseas workers.

The government reforms aimed at stabilising the economy, incorporating measures to attract foreign investment, improve infrastructure, and enhance the ease of doing business. The mining sector, including graphite production, has benefited from these reforms, with increased support for sustainable mining practices and export-oriented industries.

Market

The global graphite market experienced steady growth in 2024, driven by increasing demand from the electric vehicle (EV) and renewable energy sectors. Graphite is a critical component in lithium-ion batteries, which are essential for EVs and energy storage systems. The shift towards green energy and the global push for decarbonisation have further bolstered demand for high-quality graphite.

In addition, advancements in technology have led to the development of new applications for graphite, particularly in the fields of electronics, aerospace, and construction. The market has also seen a rise in the demand for synthetic graphite, although natural graphite remains a preferred choice within the markets we serve due to its cost-effectiveness and availability.

Our graphite is used mainly for automotive and friction and forging industries. We process and purify the graphite mined to meet the stringent standards required by our customers. Dispersions and processed graphite exported as end products that meet individual customer specifications amount to over 50% of our revenue, and the balance too is exported in a highly processed and purified form.

Asia remains the primary market for Bogala Graphite Lanka PLC, accounting for over 60% of total sales, with the Far East and Near and Middle East regions being the largest contributors. Europe and the Americas account for a smaller portion of sales, reflecting the company's strategic focus on high-growth markets.

Operational and Financial Performance

Bogala Graphite Lanka PLC has maintained its commitment to operational excellence and innovation. The company has continued to experiment with new mining and processing methods to enhance productivity and efficiency whilst focusing on employee safety.

The company's financial performance in 2024 has been robust, with revenue increasing to Rs. 1,766 million up from Rs. 1,623 million in 2023. Gross profit rose to Rs. 747 million whilst profit after tax stood at Rs. 161 million. Adjusted EBITDA reported Rs. 370 million for the year compared to Rs. 343 million in 2023. These figures underscore the company's effective cost management and operational efficiency. Total assets increased to LKR 2,137 million during the year compared to LKR 1,976 million in 2023 whilst total liabilities remained at LKR 294 million. Total Cash and Cash Equivalent increased to LKR 918 million in 2024 compared to LKR 828 million in 2023 with the increase of cash generated from operating activities to LKR 278 million in 2024 from 255 million in 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Corporate Social Responsibility (CSR)

Bogala Graphite Lanka PLC has reinforced its commitment to social responsibility through various CSR initiatives. In 2024, the company contributed approximately Rs. 3.3 million towards community development, focusing on education, public sector engagement, and scholarships. Key initiatives included support for local schools, sports societies, and government institutions, as well as the awarding of scholarships to students from the local community.

Human Resources and Training

The Company believes in the importance of its Human Capital as an integral part of its long-term strategy for sustainable business growth and places great emphasis on capacity and skill building and providing development opportunities. The Company ensures the development and implementation of effective HR strategies, policies, processes, and systems in line with the overall objectives of the Company.

In collaboration with the National Apprentice and Industrial Training Authority (NAITA), Bogala launched a Mining Technician course, marking a first in Sri Lanka. The company also initiated an NVQ Level 4 Mining Technician Program, further enhancing the skills and qualifications of its workforce. Additionally, employees who completed 25 years of service were recognised with gold coins, highlighting the company's appreciation for long-term dedication.

Health and Safety

The Company is committed to ensuring a safe working environment for its employees, contractors, and visitors involved in any business or transaction with the Company.

In reporting work related hazards, awareness sessions are conducted for all employees according to Occupational Health and Safety (OHS) policies. All incidents are recorded. Employees are trained to increase awareness on health and safety and address lapses should they occur thereby maintaining a safe and healthy workplace.

Up to the end of 2024, the Company achieved 2,385 days without a lost time accident whilst the total number of hours of training was 2,105 for the year. The Company also reported zero accident severity rate, and lost time accident rate for the rolling twelve months ended 31st December 2024.

Looking Ahead

The company plans to continue experimenting with new mining and processing methods to enhance productivity and efficiency. The Company will also focus on initiatives that will enable the Company to achieve net-zero emissions in the short term, underscoring Bogala's commitment to environmental sustainability.

In conclusion, Bogala Graphite Lanka PLC remains dedicated to delivering value to its stakeholders while contributing to the broader goals of economic and environmental sustainability. The company's strategic initiatives and strong performance in 2024 provide a solid foundation for future growth and success.

CHAIRPERSON'S REVIEW

I am pleased to extend a warm welcome to you all on behalf of the Board to the 34th Annual General Meeting of our Company.

2024 has been regarded as a transformative year for Sri Lanka. The year under review brought a dramatic change of scenery to our nation's political landscape, recording a monumental shift in the allegiance of its people. Despite the relative stability of 2023, the combined effects of four consecutive years of major adversity - dealing with the worst economic crisis in history, a global pandemic, and a terror attack - resulted in the country choosing a path hitherto untravelled, demanding and hoping for real change.

Despite the uncertainties faced during the year past, your Company continued to progress via commitment and perseverance, as always. In 2024, your Company recorded a turnover of Rs. 1,765.7 million and Rs. 209.5 million profits from operations compared to a turnover of Rs. 1,623.1 million and Rs. 224.7 million profits from operations in 2023.

The Sri Lankan economy rebounded strongly during the year under review, getting back on track after facing its worst crisis since independence, and is estimated to have grown notably by 5.2%. Following the 2022 debt default, Sri Lanka marked a major milestone in 2024 by successfully completing its international bond restructuring, a critical step toward financial recovery. Progress made under the IMF-EFF programme has also boosted investor confidence, ensuring the stability of the external sector. Renewed business and consumer confidence also aided a faster recovery in domestic economic activity.

The year-on-year GDP growth rate for the third quarter of year 2024 has been reported as 5.5%. The GDP for the third quarter of 2024 at current price has increased up to Rs. 7,474,721, 8.3% higher than the same period last year. All Industrial activities combined reported a 10.8% growth in the third quarter of 2024 compared to the reported 0.7% decline in the third quarter of the previous year. The mining and quarrying industries again returned with growth of 25.4% in the said quarter.

Globally too, 2024 was a year of changes with political power shifts, continuing conflicts, economic difficulties, and growing environmental concerns. Despite these, the global economy grew steadily in 2024, with inflation moderating and central banks lowering interest rates. Nonetheless, geopolitical risks and policy uncertainty continued to challenge growth prospects.

Global growth is stabilising as inflation returns closer to targets and monetary easing supports activity in advanced economies, emerging markets, and developing economies. However, growth prospects do not seem adequate to counter the adverse effects of successive negative shocks, especially in relation to the detrimental outcomes suffered by the most vulnerable countries. The growth rate of the global economy also appears low and insufficient to support sustained economic development especially considering setbacks from policy uncertainty and adverse trade policy shifts, geopolitical tensions, persistent inflation, and climate-related issues.

Whilst the year under review brought many challenges to our nation, and around the world, the resilience of our Company remained unchanged. Whatever disruptions, difficulties or uncertainties that come our way, we face them, overcome them, and continue our journey of progress. It is an achievement we must truly be proud of and draw strength from as we take on the challenges of the year ahead.

Acknowledgement

In conclusion, on behalf of the Board of Directors and the employees of the Company, I extend my gratitude to our valued shareholders, including our major shareholder and Parent Company, Graphit Kropfmühl for their unstinted support. I also express my appreciation to our stakeholders for the confidence and trust they always place on the management of the Company.

CHAIRPERSON'S REVIEW

I thank my colleagues on the Board for their continuing support and guidance, and the Management team and our employees for their immense dedication. Once again, your Company recorded a year of progress despite the uncertainties. I am, as always, confident that our Company will achieve the objectives we have set for 2025 and look forward to progress as we face the year ahead.

A handwritten signature in black ink, appearing to read 'M. Pietersz', with a stylized flourish at the end.

Coralie Pietersz
Chairperson
06th March 2025

CHIEF EXECUTIVE OFFICER'S REVIEW

A Year of Transformation

2024 will be remembered as a pivotal year in Sri Lanka's history, a year when the nation embraced change, choosing a new path in pursuit of a brighter future. This marked an unprecedented shift in the country's political landscape, driven by years of instability and a collective desire for renewal. While the relative calm of 2023 provided a fragile foundation, it was not enough to fully restore the trust of a nation still healing from deep scars left by consecutive years of trials and turmoil.

Change often brings opportunity, and as a company, we remain optimistic about the future. Despite the challenges and uncertainties, we faced - both locally and globally - our resilience and determination enabled us to deliver another year of strong performance.

Global Industry Dynamics

The global graphite industry faced significant challenges in 2024, including oversupply, declining prices, and underinvestment in supply chains outside dominant producing regions. These factors have accelerated efforts to diversify production and mitigate supply chain risks. With the graphite market projected to grow in the coming years, we are well-positioned to capitalise on emerging opportunities.

Steady Progress Amid Uncertainty

Despite the volatile environment, our company achieved significant operational milestones and continued to deliver robust financial results. We met our production targets without disruption, thanks to our rigorous disaster management and business continuity plans.

Health and safety remained a top priority, with 1,474 hours dedicated to employee training in this critical area. We are proud to have maintained our record of zero lost-time accidents, reflecting our unwavering commitment to safety.

Corporate Performance

In 2024, our company demonstrated resilience and adaptability in the face of challenging market conditions. Total revenue grew by 8.8% to Rs. 1,765.70 million, up

from Rs. 1,623.09 million in 2023. However, profit before taxation saw a slight decline of 3.97%, from Rs. 241.95 million to Rs. 232.34 million, primarily due to an increase in exchange loss amounting to LKR 113.5 million compared to 76.4 million in 2023. Accordingly, Return on Equity (ROE) decreased marginally from 9.2% to 8.7%. Despite these challenges, our overall performance remains commendable.

Our People: The Heart of Our Success

Our employees have been the cornerstone of our success, standing by the company through both triumphs and trials. Their dedication and hard work have enabled us to achieve our goals, even in the most challenging times. As a company, we are deeply committed to supporting our people, ensuring their well-being, and providing opportunities for growth.

Gratitude and Acknowledgment

I extend my heartfelt gratitude to our employees and managers for their unwavering commitment and hard work, which enabled us to surpass expectations in an uncertain year. My thanks also go to the government authorities and medical personnel for their invaluable service and support.

I am deeply appreciative of the guidance and trust provided by our parent company, Graphit Kropfmühl GmbH, the Chairperson, and the Board of Directors. Their confidence in our team has been a source of strength and inspiration.

Finally, I thank our shareholders, management team, and staff for their steadfast support. The faith I placed in our company's ability to navigate the challenges of 2024 has been justified by our performance. As Sri Lanka looks ahead to a new era in 2025, we are confident that the coming year will bring progress and success - for our company and our nation.



Amila Jayasinghe
Chief Executive Officer
06th March 2025

DIRECTORS' PROFILES

Ms. M. C. Pietersz (Non-Executive Director)

Ms. M. C. Pietersz was appointed a Director on 14th May 2013. She is an Associate member of the Institute of Chartered Accountants in England and Wales, a fellow member of the Institute of Chartered Accountants of Sri Lanka, and a fellow member of the Institute of Certified Management Accountants of Sri Lanka. She holds a B.Sc. (Honours) degree in Physics from the University of Sussex and an MBA from Heriot-Watt University, Edinburgh. She is an Independent Non-Executive Director at RIL Properties PLC, United Motors Lanka PLC, Panasian Power PLC, and a Non-Executive Director at Hemas Pharmaceuticals (Pvt) Ltd, CT CLSA Asset Management (Pvt) Ltd and CT CLSA Capital (Pvt) Ltd. She is also a Director at Compass Advisory Services (Private) Limited, and Tambapanni Academic Publishers (Private) Limited.

Ms. Pietersz has over 25 years of experience at senior levels in both private and public sectors. Her experience includes the role of Chief Financial Officer (CFO) at Nations Trust Bank and Group CFO at Richard Pieris and Co PLC. Her last role was as Finance Director of Finlays Colombo Ltd, Hapugastenne Plantations PLC, and Udapussellawa Plantations PLC.

Thomas A. Junker (Non-Executive Director)

Mr. Junker is a graduate in Civil Engineering from the University of Applied Science in Aalen, Germany. He served the Board as a Director of Bogala Graphite Lanka PLC from 26th March 2010 to 29th April 2016. He was re-appointed to the Board on 2nd January 2017. He has been with Graphit Kropfmühl since April 2008 and currently serves as the Managing Director/CEO of AMG Graphite Group. He is also the Managing Director of Qingdao Kropfmühl Graphite Co., Ltd and a Board Director since 2011. He also serves as the Chairman of the Board at GK Ancuabe Graphite Mine, S.A.

A. P. Jayasinghe (Executive Director)

B. Bus (Monash), CPA

Mr. Jayasinghe was appointed to the Board of Bogala Graphite Lanka PLC in April 2004. He worked in the capacity of Executive Director of the Company from April 2000 to August 2005. Mr. Jayasinghe was appointed CEO in January 2008. He is a Non-Executive Director at Rigt Apps (Private) Limited, Ranomark (Private) Limited, and Welimada Agro (Private) Limited.

Sugath Amarasinghe (Executive Director)

ACA, ASCMA

Mr. Amarasinghe was appointed a Director on 4th April 2014. He is a member of the Institute of Chartered Accountants of Sri Lanka and the Institute of Certified Management Accountants of Sri Lanka. He is a Non-Executive Director at Ultimium Financial Consultants (Private) Limited. He has over 32 years of experience in the mercantile sector at senior level, and possesses experience in the Manufacturing FMCG (Foods & Beverages), Automobile, Services (Corporate and Management Consultancy), Information Technology, Garment Manufacturing, and Garment Processing industries.

Ulla Neunzert (Non-Executive Director)

Ms. Neunzert was appointed a Director of Bogala Graphite Lanka PLC on 15th August 2019. She joined Graphit Kropfmühl GmbH in May 2019 as CFO for the AMG Graphite Group and currently serves the Company as Managing Director/CFO. Ms. Neunzert holds a Master of Arts degree from Freie University of Berlin, Germany.

Shivan Joseph Dinesh Coorey (Non-Executive Independent Director) Attorney-at-Law, LLB LLM

Mr. Shivan Coorey was appointed to the Board with effect from 16th November 2023. He is an Attorney-at-Law by profession and holds a Bachelors in Law (LL. B) and Masters in Law (LL.M).

Mr. Coorey is a Senior Legal Counsel operating his own legal Chambers primarily based in the field of Commercial Law and he specialises in Banking Law, Company Law, Intellectual Property, Labour Law and Public Law. He is also the legal consultant to several corporates including listed companies and multinationals. Mr. Coorey is currently the Honorary Secretary of the Colombo Law Library (established 1855) headed by His Lordship the Chief Justice of Sri Lanka. He has been in the Executive Committee and the Bar Council of the Bar Association of Sri Lanka and have served many Committees in the Bar Association of Sri Lanka.

He served as an Independent Director of Fintrex Finance Ltd., a licensed Finance Company regulated by the Central Bank of Sri Lanka.

Ms. Averil Ludowyke (Non-Executive Independent Director)

Ms. Averil Ludowyke was appointed a Director on 16th November 2023. She is a Fellow of the Institute of Chartered Accountants of Sri Lanka, and a Fellow of the Chartered Institute of Management Accountants, UK. She is an Independent Non-Executive Director at Seylan Bank PLC, Tokyo Cement Company (Lanka) PLC, and Ceylinco Life Insurance Limited.

Ms. Ludowyke has over 39 years of experience in the field of Finance, Accounting, Auditing, Forensic Accounting, and Consulting. She served as a Partner at Ernst & Young for 12 years and was a lead Audit Partner for several groups of companies and she launched and led forensics and integrity services of the firm. Her clients included Banks and Finance companies, and corporations engaged in Retail, Manufacturing, Telecommunications, Construction, Real Estate, Shipping and Logistics, Insurance, leisure, Plantations, and Development.

She also has 13 years of senior level experience in the Finance and Accounting, Manufacturing sector, and in a Relief and Development Organisation.

CORPORATE GOVERNANCE

Corporate Governance continues to evolve as changes in the environment and social systems increase their impact over business enterprises. The Board of Directors bear ultimate responsibility for the strategic guidance, internal controls, financial reporting, risk management, and operations of the Company. The Company's sound and comprehensive corporate governance framework, provides strategic direction in creating an enabling environment for growth in a structured, sustainable, and transparent manner whilst following mandatory requirements set out in Section 9 of the Listing Rules of the Colombo Stock Exchange and the voluntary requirements of the Code of Best Practices on Corporate Governance jointly issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

The Board provides guidance in formulating and implementing corporate strategy and monitoring implemented strategies, offering clear directions on the decision-making process while promoting a culture of openness, productive dialogue, constructive dissent, employee empowerment and engagement, thus creating value to all stakeholders. The Board also oversees Company financial performance, adopting appropriate accounting policies to ensure conduct of business operations with adherence to environmental, social and governance (ESG) considerations.

Board Composition and Skills

The Board of Directors consists of seven members, of whom five are Non-Executive Directors. Two of them are independent Non-Executive Directors. Company policy is to maintain a sufficient balance of power that minimises the tendency for one or a few members of the Board to dominate its decision-making process whilst meeting the guidelines issued to listed companies. The Directors' profiles are given on page 10.

The Board brings in a wealth of diverse exposure in the fields of management, business administration, economics, and human resources, contributing varied perspectives to boardroom deliberations and bringing independent judgment to bear on matters set before them.

As required by the Listing Rules of the Colombo Stock Exchange, each Non-Executive Director submitted a declaration of their independence or non-independence for the year under review. Non-Executive Directors do not have any business interest except what is stated under note 26, Related Party Disclosure on page 86 and Director's interest in Annual Report of the Board of Directors on page 42 of the Annual Report.

Whilst the Board is responsible for guiding the overall direction, strategies, and financial objectives, and for overseeing systems of internal control, risk management, and strategic plans, it is the responsibility of the management to ensure their implementation.

Composition of the Board with brief profile set out below.

Name of the Director	Year of Appointment to the Board	Executive/ Non-Executive	Independent/ Non-independent	Gender Representation	Skill Profile
Coralie Pietersz - Chairperson	2013	Non-Executive	Non-independent	Female	Finance and Accounting
Thomas Junker	2010	Non-Executive	Non-independent	Male	Science and Engineering
Averil Ludowyke	2023	Non-Executive	Independent	Female	Finance, auditing, and Accounting
Shivan Coorey	2023	Non-Executive	Independent	Male	Legal
Ulla Neunzert	2019	Non-Executive	Non-independent	Female	Finance and Accounting
Amila Jayasinghe	2004	Executive	Non-independent	Male	Finance and Business Management
Sugath Amarasinghe	2014	Executive	Non-independent	Male	Finance and Accounting

CORPORATE GOVERNANCE

Board Appointment

Board appointments follow a formal and transparent system as determined by the Nomination and Governance Committee which assesses the Company requirement in addition to diversity, skills, and competencies of the Board. The Board considers the recommendations of the Nomination and Governance Committee when recommending suitable candidates for appointment by the shareholders at the Annual General Meeting.

Details of new appointments are disclosed to the Colombo Stock Exchange (CSE) at the time of their appointment through a public announcement complying with the Section 9.10.2 of the Listing Rules of the CSE.

Fitness of Directors and CEO

The Company assesses the Fitness of Directors and CEO of the Company with reference to the fit and proper assesment Criteria setout in section 9.7.3 of the Listing Rules of the Colombo Stock Exchange, to obtain a declaration of fitness and propriety confirming that all Directors and the CEO have satisfied the Criteria.

Directors Remunerations

The Remuneration Committee is responsible for making recommendations to the Board regarding the remuneration of the Executive Directors and Key Management Personnel (KMPs). The compensation for Directors and KMPs is aligned with objectives for sustainable value creation that are consistent with the Company strategy. It is determined based on well-defined performance goals that are appropriately challenging and realistic.

The Board as a whole determines the remuneration of the Non-Executive Directors (NEDs). Remuneration for NEDs reflects the time commitment and responsibilities of their role, taking into consideration the market practices. They do not receive any performance related incentive payments. Professional advice is sought by the Board and Remuneration Committee in discharging their responsibilities.

Board Evaluation

The Board evaluates its performance and its sub-committees on an annual basis. Areas of assessment include areas within their core competencies, industry specific skills, and awareness of emerging trends to deliver strategic aspirations of the Company. The Chairperson and Remuneration Committee are responsible for evaluating the performance of the Executive Directors through the annual performance evaluation mechanism in place.

Board Meetings

The Board held four meetings during the year, minimally one per quarter which were scheduled well in advance to ensure full attendance. The Directors were provided with necessary information and background material as per the agenda, prior to every meeting by way of electronic Board papers as relevant for all Board meetings held during the year in order to enable them to engage in informed deliberations and effective decision-making. Board papers submitted in advance include Company performance, new investments, capital projects, and other issues which require specific Board approval.

The Chairperson ensured that all Board proceedings were conducted smoothly and efficiently approving the agenda for each meeting prepared by the Board Secretary. Typical Board agenda for 2024 included discussion on matters arising from the previous meeting minutes, submission of Board Sub-Committee reports, review of performance, approval of quarterly and annual financial statements, review of risks, ratification of capital expenditure, and ratification of circular resolutions.

CORPORATE GOVERNANCE

Attendance at the Board meetings is summarised below

Name of the Director	Year of Appointment	07/03/2024	13/06/2024	28/08/2024	12/11/2024	Eligible to attend	Attended	As a %
Independent Non-Executive Directors								
Averil Ludowyke	2023	✓	✓	Excused	✓	4	3	75
Shivan Coorey	2023	✓	✓	✓	✓	4	4	100
Non-Executive Directors								
Coralie Pietersz	2013	✓	✓	✓	✓	4	4	100
Thomas Junker	2010	✓	✓	✓	Excused	4	3	75
Ulla Neunzert	2019	✓	✓	✓	✓	4	4	100
Executive Directors								
Amila Jayasinghe	2004	✓	✓	✓	✓	4	4	100
Sugath Amarasinghe	2014	✓	✓	✓	✓	4	4	100

Board Sub-Committees

The Board has delegated some of its functions to the Sub-Committees, whilst retaining the rights of final decision. The Board sub committees were reconstituted effective from 01st December 2023 in line with the amended rules on corporate governance by the CSE. Sub-Committees mainly comprise Independent Non-Executive Directors.

The Committees are provided with all resources to empower them to undertake their duties in an effective manner.

The Company Secretary serves as secretary in these committees. The minutes of each committee meeting are circulated to all Directors on completion.

Composition of the Board Sub-Committees are set out below.

Name of the Director	Nature of Directorship	Audit Committee	Related Party Transaction Review Committee	Remuneration Committee	Nominations and Governance Committee
Coralie Pietersz	NED	-	-	Member	Member
Averil Ludowyke	INED	Chairperson	Member	Member	Chairperson
Shivan Coorey	INED	Member	Chairperson	Chairperson	Member
Thomas Junker	NED	Member	Member	Member	Member
Amila Jayasinghe	ED	-	Member	-	-
NED - Non Executive Director ED - Executive Director INED - Independent NED					

CORPORATE GOVERNANCE

Members of these Sub-Committees are able to focus on their designated areas of responsibility and impart knowledge and oversight in areas where they have greater expertise. The Committee Chairperson reports to

the Board on the activities of the respective Committees at each Board meeting, highlighting matters for the Board's attention.

Board Sub Committee	Areas of Oversight	Committee skills and composition
Audit Committee (Report of the Audit Committee is given on page 29-31)	Financial Reporting	Accounting, auditing, corporate finance, Law and commercial arbitration, Corporate leadership
	Internal Controls	
	Internal Audit	Independent Non-Executive Directors-2, Non-Executive Directors-1
	External Audit	
	Risk Management	
Related Party Transaction Review Committee (Report of the RPTRC Committee is given on page 34-36)	Related party transaction policy/code	Law and commercial arbitration, Finance and Business management, Engineering Accounting and finance
	Review of related party transactions for regulatory compliance	Independent Non-Executive Directors - 2 Non-Executive Directors - 1, Executive Directors -1
	Disclosure of related party transactions	
Remuneration Committee (Report of the Remuneration Committee is given on page 32-33)	Remuneration policy and practices particular reference to Key Management Personnel	Law and commercial arbitration, Finance and accounting Business management, Engineering
	Executive Directors remuneration, Performance evaluation	Independent Non-Executive Directors - 2 Non-Executive Directors - 2,
	HR Policy, Goals and targets for Key Management Personnel	
Nominations and Governance Committee	Corporate Governance framework	Accounting and finance, Auditing, Corporate leadership, Engineering, Law and commercial arbitration
	Appointment of Key Management Personnel	
	Succession planning	
	Effectiveness of the Board and its Sub-Committees	Independent Non-Executive Directors - 2 Non-Executive Directors - 2
	Structure of the Board, Size, and skills	

CORPORATE GOVERNANCE

Attendance at Board Sub-Committee meetings are summarised below and the detailed attendance is given in their respective reports in this Annual Report.

Name of the Director	Audit committee	Related Party Transaction Review Committee	Remuneration Committee	Nominations and Governance Committee
Independent Non-Executive Directors				
Averil Ludowyke	7/7	3/4	5/5	2/2
Shivan Coorey	7/7	3/4	5/5	2/2
Non-Executive Directors				
Coralie Pietersz	-	-	5/5	2/2
Thomas Junker	6/7	3/4	5/5	2/2
Ulla Neunzert	-	-	-	-
Executive Directors				
Amila Jayasinghe	-	4/4	-	-
Sugath Amarasinghe	-		-	-

The Role of the Chairman

The Chairman is responsible for the efficient conduct of Board meetings and ensures effective participation of both Executive and Non-Executive Directors. It is the responsibility of the Chairman to ensure that views of all Board members on issues under consideration are ascertained and that the Board is in complete control of the Company's affairs. The Chairman maintains close contact with all Directors and, where necessary, holds meetings with Non-Executive Directors without Executive Directors being present, to ensure appropriate balance of power.

The Chairman, whilst providing leadership to the Board, also sets the tone for the governance and ethical framework of the Company, facilitates and solicits the views of all Directors by keeping in touch with local and global industry developments, and also ensures that the Board is sensitive to its obligations to the Company's shareholders and stakeholders.

CORPORATE GOVERNANCE

Disclosure in terms of Section 9.10.4 (e) of the Listing Rules on Corporate Governance of the Colombo Stock Exchange – Companies in which the Directors of Bogala Graphite Lanka PLC serve as Directors

Name of the Director	Other companies in Sri Lanka in which the Director concerned serves as a Director and/or Key Management Personnel	Listed / Unlisted Status	Position Held	Total
Coralie Pietersz	RIL Property PLC	Listed	Independent Non-Executive Director	08
	Panasian Power PLC	Listed	Independent Non-Executive Director	
	Hemas Pharmaceuticals (Private) Limited	Unlisted	Non-Executive Director	
	United Motors Lanka PLC	Listed	Independent Non-Executive Director	
	CT CLSA Asset Management (Private) Limited	Unlisted	Non-Executive Director	
	CT CLSA Capital (Private) Limited	Unlisted	Non-Executive Director	
	Compass Advisory Services (Private) Limited	Unlisted	Director	
	Tambapanni Academic Publishers (Private) Limited	Unlisted	Director	
Shivan Coorey	N/A	N/A	N/A	N/A
Averil Ludowyke	Seylan Bank PLC	Listed	Independent Non-Executive Director	04
	Tokyo Cement Co. (Lanka) PLC	Listed	Independent Non-Executive Director	
	Incorporated Trustees of the Church of Ceylon	Unlisted	Trustee	
	Ceylinco Life Insurance Limited	Unlisted	Independent Non-Executive Director	
Ulla Neunzert	N/A	N/A	N/A	N/A
Thomas Junker	N/A	N/A	N/A	N/A
Amila Jayasinghe	Right Apps (Private) Limited	Unlisted	Non-Executive Director	03
	Ranomark (Private) Limited	Unlisted	Non-Executive Director	
	Welimada Agro (Private) Limited	Unlisted	Non-Executive Director	
Sugath Amarasinghe	Ultimum Financial Consultants (Private) Limited	Unlisted	Non-Executive Director	N/A

CORPORATE GOVERNANCE

Delegation of Authority

The Board is accountable and responsible for the strategic direction and management of the Company; it operationally delegates the authority to the CEO and the Senior Management to carry out day-to-day operations. With the delegation of authority, the Board's primary responsibility is to oversee the performance of the management and ensure compliance with the Board policies and governance requirements mandated through the Section 9 of the Listing Rules of the Colombo Stock Exchange, relevant laws/regulations of the country, other regulatory authorities, professional institutes, and trade associations in order to achieve the Company objectives.

The Board continues to exercise oversight through Directors inquiring whether the authority delegated to the management is reasonable, and the management provides sufficient and accurate information to make that determination. Typical areas of oversight include strategic initiatives, financial performance and integrity of financial statements, accounting and financial reporting process, Environmental, Social and Governance (ESG), risk management, and governance and compliance.

In exercising its business judgment, the Board acts as an advisor and counsellor to the CEO/Managing Director who defines and enforces standards of accountability, with a view to enable senior management to execute their responsibilities fully in the interests of the Company and its shareholders.

Audit Committee

The Board has appointed an Audit Committee which has oversight responsibility for considering how the Company should select and apply accounting policies, financial reporting, and internal control principles whilst maintaining an appropriate relationship with the external auditors. Further details of the Audit Committee is given in their Report on pages 29 to 31.

Remuneration Committee

The Remuneration Committee is responsible for setting the remuneration policy by establishing broad parameters of the Company. The remuneration policy and its roles are discussed in the report of the Remuneration Committee given on pages 32 to 33.

Related Party Transaction Review Committee

The Board has appointed the Related Party Transaction Review Committee to exercise oversight on behalf of the Board to ensure compliance with regulations. The Report of the Related Party Transaction Review Committee stating its role, procedures, and duties is given on pages 34 to 36.

Nomination and Governance Committee

The Board has appointed the Nomination and Governance Committee to exercise oversight with respect to the governance of the Board of Directors and to ensure overall compliance to regulatory requirements related to the Company governance framework. The Committee also evaluates the diversity, structure, size, and composition of the Board and Board Committees to effectively discharge the duties and responsibilities. The report of the Nomination and Governance Committee is given on pages 37 to 38.

Accountability and Audit

The Board has taken necessary steps to recognise its responsibility to present a balanced and understandable assessment of the Company's financial position in accordance with the Requirements of the Companies Act No. 7 of 2007. The Financial Statements are prepared and presented in accordance with the Sri Lanka Accounting Standards. Further, the Company has complied with the reporting requirements prescribed by the Colombo Stock Exchange.

The Board has taken necessary steps to ensure the integrity of accounting and financial reporting systems and that internal control systems remain robust and effective by reviewing and monitoring such systems on a periodic basis.

CORPORATE GOVERNANCE

The Board has taken steps to obtain reasonable assurance that the systems designed to safeguard Company assets, maintain proper accounting records, and provide management information, are in place and functioning as planned.

Internal and External Audit

The internal audit function is outsourced to Messrs. B. R. De Silva & Company, Chartered Accountants. The Audit Committee reviews the audit observations arising from the internal audits and monitors corrective action. The Audit Committee evaluates the appropriateness of the internal audit function and reviews the internal audit plan to ensure it adequately covers the significant risks of the Company.

The External Auditor is a qualified independent external party whose objective is to determine whether the Financial Statement of the Company represents a true and fair view of its financial performance, position, and cash flow status. Messrs. KPMG, Chartered Accountants, was re-appointed at the AGM in 2023 as external auditors of the Company for the financial year 2024.

Risk Management and Internal Control

Risk management is an essential element of our corporate governance structure and strategic development process. Appropriate systems, policies, and procedures are in place in all areas of operations and are periodically reviewed to ensure adequacy and adherence. The Company has established an integrated risk management process as part of its management system to identify the types of risks specific to the industry in which we operate and to measure those potential risks in order to develop mitigatory strategies. This process facilitates informed decision-making and a conscious evaluation of opportunities and risks.

The Board is responsible for the Company's internal control and its effectiveness. Internal controls are established with emphasis on safeguarding assets, making available accurate and timely information, and imposing greater discipline on decision-making. However, any system can only ensure reasonable and not absolute assurance that errors and irregularities are either prevented or detected within a reasonable time period.

The Company conducts regular reviews of the major risks such as regulatory, political, and environment changes that could affect business and financial performance. The Company also evaluates the potential threats posed from possible competitors. The Company analyses exposure to business risks by identifying vulnerability and probability of occurrence in order to determine how best to handle such exposure.

However, the Company recognises that risk management is a shared responsibility of all employees of the Company in an integrated management system, rather than being a separate and stand-alone process. Hence it is integrated into overall business and decision-making processes including strategy formulation, business planning, business development, investment decisions, capital allocation, internal control, and day-to-day functions.

Having the right people to execute strategies is imperative for success in the emerging diverse growth markets. The Board recognises the crucial role of human capital since talent, culture, and work attitude are arguably the biggest drivers of competitive advantage. The Board plays an important role in ensuring that the leadership stays focused on building the talent strategy.

The Company also engages consistently in new exploration techniques and processing methods, focusing on overall efficiency improvement and to be more attractive in terms of pricing and improved product quality, for the Company's strategic advantage.

The Company manages its working capital at a healthy level of liquidity and monitors its net operating cash flow, maintaining cash and cash equivalents at an appropriate level to support operational and capital expenditure requirements.

Investment risks are hedged through close monitoring and compliance with agreed production and quality parameters. Periodic review and implementation of customer feedback ensures sustainable product quality.

CORPORATE GOVERNANCE

Statement of Compliance under Section 168 of Companies Act No. 07 of 2007

Company Act Section	Companies Act Requirement	Compliance Status	Reference to Annual Report 2024
168.(1) (a)	The nature of the business of the Company together with any change thereof during the accounting period	Compliant	Annual Report of the Board of Directors, pages 39-46
168.(1) (b)	Signed Financial Statements of the Company for the accounting period completed - section 151	Compliant	Financial Statements, page 55
168.(1) (c)	Auditors' Report on Financial Statements of the Company	Compliant	Independent Auditors' Report, pages 49-53
168.(1) (d)	Accounting policies and any changes therein	Compliant	Notes to the Financial Statements, pages 58-71
168.(1) (e)	Particulars of the entries made in the Interests Register during the accounting period	Compliant	Annual Report of the Board of Directors, pages 39-46
168.(1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Compliant	Notes to the Financial Statements, page 86
168.(1) (g)	Corporate donations made by the Company during the accounting period	Compliant	Notes to the Financial Statements, page 72
168.(1) (h)	Information on the Directorate of the Company at the end of the accounting period	Compliant	Annual Report of the Board of Directors, pages 39-46
168.(1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period	Compliant	Notes to the Financial Statements, page 72
168.(1) (j)	Auditors' relationship or any interest with the Company	Compliant	Audit Committee Report, pages 29-31
168.(1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Compliant	Annual Report of the Board of Directors, pages 39-46

CORPORATE GOVERNANCE

Statement of Compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosure (Mandatory Provisions – Fully Compliant)

CSE Rule Reference	Disclosure Requirement	Compliance Status	Reference to Annual Report 2024
7.6 (i)	Names of persons who were Directors of the Entity	Compliant	Directors' Profiles, page 10
7.6 (ii)	Principal activities of the Entity and its subsidiaries during the year, and any changes therein	Compliant	Annual Report of the Board of Directors, pages 39-46
7.6 (iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held	Compliant	Investor Information, pages 96-97
7.6 (iv)	The public holding percentage	Compliant	
7.6 (v)	A statement of each Director's holding and Chief Executive Officer's holding in shares of the Entity at the beginning and end of each financial year	Compliant	Annual Report of the Board of Directors, pages 39-46
7.6 (vi)	Information pertaining to material foreseeable risk factors of the Entity	Compliant	
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Compliant	
7.6 (viii)	Extents, locations, valuations and number of buildings of the Entity's land holdings and investment properties	Compliant	Notes of the Financial Statements, page 76
7.6 (ix)	Number of shares representing the Entity's stated capital	Compliant	Investor Information, pages 96-97
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Compliant	
7.6 (xi)	Financial ratios and market price information	Compliant	
7.6 (xii)	Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year	Compliant	Company has no subsidiaries. Notes to the Financial Statements, page 76
7.6 (xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year	Compliant	Company had no public issue, rights issue or private placement during the year under review
7.6 (xiv)	Information in respect of Employee Share Option Scheme or Employee Share Purchase Scheme	Compliant	As at date, the Company has no share option/purchase scheme made available to its Directors or employees

CORPORATE GOVERNANCE

CSE Rule Reference	Disclosure Requirement	Compliance Status	Reference to Annual Report 2024
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 c. and 7.10.6 c. of Section 7 of the Listing Rules	Compliant	Refer to pages 11, 29 and 32 of this Annual Report
7.6 (xvi)	Related Party transactions exceeding ten per cent of the equity or five per cent of the total assets of the Entity per audited Financial Statements, whichever is lower	Compliant	Note 26 to the Financial Statements, page 87

Statement of Compliance for Amendments to Rule 7.10 and Section 9 of the Listing Rules of the Colombo Stock Exchange (Mandatory Provisions – Fully Compliant) September 2023

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Bogala extent of adoption
9.1.3	Statement confirming the extent of compliance with the Corporate Governance Rules	Compliant	Annual Report of the Board of Directors, pages 39-46.
9.2	Policies		
9.2.1	List of Policies in Place	Compliant	The Company has established and continues to review and maintain the policies on Matters relating to Board of Directors, Board Committees, Corporate Governance Nominations and re-election, Remuneration, Internal Code of Business Conduct and Ethics, Risk Management and Internal Control, Relations with Shareholders and Investors, Environmental, Social, and Governance Sustainability, Control and Management of Company Assets and Shareholder Investments, Whistleblowing, and Anti-Bribery and Corruption
9.2.2	Any waivers from compliance with the Internal code of business conduct and ethics or exemptions granted	NA	
9.2.3 (i)	List of Policies in place as per Rule 9.2.1 with reference to website	Compliant	Company has published the information in the corporate website
9.2.3.(ii)	Any changes to Policies adopted		There has been no change
9.3	Board Committees		
9.3.1 (a)	Nominations and Governance Committee	Compliant	The Company re-constituted the Committees on 28 th November 2023
9.3.1 (b)	Remuneration Committee		
9.3.1 (c)	Audit Committee		
9.3.1 (d)	Related Party Transactions Review Committee.		

CORPORATE GOVERNANCE

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Bogala extent of adoption
9.3.2	Listed Entities shall comply with the composition, responsibilities, and disclosures required in respect of the above Board committees as set out in these Rules.	Compliant	Governance requirements are disclosed in the respective reports in the AR
9.3.3	The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1	Compliant	Re-constituted the Sub-Committees on 28 th November 2023
9.4	Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders	Compliant	The Company Secretary maintains records of all resolutions of General Meetings and related information whilst the policy on Shareholders and investors deals with the communication and relations with them. Refer page 28.
9.5	Policy on matters relating to the Board of Directors		Compliance with Corporate Governance Rules
9.5.1. (a, c to j)	Listed Entities shall establish and maintain a formal policy governing matters relating to the Board of Directors	Compliant	
9.5.2	Listed Entities shall confirm compliance with the requirements of the policy referred to in Rule 9.5.1 above in the Annual Report		
9.6	Chairperson and CEO		
9.6.1	The Chairperson shall be a Non-Executive Director. The position of Chairperson and CEO shall not be held by the same individual.	Compliant	Chairperson is a Non-Executive Director
9.6.2	Where the Chairperson of a Listed Company is an Executive Director and/or the positions of the Chairperson and CEO are held by the same individual	NA	
9.6.3	The requirement for a Senior Independent Director	NA	
9.6.4	Rationale for appointing Senior Independent Director	NA	
9.7	Fitness of Directors and CEO		
9.7.1	Listed entity to take necessary steps to ensure that the Directors and the CEO are, at all times, fit and proper persons	Compliant	The Company Secretary obtains annual declarations from the Directors to ensure that they are at all times fit and proper persons
9.7.2	Directors recommended by the Nominations and Governance Committee are fit and proper as required in terms these Rules	Compliant	
9.7.3 (a to c)	Criteria defining the Fit and Proper Assessment	Compliant	
9.7.4	Obtain a declaration from Directors and CEO confirming they satisfy Fit and Proper Assessment Criteria	Compliant	

CORPORATE GOVERNANCE

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Bogala extent of adoption
9.7.5 (a)	Directors and CEO of the Listed Entity satisfy the Fit and Proper Assessment Criteria	Compliant	Disclosed in the Corporate Governance Report, Page 12 and Annual Report of the Board of Directors, Page 41.
9.7.5 (b)	Any Non-compliance and remedial action taken	NA	
9.8	Board Composition		
9.8.1	Board of Directors shall, at a minimum, consist of five (05) Directors	Compliant	Compliance with Corporate Governance Rules
9.8.2	Minimum Number of Independent Directors	Compliant	
9.8.3	Director shall not be considered independent if he/she does not meet the criteria for determining independence	Compliant	
9.8.5 (a)	Submit a signed and a dated declaration annually against independence criteria	Compliant	
9.8.5 (b)	Make a determination as to the independence based on declaration	Compliant	
9.9	Alternate Directors		
9.9 (a to e)	If a listed Company provides for the appointment of Alternate Directors, it shall be required to comply with the requirement of Rule 9.9	Compliant	The Articles of Association of the Company was amended at the AGM held in April 2024 facilitating the appointment of alternate Director
9.10	Disclosures relating to Directors		
9.10.1	Company shall disclose its policy on the maximum number of directorships its Board members shall be permitted to hold	Compliant	As per the Company Board Policy maximum directorships is 20
9.10.2	Company shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement	Compliant	Compliance with Corporate Governance Rules
9.10.3	Company shall make an immediate Market Announcement regarding any changes to the composition of the Board Committees	Compliant	
9.10.4	Disclosures relating to the Directors in the Annual Report	Compliant	(a), (b), and (d) refer to the "Director's Profile" of this Annual Report. (c) based on the individual declarations obtained from the Directors it is evident that there is no business relationship with other Directors of the Company. A statement to this effect is included in the Annual Report of the Board of Directors. (e), (f), and (g) refer "Corporate Governance Report" of this Annual Report. (h) refer the Sub-Committee Report of this Annual Report, (i) NA

CORPORATE GOVERNANCE

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Bogala extent of adoption
9.11	Nominations and Governance Committee		
9.11.1	Listed Entities shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of these Rules.	Compliant	Compliance with Corporate Governance Rules
9.11.2	Listed Entities shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board	Compliant	
9.11.3	The Nominations and Governance Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	Compliant	
9.11.4	Composition of the Committee - minimum 3 Directors of which minimum of two members independent, not include executive Directors, independent Director to be the Chairperson,	Compliant	Refer "Nominations and Governance Report - Composition of the Committee" of this Annual Report, page 37.
9.11.5	Functions of the Committee - evaluate the appointment of Directors to the Board and Board Committees, consider and recommend the re-appointment/re-election of current Directors, establish and maintain a formal and transparent procedure to evaluate, select and appoint/re-appoint Directors, establish and maintain set of criteria for selection of Directors, establish and maintain a suitable process for the periodic evaluation of the performance of the Board of Directors and the CEO, develop a succession plan for Board of Directors and Key Management Personnel, review the structure, size and composition of the Board and Board Committees, review and recommend the overall corporate governance framework, periodically review and update the corporate Governance Policies, receive reports from the Management on compliance with the corporate governance framework and its compliance	Compliant	Refer "Nominations and Governance Report" of this Annual Report, page 37.
9.11.6	Disclosure in the Annual Report to include points 9.11.6 (a) to (c),(e),(f), and (h) to (m)	Compliant	Refer "Nominations and Governance Report" of this Annual Report, pages 37-38.
9.12	Remuneration Committee (RC)		
9.12.2	Company shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12	Compliant	Refer Remuneration Committee Report, pages 32-33.

CORPORATE GOVERNANCE

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Bogala extent of adoption
9.12.3	Establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors	Compliant	Compliance with Corporate Governance Rules
9.12.4	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure their independence	Compliant	
9.12.5	RC shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	Compliant	
9.12.6	Composition of the RC- minimum 3 Directors of which minimum of two members independent, not including executive Directors, independent Director to be the Chairperson,	Compliant	Refer Remuneration Committee Report, page 32.
9.12.7	Functions of the RC- recommend the remuneration payable to the Executive Directors and CEO to the Board who will make the final determination upon consideration of such recommendations, may engage any external consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to Directors and CEO	Compliant	
9.12.8	Disclosure in Annual Report		
9.12.8 (a)	Name of Chairperson and members with the nature of Directorship	Compliant	Refer Remuneration Committee Report, page 32.
9.12.8 (b)	A statement regarding the Remuneration Policy	Compliant	Refer Remuneration Committee Report, page 32
9.12.8 (c)	The aggregate remuneration of the Executive and Non-Executive Directors	Compliant	Refer Annual Report of the Board of Directors, page 43 and Financial Statement, page 86 of this Annual Report
9.13	Audit Committee		
9.13.1	Where Listed Entities do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Listed Entities shall additionally perform the Risk Functions set out in Rule 9.13 of these Rules	Compliant	The Audit Committee of the Company also performs the risk functions
9.13.2	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties.	Compliant	Compliance with Corporate Governance Rules

CORPORATE GOVERNANCE

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Bogala extent of adoption
9.13.3	Composition		
	(1) The members of the Audit Committee shall		
	(a) comprise minimum of three directors out of which a minimum of two or a majority of the members, whichever is higher, shall be independent	Compliant	Refer the Audit Committee Report of this Annual Report, pages 29-31
	(b) not comprise of Executive Directors of the Company	Compliant	
	(2) The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors.	Compliant	Compliance with Corporate Governance Rules
	(3) The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market.	Compliant	
	(5) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.	Compliant	Refer the Audit Committee Report of this Annual Report, pages 29-31
	(6) Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation.	Compliant	
	(7) The Chairperson of the Audit Committee shall be a Member of a recognised professional accounting body.	Compliant	
9.13.4	The Functions of the Audit Committee	Compliant	Refer the Audit Committee Report of this Annual Report, pages 29-31
9.13.5	Disclosure in the Annual Report		
	(1) Listed Company shall prepare an Audit Committee Report which shall be included in the Annual Report	Compliant	Refer the Audit Committee Report of this Annual Report, pages 29-31
	(2) The Audit Committee Report shall contain disclosures set out in Rule 9.13.5 (2) (a) to (i)	Compliant	
9.14	Related Party Transaction Review Committee		
9.14.1	Listed Company shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of the Listing Rules.	Compliant	Refer 'Related Part Transactions Review Committee Report' of this Annual Report, pages 34-36
9.14.2	Related Party Transactions Review Committee shall comprise of a minimum of three members, majority of whom should be IDs and an ID shall be appointed as the Chairperson	Compliant	

CORPORATE GOVERNANCE

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Bogala extent of adoption
9.14.3	The functions of the Related Party Transactions Review Committee	Compliant	Refer 'Related Part Transactions Review Committee Report' of this Annual Report, pages 34-36
9.14.4	General Requirements (1) to (4)	Compliant	
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	Compliant	
9.14.6	Company shall obtain Shareholder approval for the Related Party Transactions set out in Rule 9.14.6 of the Listing Rules	Compliant	There were no Related Party Transactions during the year which required shareholder approval or immediate market announcement. The Company would comply with this Rule should a need arise.
9.14.7	Company shall make an immediate Market Announcement to the Exchange for the Related Party Transactions as set out in Rule 9.14.7 (a) and (b)	Compliant	
9.14.8	Disclosure in the Annual Report		
9.14.8 (1) to (3)	Non-Recurrent RPTs, Recurrent RPTs, and contents of RPT Committee Report	Compliant	Refer Related Party Transaction Review Committee Report, pages 34-36 and the Annual Report of the Board of Directors of this Report, pages 39-46
9.14.9	Acquisition and disposal of assets from/to Related Parties	NA	The Company has not acquired or disposed of any assets from/to Related Parties during the year under review. The Company would comply with this Rule should a need arise.
9.16	Additional Disclosures		
	Declarations by the Board of Directors to be included in the Annual Report (i) to (iv)	Compliant	Refer Annual Report of the Board of Directors of this Annual Report, pages 39-46

Going Concern, Financial Reporting, and Transparency

The Board of Directors, after reviewing the Company's business plans, capital expenditure requirements, prospects and risks, cash flows, and ability to raise funds for the ensuing year has a reasonable expectation that the Company has adequate resources to continue in operational existence in the foreseeable future. Therefore, the going concern principle has been adopted in preparing the Financial Statements presented in this Annual Report.

The Financial Statements are prepared in accordance with the Sri Lanka Financial Reporting Standards (SLFRS/ LKAS) and all statutory and material declarations are highlighted in the Annual Report of the Board of Directors.

Conflict of Interest and Independence

Each Director has a continuing responsibility to determine whether he or she has a potential or actual conflict of interest arising from external associations, interests in material matters, and personal relationships which may influence their judgment. Whilst the Board members are free to express their own opinion on matters of importance to the Company and its operation, the Board reviews such potential conflicts from time to time.

CORPORATE GOVERNANCE

Related Party Disclosure note 26 of the Annual Report on page 86 and the Directors' interest in Annual Report of the Board of Directors provides information regarding the exception. Each Non-Executive Director has submitted a declaration of his or her independence or non-independence for the year under review.

Independent Professional Advice by the Board during the Financial Year

The Board seeks independent professional advice when deemed necessary. During the year under review, professional advice was taken on the following matters:

- Legal, tax, and accounting aspects, particularly where independent external advice was deemed necessary to ensure the integrity of the subject decision.
- Actuarial valuation of retirement benefits and valuation of property.
- Information technology consultancy services pertaining to existing ERP system software support and human resource management software upgrade.
- Specific technical knowledge and domain knowledge required for new developments.

Investor Relations and Communication with Shareholders

The Company encourages communication with shareholders through Annual General Meetings, the Annual Report, interim Financial Statements, and announcements to the Colombo Stock Exchange. Shareholders are encouraged to be present, participate, and vote at the Annual General Meeting.

In compliance with the Section 9.2.1(g) of Corporate Governance Principles, the Company has in place a Policy on Relations with Shareholders and Investors to ensure shareholder communications are effectively managed by the Company through Company Secretaries. All significant issues and concerns of shareholders are referred to the Board with the views of the Management, whilst shareholder queries are responded by the Company Secretaries on behalf of the management.

Annual General Meeting

Information is provided to the shareholders prior to the AGM to give them an opportunity to raise any issues relating to the business of the Company. Shareholders are provided with the details through a circular to download Company Annual Report from the CSE website. Shareholders may at any time elect to receive an Annual Report in printed form by submitting the request form circulated along with the notice of the AGM.

The Chairman, Board members, key management personnel, and external auditors are present at the Annual General Meeting and available to answer questions posed by shareholders.

Release of Information to the Public and CSE

The Board of Directors is responsible for ensuring the accuracy and timeliness of published information and for presenting a true and fair view of financial results in the interim and annual Financial Statements.

Employee Participation and Industrial Relations

The Company had no industrial disputes during the year under review, which was a direct result of the effective and supportive management approach it had followed in dealing with the employees and their industry relations.

The Company considers its employees to be its greatest asset and includes them at various levels within its internal governance structure. Policies, processes, and systems are in place to ensure effective recruitment, development, and retention as the Company is committed to hiring, developing, and promoting individuals who possess the required competencies. The Company maintains constant dialogue pertaining to work-related issues and matters of general interest that could affect employees and their families. Further, the Company promotes an open-door policy for its employees and key stakeholders, at all levels.

The Company provides a safe secure environment for its employees that is conducive to freedom of association and collective bargaining, prohibiting child labour, forced or compulsory labour, and any discrimination based on gender, race, or religion, while promoting a workplace that is free from physical, verbal or sexual harassment, all of which complement effective Corporate Governance.

AUDIT COMMITTEE REPORT

Role of the Committee

Terms of Reference of the Audit Committee defines the role and responsibilities which is reviewed annually to ensure new developments and requirements are properly addressed. The Terms of Reference of the Committee was last reviewed and approved by the Board in November 2024. The role of the Audit Committee is to monitor and review:

- the integrity of Financial Statements in accordance with Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka.
- compliance with legal and regulatory requirements of the Companies Act and other relevant financial reporting regulations and requirements.
- appointment or re-appointment of external auditors, their independence, and performance.
- the adequacy and effectiveness of the Company's Internal Control and Risk Management systems.

In discharging its duties, the Audit Committee seeks to balance independent oversight of the matters within its remit by providing support and guidance to the management. The Committee, supported by the members of senior management and the external and internal auditors, has carried out its duties effectively in the year under review. The Company secretary functioned as the secretary to the Committee during the year.

Composition of the Committee and Meetings

In compliance with the section 9.13.3 of the Listing Rules of the Colombo Stock Exchange, the committee consists of two Independent Non-Executive Directors and one Non-Executive Director. The Committee is chaired by Ms. Averil Ludowyke, a fellow of The Institute of Chartered Accountants of Sri Lanka, and The Chartered Institute of Management Accountants, UK is an Independent Non-Executive Director.

Name of the Director	Independent Non-Executive/ Non-Executive
Averil Ludowyke (Chairperson)	Independent Non-Executive Director
Shivan Coorey	Independent Non-Executive Director
Thomas Junker	Non-Executive Director
Secretary to the Committee	Corporate Services (Private) Limited

The Audit Committee held six meetings during the year under review. The Chief Executive Officer, the Finance Director of the Company, other members of the Board, Partner of KPMG responsible for the external audit, and Partner of B. R. De Silva, responsible for the internal audit, attended the meetings by invitation.

Audit Committee Meeting Attendance

Name of the Director	19/02/2024	07/03/2024	13/05/2024	13/06/2024	07/08/2024	01/10/2024	12/11/2024	Eligible to Attend	Attended	As a %
Averil Ludowyke (Chairperson)	✓	✓	✓	✓	✓	✓	✓	7	7	100
Shivan Coorey	✓	✓	✓	✓	✓	✓	✓	7	7	100
Thomas Junker	✓	✓	✓	✓	✓	✓	Excused	7	6	86

AUDIT COMMITTEE REPORT

Financial Reporting System

The Audit Committee reviewed and discussed the quarterly Financial Statements and the annual statements with the Management prior to recommendation to the Board for approval for publication. The scope of the review included:

- Ascertaining the consistency and appropriateness of the accounting policies adopted, changes in accounting policies, and material judgmental matters.
- Ensuring adequacy of disclosures and compliance in line with the Sri Lanka Accounting Standards, Companies Act No. 7 of 2007, and Listing Rules of the Colombo Stock Exchange.
- Satisfying requirements of other regulatory bodies as applicable and relevant to the Company.

The Committee also discussed with the External Auditors and Management, any matters communicated to the Committee by External Auditors in their reports on the audit for the year and monitored the progress made by the Management in resolving the issues raised by the Auditors.

The Committee received an assurance and compliance statement from the CFO and CEO of the Company about its operations and financial records and reporting is in compliance with the applicable rules and regulation relevant to the Company and the industry.

Internal Audit

The Committee reviewed the adequacy of the Internal Audit coverage in line with the Internal Audit Charter, which sets out the scope, functions, authority, and responsibility of the Internal Audit function. The Internal Audit Charter is reviewed annually and was last reviewed in November 2024.

During the year, the Audit Committee reviewed and approved the Internal Audit Plan considering the depth and coverage. The Internal Audit function is outsourced to an independent and leading professional services firm, Messrs. B. R. De Silva & Company, Chartered Accountants.

The Committee reviewed the Internal Auditors' reports issued quarterly, along with the Management responses. The Committee ensures, through the quarterly review

mechanism, that the Management takes ownership for effective implementation of the recommendations made by the Internal Auditors.

The Audit Committee evaluated the independence, and effectiveness, of the Internal Audit function and their resource requirements and made recommendations for any required changes.

External Audit

The Audit Committee held meetings with the External Auditors during the year to discuss the scope of the audit, audit approach, and procedures to be adopted during the audit.

The External Auditors kept the Committee advised on matters of significance that were pending resolution. Before the conclusion of the Audit, the Committee met with the External Auditors and management to discuss audit issues highlighted in the management letter and management response thereto. The Committee also met the External Auditors, without the presence of the management, and obtained a statement confirming their independence was not impaired throughout the audit engagement. The Committee also held discussions to review and assess the impact of current developments and changes to the Accounting Standards and other relevant legislation.

The Committee, having evaluated the performance of the External Auditors, was satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest. The Committee checked and noted the completion of nine years for the external audit engagement of which the Audit Engagement Load Partner completes five years. The Committee also checked that no partner of messrs. KPMG holds shares of the Company.

Re-Appointment of External Auditors – Messrs. KPMG, Chartered Accountants

The Committee, perused transactions with the External Auditors to ensure that there were no significant material transactions between the External Auditors and the Company.

AUDIT COMMITTEE REPORT

The Committee having considered that there were no significant material transactions between the External Auditors and the company, the confirmation received on periodic rotation of the Audit Partner, noted that KPMG, Chartered Accountants are independent and are eligible for re-appointment as the External Auditors.

Having noted the above, the Committee recommends to the Board that Messrs. KPMG, Chartered Accountants be re-appointed as the External Auditors of the Company for the current financial year, subject to the approval of the Shareholders at the forthcoming Annual General Meeting.

Risk Management and Internal Control

The Internal Audit regularly reports to the Committee on the adequacy and effectiveness of internal control procedures and the risk management mechanism of the Company. The Committee ensures that the principal risks are monitored and controlled by the Management appropriately, and takes mitigating actions as and when required. The Committee review internal controls and risk managements systems to ensure they are adequate, to meet the Sri Lanka Auditing Standards, to prevent the leakage of material informations to unauthorised persons, to pay attention for areas of significant risks through the risk matrix, and to their impact to business continuity plans. The Committee obtained formal confirmations and assurance from the CEO and key Management of the Company on a quarterly basis regarding the adequacy and effectiveness of the internal control systems and risk management systems.

The Company functions in an environment where not all risks can be completely eliminated and in this context the Committee reviews remedial measures taken to manage risks that do materialise.

Conducts, Ethics and Good Governance

The Audit Committee remains steadfast in its commitment to ensuring that the Company adheres to the highest ethical standards in business dealings. In this regard, the Company has a Code of Ethics and Professional Conduct, and robust policies such as the Whistleblowing Policy and an Anti-Bribery and Anti-Corruption Policy which ensure and encourage all staff members to be ethical, transparent, and accountable and resort to whistleblowing if they suspect any wrongdoings or other improprieties.

Highest standards of corporate governance and adherence to the Company's Code of Ethics and Professional Conduct were ensured. All appropriate procedures are in place to conduct independent investigations into incidents reported through whistleblowing or identified through other means. The Whistleblowing Policy guarantees the maintenance of strict confidentiality of the identity of the whistleblowers.

Regulatory Compliance

The Committee obtained representations on the adequacy of provisions made for possible liabilities and reviewed reports tabled by the Finance Director certifying compliance with relevant statutory requirements. The Committee obtains quarterly updates from the Finance Director regarding compliance with laws and regulation.

Other Matters

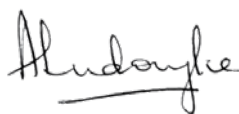
The Committee also reviewed the revised CSE rules on Corporate Governance that became effective from 1st October 2023, except to the extent stated in section 9 of the Listing Rules. The Committee also reviewed the revised risk assessment matrix and revised risk heat map to ensure whether the relevant factors and categories have been properly identified and assessed with the current economic conditions.

Evaluation of the Committee

The Committee undertook a self-evaluation and were satisfied that the Committee has carried out its responsibilities effectively during the year.

Conclusion

The Audit Committee is satisfied that the Company's accounting policies, operational controls, and risk management processes provide reasonable assurance that the affairs of the Company are managed in accordance with Company policies and that Company assets are properly accounted for and adequately safeguarded.



Averil Ludowyke
Chairperson-Audit Committee
06th March 2025

HUMAN RESOURCES AND REMUNERATION COMMITTEE REPORT

Role of the Committee

Terms of reference of the Remuneration Committee clearly defines its scope, authority, duties and matters pertaining to the meetings quorum. The Remuneration Committee is responsible for setting the remuneration policy by establishing broad parameters of remuneration across the Company and recommending the remuneration of the Executive Directors. The Committee is responsible for determining, reviewing and evaluating the performance of the Chief Executive Officer and Chief Financial Officer and makes recommendations to the Board on their remuneration.

The Committee also lays down guidelines and parameters for Management's development of a succession plan for key Management Personnel.

Composition of the Committee and Meetings

The Remuneration Committee comprises four Non-Executive Directors of whom two are independent. The Committee is chaired by Independent Non-Executive Director, Mr. Shivan Coorey. They are independent from management and free from any business, personal or other relationship that may interfere with the exercise of their independence and unbiased judgment.

The Committee composition complies with the requirements of Rule 9.12.6 of the Listing Rules of the Colombo Stock Exchange.

Composition of the Committee and Meetings

Name of the Director	Independent/ Non-Executive/ Non-Executive
Shivan Coorey - (Chairperson)	Independent Non-Executive Director
Averil Ludowyke	Independent Non-Executive Director
Thomas Junker	Non-Executive Director
Coralie Pietersz	Non-Executive Director
Secretary to the Committee	Corporate Services (Private) Limited

The Remuneration Committee held five meetings during the year under review. The Chief Executive Officer who is responsible for the overall management of the Company, attends all meetings by invitation and participates in all deliberations except when his own performance and compensation package are discussed. The Chief Financial Officer attend the meetings by invitation when required.

Attendance at Remuneration Committee Meetings

Name of the Director	13/02/2024	03/04/2024	31/07/2024	01/10/2024	29/10/2024	Eligible to Attend	Attended	As a %
Shivan Coorey (Chairperson)	✓	✓	✓	✓	✓	5	5	100
Averil Ludowyke	✓	✓	✓	✓	✓	5	5	100
Thomas Junker	✓	✓	✓	✓	✓	5	5	100
Coralie Pietersz	✓	✓	✓	✓	✓	5	5	100

Remuneration Policy

The Committee recognises the importance of formulating remuneration packages that effectively motivate, attract, and retain qualified and experienced workforce and key Senior Management who support and implement decisions at an apex level in a competitive environment to achieve the objectives of the Company and to reward their performance accordingly. The Committee focuses on and is responsible for developing the Company's remuneration policy to ensure that the total package is competitive to attract the best talent for the benefit of the Company.

The Company remuneration policy which was reviewed by the Committee during the year under review remained unchanged.

HUMAN RESOURCES AND REMUNERATION COMMITTEE REPORT

Directors Remuneration

The Committee is not responsible for determining the remuneration of Independent Non-Executive and Non-Executive Directors; this is determined by the Board.

All Independent Non-Executive and Non-Executive Directors receive a fee for serving on the Board and Sub-Committees. They do not receive any performance or incentive payments. The aggregate remuneration paid to Executive and Independent Non-Executive Directors is given in note 26.1.1 to the Financial Statements on page 86.

The Committee wishes to report that the Company has complied with the Companies Act in relation to remuneration of Directors.

Activities of the Committee in 2024

The Committee reviews all significant changes in the corporate sector in determining salary structures, terms, and conditions. During the year under review, the Committee reviewed the remuneration of the senior management taking into consideration job roles and responsibilities, the market, and macro-economic factors. The Committee has the authority to seek external professional advice on matters within its purview.

The Committee evaluated the performance of the Chief Executive Officer and Chief Financial Officer based on the set performance targets and recommended a performance-based bonus on their achievement for the year.



Shivan Coorey
Chairperson – Remuneration Committee
06th March 2025

RELATED PARTY TRANSACTION REVIEW COMMITTEE REPORT

Role of the Committee

The Board of Directors has established a Related Party Transaction Review Committee (RPTRC) in accordance with the Code of Best Practices on Related Party Transaction issued by the Securities Exchange Commission of Sri Lanka (SEC) under Section 9 of the Listing Rules of the Colombo Stock Exchange and Sri Lanka Accounting Standard LKAS 24, to:

- exercise oversight on behalf of the Board, to ensure compliance to said regulations.
- facilitate an independent review, approval, and oversight in relation to transactions with related parties.
- ensure that the interests of the shareholders are preserved when entering into related party transactions.
- prevent Directors, key management personnel, or substantial shareholders from taking advantage of their positions.

To achieve the above, the Committee has adopted the Related Party Transaction Code, which stipulates the Company's policy governing the related party transaction review, approval, and oversight.

Composition of the Committee

The following Directors served as members of the Committee during the financial year.

Name of the Director	Independent/ Non-Executive/ Non-Executive
Shivan Coorey - (Chairperson)	Independent Non-Executive Director
Averil Ludowyke	Independent Non-Executive Director
Thomas Junker	Non-Executive Director
Amila Jayasinghe	Executive Director

Procedure for Reporting Related Party Transactions

The Chief Executive Officer and the Chief Financial Officer are responsible for reporting to the Committee, for its review and approval, the information in respect of each category of related party transactions, classifying them into recurrent and non-recurrent related party transactions.

Moreover, on a quarterly basis, the CEO and CFO are required to report to the Committee on the approved related party transactions entered by the Company.

The Committee has approved the Related Party Transaction Declaration Form required to be filled out by the Directors and key management personnel of the Company. The Company uses this form to capture the related party transactions at the end of every quarter.

The Committee held four meetings for the year under review, with one meeting for each calendar quarter in compliance with Section 9.14.4 of the Listing Rules of the Colombo Stock Exchange.

Related Party Transaction Review Committee meeting attendance

Name of the Director	13/02/2024	03/04/2024	31/07/2024	01/10/2024	Eligible to Attend	Attended	As a %
Shivan Coorey (Chairperson)	✓	✓	✓	✓	4	4	100
Averil Ludowyke	✓	✓	Excused	✓	4	3	75
Thomas Junker	✓	✓	✓	Excused	4	3	75
Amila Jayasinghe	✓	✓	✓	✓	4	4	100

RELATED PARTY TRANSACTION REVIEW COMMITTEE REPORT

Responsibilities of the Related Party Transactions Committee

The Committee's focus is to review all proposed related party transactions prior to entering into or on completion of the transaction according to the procedures laid down by Section 9.14 of the Listing Rules of the Colombo Stock Exchange.

- To review the related party transactions of the Company presented to the Committee in a specified format and decide upon same.
- To seek any information the Committee requires from management, employees, or external parties regarding any transactions entered with a related party.
- To obtain expertise to assess all aspects of related party transactions where necessary, including obtaining appropriate professional and expert advice from suitably qualified persons.
- To recommend, where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.
- To ensure that all related party transactions of the Company are transacted on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.
- To meet with the management, and Internal Auditors/ External Auditors as necessary to carry out the assigned duties.
- To review the transfer of resources, services, or obligations between related parties and ascertain the reasonableness regardless of whether a price/fee is charged.
- To review the economic and commercial substance of both recurrent and non-recurrent related party transactions.

- To monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining competent independent advice from independent professional experts regarding the value of the substantial assets of the related party transaction.

Activities during the Year 2024

- The Committee reviewed all related party transactions for the financial year ended 31st December 2024 on a quarterly basis to ensure the terms of these transactions were not more favourable to the related parties than those generally available to the public.
- The Committee, in its review process, recognised the adequacy of the content and quality of the information forwarded to its members by the Management in compliance with Section 9.14. of the CSE Listing Rules of Colombo Stock Exchange.
- The Committee communicated its activities to the Board quarterly through tabling the minutes of the Committee meetings at the Board meetings.
- The Committee reviewed the quarterly disclosures from the Key Management Personnel in relation to post quarter and proposed Related Party Transactions,

Key Management Personnel

The Board of Directors of the Company is considered as the Key Management Personnel (KMPs) of the Company. Further, CEO, CFO, and all Assistant General Managers are considered KMPs of the Company to establish greater transparency and governance.

Declarations are obtained from each KMP of the Company for the purpose of identifying Related Party Transactions on a quarterly and annual basis and to determine Related Party Transactions ensures the compliance with the disclosure requirements of the Listing Rules.

RELATED PARTY TRANSACTION REVIEW COMMITTEE REPORT

Declaration by the Board

The Annual Report of the Board of Directors on page 43 includes a declaration confirming the compliance with the requirements stipulated in Section 9.14.8 (4) of the Listing Rules of the Colombo Stock Exchange.



Shivan Coorey

Chairman-Related Party Transaction Review Committee

06th March 2025

NOMINATION AND GOVERNANCE COMMITTEE REPORT

Nominations and Governance Committee Report

In terms of the Rule 9.11 of the Corporate Governance Principles of the Colombo Stock Exchange the Company formed a Nomination and Governance Committee to ensure the board comprise of diverse, competent, experienced, and effective Directors. The Committee is responsible to ensure that the Board is well balanced in terms of effectiveness and composition. The Committee evaluates the Board composition, reviews their performance, and promotes continuous improvement to encourage the highest standard of Corporate Governance.

Composition of the Committee and Meetings

The Nomination and Governance Committee is comprised of four Non-Executive Directors of whom two are independent. The Committee is chaired by independent Non-Executive Director Ms. Averil Ludowyke.

Name of the Director	Status	Date of Appointment to the Committee
Averil Ludowyke - (Chairperson)	INED	01/12/2023
Shivan Coorey	INED	01/12/2023
Thomas Junker	NED	01/12/2023
Coralie Pietersz	NED	01/12/2023
NED - Non Executive Director ED - Executive Director INED - Independent NED		

The Committee held two meetings during the year under review and all the members were present. Both CEO and CFO attended the meeting on invitation.

Name of the Director	31/07/2024	29/10/2024	Eligible to Attend	Attended	As a %
Averil Ludowyke - (Chairperson)	✓	✓	2	2	100
Shivan Coorey	✓	✓	2	2	100
Thomas Junker	✓	✓	2	2	100
Coralie Pietersz	✓	✓	2	2	100

Functions and Duties of the Committee

- Evaluate the appointment of Directors to the Board of Directors and Board Committees. A member of the Nominations and Governance Committee shall not participate in decisions relating to his/her own appointment.
- Establish and Maintain a formal and transparent procedure to evaluate, select and appoint Directors and maintain a set of criteria for such selection taking into consideration the skills required at board level and the mining industry.
- Establish and maintain a suitable process for the periodic evaluation of the performance of Board of Directors and the CEO of the Company to ensure that their responsibilities are satisfactorily discharged.
- Develop succession plan for Board of Directors and Key Management Personnel
- Review the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities.
- Review and recommend the overall corporate governance framework of the Company taking into account the Listing Rules of the Colombo Stock Exchange, other applicable regulatory requirements and industry/international best practices and periodically review and update corporate governance policies, principles and legal developments.

NOMINATION AND GOVERNANCE COMMITTEE REPORT

- g) Receive reports from the Management on compliance with the corporate governance framework of the Entity including the Entity's compliance with provisions of the SEC Act, Listing Rules of the Colombo Stock Exchange and other applicable laws, together with any deviations/non-compliances and the rational for same.
- h) Oversee that induction programs/orientation programs have been conducted for the newly appointed directors of the Company.
- i) Ensure that annual updates are given to the Board of Directors on Corporate Governance, Listing Rules, securities market regulations and other applicable regulations.
- j) Based on the independence criteria declarations, determine the independence of the directors of the Company, annually.

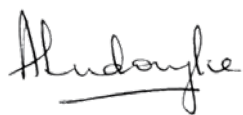
Policies and Procedures

The Nomination Committee operates within the terms of reference approved by the Board. As per the Articles of Association the Directors are not required to submit themselves for re-election. The Committee reports its activities at the Board meeting tabling the meeting minutes and Chairperson brief wherever necessary.

The Corporate Governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange are met by the Company and details are given in the Corporate Governance Report in pages 11 to 28.

Activities during the year

There was no appointment or re-appointment of Directors during the year under review. In compliance with the Section 9.11.5 of the Corporate Governance of Colombo Stock Exchange, Committee carried out an evaluation of the performance of the Board of Directors and the CEO during the year. The Committee kept the Board of Directors informed on Corporate Governance, Listing Rules and the level of Company compliance during the meetings. The Committee through the Secretaries of the Company has obtained a statement from the Directors that they meet the criteria for determining independence.



Averil Ludowyke

Chairperson-Nominations and Governance Committee
06th March 2025

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Board of Directors has pleasure in presenting their 34th Annual Report of your Company together with the Audited Financial Statements for the year ended 31st December 2024. The details set out herein provide the pertinent information required under Section 168 of the Companies Act No. 7 of 2007, Listing Rules of the Colombo Stock Exchange and the recommended best Practices on Corporate Governance.

The Annual Report was approved by the Board of Directors on 6th March 2025.

Principal Activity

The principal activity of the Company is mining, processing and preparation of graphite, producing Lubricant, and the sale of Graphite and Lubricants. There were no significant changes in the activities of the Company during the year under review.

Review of Operations

A review of the Company's financial performance is described in the Chairperson's Review on pages 7-8, CEO's Review on page 9, and the Management Discussion and Analysis of this Annual Report. These reports, together with the audited Financial Statements, reflect the state of affairs of the Company.

Financial Statements

The Financial Statements of the Company for the year ended 31st December 2024 have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka, and the requirements of Section 151 and 168 of the Companies Act No. 7 of 2007. The Financial Statements duly signed by the Directors are provided on pages 54 to 94 of the Annual Report.

Auditors' Report

The Report of the Independent Auditors on the Financial Statements of the Company is given on pages 49 to 53.

Financial Results and Appropriations

Accounting Policies and Changes during the year

The Company prepared the Financial Statements in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS). The material accounting policies adopted in the preparation of the Financial Statements of the Company are given on pages 58 to 71. The Board of Directors wishes to confirm that there were no significant changes to the accounting policies used by the Company during the year under review.

During the year, the Company reviewed the Drilling project and classified same as Capital Work-in- Progress based on the project progress. The Company continues to recognise and disclose the exploration, evaluation, and development expenditure, in consistent with SLFRS and the accounting policies of its ultimate Parent Company.

Revenue, Profit and Appropriations

Revenue generated by the Company amounted to Rs. 1,765.7 million (2023 – Rs. 1,623.1 million).

The Company's profit before tax was Rs. 232.3 million (2023 – profit before tax Rs. 241.9 million). The Company's total comprehensive income net of tax was Rs. 158.5 million (2023 – Rs. 166.6 million). Details of financial results of the Company are given in the statement of profit or loss and other comprehensive income on page 54. A brief description of the results and appropriations are given below:

ANNUAL REPORT OF THE BOARD OF DIRECTORS

For the year ended 31 st December in Rs. '000s	2024	2023
Profit from operations after providing for all expenses, known liabilities, depreciation on property, plant and equipment and slow moving stock	209,470	224,703
Finance Cost	(342)	(617)
Finance Income	23,209	17,859
Profit before tax	232,337	241,945
Provision for taxation including deferred tax	(71,217)	(86,629)
Net profit after tax	161,121	155,316
Other Comprehensive Income net of tax	(2,596)	7,678
Total Comprehensive Income attributable to shareholders	158,525	162,994
Balance brought forward from the previous year	1,570,100	1,407,106
Amount available for appropriation	1,728,625	1,570,100
Final Dividend Paid	-	-
Balance to be carried forward to next year	1,728,625	1,570,100

Corporate Donations

During the year, donations amounting to Rs. 3.3 million were made by the Company, which is given in note 7 to the Financial Statements on page 72 of the Annual Report.

Taxation

A detailed statement of the income tax reconciliation of the accounting profits with the taxable profits is given in note 9 of the Financial Statements.

It is the policy of the Company to provide for deferred taxation on all known material timing differences between the carrying amounts of assets and liabilities for financial reporting purposes. The deferred tax balances of the Company are given in note 23 of the Financial Statements. The deferred tax of the Company is calculated based on the tax rates that are specified in the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

Financial Position of the Company

Stated Capital and Reserves

The stated capital of the Company as at 31st December 2024 was Rs. 102.1 million (2023 – Rs. 102.1 million) consisting of 94,632,904 Ordinary Shares as given in note 18 of the Financial Statements on page 80.

Total reserves of the Company as at 31st December 2024 amount to Rs. 1,740.5 million (2023 – Rs. 1,581.9 million) and the movement and composition are given in the Statement of Changes in Equity on page 56 of the Financial Statements.

Property, Plant and Equipment

The carrying value of property, plant, and equipment as at the reporting date amounted to Rs. 613.8 million compared to Rs. 381.8 million for 2023. Freehold land recognised as property, plant, and equipment in the Financial Statements is recorded at revalued amounts. The land was reassessed by a professionally qualified independent valuer during the financial year 2024.

The total expenditure incurred during 2024 on acquisition of property, plant, and equipment for the Company amounted to Rs. 112.7 million (2023 – Rs. 101.8 million).

Details of property, plant, and equipment and their movements are given in note 11 of the Financial Statements on page 75. Information in respect of extent, location, and valuation of land held by the Company is detailed in note 11.1 of the Financial Statements on page 76.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Contingent Liabilities

There have been no material Contingent liabilities outstanding as at the reporting date except what is disclosed in Note 30 of the Financial Statements on page 94.

Shareholder Information

There were 10,472 registered shareholders as at 31st December 2024. The distribution and composition of shareholders and the information relating to earnings, net assets per share, market value per share, and share trading is given in the Investor Information section on pages 96 and 97 of the Annual Report. Additional disclosures, market capitalisation, public holding percentage, and the number of public shareholders is given in the Investor Information section of the Annual Report.

Major Shareholders

Details of the 20 largest shareholders of the Company and the percentage held by each of them are disclosed in the Investor information on page 96 of the Annual Report.

The Board of Directors

The names of the Directors who held office during the financial year 2024 is given below:

Name of the Director	Directors Status		
Coralie Pietersz		NED	
Thomas Junker		NED	
Shivan Coorey	INED	NED	
Averil Ludowyke	INED	NED	
Ulla Neunzert		NED	
Amila Jayasinghe			ED
Sugath Amarasinghe			ED
NED - Non Executive Director ED - Executive Director INED - Independent NED			

In accordance with the section 9.8.5 (a) of the Listing Rules of the Colombo Stock Exchange (CSE) Independent Directors have submitted a signed and dated declaration as per the specimen given in Appendix 9A of Continuing Listing Rules of CSE.

Fit and Proper Assessment of Directors

In terms of Rule 9.7.3 and 9.7.4 of the Listing Rules of the Colombo Stock Exchange, declarations were obtained from the Directors who confirmed that they have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the year under review and as at the date of such confirmation.

Changes to the Directorate

There are no any new appointments or resignation to the Board during the year.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Board Sub Committees

The following Directors served as members of the Audit Committee, Related Party Transaction Review Committee, Remuneration Committee and Nominations and Governance Committee.

The Directors have made a general disclosure relating to share dealings and interest in transactions as permitted by Section 192 (2) of the Companies Act No. 7 of 2007 together with the indemnities and remuneration to the Board of Directors; no additional interests have been disclosed by any Director except as stated in note 26.11 of the Financial Statements on page 86. The Directors further confirms that none of the Directors or their close family members have any material business relationship with other Directors of the Company.

Name of the Director	Nature of Directorship	Audit Committee	Related party Transaction Review Committee	Remuneration Committee	Nominations and Governance Committee
Coralie Pietersz	NED	-	-	Member	Member
Averil Ludowyke	INED	Chairperson	Member	Member	Chairperson
Shivan Coorey	INED	Member	Chairperson	Chairperson	Member
Thomas Junker	INED	Member	Member	Member	Member
Amila Jayasinghe	ED	-	Member	-	-
<i>NED - Non Executive Director ED - Executive Director INED - Independent Non Executive Director</i>					

The report of the Audit Committee, Remuneration Committee, and Related Party Transaction Review Committee is given on pages 29, 32, and 34 sets out the manner of compliance by the Company in accordance with the Section 7 Continuing Listing Rules and Section 9 Corporate Governance issued by the Colombo Stock Exchange.

Directors Interest and Interest Register

The Company maintains an Interests Register as required by the Companies Act No. 7 of 2007. Any interest in transaction disclosed to the Board by a Director in accordance with Section 192 of the Companies Act No. 7 of 2007 is duly recorded in the Interests Register. The Interest Register is available for inspection in keeping with the requirements of section 119 (1) (d) of the Companies Act No. 7 of 2007.

The following entries have been made in the Interests Register maintained by the Company:

Mr. Thomas A. Junker, in addition to being the Managing Director/CEO AMG Graphite of Graphit Kropfmühl GmbH, which owns 79.58 percent of the shareholding of Bogala Graphite Lanka PLC, is also the Managing Director and a Board Director of Qingdao Kropfmühl Graphite Ltd. He also serves as the Chairman of GK Ancuabe Graphite Mine, S.A. Related party disclosures in terms of section 192 of the Companies Act No. 7 of 2007 are given below and disclosed in note 26 of the Financial Statements on page 86.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Name Of Related Party	Director	Relationship	Nature of Transaction	Value Rs.
Graphite Kropfmuhl GmbH	Thomas Junker	Managing Director/ CEO Graphite	Sale of goods	198,462,153
			Purchase of goods	157,561,442
			Technical service fees	88,285,056
Qingdao Kropfmuehl Graphite (Co.) Ltd	Thomas Junker	Managing Director	Expenses reimbursable	1,041,206
		Board Director	Sale of goods	19,465,954
			Purchase of goods	487,796

The relevant interest of Directors in the shares of the Company as at 31st December 2024 and 31st December 2023 are as follows:

Director	31 st December 2024	31 st December 2023
Ms. Coralie Pietersz	Nil	Nil
Mr. Thomas Junker	Nil	Nil
Mr. Amila Jayasinghe	Nil	Nil
Ms. Ulla Neunzert	Nil	Nil
Mr. Sugath Amarasinghe	Nil	Nil
Ms. Averil Ludowyke	Nil	Nil
Mr. Shivan Coorey	Nil	Nil

Directors Remuneration

Details of the Directors' remuneration and other benefits for the financial year ended 31st December 2024 are given in note 26 of the Financial Statements on page 86 and a summary is given below.

Directors' Emoluments

Executive Directors LKR 61,127,511

Non-Executive Directors LKR 5,251,328

Related Party Transactions (RPTs)

The Company's recurrent and non-recurrent transactions with related parties, disclosed in note 26.2 of the Financial Statements in the Annual Report, have complied with the Listing Rule 9.14 of Colombo Stock Exchange and the Sri Lanka Accounting Standard No. 24 – Related Party Disclosures.

During the financial year, Related Party Transactions were reviewed by the Related Party Transaction Review Committee (RPTRC) and are in compliance with Section 9.14 of the CSE Listing Rules. The RPTRC communicated its affairs to the Board by tabling the minutes of the Committee meetings quarterly. The Related Party Transaction Review Committee Report is given on pages 34-36 of the Annual Report whilst the related party transactions are given in note 26 of the Financial Statements on pages 86-87.

Corporate Governance and Sustainability

The Board of Directors confirms that the Company is in compliant with Continuing Listing Rules under section 7.6 and Corporate Governance Principles under section 9 of the Listing Rules of the Colombo Stock Exchange. The Directors declare, having considered all information and explanations made available to them, that:

- the Company complied with all applicable Laws and Regulations in conducting its business,
- the Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

- c) the Company made all endeavors to ensure the equitable treatment of all shareholders,
- d) the business is a going concern with supporting assumptions or qualifications as necessary; and
- e) they conducted a review of internal controls covering financial, operational, compliance, and risk management, and have obtained reasonable assurance of their effectiveness and successful adherence herewith.

The table from pages 20 to 27 shows the way the Company has complied with Sections 7.6 and 9 of the Listing Rules of the Colombo Stock Exchange (CSE) on Corporate Governance. The Corporate Governance Report is given on pages 11 to 28 of the Annual Report.

As a subsidiary of the AMG Group of companies, and member of AMG Critical Mineral supply team, the company continues its commitment to sustainable practices including ethical behaviour and contributing to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large. The Key Performance indicators achieved as well as awards and recognition received during the year are a testament to the company commitments.

Environment Protection and Corporate Social Responsibility

The company adheres to the relevant environmental laws, regulations and endeavours to comply with the best practices applicable in operating in the area, province and the country.

The company contributes and engages in CSR initiatives to support the society at large and its stakeholders by providing education and community support program, public sector engagement programs, and delivering financial assistance via scholarship programs through the Company Human Resource and Administration Team.

Directors' Responsibilities for Financial Statements

The Directors are responsible for the preparation of the Financial Statements of the Company to reflect a true and fair view of the status of its affairs. The Directors are of the view that the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, Material Accounting Policies, and notes thereto appearing on pages 54 to 94 have been prepared in conformity with Sri Lanka Accounting Reporting Standards (SLFRS/LKAS) and provide the information required by the Companies Act No. 7 of 2007, and the Listing Requirements of the Colombo Stock Exchange.

The Statement of Directors' Responsibilities is given on pages 47-48 of the Annual Report.

Statutory Payments

The Directors confirm that, to the best of their knowledge, all taxes, duties, and levies payable by the Company and all contributions, levies, and taxes payable on behalf of, and in respect of, the employees of the Company as well as all other known statutory dues as were due and payable by the Company, as at the reporting date, have been either duly paid or adequately provided for in the Financial Statements. A confirmation of same is included in the Statement of Directors' Responsibilities on pages 47-48.

Compliance with Laws and Regulations

To the best of the Directors' knowledge and belief, the Company has not engaged in any activity which contravenes the laws and regulations of the country.

Ratios and Market price information

The ratios relating to equity and market price information as required by the listing requirements of the Colombo Stock Exchange are given under the Investor Information section of this Report.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Employees and Industrial Relations

The number of persons employed by the Company as at 31st December 2024 was 153 (2023 – 158). The Company is committed to pursuing various HR initiatives that provide a culture that recognises the competencies and commitment of its employees. Career growth and advancement opportunities facilitate the creation of value for themselves, the Company, and other stakeholders.

There have been no material issues pertaining to employees and industrial relations of the Company.

Risk Management and Internal Control

The Board confirms that there is an ongoing process for identifying, evaluating and managing any significant risks faced by the Company. Risk Assessment and evaluation is an integral part of the Company's planning cycle and the principal risks and mitigatory actions in place are reviewed regularly by the Board and the Audit Committee.

The Board, through the involvement of risk review and controls, takes steps to gain assurance of the effectiveness of the Company's system of internal controls that are in place. The control system is designed to give assurance regarding the safeguarding of assets, the maintenance of proper accounting, and the reliability of financial information generated.

The Audit Committee receives regular reports on the adequacy and effectiveness of the internal controls of the Company, the compliance with laws and regulations, and the established policies and procedures. The Audit Committee reviews the reports of the outsourced internal audit function regularly to ensure effective implementation of the systems and procedures.

However, any system can only provide reasonable and not absolute assurance that errors and irregularities are either prevented or detected within a reasonable period.

Events after the Reporting Period

There have been no events subsequent to the reporting period which would have material effect on the Company, requiring an adjustment to or a disclosure in the Financial

Statements other than those disclosed above and in note 31 of the Financial Statements on page 94.

Going Concern

The Board of Directors, after considering the financial position, operating conditions, and regulatory and other factors including matters addressed in the Corporate Governance Report on page 11, has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the going concern basis has been adopted in the preparation of the Financial Statements.

Appointment and Remuneration of Independent Auditors

Messrs. KPMG, Chartered Accountants, are willing to continue as Auditors of the Company, and a resolution proposing their reappointment will be tabled at the Annual General Meeting.

The Independent Auditors' Report is in the Financial Statements section of the Annual Report.

The Audit Committee reviews the appointment of the Auditors, in addition to their effectiveness, independence, and relationship with the Company including the level of audit and non-audit fees paid to the Auditor

Based on the declaration made by Messrs. KPMG, Chartered Accountants, and as far as the Directors are aware, the auditors do not have any relationship or interest in the Company other than those disclosed in the financial statements. Details of the Auditors' remuneration are set out in note 7 to the Financial Statements on page 72.

Annual Report

The Board of Directors approved the Company Financial Statements on 06th March 2025. The appropriate number of copies of this report will be submitted to the Colombo Stock Exchange and Sri Lanka Accounting and Auditing Standards Monitoring Board.

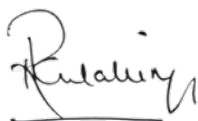
ANNUAL REPORT OF THE BOARD OF DIRECTORS

Annual General Meeting

The Annual General Meeting will be held at the Ceylon Chamber of Commerce, No. 50, Nawam Mawatha, Colombo 02 on Friday, 11th April 2025 at 11.30 a.m. The Notice of the Annual General Meeting is on page 98 of the Annual Report.

This Annual Report is signed for and on behalf of the Board of Director

By order of the Board



Corporate Services (Private) Limited
Secretaries



Coralie Pietersz
Chairperson



Amila Jayasinghe
CEO/Managing Director

06th March 2025

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act No. 7 of 2007 requires the Directors of the Company to be responsible for the preparation and presentation of the Financial Statements and other statutory reports. The responsibility of the Directors in relation to the Financial Statements is set out in this report.

The responsibility of the auditors, in relation to the Financial Statements prepared in accordance with the provisions of the Companies Act No. 7 of 2007, is set out in the Report of the Auditors.

The Directors are also responsible for ensuring that the Company maintains proper accounting records to enable the determination of financial position with reasonable accuracy and preparation of Financial Statements in accordance with the Companies Act No. 7 of 2007, the Sri Lankan Accounting and Auditing Standards Act No. 15 of 1995, and the Listing Rules of the Colombo Stock Exchange, and audit of such Statements readily and properly.

The Financial Statements comprise:

- Statement of Profit or Loss and Other Comprehensive Income, which presents a true and fair view of the financial performance of the Company for the financial year;
- Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company as at the end of the financial year;
- Statement of Changes in Equity, Statement of Cash Flow and Material Accounting Policies, and other explanatory notes.

The Directors are required to confirm that the Financial Statements have been prepared:

- using appropriate accounting policies which have been selected and applied on a consistent basis and material departures, if any, are disclosed and explained, and
- in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) and that reasonable and prudent judgments and estimates have been made so that the form and substance of transactions are properly reflected, and

- providing the information required by, and otherwise comply with, the Companies Act No. 7 of 2007, and the Listing Rules of the Colombo Stock Exchange,
- using a financial reporting system that is directly reviewed by them at their quarterly meetings and also through the Audit Committee. The Board of Directors approves the Financial Statements following a review and recommendation by the Audit Committee, and
- accepting the responsibility for the integrity and objectivity of the Financial Statements presented in the 2024 Annual Report.

The Directors are of the opinion, based on their knowledge of the Company and review of its current affairs and business plans, that adequate resources are available to support the Company on a going concern basis. These Financial Statements have been prepared on that basis.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The Directors have established appropriate internal control systems with a view to prevent and detect fraud and other irregularities.

The Directors have provided the Auditors with every opportunity to carry out any review and tests that they consider appropriate and necessary for the performance of their duties and to form their audit opinion.

As required by Sections 166 (1) and 167 (1) of the Companies Act No. 7 of 2007, the Directors have prepared this Annual Report in time and ensured that the soft copy is published in the websites of the Company and the Colombo Stock Exchange. The Directors have taken the necessary steps to deliver a hard copy to shareholders who express a desire to receive such within the stipulated period of time as required by the Companies Act and Rule No. 7.5 (a) and (b) on Continuing Listing Requirements of the Listing Rules of the Colombo Stock Exchange.

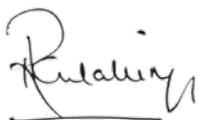
The Directors are of the view that they have discharged their responsibilities as set out in this statement.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Compliance Report

The Directors confirm that, to the best of their knowledge, all taxes, duties, and levies payable on behalf of and in respect of the employees of the Company and all other known statutory dues as were due and payable by the Company as at the balance sheet date have been duly paid, or where relevant provided for, except as specified in Note 30 to the Financial Statements covering contingent liabilities.

By Order of the Board

A handwritten signature in black ink, appearing to read 'Rulani', is written over a horizontal line.

Corporate Services (Private) Limited

Secretaries

06th March 2025

INDEPENDENT AUDITORS' REPORT



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

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BOGALA GRAPHITE LANKA PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bogala Graphite Lanka PLC ("the Company"), which comprise the statement of financial position as at 31st December 2024, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies as set out on pages 54 to 94 of this Annual Report.

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

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements*

section of our report. We are independent of the Company in accordance with the Code of Ethics for professional Accountants issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Revenue Recognition - Refer to Note 3.13 (accounting policy) and Note 5 (financial statement disclosures) of the financial statements.

The revenue of the Company for the year ended 31st December 2024 was Rs. 1,765.7 Million.

Risk Description	Our Audit Responses
The timing of revenue recognition depends on the terms of individual sales transactions and revenue is generally recognised for graphite	Our audit procedures included, Obtaining an understanding of and assessing the design, implementation and operating effectiveness of key controls in respect of the Company's revenue recognition process.

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

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

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

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

Principals: S.R.I. Perera FCMA(UK), LL.B, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad FCMA (UK), FCIT
K. Somasundaram ACMA (UK), R.G.H. Raddella ACA, Ms. D. Corea Dharmaratne

INDEPENDENT AUDITORS' REPORT



Risk Description	Our Audit Responses
and lubricant sales based on the shipping terms. Accordingly, there is a risk that revenue is recognised for sales of individual products before the control of the goods sold have been transferred to the customers and recognised during incorrect reporting period.	- Inspecting invoices raised to customers on a sample basis, to ensure revenue is measured and recognised in accordance with the contractual terms of the contracts and the Company's accounting policies. - Comparing on a sample basis, specific revenue transactions recorded before and after the financial year end date within underlying bill of lading and/or invoices to assess whether the related revenue had been recorded in the correct accounting period. - Assessing the adequacy of financial statements disclosures.

Carrying Value of Inventories - Refer to Note 3.7 The Company carried inventories of Rs. 268 Million as at (accounting policy) and Note 15 (financial statement 31st December 2024 at the lower of cost or net realisable disclosures) of the financial statements. value.

Risk Description	Our Audit Responses
Assessing net realisable value is an area which involves significant judgment, particularly with regards to the estimation of provisions for slow-moving and obsolete inventory. Therefore, there is a risk that slow-moving inventories have not been adequately provided for.	Our audit procedures included, - Obtaining an understanding of and assessing the design, implementation and operating effectiveness of key controls management has established to manage inventories including purchases, issuing inventories and holding of inventories. - Assessing the valuation of inventories as at the reporting date, inventory levels, including assessing the reasonability of judgment/ estimate made regarding obsolescence. - Evaluating the adequacy and consistency of provisioning for inventories at the reporting date and comparing with the Company's inventory provision policy and accordance with the requirement of relevant accounting standards. - On a sample basis, comparing the carrying amounts of the Company's inventories with net realization value of those inventories subsequent to the end of reporting period. - On a sample basis, assessing the existence of inventories through physical verification as at year end. - On a sample basis, assessing whether items in the inventory ageing report were classified within the appropriate ageing buckets with the support of IT Audit Specialist.

INDEPENDENT AUDITORS' REPORT



Accounting for capitalisation of exploration, evaluation and development cost - Refer to Note 3.5 (accounting policy) and Note 11 and 12 (financial statement disclosures) of the financial statements.

As at reporting date, exploration, evaluation and development cost, capitalised under Property, Plant and Equipment and Intangible Assets amounted to Rs. 198.2 Million and Rs. 5.6 Million respectively.

Risk Description	Our Audit Responses
Capitalisation of costs incurred on exploration and evaluation of potential mineral resources under Intangible Assets, transfer of such costs to Construction in Progress under Property, Plant and Equipment when commercially recoverable reserves are determined and finally transfer to Mining Assets under Property, Plant and Equipment on completion of development and commencement of production involves judgment and estimates. This area is a key audit matter due to the significant judgement involved in capitalisation of cost incurred on exploration and evaluation of potential mineral resources and transfer of such cost to construction in progress under property, plant and equipment.	Our audit procedures included, • Understanding the cost allocation methodology applied by the Company (Mining cost capitalised and those expensed) and assessing whether the classification of such costs are compliance with the requirements of Sri Lanka Accounting Standards. • Testing a sample of cost capitalised by tracing to the underline supporting documents in order to ensure the completeness, existence and accuracy, with specific focus on major projects during the year. • Confirming whether the right to explore in the area of interest remained current as at reporting date with the renewal option to cover the proposed period of the projects. • Obtaining a status report from internal geologist specialist to understand the status of the ongoing exploration projects and assess the projects are based on reasonable assessment of the existence of economically recoverable reserves. • Assessing whether any facts or circumstances indicate the need for impairment testing. • Assessing the appropriateness of the related financial statement disclosures.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statement and our auditor's report there on.

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

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

INDEPENDENT AUDITORS' REPORT



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.

Auditors' 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.

INDEPENDENT AUDITORS' REPORT



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2618.

A handwritten signature in black ink, appearing to be 'Kumudu', written in a cursive style.

Colombo, Sri Lanka
06th March 2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31st December

	Note	2024 Rs.	2023 Rs.
Revenue	5	1,765,701,126	1,623,085,458
Cost of sales		(1,018,836,448)	(927,582,024)
Gross profit		746,864,678	695,503,434
Other income	6	2,639,531	3,330,491
Net exchange loss		(113,469,563)	(76,427,641)
Administrative expenses		(167,755,527)	(172,693,335)
Selling and distribution expenses		(258,808,851)	(225,009,645)
Profit from operations	7	209,470,268	224,703,304
Finance income	8.1	23,208,553	17,859,068
Finance expense	8.2	(341,555)	(617,107)
Net finance income	8	22,866,998	17,241,961
Profit before tax		232,337,266	241,945,265
Income tax expense	9	(71,216,542)	(86,629,392)
Profit for the year		161,120,724	155,315,873
Other comprehensive income for the year			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of defined benefit liability	22.2.2	(3,708,667)	10,968,915
- Related tax	9.2	1,112,600	(3,290,674)
Revaluation of freehold land	11	-	5,088,000
- Related tax	9.2	-	(1,526,400)
Other comprehensive income/ (expense) for the year, net of tax		(2,596,067)	11,239,841
Total comprehensive income for the year		158,524,657	166,555,714
Basic earnings per share (Rs.)	10	1.70	1.64

The notes to the Financial Statements on pages 58 to 94 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

As at 31st December

	Note	2024 Rs.	2023 Rs.
Assets			
Property, plant and equipment	11	613,819,915	381,819,642
Intangible assets	12	6,771,109	167,377,531
Consumable biological assets	13	6,639,483	6,639,483
Other financial assets	14	14,265,735	322,916
Deferred tax assets	23	14,647,958	-
Non-current assets		656,144,200	556,159,572
Inventories	15	268,149,716	372,078,489
Trade and other receivables	16	266,671,535	191,893,220
Advance and prepayments		21,074,243	25,936,520
Other financial assets	14	6,749,333	1,919,640
Cash and cash equivalents	17	918,229,885	828,346,441
Current assets		1,480,874,712	1,420,174,310
Total assets		2,137,018,912	1,976,333,882
Equity			
Stated capital	18	102,074,201	102,074,201
Reserves	19	11,889,009	11,889,009
Retained earnings		1,728,624,921	1,570,100,264
Total equity		1,842,588,131	1,684,063,474
Liabilities			
Provision for restoration	21	2,423,126	2,192,874
Employee benefits	22	121,867,518	101,148,828
Deferred tax liabilities	23	-	9,123,262
Non-current liabilities		124,290,644	112,464,964
Trade and other payables	24	107,287,996	116,389,847
Current Tax Liabilities	25	62,852,141	61,406,715
Loans and borrowings	20	-	2,008,882
Current liabilities		170,140,137	179,805,444
Total liabilities		294,430,781	292,270,408
Total equity and liabilities		2,137,018,912	1,976,333,882

The notes to the Financial Statements on pages 58 to 94 form an integral part of these Financial Statements.

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

S. Amarasinghe

Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Approved for and on behalf of the Board of Directors:

M. P. L. S.

Director

06th March 2025
Colombo

ABC

Director

STATEMENT OF CHANGES IN EQUITY

Year ended 31st December

	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 st January 2023	102,074,201	8,327,409	1,407,106,150	1,517,507,760
Profit for the year	-	-	155,315,873	155,315,873
<u>Other comprehensive income, net of income tax</u>				
- Actuarial gain on defined benefit plan, net of tax	-	-	7,678,241	7,678,241
- Revaluation surplus of freehold land, net of tax	-	3,561,600	-	3,561,600
Total comprehensive income for the year	-	3,561,600	162,994,114	166,555,714
Balance as at 31 st December 2023	102,074,201	11,889,009	1,570,100,264	1,684,063,474
Balance as at 01 st January 2024	102,074,201	11,889,009	1,570,100,264	1,684,063,474
Profit for the year	-	-	161,120,724	161,120,724
<u>Other comprehensive income, net of income tax</u>				
- Actuarial loss on defined benefit plan, net of tax	-	-	(2,596,067)	(2,596,067)
Total comprehensive income for the year	-	-	158,524,657	158,524,657
Balance as at 31st December 2024	102,074,201	11,889,009	1,728,624,921	1,842,588,131

The notes to the Financial Statements on pages 58 to 94 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

Year ended 31st December

	Note	2024 Rs.	2023 Rs.
Cash flows from operating activities			
Profit before taxation		232,337,266	241,945,265
Adjustments for:			
Depreciation of property, plant and equipment	11	45,156,948	39,845,218
Amortisation of intangible assets	12	1,725,878	1,725,878
Gain on sale of property, plant and equipment	6	(111,290)	(902,063)
Interest expense	8.2	341,555	617,107
Interest income	8.1	(23,208,553)	(17,859,068)
Provision for slow moving inventories	15.1	619,213	352,555
Inventory write-off during the year	7	5,083,555	-
Provision for employee benefits	22.2.1	18,413,447	22,831,008
Changes in working capital			
Inventories		98,226,005	(239,260)
Trade and other receivables		(77,626,126)	(26,851,188)
Advance and prepayments		4,862,278	(2,305,377)
Other financial assets		(18,772,512)	2,184,684
Trade and other payables		(9,101,851)	(6,682,953)
Cash generated from operating activities		277,945,813	254,661,807
Current taxes paid	25	(88,498,707)	(133,396,996)
Interest paid		(111,303)	(408,734)
Gratuity paid	22	(1,403,424)	(4,144,695)
Net cash generated from operating activities		187,932,379	116,711,382
Cash flows from investing activities			
Interest received		22,125,334	17,047,546
Proceeds from sale of property, plant and equipment		111,290	1,329,130
Acquisition of property, plant and equipment	11	(112,656,154)	(101,843,113)
Acquisition of intangible assets	12	(5,620,523)	(31,692,787)
Net cash used in investing activities		(96,040,053)	(115,159,224)
Cash flows from financing activities			
Capital repayment of lease liabilities	20.1.3	(2,008,882)	(2,284,582)
Net cash used in financing activities		(2,008,882)	(2,284,582)
Net increase/(decrease) in cash and cash equivalents		89,883,444	(732,425)
Cash and cash equivalents at 01 st January		828,346,441	829,078,866
Cash and cash equivalents at 31st December	17	918,229,885	828,346,441

The notes to the Financial Statements on pages 58 to 94 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1 Corporate information

The Bogala Graphite Lanka PLC is a limited liability Company incorporated and domiciled in Sri Lanka and whose shares are publicly traded in Colombo Stock Exchange. The registered office and the principal place of business are located at Bogala Mines, Aruggammana.

1.2 Principal activities and nature of operations

The Company is primarily engaged in mining, separation, refining, treating, processing and preparation, and sale of graphite, and the production of lubricants.

1.3 Parent enterprise and Ultimate parent enterprise

The Company's parent and ultimate parent is Graphit Kropfmuhl GmbH and AMG Advanced Metallurgical Group N.V (Netherlands) respectively.

The number of persons employed by the Company as of 31st December 2024 was 147 (2023 – 158).

2. BASIS OF ACCOUNTING

2.1 Statement of compliance

The Financial Statements of the Company, have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs), laid down by the Institute of Chartered Accountants of Sri Lanka. These Financial Statements, except for information on cash flows, have been prepared following accrual basis of accounting.

2.2 Statement of presentation

The Financial Statements of the Company have been presented in compliance with the requirements of the Companies Act No. 07 of 2007 and provide appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange.

2.3 Responsibility for Financial Statements

The Board of Directors of the Company is responsible for the preparation and presentation of the Financial Statements of the Company as per the provisions of the Companies Act No. 07 of 2007 and SLFRSs and LKASs.

The Board of Directors acknowledges their responsibility for Financial Statements as set out in the Annual Report of the Board of Directors, Statement of Directors' Responsibility and the certification on the Statement of Financial Position.

These Financial Statements include the following components:

- a Statement of Profit or Loss and Other Comprehensive Income providing the information on the financial performance of the Company for the year under review. Refer page 54;
- a Statement of Financial Position providing the information on the financial position of the Company as at the year-end. Refer page 55;
- a Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Company. Refer page 56;
- a Statement of Cash Flows providing the information to the users, on the ability of the Company to generate cash and cash equivalents and utilisation of those cash flows. Refer page 57.
- Notes to the Financial Statements comprising Material accounting policies and other explanatory information. Refer pages 58 to 94.

2.4 Approval of Financial Statements by the Board of Directors

The Financial Statements for year ended 31st December 2024 were authorised for issue by the Company's Board of Directors on 06th March 2025.

NOTES TO THE FINANCIAL STATEMENTS

2.5 Basis of measurement

The Financial Statements of the Company have been prepared on the historical cost basis except for the following material items, which are measured on an alternative basis on each reporting date:

Items	Basis of Measurement	Notes No.
Freehold Land	Measured at cost at the time of acquisition and subsequently at revalued amounts which are the fair values at the date of revaluation.	11
Provision for Restoration cost	Present Value of estimated cost.	21
Lease liability	Present Value of future cashflows.	20
Defined Benefit Obligation	Measured at the present value of the defined benefit obligation.	22

2.6 Going concern basis of accounting

The Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements of the Company continue to be prepared on a going concern basis.

2.7 Materiality and aggregation

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

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

2.8 Functional and presentation currency

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). Accordingly, these Financial Statements are presented in Sri Lankan Rupees (LKR), the Company's functional and presentation currency.

There was no change in the Company's presentation and functional currency during the year under review.

2.9 Use of judgments and estimates

In preparing the Financial Statements of the Company in conformity with SLFRSs and LKASs, the management has made judgements, estimates, and assumptions which affect the application of Accounting Policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

a) Judgments

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31st December 2024 is included in the following notes:

NOTES TO THE FINANCIAL STATEMENTS

Note 3.2.(d)	revaluation of freehold land and useful lives of PPE
Note 3.12.(b)	measurement of defined benefit obligations: key actuarial assumptions
Note 3.14.(b)	recognition of deferred tax assets:
Note 3.11	estimation of provision for restoration cost
Note 3.15	recognition and measurement of provisions and contingencies

2.10 Measurement of fair values

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

Level 1 — Quoted (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.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3. MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

3.1 Foreign currency

a) Foreign currency transactions and balances

Transactions in foreign currencies are translated into the respective functional currencies of The Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the spot rate of the functional currency prevailing at the reporting date.

Foreign exchange differences arising on translation of foreign exchange transactions are recognised in the Statement of Profit or Loss.

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

3.2 Property, plant, and equipment

a) Basis of recognition

Property, plant, and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Company and cost of the asset can be measured reliably.

b) Basis of measurement

All property, plant, and equipment are initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and subsequent costs (as explained under 'subsequent costs'). The cost of self-constructed assets includes the cost of materials, direct labour, any other costs

NOTES TO THE FINANCIAL STATEMENTS

directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs that are directly attributable to the asset under construction.

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

Purchased software, which is integral to the functionality of the related equipment, is capitalised as part of that equipment.

c) Cost model

Property, plant, and equipment is stated at cost, net of accumulated depreciation, and accumulated impairment losses, if any.

When an asset's carrying value is higher than its estimated recoverable amount, the carrying value is written down to its recoverable amount.

d) Revaluation model

The Company applies the revaluation model for the entire class of freehold land for measurement after initial recognition. The Company policy is to revalue all freehold land every five years or when there is a substantial difference between the fair value and the carrying amount.

Any revaluation surplus is recognised in Other Comprehensive Income and accumulated in equity in the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in Profit or Loss, in which case the increase is recognised in Profit or Loss.

A revaluation deficit is recognised in Profit or Loss, except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation reserve. Upon disposal, any revaluation reserve relating to particular assets being sold is transferred to retained earnings.

e) Subsequent costs

When significant parts of a property, plant, and equipment are required to be replaced at regular

intervals, the Company derecognises the replaced part, and recognises the new part with its own associated useful life and depreciates accordingly. Ongoing repair and maintenance costs are expensed as incurred.

f) De-recognition

An item of property, plant, and equipment is derecognised upon disposal, replacement, or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in Profit or Loss in the period the asset is derecognised.

g) Depreciation

Depreciation is based on straight-line method over the estimated useful lives of the assets. Freehold land is not depreciated.

Depreciation of an asset begins from the date it is available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use. Depreciation ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

The estimated useful lives of the assets are as follows:

Class of asset	Years of useful life
Buildings on freehold land	25
Road development	10
Access tunnels/Mining assets	5 - 20
Plant and machinery	5 - 20
Other equipment	10
Office equipment	5
Furniture and fittings	5
Computer equipment	3-5
Motor vehicles	4 - 5
Restoration Cost	51.2

NOTES TO THE FINANCIAL STATEMENTS

Residual values, useful lives, and method of depreciation are reviewed at each financial year end and adjusted if appropriate.

h) Impairment of property, plant, and equipment

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

i) Capital work-in-progress

Capital work-in-progress is stated at cost, including borrowing costs, less any accumulated impairment losses. These would be transferred to the relevant asset category in property, plant, and equipment when the asset is completed and available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

j) Mining assets

a) Recognition of mining assets

Costs associated with developing mine reserves are recognised in property, plant, and equipment when they are established for the production. These costs can include amounts that were previously recognised as Exploration and Evaluation expenditure under Intangible Assets during the exploration and evaluation phase of the mine development.

b) Exploration, evaluation and development expenditures

When commercially recoverable reserves are determined, and such development receives the appropriate approvals, exploration and evaluation expenditures are transferred to Construction in Progress under Property, Plant, and Equipment. Upon completion of development and commencement of production, development costs as well as exploration

and evaluation expenditures are transferred to Mining Assets under Property, Plant, and Equipment and depreciated using the straight-line method over five to twenty years.

Further, the capitalisation of development expenditure is related only to the expenditure incurred on developing Access Tunnels. The costs incurred on Drives and Winzes are recognised in the Profit or Loss as and when they are incurred under Development activities.

3.3 Leases

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

As a lessee

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

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects

NOTES TO THE FINANCIAL STATEMENTS

that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those as property, plant, and equipment (Refer note 3.2). In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

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

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

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

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

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

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

The Company presents right-of-use assets that do not meet the definition of investment property in property, plant, and equipment and lease liabilities in loans and borrowings in the statement of financial position.

Short-term leases and leases of low-value assets

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

3.4 Biological assets

Biological assets are classified as Consumable biological assets. Consumable biological assets include managed timber trees that are to be sold as biological assets.

Biological assets are further classified into mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specifications.

NOTES TO THE FINANCIAL STATEMENTS

a) Recognition and Measurement

The Company recognises the Biological assets when, and only when, the entity controls the assets as a result of past events, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

The expenditure incurred on consumable biological assets is recorded at cost at initial recognition and thereafter at fair value at the end of reporting date.

The managed timber trees are measured on initial recognition and at the end of each reporting period at cost in terms of LKAS 41 - Agriculture. The cost is treated as approximation to fair value of young plants (age below five years) as the impact on biological transformation of such plants to price during this period is immaterial.

3.5 Intangible assets

Recognition and measurement

a) Exploration and evaluation expenditure

Assets which are included in intangible assets include exploration and evaluation expenditures incurred on finding potential graphite reserves. These costs are recorded as Intangible Assets while exploration is in progress. When commercially recoverable reserves are determined, and such development receives the appropriate approvals, exploration and evaluation expenditures are transferred to construction in progress under Property, Plant, and Equipment. Exploration and evaluation expenditure are measured at cost as and when it is incurred until the development commences.

b) Software and license

Other intangible assets, software, and licenses, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure

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

Amortisation

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

The estimated useful life for licenses is three years.

3.6 Financial instruments

a) Recognition and initial measurement

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

A financial asset (unless it is a trade receivable without a significant financing component) 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.

b) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost.

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

Financial assets - Business model assessment:

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

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

Financial Assets-Assessment whether contractual cash flows are solely payments of principal and interest:

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

c) Financial assets - Subsequent measurement and gains and losses

Financial assets at amortised	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
-------------------------------	--

d) Financial liabilities - Classification, subsequent measurement and gains and losses

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

e) Derecognition

Financial assets

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

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

Financial liabilities

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

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

f) Impairment policy

Non-derivative financial assets - Financial instruments and contract assets

Loss allowances for local trade receivables are always measured at an amount equal to lifetime ECLs.

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

Measurement of ECLs

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

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

Credit-impaired financial assets

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- probability that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

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

g) Impairment Policy: Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

For areas not yet in production, any mineral rights acquired, together with subsequent capitalised exploration and evaluation expenditure, are regularly reviewed to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Once the technical feasibility and commercial viability of the extraction of mineral in an area of interest are demonstrated, exploration and evaluation assets attributable to that area of interest are tested for impairment if indication available.

3.7 Inventories

Inventories are valued at the lower of cost or net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials – Purchased cost on a weighted average cost basis
- Finished goods and work in progress – Direct cost incurred on excavation, cost of raw materials, processing, finishing and manufacturing overheads (excluding borrowing cost)

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.

3.8 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand.

For the purpose of the statement of cash flow, cash and cash equivalents consist of cash as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.9 Stated Capital

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

Income tax relating to transaction costs of an equity transaction is accounted for in accordance with LKAS 12.

3.10 Provisions

Provisions are recognised when a legal or constructive obligation exists as a result of a past event and it is probable that an outflow of benefits will be required to settle the obligation and it can be reliably estimated and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.11 Provision for restoration cost

The amount presented in the financial statement is estimated using the expected cost that would be incurred after 51.2 years from the date of the statement of financial position. The estimated cost expected to incur is derived from the current cost to restore the mining land inflated using the rates publicly available. The inflated cost is discounted using a suitable discount rate to arrive at the present value. The key assumption used in estimating the amount presented is mentioned in Note 21 of this financial statement.

The mining land is expected to be restored after 51.2 years as the resources (i.e graphite) can be extracted over the particular period. The cost is capitalised to the Mining asset because the cost incurred on developing the land for production purpose and cost related to the initial exploration activities on the land have been capitalised as mentioned in Note 3.2.

3.12 Employee benefits

a) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed determinable contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

NOTES TO THE FINANCIAL STATEMENTS

Employees are eligible for Employees' Provident Fund (EPF) contributions and Employees' Trust Fund (ETF) contributions as per the respective statutes. These obligations come within the scope of a defined contribution plan as per LKAS -19 on 'Employee Benefits'. Obligations for contributions to defined contribution plans are recognised in Profit or Loss as incurred.

b) Defined benefit obligation

In accordance with the Gratuity Act No. 12 of 1983, a liability arises for a defined benefit obligation to employees.

Such defined benefit obligation is a post-employment benefit obligation falling within the scope of Sri Lanka Accounting Standard LKAS -19 on 'Employee Benefits'.

The liability recognised in the Statement of Financial Position is the present value of the defined benefit obligation at the reporting date. The calculation is performed annually by a qualified actuary using the projected unit credit method (PUC). Any actuarial gains and losses arising are recognised immediately in Other Comprehensive Income. The discount rate has been derived considering the yield of government bonds.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement on defined benefit plan when the settlement occurs.

The liability is not externally funded.

3.13 Revenue

a) Revenue recognition

Revenue from Contract with Customers

Revenue is measured based on the considerations specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to the customer.

SLFRS 15 establishes a comprehensive framework for determining how much and when revenue is recognised. Revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer. In relation to local sales goods delivery to customers, and in export sales shipping terms with the bill of lading considered as meeting the revenue recognition criteria.

3.14 Income tax expense

Income tax expense comprises both current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in the Statement of Comprehensive Income or Statement of Changes in Equity in which case it is recognised directly in the respective statements.

The Company determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities, and Contingent Assets.

a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted, at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

Accordingly, 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. 45 of 2022 and amendments thereto, at the rates specified in Note 09. This Note also includes the major components of tax expense, the effective tax rates, and a reconciliation between the profit before tax and tax expense, as required by the Sri Lanka Accounting Standard – LKAS 12 on ‘Income Taxes’.

b) Deferred tax

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

Deferred tax assets are recognised for unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

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

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Additional taxes that arise from the distribution of dividends by the Company are recognised at the same time as the liability to pay the related dividend is recognised. These amounts are generally recognised in profit or loss as they generally relate to income arising from transactions that were originally recognised in profit or loss.

3.15 Commitments and contingencies

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

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless they are remote.

3.16 Events after Reporting Period

The materiality of the events after the reporting date has been considered and, where appropriate, adjustments or disclosures have been made in the respective notes to the Financial Statements.

3.17 Earnings Per Share

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

3.18 Related Party Transactions

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

The relevant details are disclosed in the respective notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

3.19 Statement of Cash Flows

The cash flow statement has been prepared using the indirect method in accordance with Sri Lanka Accounting Standard – LKAS 7 on ‘Statement of Cash Flows’. Interest received and dividends received are classified as investing cash flows, while dividend paid is classified as financing cash flows and interest paid is classified under the operating cash flows for the purpose of presentation of Cash flow statement.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards are effective for annual periods beginning on or after 1st January 2025 and earlier application is permitted. However, the Company has not early adopted the new or amended standards in preparing these financial statements.

A. SLFRS 18 Presentation and Disclosure in Financial Statement

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

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

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

B. Other accounting standards

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

- Lack of Exchangeability (Amendments to IAS 21)

The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The amendments apply to annual reporting periods beginning on or after 1st January 2025.
- Classification and Measurement of Financial Instruments (Amendments to SLFRS 9 and SLFRS 7)

C. General requirements for disclosure of sustainability related financial information (SLFRS S1) and climate related disclosures (SLFRS S2)

In June 2023, the International Sustainability Standards Board (ISSB) released its first two sustainability disclosure standards, IFRS S1 and IFRS S2. During the year, CA Sri Lanka issued the localised standards based on these IFRSs designated as SLFRS S1 SLFRS S2. These standards will become effective for the Company from 1st January 2025. No financial impact is expected on the Company except for additional disclosures.

D. Annual Improvements to SLFRS Accounting Standards – Amendments to:

- SLFRS 1 First-time Adoption of International Financial Reporting Standards;
- SLFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing SLFRS 7;
- SLFRS 9 Financial Instruments;
- LKAS 7 Statement of Cash flows;

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December

	2024 Rs.	2023 Rs.
5. REVENUE		
The Company generates revenue primarily from the sales of graphite and lubricants.		
5.1 Revenue from Contracts with Customers		
Export sales	1,742,755,232	1,612,317,725
Local sales	22,945,894	10,767,733
	1,765,701,126	1,623,085,458
5.2 Timing of Revenue Recognition		
Products & services transferred at a point in time	1,765,701,126	1,623,085,458
	1,765,701,126	1,623,085,458
6. OTHER INCOME		
Income from sales of obsolete items	1,565,313	1,318,533
Gain from disposal of property, plant and equipment	111,290	902,063
Miscellaneous income (Note 6.1)	960,928	1,064,895
Estate income (Note 6.2)	2,000	45,000
	2,639,531	3,330,491

6.1 Miscellaneous income mainly consists of tower rental income (Mobitel & Dialog) and income received from sale of discarded stone.

6.2 Estate income mainly includes selling trees in the mining area (risk-area trees).

7. PROFIT FROM OPERATIONS

Profit from operations are stated after charging all expenses including the following;

	2024 Rs.	2023 Rs.
Directors' remuneration	66,378,839	69,608,618
Auditor's remuneration		
Audit and audit related fees	1,274,000	1,158,500
Professional charges	2,201,664	2,494,367
Depreciation of property, plant and equipment (note 11)	45,156,948	39,845,218
Amortisation of intangible assets (note 12)	1,725,878	1,725,878
Impairment Provision for Inventories (note 15.1)	619,213	352,555
Inventory Write-off	5,083,555	-
Royalty charges (note 7.1)	121,993,796	111,484,878
Technical service fees (note 7.2)	88,285,056	81,154,273
Donations	3,333,548	2,947,583
Legal charges	1,511,780	2,511,500
Death compensation cost (note 7.3)	408,000	900,000
Staff costs (note 7.4)	331,012,033	328,793,097

7.1 Royalty charges are paid to GSMB (Geological Survey and Mines Bureau) on Graphite sales at 9% and 7% for export and local sales respectively.

7.2 Technical service fees are paid to Graphite Kropfmühl GmbH at 5% on total sales of the Company.

7.3 Death compensation cost relates to the provision made for compensation to be paid to the aggrieved family of the mine worker who died during working hours in the mine on 28th January 2017. Consequently, the Company decided to pay the salary of the deceased employee until his retirement age to the

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December

7. PROFIT FROM OPERATIONS (Cont.)

aggrieved family on a monthly basis. Accordingly, a provision of Rs. 9.9 Mn was recognised in the Financial Statements for a period of 152 months from year 2017.

The current year provision includes the increment for the employee.

7.4 Staff costs

Salaries and wages
Defined contribution plan cost - EPF and ETF
Defined benefit plan cost - retiring gratuity (note 22.2.1)
Bonuses
Overtime
Other staff expenses

2024 Rs.	2023 Rs.
206,768,885	195,314,030
34,846,609	33,207,796
18,413,447	22,831,008
19,440,521	25,530,888
9,157,592	8,268,273
42,384,979	43,641,102
331,012,033	328,793,097

8. NET FINANCE INCOME

8.1 Finance income

Interest income from staff loans
Interest income from savings deposits

Total finance income

8.2 Finance expense

Interest expense on mine restoration provision
Interest expense on lease liabilities

Total finance expense

Net finance income recognised in profit or loss

2024 Rs.	2023 Rs.
896,838	268,566
22,311,715	17,590,502
23,208,553	17,859,068
(230,252)	(208,373)
(111,303)	(408,734)
(341,555)	(617,107)
22,866,998	17,241,961

9 INCOME TAX EXPENSE

9.1 Amounts recognised in Profit or Loss

Current tax expense

Income tax on current year's profits (note 9.3)
Changes in estimates related to prior years

Deferred tax expense

Origination of deferred tax assets (note 23.2)
Reversal of deferred tax liability (note 23.1)

Total income tax expense recognised in Profit or Loss

2024 Rs.	2023 Rs.
94,197,383	94,496,051
(322,221)	(1,565,098)
93,875,162	92,930,953
(20,380,754)	(5,702,667)
(2,277,866)	(598,894)
(22,658,620)	(6,301,561)
71,216,542	86,629,392

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December

9. INCOME TAX EXPENSE (Cont.)

9.2 Amounts recognised in OCI

Deferred tax on remeasurements of defined benefit liability
Deferred tax on revaluation surplus of freehold land

2024
Rs.

2023
Rs.

1,112,600	(3,290,674)
-	(1,526,400)
1,112,600	(4,817,074)
232,337,266	241,945,265
(651,896)	(1,367,776)
131,103,856	114,999,470
(48,797,948)	(40,590,122)
313,991,278	314,986,837
94,197,383	94,496,051
94,197,383	94,496,051
31%	36%

9.3 Reconciliation of accounting profit to taxable income

Accounting profit before tax
Aggregated other source of exempt amount
Aggregated disallowable expenses
Aggregated allowable expenses

Total Taxable Income

Income tax charged at;

- Standard rate 30%

Tax on current year profits

Effective tax rate

9.4 Applicable income tax rates as per the Department of Inland Revenue

In accordance with the provisions of the Inland Revenue (Amendment) Act No 45 of 2022, the Company is liable for income tax at the standard rate of 30% on its taxable income.

10 EARNINGS PER SHARE

10.1 Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders and

the weighted average number of shares outstanding during the year.

Profit attributable to ordinary shareholders (Rs.)
Weighted average number of ordinary shares

Basic earnings per share (Rs.)

2024

2023

161,120,724	155,315,873
94,632,904	94,632,904
1.70	1.64

10.2 Diluted earnings per share

There were no potentially diluted ordinary shares as at 31st December 2024 and there have been no transactions involving ordinary shares or potential ordinary shares at the reporting date which would

require restatement of EPS. Therefore, diluted Earnings Per Share is the same as Basic Earnings Per Share shown above.

NOTES TO THE FINANCIAL STATEMENTS

As at 31st December

11. PROPERTY, PLANT, AND EQUIPMENT

	Freehold Land	Buildings on freehold Land	Road development	Access tunnels/ Mining assets	Plant and machinery	Other equipment	Office equipment	Furniture and fittings	Computer equipment	Motor vehicles	Right of use asset	Capital WIP		Total 2024	Total 2023
												Mining costs	Others		
Cost	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01 st January	22,688,000	100,740,190	17,193,114	217,832,533	360,399,828	82,549,237	8,413,754	2,278,306	14,669,960	51,542,061	20,561,544	33,668,315	27,902,419	960,439,261	872,944,056
Additions during the year	-	-	-	-	748,094	-	-	-	3,742,165	-	-	12,835,491	95,330,404	112,656,154	101,843,113
Disposals during the year	-	-	-	-	(1,448,429)	(81,900)	(472,554)	(40,974)	-	(166,990)	-	-	-	(2,210,847)	(5,434,373)
Transfers from CWIP	-	25,336,352	1,531,750	35,898,554	9,269,436	3,304,812	4,960,570	961,200	-	-	-	(12,835,491)	(68,427,183)	-	-
Transfer E&E expenditure to CWIP	-	-	-	-	-	-	-	-	-	-	-	164,501,067	-	164,501,067	-
Revaluation surplus	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,088,000
Write-off/retirement during the year	-	-	-	-	(24,035,480)	(4,999,577)	(483,148)	(1,212,309)	(606,677)	-	(20,561,544)	-	-	(51,898,735)	(14,001,535)
Balance as at 31 st December	22,688,000	126,076,542	18,724,864	253,731,087	344,933,449	80,772,572	12,418,622	1,986,223	17,805,448	51,375,071	-	198,169,382	54,805,640	1,183,486,900	960,439,261

Accumulated depreciation and impairment losses

Balance as at 01 st January	-	35,233,693	11,258,402	133,297,091	267,317,601	53,457,075	7,734,909	2,278,066	3,400,637	44,080,601	20,561,544	-	-	578,619,619	557,783,242
Depreciation charged to profit or loss	-	3,632,633	953,409	10,853,197	16,417,329	4,816,298	314,006	48,057	3,946,809	4,175,210	-	-	-	45,156,948	39,845,218
Disposals during the year	-	-	-	-	(1,448,429)	(81,900)	(472,554)	(40,974)	-	(166,990)	-	-	-	(2,210,847)	(5,007,306)
Write-off/retirement during the year	-	-	-	-	(24,035,480)	(4,999,577)	(483,148)	(1,212,309)	(606,677)	-	(20,561,544)	-	-	(51,898,735)	(14,001,535)
Balance as at 31 st December	-	38,866,326	12,211,811	144,150,288	258,251,021	53,191,896	7,093,213	1,072,840	6,740,769	48,088,821	-	-	-	569,666,985	578,619,619

Carrying amount

Balance as at 31 st December 2024	22,688,000	87,210,216	6,513,053	109,580,799	86,682,428	27,580,676	5,325,409	913,383	11,064,679	3,286,250	-	198,169,382	54,805,640	613,819,915	
--	------------	------------	-----------	-------------	------------	------------	-----------	---------	------------	-----------	---	-------------	------------	-------------	--

Balance as at 31 st December 2023	22,688,000	65,506,497	5,934,712	84,535,442	93,082,227	29,092,162	678,845	240	11,269,323	7,461,460	-	33,668,315	27,902,419		381,819,642
--	------------	------------	-----------	------------	------------	------------	---------	-----	------------	-----------	---	------------	------------	--	-------------

NOTES TO THE FINANCIAL STATEMENTS

As at 31st December

11. PROPERTY, PLANT, AND EQUIPMENT (CONT.)

11.1 Revaluation of freehold land

Freehold land revalued by Mr. N.M Jayatilake, (F.I.V) who is a professionally qualified independent valuer as at 31st December 2023. The valuation method adopted was open market value on an alternative

use basis without considering mineral deposits and under ground works. There is no change in fair value especially as confirmed by the independent valuer on 31st December 2024.

The details of freehold land stated at its revalued amount are as follows:

Location	Extent	Cost Rs.	Freehold land revalued Rs.	Price per perch Rs.	Pledged	No. of buildings
Welathuduwa village, Kotiyakumbura	13.2268 hectares	5,703,702	11,996,000	170,000 - 375,000	No	47
Welathuduwa village, Kotiyakumbura	9.7159 hectares		6,192,000	220,000 - 800,000	No	
Kendawa village, Bulathkohupitiya	7.2361 hectares		4,500,000	200,000 - 250,000	No	4
		5,703,702	22,688,000			

Description of the valuation technique used together with narrative description on sensitivity of the

fair value measurement to changes in significant unobservable inputs are as follows:

Valuation technique	Significant unobservable inputs	Sensitivity of fair value measurement to inputs
This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for any differences in the nature, location or condition of the specific property.	Price per perch for land according to respective lots (As disclosed above).	Estimated fair value would increase/(decrease) if the price per perch would be higher/(lower).

The fair value measurement for the freehold land of the Company has been categorised at Level 3 based on the inputs to the valuation technique used that were unobservable.

11.2 Capital WIP - Mining cost

Capital work in progress - Mining costs amounting to Rs. 198.2 Mn represent exploration and evaluation expenditures related to major drilling programs conducted by the Company. This includes Rs. 33.7 Mn previously capitalised for the drilling program in Bogala, following the approval for the development of commercial production.

NOTES TO THE FINANCIAL STATEMENTS

As at 31st December

During the year, Rs. 164.5 Mn of exploration and evaluation expenditure, previously recognised as intangible assets, was transferred to CWIP – Mining. This transfer relates to drilling programs conducted in Rangala, Pankohena, and the Pankohena abandoned area, subsequent to obtaining the necessary approvals for mine development.

11.2.1 Capital WIP -Other

Capital work in progress - Other represents the amount of expenditure recognised under property, plant and equipment during the construction of Buildings on freehold land, and Plant and machinery.

11.3 Fully depreciated but still in use

The cost of fully-depreciated property, plant, and equipment of the Company which are still in use amounted to Rs. 318,718,712/- as at 31st December 2024. (2023 - Rs. 308,872,291/-).

11.4 Permanent fall in value of property, plant, and equipment

There is no permanent fall in the value of property, plant, and equipment which require a provision for impairment as at the reporting date.

11.5 Title restriction on property, plant, and equipment

There were no restrictions existing on the title to the property, plant, and equipment of the Company as at the reporting date.

11.6 Assets pledged as collaterals

There were no assets pledged under collaterals as at the reporting date.

12. INTANGIBLE ASSETS

Cost

Balance as at 01st January
Additions during the year (note 12.1)
Transfer to CWIP - Mining costs
Write off during the year
Balance as at 31st December

Accumulated Amortisation

Balance as at 01st January
Charge of the year
Write off during the year
Balance as at 31st December

Carrying value as at 31st December

Software and licenses Rs.	Exploration and Evaluation Expenditure Rs.	Total 2024 Rs.	Total 2023 Rs.
11,368,915	164,501,067	175,869,982	146,224,243
-	5,620,523	5,620,523	31,692,787
-	(164,501,067)	(164,501,067)	-
(5,476,975)	-	(5,476,975)	(2,047,048)
5,891,940	5,620,523	11,512,463	175,869,982
8,492,451	-	8,492,451	8,813,621
1,725,878	-	1,725,878	1,725,878
(5,476,975)	-	(5,476,975)	(2,047,048)
4,741,354	-	4,741,354	8,492,451
1,150,586	5,620,523	6,771,109	167,377,531

12.1 During the year, the Company commenced a diamond drilling program in the Rangala and Bogala

areas to explore potential graphite resources. This exploration project is ongoing as of the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

As at 31st December

13. CONSUMABLE BIOLOGICAL ASSETS

13.1 Immature plantations

Cost:

Balance as at 01st January
Balance as at 31st December

2024 Rs.	2023 Rs.
6,639,483	6,639,483
6,639,483	6,639,483

13.1.1 The managed trees which are less than five (05) years old are considered to be immature consumable biological assets.

14. OTHER FINANCIAL ASSETS

Loans to Company Officers

2024 Rs.	2023 Rs.
21,015,068	2,242,556

14.1 The movement of loans are as follows;

Balance as at 01st January
Loans granted during the year
Loan repayments during the year

Balance as at 31st December

Non-current
Current

2,242,556	4,427,240
27,502,662	5,090,000
(8,730,150)	(7,274,684)
21,015,068	2,242,556
14,265,735	322,916
6,749,333	1,919,640
21,015,068	2,242,556

14.1.1 The Company charged interest at 10% on receivable balances from Loans to Company officers. These balances are payable in installment plans together with the interest.

NOTES TO THE FINANCIAL STATEMENTS

As at 31st December

15. INVENTORIES

Raw materials - Lubricants
Raw materials - Graphite
Work-In-Progress - Graphite
Finished goods - Graphite
Consumables and spares

Impairment for slow moving stocks (note 15.1)

Goods-in-transit

15.1 Impairment for slow-moving stocks

Balance as at 01st January

Provision for the year

Balance as at 31st December

2024 Rs.	2023 Rs.
24,736,459	69,676,384
102,709,099	110,929,516
34,398,676	59,736,764
14,346,869	35,922,012
80,853,765	100,885,963
257,044,868	377,150,639
(5,691,363)	(5,072,150)
251,353,505	372,078,489
16,796,211	-
268,149,716	372,078,489
5,072,150	4,719,595
619,213	352,555
5,691,363	5,072,150

16. TRADE AND OTHER RECEIVABLES

Trade receivables
Trade receivables due from related companies (note 26.2)
Total trade receivables (note 16.1)
VAT receivables
Other receivables

2024 Rs.	2023 Rs.
198,795,832	168,946,162
52,394,526	-
251,190,358	168,946,162
14,503,112	21,847,715
978,065	1,099,343
266,671,535	191,893,220

16.1 Age analysis of total trade receivables

Neither past due nor impaired

Past due but not impaired

0-30 days

31-60 days

Over 90 days

231,105,447	168,800,142
20,084,911	146,020
-	-
-	-
251,190,358	168,946,162

NOTES TO THE FINANCIAL STATEMENTS

As at 31st December

17. CASH AND CASH EQUIVALENTS

	2024 Rs.	2023 Rs.
Cash in hand	609,125	435,177
Cash at bank	917,620,760	827,911,264
<i>Cash and cash equivalents per statement of cash flows</i>	918,229,885	828,346,441

18. STATED CAPITAL

	2024		2023	
	Number	Rs.	Number	Rs.
Fully paid ordinary shares	94,632,904	102,074,201	94,632,904	102,074,201
	94,632,904	102,074,201	94,632,904	102,074,201

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. There were no dividend declared during the year (2023- Nil).

19. RESERVES

	2024 Rs.	2023 Rs.
Revaluation reserve	11,889,009	11,889,009
19.1 The movement is as follows:		
Balance as at 01 st January	11,889,009	8,327,409
Revaluation surplus of freehold land net of deferred tax	-	3,561,600
Balance as at 31 st December	11,889,009	11,889,009

The revaluation reserve relates to the revaluation of freehold land which was revalued by the Company

based on its policy. It will be ultimately utilised when freehold land is sold.

20. LOANS AND BORROWINGS

20.1 Lease liabilities

	2024 Rs.	2023 Rs.
Balance as at 01 st January	2,008,882	4,293,464
Interest expense recognised in finance expense	111,303	408,734
Repayment during the year	(2,120,185)	(2,693,316)
Balance as at 31st December	-	2,008,882

NOTES TO THE FINANCIAL STATEMENTS

As at 31st December

20. LOANS AND BORROWINGS (CONT.)

20.1.1 Undiscounted lease cash flow

The following table sets out a maturity analysis of lease payments showing the undiscount lease payment after the reporting date.

	2024 Rs.	2023 Rs.
Less than one year	-	2,120,185
Total	-	2,120,185

20.1.2 Amounts recognised in statement of profit or loss

Interest expense recognised in finance expense

111,303	408,734
111,303	408,734

20.1.3 Amounts recognised in statement of cash flows

Interest repayment during the year

Capital repayment during the year

111,303	408,734
2,008,882	2,284,582
2,120,185	2,693,316

21. PROVISION FOR RESTORATION

Balance at 01st January

Interest expense charged during the year

Balance as at 31st December

2024 Rs.	2023 Rs.
2,192,874	1,984,501
230,252	208,373
2,423,126	2,192,874

The provision reflects the present value of future estimated cost of restoration of the land once the Company extracts graphite through its activities over 51.2 years. The Company does not plan to close the mine after 51.2 years, but the number of years is estimated based on the period over which the estimated resources are expected to be extracted. The cost will be estimated annually to reflect the best estimate and at each reporting date a year will be

rollforwarded and included in the estimate to continue the plan for the next 51.2 years. The plan will be rollforwarded until the earliest date of the resources being completely extracted in the particular property or the company actually incurs cost on restoration and completes its restoration activities.

NOTES TO THE FINANCIAL STATEMENTS

As at 31st December

21. PROVISION FOR RESTORATION (CONT.)

The following assumptions and data were used in estimating the provision for restoration as at 31st December.

	2024	2023
Discount Rate	9.5%	10.5%
Average Inflation Rate (based on available public information)	1.65%	19.83%

21.1 Sensitivity analysis

If there is a change in the assumption by 1%, the following would be the impact on provision for estimation.

	2024		2023	
	Increase by	Decrease by	Increase by	Decrease by
	1%	1%	1%	1%
	Rs.	Rs.	Rs.	Rs.
Discount rate	(927,508)	1,477,972	(816,039)	751,774
Inflation Rate	1,609,459	(992,341)	852,628	(871,451)

22. EMPLOYEE BENEFITS

22.1 Defined contribution plans

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

	2024 Rs.	2023 Rs.
Employees' Provident Fund		
Employers' contribution	29,414,026	28,223,793
Employees' contribution	24,462,553	23,519,819
Employees' Trust Fund	7,353,507	7,055,939

22.2 Defined benefit plan

Balance as at 01 st January	101,148,828	93,431,430
Provision recognised during the year (note 22.2.1)	18,413,447	22,831,008
Actuarial (gain)/ loss during the year (note 22.2.2)	3,708,667	(10,968,915)
	123,270,942	105,293,523
Payments made during the year	(1,403,424)	(4,144,695)
Balance as at 31 st December	121,867,518	101,148,828

NOTES TO THE FINANCIAL STATEMENTS

As at 31st December

22. EMPLOYEE BENEFITS (CONT.)

22.2.1 Amounts recognised in the profit or loss

Current service cost	6,275,588	5,546,193
Interest on obligation	12,137,859	17,284,815
	18,413,447	22,831,008

22.2.2 Amounts recognised in the other comprehensive income

Actuarial (Gain)/loss for the year	3,708,667	(10,968,915)
	3,708,667	(10,968,915)

The provision for retirement benefits obligations as at 31st December 2024 is based on the actuarial valuation carried out by Independent professionally qualified actuaries, Mr. M. Poopalanathan, AIA of Messers Actuarial and Management Consultants (Pvt)

Ltd a firm of professional actuaries, using "Projected Unit Credit" (PUC) method, the method recommended by the Sri Lanka Accounting Standard – LKAS 19 on "Employee Benefits".

22.2.3 Actuarial assumptions

The following assumptions and data were used in valuing the defined benefit obligation by the actuarial valuer.

	2024	2023
Discount rate	10%	12%
Salary increment rate	7% - 8%	8% - 10%
Staff turnover rate	4%	4%
Weighted average retirement age	7.3 years	7.5 years

The gratuity liability is not externally funded.

It is also assumed that the Company will continue in business as a going concern.

Assumptions regarding future mortality are based on the A67/70 mortality table, issued by the Institute of Actuaries, London.

Normal retirement age of an individual is assumed to be 60 years.

According to the Payment of Gratuity Act No. 12 of 1983, the liability for gratuity to an employee arises only on completion of 5 years of continuous service.

A long term treasury bond rate 10% p.a. (2023 - 12%) was used to discount future liabilities taking in to consideration the remaining working life of employees.

NOTES TO THE FINANCIAL STATEMENTS

As at 31st December

22. EMPLOYEE BENEFITS (CONT.)

22.2.4 Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

	2024		2023	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Discount rate	(7,696,083)	8,568,626	(6,512,771)	7,246,824
Salary increment rate	9,325,894	(8,484,772)	7,933,241	(7,213,296)

22.2.5 Maturity profile of the defined benefit obligation

	2024 Rs.	2023 Rs.
Within the next 12 months	9,165,562	6,763,725
Between 1-2 years	17,343,954	17,861,219
Between 2-5 years	19,020,993	11,554,542
Between 5-10 years	51,154,300	44,145,930
Beyond 10 years	25,182,709	20,823,412
	121,867,518	101,148,828

23. DEFERRED TAXATION

	2024 Rs.	2023 Rs.
Deferred tax liabilities (note 23.1)	41,304,760	43,582,626
Deferred tax assets (note 23.2)	(55,952,718)	(34,459,364)
Net deferred tax (assets)/ liabilities	(14,647,958)	9,123,262
23.1 Deferred tax liabilities		
Balance as at 01 st January	43,582,626	42,655,120
Reversed during the year profit or loss	(2,277,866)	(598,894)
Provision during the year - Other Comprehensive Income	-	1,526,400
Balance as at 31st December	41,304,760	43,582,626
23.2 Deferred tax assets		
Balance as at 01 st January	34,459,364	32,047,371
Provision during the year - profit or loss	20,380,754	5,702,667
Provision / (Reversal) during the year - Other Comprehensive Income	1,112,600	(3,290,674)
Balance as at 31st December	55,952,718	34,459,364

NOTES TO THE FINANCIAL STATEMENTS

As at 31st December

23. DEFERRED TAXATION (CONT.)

23.3 Reconciliation of Deferred tax effect on temporary differences

Deferred tax assets and liabilities are attributable to the following:

	2024		2023	
	Temporary difference	Tax effect	Temporary difference	Tax effect
	Rs.	Rs.	Rs.	Rs.
Deferred tax liabilities				
Property, plant and equipment	119,547,649	35,864,295	127,140,537	38,142,161
Revaluation of freehold land	16,984,298	5,095,289	16,984,298	5,095,289
Intangible assets	1,150,585	345,176	1,150,585	345,176
	137,682,532	41,304,760	145,275,420	43,582,626
Deferred tax assets				
Employee benefits	(121,867,518)	(36,560,255)	(101,148,828)	(30,344,648)
Provision for death compensation	(5,648,344)	(1,694,503)	(6,450,694)	(1,935,208)
Provision for restoration	(2,423,126)	(726,938)	(2,192,874)	(657,862)
Impairment provision for inventories	(5,691,363)	(1,707,409)	(5,072,150)	(1,521,646)
Unrealized Exchange Loss	(50,878,709)	(15,263,613)	-	-
	(186,509,060)	(55,952,718)	(114,864,546)	(34,459,364)
Net deferred tax liabilities/(assets)	(48,826,528)	(14,647,958)	30,410,874	9,123,262

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation

purposes based on the provision of the Inland Revenue Amendment act no 45 of 2022. The deferred tax liability is calculated at the rate of 30% (2023-30%) for the company as at 31st December 2024.

24. TRADE AND OTHER PAYABLES

	2024	2023
	Rs.	Rs.
Trade payables - Others	5,455,315	22,644,531
Trade payables - Related companies (note 26.2)	16,763,358	2,393,231
	22,218,673	25,037,762
Other Payables - Related companies (note 26.2)	9,020,521	6,078,298
Sundry creditors	7,941,595	9,167,757
Accrued expenses	66,436,843	75,048,363
WHT Payable	1,670,364	1,057,667
	107,287,996	116,389,847

NOTES TO THE FINANCIAL STATEMENTS

As at 31st December

25. CURRENT TAX LIABILITIES

Balance as at 01 st January
Provision for the year (note 9.3)
Income tax over provision for prior years (note 9.1)
Tax paid during the year
WHT and VAT Refund set-off
Balance as at 31st December

2024 Rs.	2023 Rs.
61,406,715	102,684,280
94,197,383	94,496,051
(322,221)	(1,565,098)
(88,498,707)	(133,396,996)
(3,931,029)	(811,522)
62,852,141	61,406,715

26. RELATED PARTY DISCLOSURES

The Company carried out transactions in the ordinary course of its business with parties who are defined as related parties as per Sri Lanka Accounting Standard - LKAS 24 on 'Related Party Disclosures', the details of which are reported below:

26.1 Transactions with key management personnel

According to Sri Lanka Accounting Standard - LKAS 24 on 'Related Party Disclosures', Key Management Personnel are those having authority and responsibility for planning, directing and controlling

the activities of the entity directly or indirectly. Accordingly, the Board of Directors of the Company has been classified as KMP.

Being the parent and ultimate undertaking, Graphite Kropfmuhl GmbH and AMG Advanced Metallurgical Group N.V (Netherlands) respectively as noted in Note 1.2, the Board of Directors have the authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. Accordingly, the Board of Directors of the parent company have also been classified as KMP.

26.1.1 Compensation to Key Management Personnel of the Company is as follows:

for the Year ended 31st December

Short-term employee benefits

Executive Directors - Emoluments
Non-Executive Directors - Fees and other benefits

Post-employment benefits

Executive Directors

Total compensation applicable to KMP

2024 Rs.	2023 Rs.
61,127,511	63,171,369
5,251,328	6,437,249
66,378,839	69,608,618
8,211,601	7,005,094
74,590,440	76,613,712

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December

26. RELATED PARTY DISCLOSURES (CONT.)

26.2 Transactions with related companies

Nature of transaction	Name of the company and its relationship					Total	
	Parent		Affiliate				
	Graphik Kropfmühl GmbH		Qingdao Kropfmuehl Graphite (Co.)				
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.	
Nature of recurrent transactions Balance receivable/(payable) as at 01 st January	(8,471,529)	(22,887,954)	-	-	(8,471,529)	(22,887,954)	
Sale of goods/services	198,462,153	194,021,145	19,465,954	2,392,458	217,928,107	196,413,603	
Purchase of goods/services	(157,561,442)	(118,362,285)	(487,796)	-	(158,049,238)	(118,362,285)	
Technical service fee payments	(88,285,056)	(81,154,273)	-	-	(88,285,056)	(81,154,273)	
Expenses reimbursable from related companies	1,041,206	404,550	-	-	1,041,206	404,550	
Payment of rental on hired machinery	-	7,386,168	-	-	-	7,386,168	
Net settlements	81,425,315	12,121,120	(18,978,158)	(2,392,458)	62,447,157	9,728,662	
Balance receivable/(payable) for recurrent transactions as at 31 st December	26,610,647	(8,471,529)	-	-	26,610,647	(8,471,529)	

Nature of the non-recurrent transactions There are no Non-Recurrent Transactions	-	-	-	-	-	-	
Balance receivable/(payable) for non-recurrent transactions as at 31 st December	Nil	Nil	Nil	Nil	Nil	Nil	
Balance receivable/(payable) for recurrent & non-recurrent transactions as at 31 st December	26,610,647	(8,471,529)	-	-	26,610,647	(8,471,529)	

Above balance included in	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.	Total - 2024 Rs.	Total - 2023 Rs.	
Trade receivables	52,394,526	-	-	-	52,394,526	-	
Trade payables	(16,763,358)	(2,393,231)	-	-	(16,763,358)	(2,393,231)	
Other payables	(9,020,521)	(6,078,298)	-	-	(9,020,521)	(6,078,298)	
	26,610,647	(8,471,529)	-	-	26,610,647	(8,471,529)	

26.2.1 Recurrent related party transactions

There were recurrent related party transactions which in aggregate value exceeds 10% of the gross revenue of the Company as per audited Financial Statements. Details of significant related party disclosures are as follows,

Company	Relationship	Nature of the Transactions	Aggregate value of Related Party Transactions entered into during the financial year	Aggregate value of Related Party Transactions as % of Revenue	Terms and Conditions of the Related Party Transaction
Graphite Kropfmühl GmbH	Parent	Sale of goods/services	198,462,153	12.23%	Ordinary course of business

Total aggregated value of the sales made to Qingdao Kropfmühl is 1.20% from the total revenue of the Company.

NOTES TO THE FINANCIAL STATEMENTS

As at 31st December

26. RELATED PARTY DISCLOSURES (CONT.)

26.2.2 Non-recurrent related party transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per audited Financial Statements.

Terms and conditions:

All related party transactions have been conducted on agreed commercial terms with the respective parties.

The Company has not had any special transactions with Parent or Affiliate company which required specific agreement or arrangement to be made, prior to such transactions, other than what is listed above.

27. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value of assets and liabilities

The fair values of financial assets and financial liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

	31 st December 2024		31 st December 2023	
	Carrying value	Fair value	Carrying value	Fair value
	Rs.	Rs.	Rs.	Rs.
Assets carried at amortised cost				
Other financial assets	21,015,068	21,015,068	2,242,556	2,242,556
Trade receivables	251,190,358	251,190,358	168,946,162	168,946,162
	272,205,426	272,205,426	171,188,718	171,188,718
Cash and cash equivalents	918,229,885	918,229,885	828,346,441	828,346,441
	1,190,435,311	1,190,435,311	999,535,159	999,535,159
Liabilities carried at amortised cost				
Loans and borrowings	-	-	2,008,882	2,008,882
Trade payables	22,218,673	22,218,673	25,037,762	25,037,762
Other Payable -Related companies	9,020,521	9,020,521	6,078,298	6,078,298
	31,239,194	31,239,194	33,124,942	33,124,942

The carrying amount of cash and cash equivalents approximate the fair value due to the relatively short maturity of the financial instruments. This includes cash in hand balances as well. For all the other items the carrying value has been considered as the fair value due to the timing of the cash flows.

The Company does not have any financial assets or liabilities carried at fair value as at the reporting date.

28. FINANCIAL RISK MANAGEMENT

28.1 Overview

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

1. Credit risk
2. Liquidity risk
3. Market risk

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December

Introduction and overview

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

28.2 Risk management framework

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

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

As at 31st December,

Trade receivables
Other financial assets
Cash at bank

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the currently deteriorating economic circumstances. However, geographically there is no concentration of credit risk.

The Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

28.3 Credit risk

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

28.3.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

2024 Rs.	2023 Rs.
251,190,358	168,946,162
21,015,068	2,242,556
917,620,760	827,911,264
1,189,826,186	999,099,982

Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Management Committee; these limits are reviewed quarterly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for Companies of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December

28. FINANCIAL RISK MANAGEMENT (Cont.)

The maximum exposure to credit risk for trade receivables at the end of the reporting period by type of counterparty was as follows:

	2024 Rs.	2023 Rs.
Trade debtors - Export sales	198,795,832	168,800,142
Trade debtors - local sales	-	146,020
Trade debtors - related companies	52,394,526	-
	251,190,358	168,946,162

The maximum exposure to credit risk for trade receivables at the reporting date by currency:

EUR	489,608	278,784
LKR	-	146,020
USD	348,571	212,400

Impairment losses

The aging of trade receivables at the end of the reporting period was as follows:

	2024 Rs.	2023 Rs.
Neither past due nor impaired	231,105,447	168,800,142
Past due not impaired	20,084,911	146,020
Due and impaired	-	-
	251,190,358	168,946,162

Based on the past due date, the Company believe that no provisions are required as at 31st December 2024.

Cash at bank

The Company is also exposed to credit risk through its cash at bank balances. The credit worthiness of the financial instruments are assessed using the credit

ratings assigned to each Bank. This rating provides the Company the indication of the financial stability of the investment. The ratings are based on Fitch Ratings.

As at 31st December

Cash at Bank having credit ratings

A(lka)

AAA(lka)

	2024 Rs.	2023 Rs.
A(lka)	543,111,499	157,012,538
AAA(lka)	374,509,261	670,898,726
	917,620,760	827,911,264

The maximum exposure to credit risk for Cash at Bank balances at the reporting date by currency is as follows:

EUR	716,998	1,096,088
USD	558,994	860,550
LKR	535,564,587	155,995,413

The Company considers that its cash and cash equivalents have low risk based on the external credit ratings of the counterparties.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December

28. FINANCIAL RISK MANAGEMENT (Cont.)

28.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

28.4.1 Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date.

As at 31st December 2024

	Total Carrying amount Rs.	Contractual cash flows			
		Total Rs.	Less than 3 months Rs.	3 - 12 months Rs.	> 1 year Rs.
Non-derivative financial liabilities					
Trade payables	22,218,673	22,218,673	22,218,673	-	-
Other Payable -Related companies	9,020,521	9,020,521	9,020,521	-	-
	31,239,194	31,239,194	31,239,194	-	-

As at 31st December 2023

	Total Carrying amount Rs.	Contractual cash flows			
		Total Rs.	Less than 3 months Rs.	3 - 12 months Rs.	> 1 year Rs.
Non-derivative financial liabilities					
Loans and borrowings	2,008,882	2,120,185	673,329	1,446,856	-
Trade payables	25,037,762	25,037,762	25,037,762	-	-
Other Payable -Related companies	6,078,298	6,078,298	6,078,298	-	-
	33,124,942	33,236,245	31,789,389	1,446,856	-

28.4.2 Management of liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's policy is to hold cash and undrawn overdraft facilities at a level sufficient to ensure that the Company has available funds to meet its liabilities.

28.5 Market risk

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December

28. FINANCIAL RISK MANAGEMENT (Cont.)

28.5.1 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes on foreign exchange rates. The Company monitors the fluctuations in foreign currencies with appropriate strategies to minimise risk.

The Company's exposure to the risk of changes in foreign exchange rates relate primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

28.5.1.1 Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows;

	31 st December 2024		31 st December 2023	
	EUR	USD	EUR	USD
Cash and cash equivalents	716,998	558,994	1,096,088	860,550
Trade receivables	489,608	348,571	278,784	212,400
Trade payables	(55,020)	(2,882)	(6,673)	-
Net statement of financial position exposure	1,151,586	904,683	1,368,199	1,072,950

The following significant exchange rates have been applied.

	Average rate		Reporting date spot rate	
	2024	2023	2024	2023
EUR	327.00	354.89	304.68	358.65
USD	302.06	328.04	292.67	323.98

28.5.1.2 Sensitivity to foreign exchange risk

A reasonably possible strengthening/ (weakening) of the Euro and US dollar against all other currencies at 31st December would have affected the measurement of financial instruments denominated in a foreign

currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

31 st December 2024	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
EUR (1% movement)	3,507,323	(3,507,323)	2,455,126	(2,455,126)
USD (1% movement)	2,646,952	(2,646,952)	1,852,866	(1,852,866)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December

28. FINANCIAL RISK MANAGEMENT (Cont.)

28.5.1.2 Sensitivity to foreign exchange risk (Cont.)

31 st December 2023	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
EUR (1% movement)	4,907,046	(4,907,046)	3,434,932	(3,434,932)
USD (1% movement)	3,476,143	(3,476,143)	2,433,300	(2,433,300)

28.5.1.3 Following is the breakup of net exchange gain.

	2024 Rs.	2023 Rs.
Realised Gain/ (Loss)	(62,590,854)	(39,122,149)
Unrealised Gain/ (Loss)	(50,878,709)	(37,305,492)
Total	(113,469,563)	(76,427,641)

28.5.2 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 Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations.

Variable rate instruments

The Company does not account for any variable rate financial liabilities. Therefore a change in interest rates at the reporting date would not affect profit or loss.

28.6 Capital Management

For the purpose of the Company's Capital Management, Capital includes the equity attributable to the equity holders. The Primary objective of the Company's capital management is to maximise the share value.

The Company monitors capital using a ratio of 'net debt' to 'equity'. Net debt is calculated as total liabilities (as shown in the statement of financial position) less cash and cash equivalents. Equity comprises all components of equity. The Company's net debt to equity ratio is as follows,

	2024 Rs.	2023 Rs.
Total liabilities	294,430,781	292,270,408
Less: cash and cash equivalents	(918,229,885)	(828,346,441)
Net debt	(623,799,104)	(536,076,033)
Equity	1,842,588,131	1,684,063,474
Gearing ratio	-	-

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st December 2024 and 31st December 2023.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December

29. CAPITAL COMMITMENTS

There were no contracts for material capital expenditure approved or contracted for as at the reporting date.

30. CONTINGENT LIABILITIES

There have been no material contingent liabilities outstanding as at the reporting date except for those described below:

30.1 Case No. 10180M

A supplier/constructor had filed a case against the Company on 21st February 2019 in relation to a road construction project undertaken by him and claimed that the Company had not paid the due amount as per the agreement. The Company counter filed stating that

the work has not been completed as per the contract. Based on the confirmation received from the Company lawyer, the outcome of the case cannot be assessed as at reporting date.

31. EVENTS AFTER THE REPORTING DATE

No circumstances have arisen since the reporting date which would require adjustments to or disclosure in the Financial Statements.

32. DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Board of Directors is responsible for preparation and presentation of the Financial Statements in accordance with Accounting Standards.

33. NET ASSETS PER SHARE

Net Assets attributable to shareholders - Rs.
Number of shares
Net Assets per share - Rs.

2024	2023
1,842,588,131	1,684,063,474
94,632,904	94,632,904
19.47	17.80

TEN-YEAR FINANCIAL SUMMARY

TEN-YEAR FINANCIAL SUMMARY

(In Rupees '000)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Trading Results										
Turnover	1,765,701	1,623,085	1,699,944	1,126,263	669,543	815,576	877,761	732,888	702,454	582,861
Gross Profit	746,865	695,503	904,971	536,329	212,818	322,972	389,472	255,039	270,374	186,600
Other Income	2,640	3,330	2,965	3,727	7,303	4,066	10,098	3,599	11,313	515
Profit from operations	209,470	224,703	789,299	276,116	57,490	115,573	178,391	(17,144)	85,435	13,765
Finance income	23,209	17,859	18,184	5,287	4,728	5,653	3,981	4,173	2,814	2,773
Finance expense	(342)	(617)	(809)	(1,596)	(3,644)	(4,807)	(6,836)	(8,015)	(8,931)	(10,232)
Profit/(Loss) before Tax	232,337	241,945	806,675	279,806	58,573	116,418	175,536	(20,986)	79,318	6,306
Taxation	(71,217)	(86,629)	(142,339)	(40,410)	(11,551)	(19,004)	(23,314)	1,332	(5,512)	(6,150)
Net Profit/(Loss)	161,121	155,316	664,335	239,396	47,022	97,414	152,222	(19,653)	73,806	156
Other comprehensive income/(loss), net of tax	(2,596)	11,240	(9,518)	(2,311)	202	332	4,641	(5,877)	610	1,554
Total Comprehensive Income for the Year	158,525	166,555	654,817	237,085	47,224	97,746	156,863	(25,531)	73,196	(1,398)
Balance Sheet										
Stated Capital	102,074	102,074	102,074	102,074	102,074	102,074	102,074	102,074	102,074	80,074
Reserves	1,740,514	1,581,988	1,415,434	760,616	523,532	476,307	378,561	221,698	247,229	198,233
Shareholders' Funds	1,842,588	1,684,062	1,517,508	862,691	625,606	578,382	480,635	323,772	349,303	278,307
Property, Plant & Equipment	613,820	381,820	315,161	280,022	306,311	312,772	304,570	265,539	259,841	253,503
Current & Non Current Assets	2,137,019	1,976,334	1,853,582	1,072,864	816,695	822,276	724,883	608,726	579,686	524,619
Current Liabilities	170,140	179,806	228,042	122,665	96,420	121,588	105,473	138,871	69,395	66,717
Non Current Liabilities	124,291	112,467	108,033	87,509	94,669	122,307	138,775	146,083	160,987	179,595
Net Assets	1,842,588	1,684,062	1,517,508	862,691	625,606	578,382	480,635	323,772	349,303	278,307
Key Indicators										
Gross Profit to Turnover	42.3%	42.9%	53.2%	47.6%	31.8%	39.6%	44.4%	34.8%	38.5%	32.0%
Net Income to Turnover	9.1%	9.6%	39.1%	21.3%	7.0%	11.9%	17.3%	-2.7%	10.5%	0.0%
Earnings Per Share	1.70	1.64	7.02	2.53	0.50	1.03	1.61	-0.21	0.78	0.00
Price Earnings Ratio	36.4	30.5	6.52	40.2	55	16	8	(64)	18	9,839
Market Value per share as at										
31 st December	62.00	50.00	45.80	101.75	27.40	16.00	13.30	13.30	14.40	32.40
Return on Equity	8.7%	9.2%	43.8%	27.75%	7.52%	16.84%	31.67%	-6.07%	21.13%	0.06%
Net Assets per share	19.5	17.8	16.04	9.12	6.61	6.11	5.08	3.42	3.69	5.88
No of Shares in Issue	94,632,904	94,632,904	94,632,904	94,632,904	94,632,904	94,632,904	94,632,904	94,632,904	94,632,904	47,316,452

Notes:

- 1) In year 2004 a Loan of Euro 1,000,000 obtained from GK was converted to 11,768,000 shares.
- 2) In year 2009 further 7,587,452 shares were issued by capitalising Euro loan due to GK.
- 3) In year 2010 BGL reduced its stated capital to Rs.80,074,201 by setting off the accumulated losses as at 31/12/2009 of Rs.467,067,988 against the stated capital of Rs.547,142,189 without affecting the number of shares in issue.
- 4) In year 2016, Company offered a bonus issue to shareholders at the rate of 1:1 by way of capitalising a sum of Rs.22,000,000 of its retained earnings.

INVESTOR INFORMATION

TOP 20 SHAREHOLDERS LIST AS AT 31.12.2024

	NAME	NO. OF SHARES	%
01	GRAPHIT KROPF MUHL GMBH	75,310,068	79.58
02	ALTERNA GK LLC	6,510,737	6.88
03	SECRETARY TO THE TREASURY	509,000	0.54
04	DR. SAMARAKOON MUDIYANSELAGE THIWANKA BANDARA SAMARAKOON	464,477	0.49
05	SANASA LIFE INSURANCE COMPANY PLC	370,300	0.39
06	MRS. REGINOLD MELWILLAGE NIMALKA WIJESEKARA	293,312	0.31
07	MR. SENAWIRATHNA EPARALALAGE CHATHURANGA PRABATH SENAWIRATHNA	174,990	0.18
08	HATTON NATIONAL BANK PLC/RAMARAJ KUHAN	150,121	0.16
09	GUARDIAN INSURANCE BROKERS (PVT) LTD	137,472	0.15
10	MR. TOSHIYA UEDA	120,000	0.13
11	MR. GAYAN DINESH GUNARATNE	104,805	0.11
12	DIALOG FINANCE PLC/S. A. DE SILVA AND D. R. DE SILVA	103,261	0.11
13	MRS. FATHIMA SARAH SABRY	101,005	0.11
14	MR. ALLAN JAGATH MONESH JINADASA	100,000	0.11
15	MRS. HEWA FONSEKAGE DINESHA CHATHURANGI FONSEKA	95,945	0.10
16	MRS. RAHEL JASMIN DE SILVA	90,900	0.10
17	MR. LAHIRU SAMPATH WIMALASENA ABHARANA DEWAGE	88,018	0.09
18	HATTON NATIONAL BANK PLC/SENDANAYAKE ARACHCHIGE SURANGA PRASATH PERERA	87,750	0.09
19	HATTON NATIONAL BANK PLC/RAVINDRA ERLE RAMBUKWELLE	86,000	0.09
20	MR. DILIP MOHANLAL KODIKARA	85,236	0.09

SHARES HELD BY DIRECTORS AS AT 31.12.2024

	NAME	NO. OF SHARES	%
01	AMILA PRASANNA JAYASINGHE	-	-
02	MIRIAM CORALIE PIETERSZ	-	-
03	ARACHCHIGE SUGATH ROHITHA AMARASINGHE	-	-
04	AVERIL LUDOWYKE	-	-
05	THOMAS ALOIS JUNKER	-	-
06	ULLA NEUNZERT	-	-
07	SHIVAN COOREY	-	-

SHARES NOT TAKEN INTO ACCOUNT TO COMPUTATE PUBLIC HOLDING

	NAME	NO. OF SHARES	%
01	GRAPHIT KROPF MUHL GMBH	75,310,068	79.58
02	ALTERNA GK LLC	6,510,737	6.88
	TOTAL	81,820,805	86.46

Percentage of public holding as at 31.12.2024 was at 13.54%

13.54

Total no. of shareholders 10,472

Total no. of shareholders who hold the public holding % 10,470

Total no. of shares issued 94,632,904

Market capitalisation of LKR 5,782,070,434

Float adjusted market capitalisation of LKR 782,892,337

In terms of the rule 7.13.1(b) of the Listing Rules if the Colombo Stock Exchange, the Company Qualifies under option two of the minimum public holding requirement.

INVESTOR INFORMATION

As at 31st December 2024

Shareholders' Distribution Schedule

	Residents			Non-Residents			Total		
Range of Shareholdings	No. of Share holders	No. of Shares	%	No. of Share holders	No. of Shares	%	No. of Share holders	No. of Shares	%
1-1,000	9,092	2,977,663	3.15	15	5,076	0.01	9,107	2,982,739	3.15
1,001-5,000	1,033	2,434,600	2.57	5	10,692	0.01	1,038	2,445,292	2.58
5,001-10,000	170	1,281,928	1.35	4	29,100	0.03	174	1,311,028	1.39
10,001-50,000	125	2,554,110	2.70	5	127,486	0.13	130	2,681,596	2.83
50,001-100,000	9	771,801	0.82	1	90,900	0.10	10	862,701	0.91
100,001-500,000	9	1,899,743	2.01	1	120,000	0.13	10	2,019,743	2.13
500,001-1,000,000	1	509,000	0.54	-	-	0.00	1	509,000	0.54
Over 1,000,000	-	-	0.00	2	81,820,805	86.46	2	81,820,805	86.46
Total	10,439	12,428,845	13.13	33	82,204,059	86.87	10,472	94,632,904	100.00

Categories of Shareholders	No. of Share holders	No. of shares	%
Individuals	10,332	10,551,178	11.15
Institutions	140	84,081,726	88.85
Total	10,472	94,632,904	100.00

Share-trading details for the year 2024

Highest Market Price (27-12-2024)	LKR	67.90
Lowest Market Price (04-03-2024)	LKR	45.00
Market Price as at 31 st December 2024	LKR	61.10
Traded Share Volume		4,783,340
Number of Trades		6,885
Trading Turnover		267,376,738

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty Fourth Annual General Meeting of the Company will be held at 11.30 a.m. on Friday 11th April 2025 at the Ceylon Chamber of Commerce Auditorium at No. 50, Navam Mawatha, Colombo 02 and via audio visual technology (hybrid meeting) for the following purposes:

AGENDA

1. To receive and consider the Annual Report of the Board together with the Financial Statements of the Company for the year ended 31st December 2024 together with the Auditors' Report thereon.
2. To re-appoint KPMG, Chartered Accountants, 32 A, Sir Mohamed Macan Markar Mawatha, Colombo 03 as the Auditors of the Company until the next Annual General Meeting at a remuneration to be agreed upon with them by the Board of Directors and to audit the Financial Statements of the Company for the accounting period ending 31st December 2025.
3. To authorise the Directors to determine contributions to charities for the ensuing year.

Note:

1. Any member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his/her stead and a form of proxy is sent herewith for this purpose. A proxy need not be a member of the Company.

A completed form of proxy must be deposited at Bogala Mines, 71041, Aruggammana 10 not less than 48 hours before the time appointed for the holding of the meeting.

2. Instructions as to attending the meeting online : CSE website on BOGA.N0000.

By Order of the Board

CORPORATE SERVICES (PRIVATE) LIMITED

Secretaries

BOGALA GRAPHITE LANKA PLC

Colombo on this 06th day of March 2025



FORM OF PROXY

*I/We
..... Of.....
.....

Being a shareholder/shareholder of Bogala Graphite Lanka PLC do hereby appoint

- | | | |
|----|------------------------|-----------------|
| 1. | Ms. M.C. Pietersz | or failing her, |
| 2. | Mr. T.A. Junker | or failing him, |
| 3. | Mr. A.P. Jayasinghe | or failing him, |
| 4. | Mr. M.S.J.D. Coorey | or failing him, |
| 5. | Ms. A.A. Ludowyke | or failing her |
| 6. | Ms. U. Neunzert | or failing her, |
| 7. | Mr. A.S.R. Amerasinghe | or failing him, |

..... of
.....

as *my/our Proxy to attend and vote/speak at the Annual General Meeting of the Company to be held on 11th April 2025 at 11.30 a.m held and at any adjournment thereof.

	For	Against	Abstain
1. To receive and consider the Annual Report of the Board and the Financial Statements of the Company For the financial year ended 31 st December 2024 together with the Report of the Auditors thereon.	☐	☐	☐
2. To re-appoint KPMG as the auditors of the Company and to audit the financial statements for the ensuing year and authorize the Directors to fix their remuneration.	☐	☐	☐
3. To authorize the Directors to determine contributions to charities.	☐	☐	☐

Signed this day of 2025

.....
Signature/s

Note: Instructions as to completion are noted on the reverse hereof.

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy after filling in legibly your full name, address and sign in the space provided. Please fill in the date of signature.
2. Please return the completed Form of Proxy to the Company after crossing out one or the other of the alternative words indicated by the asterisks on the body of the Form and by indicating with an 'X' in the space provided against each resolution, the manner in which you wish your vote to be cast.
3. A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy who need not be a member, to attend and vote instead of him.
4. In the case of a Corporate Member, the Form must be completed under its Common Seal, or signed by its attorney or by an officer on behalf of the corporation. The Company may, but shall not be bound to require evidence of the authority of any such attorney or officer.
5. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy, in the manner prescribed by the Articles of Association.
6. The completed Form of Proxy should be deposited at the Registered Office of the Company, Bogala Mines, 71041, Aruggammana. not less than forty eight (48) hours before the appointed time for meeting
7. If there is any doubt as to the manner in which the proxy should vote by reason of the manner in which instructions in 2 above have been carried out, the proxy holder will vote as she/he thinks fit.
8. A shareholder appointing a proxy (other than a director of the Company) to attend the meeting should indicate the proxy holder's National Identity Card (NIC) number on the Form of Proxy and should instruct the proxy holder to bring his/her National Identity Card to the Meeting.

CORPORATE INFORMATION

Name of the Company

Bogala Graphite Lanka PLC

Legal Form

A Public Quoted Company with Limited Liability
Incorporated in Sri Lanka 1991

Company Registration Number

PQ 218

Board of Directors

Ms. M. C. Pietersz (Chairperson) - NED
Mr. T. A. Junker (Deputy Chairperson) - NED
Mr. A. P. Jayasinghe (CEO/MD) - ED
Mr. A. S. R. Amarasinghe (CFO/FD) - ED
Ms. U. Neunzert - NED
Ms. A. A. Ludowyke - INED
Mr. M. S. J. D. Coorey - INED

Audit Committee

Ms. A. A. Ludowyke (Chairperson) - INED
Mr. M. S. J. D. Coorey - INED
Mr. T. A. Junker - NED

Related Party Transaction Review Committee

Mr. M. S. J. D. Coorey (Chairperson) - INED
Ms. A. A. Ludowyke - INED
Mr. T. A. Junker - NED
Mr. A. P. Jayasinghe - ED

Remuneration Committee

Mr. M. S. J. D. Coorey (Chairperson) - INED
Ms. A. A. Ludowyke - INED
Mr. T. A. Junker - NED
Ms. M. C. Pietersz - NED

Nomination & Governance Committee

Ms. A. A. Ludowyke (Chairperson) - INED
Mr. M. S. J. D. Coorey - INED
Mr. T. A. Junker - NED
Ms. M. C. Pietersz - NED

Banker

Peoples Bank
The Hongkong and Shanghai Banking Corporation

Auditors

Messrs KPMG, Chartered Accountants
32A, Sir Mohammed Macan Markar Mw. Colombo 3

Internal Auditors

B. R. De Silva & Company Chartered Accountants
22/4, Vijaya Kumaranathunga Mawatha, Colombo 3

Secretaries

Corporate Services (Private) Limited
216, De Saram Place, Colombo 10
Sri Lanka
Tel: +94112669771
Fax: +94114718220
Email: csl@fjgdesaram.com

Lawyers

F J & G De Saram
216 De Saram Place, Colombo 10
Sri Lanka
Tel: +94114605100
Fax: +94112669769
Email: fjgdesaram@fjgdesaram.com

Registered Office

Bogala Mines, 71041
Aruggammana, Sri Lanka
Email: info@gk-graphite.lk

Corporate Website

www.gk-graphite.lk

Parent Company

Graphit Kropfmuhl GmbH

NED - Non-Executive Director

INED - Independent Non-Executive Director

ED - Executive Director



Bogala Graphite Lanka PLC
Bogala Mines
71041 Aruggammana
Sri Lanka
Phone +94 774401295
info@gk-graphite.lk

www.gk-graphite.lk

