MILCO (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2024

ASSETS	Note	As at 31st December, 2024 Rs.	As at 31st December, 2023 Rs.
Non-Current Assets			
Property, Plant and Equipment	**2**	4,337,984,890	4,674,477,238
Intangible assets		6,040,202	8,551,141
Right-of-Use Assets	**2.1**	-	(0)
Capital Work-In-Progress	**3**	12,881,046,984	12,879,855,822
Financial Instrument - Amortised cost	**4**	1,336,691,522	1,652,536,117
Long-term Advances	**5**	72,074,094	72,074,094
Total Non-Current Assets		18,633,837,693	19,287,494,412
Current Assets			
Inventories	**6**	2,849,379,407	1,664,030,771
Trade and Other Receivables	**7**	1,458,362,393	939,612,780
Income Tax Receivable	**8**	12,416,599	11,544,224
Cash and Cash Equivalents	**9**	78,899,464	23,171,834
Total Current Assets		4,399,057,864	2,638,359,608
Total Assets		23,032,895,557	21,925,854,019
EQUITY AND LIABILITIES			
Stated Capital and Reserves			
Stated Capital	**10**	8,488,488,240	8,488,488,240
Capital Reserve	**11**	25,000,000	25,000,000
Revaluation Reserve		336,454,462	336,454,462
Sinking Fund	**12**	1,689,978	1,689,978
Retained Earnings		(2,833,131,444)	(2,784,626,679)
Shareholders' Fund		6,018,501,236	6,067,006,001
Non-Current Liabilities			
Deferred Tax Liability	**13**	-	-
Non-interest Bearing Borrowings	**14.2**	2,108,063	2,108,063
Interest Bearing Borrowings - Long-Term	**14.1**	12,641,310,517	12,641,310,517
Retirement Benefit Obligations - Gratuity	**15**	827,461,613	764,118,281
Deferred Income - Government Grant	**16**	30,047,661	60,463,044
Total Non-Current Liabilities		13,500,927,854	13,467,999,906
Current Liabilities			
Trade and Other Payables	**17**	1,720,099,183	837,688,227
Interest Bearing Borrowings - Short Term	**14.1**	(0)	(0)
Bank Overdrafts	**18**	1,793,367,283	1,553,159,885
Total Current Liabilities		3,513,466,466	2,390,848,112
Total Equity and Liabilities		23,032,895,557	21,925,854,019

Figures in brackets indicate deductions.
The accounting policies and notes on pages 06 to 34 form an integral part of these Financial Statements.

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

………………………………
D.M.D.N.B Dissanayake
Actg.Manager- Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved and Signed for and on behalf of the Board on 08.09.2025

………………………………
G.V.H Gotabhaya
Chairman

………………………………
H.H.A.S Piyasiri
Deputy Chairman

MILCO (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2024

	Note	For the Year Ended 31st December, 2024 Rs.	For the Year Ended 31st December, 2023 Rs.
Revenue	**19**	15,988,443,418	15,075,401,807
Cost of Sales		(14,042,227,294)	(13,551,223,100)
Gross Profit		1,946,216,123	1,524,178,706
Other Operating Income	**20**	55,525,982	49,872,228
		2,001,742,105	1,574,050,935
Administrative Expenses		(1,283,443,561)	(1,278,077,757)
Distribution Expenses		(490,726,156)	(466,779,038)
Other Expenses		(27,416,361)	(38,575,628)
Profit/ (Loss) from Operations		200,156,027	(209,381,488)
Finance Income	**21**	143,535,976	175,242,958
Finance Expenses	**22**	(386,840,960)	(435,245,864)
Net Profit Before Taxation		(43,148,957)	(469,384,394)
Income Tax Expenses	**23**	-	-
Net Profit for the Year after Taxation		(43,148,957)	(469,384,394)
Other Comprehensive Income			
Item that will not be reclassified subsequently to profit or loss:			
Remessurement of Defined Benefit Plan, Net of Taxes		(5,355,797)	(32,107,308)
Total Other Comprehensive Income Net of Tax		(5,355,797)	(32,107,308)
Total Comprehensive Income		(48,504,754)	(501,491,702)
Basic Earning Per Share	**24**	(0.06)	(0.59)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 06 to 34 form an integral part of these Financial Statements.

MILCO (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER, 2024

	Stated Capital Rs.	Capital Reserve Rs.	Revaluation Reserve Rs.	Sinking Fund Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 31st December 2022	8,488,488,240	25,000,000	336,454,462	1,689,978	(2,283,134,988)	6,568,497,692
Net Profit for the Year					(469,384,394)	(469,384,394)
Other Comprehensive Income					(32,107,308)	(32,107,308)
Share issued during the year						
Balance as at 31st December 2023	8,488,488,240	25,000,000	336,454,462	1,689,978	(2,784,626,690)	6,067,005,990
Net Profit for the Year					(43,148,957)	(43,148,957)
Other Comprehensive Income					(5,355,797)	(5,355,797)
Balance as at 31st December 2024	8,488,488,240	25,000,000	336,454,462	1,689,978	(2,833,131,444)	6,018,501,236

Figures in brackets indicate deductions.

The accounting policies and notes on pages 06 to 34 form an integral part of these Financial Statements.

MILCO (PRIVATE) LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31ST DECEMBER, 2024

Cash Flow from Operating Activities	**As at 31st December, 2024 Rs.**	**As at 31st December, 2023 Rs.**
Net Profit Before Taxation	(43,148,957)	(469,384,394)
Adjustments for ;		
Depreciation on Property, Plant and Equipment	432,089,400	442,405,713
Income from Investment	(135,230,702)	(167,577,265)
Interest Expense	241,983,786	323,947,216
Lease Interest	-	171,684
Recognized Income on Deferred Grants	(42,301,948)	(29,537,216)
Exchange Gain	-	-
Provision for Defined Benefit Plans - Gratuity	139,019,826	149,098,092
Disposal gains	(7,611)	(1,268,649)
ESC Written off	-	-
Exchange losses	144,857,174	111,126,964
Written off of capital work-in progress	995,491	4,243,193
Amortization of right-of-use assets	-	2,008,750
Operating Profit Before Working Capital Changes	738,256,460	365,234,087
(Increase)/Decrease in Inventories	(1,185,348,637)	153,476,756
(Increase)/Decrease in Trade and Other Receivables	(519,621,989)	73,220,747
Increase/(Decrease) in Trade and Other Payables	882,410,941	12,951,465
Cash Generated from Operations	(84,303,225)	604,883,055
Interest Paid	(241,983,786)	(323,947,216)
Payment of Defined Benefit Plans - Gratuity	(81,032,292)	(81,720,572)
Net Cash From/ (Used In) Operating Activities	(407,319,304)	199,215,266
Cash Flow from Investing Activities		
Acquisition of Property, Plant and Equipment	(80,539,062)	(77,558,778)
Investments in Property, Plant and Equipment in the Course of Construction	(2,951,753)	(47,244,351)
Proceeds from disposal of Assets	112,224	1,332,118
Interest Received	135,230,702	167,577,265
New/ (Withdrawal) Short-Term and Long-Term Investment (Net)	170,987,421	(206,695,950)
Net Cash Used In Investing Activities	222,839,531	(162,589,694)
Cash Flow from Financing Activities		
Lease Rental Paid	-	(3,942,349)
Proceeds from long-term borrowings	-	-
Loans and Borrowings Repayments	-	(44)
Net Cash Used In Financing Activities	-	(3,942,393)
Net Increase in Cash and Cash Equivalents	(184,479,772)	32,683,179
Cash and Cash Equivalents at the Beginning of the Year (Note A)	(1,529,988,047)	(1,562,671,226)
Cash and Cash Equivalents at the End of the Year (Note B)	(1,714,467,819)	(1,529,988,047)

MILCO (PRIVATE) LIMITED
STATEMENT OF CASH FLOW - (Contd..)
FOR THE YEAR ENDED 31ST DECEMBER, 2024

	As at 31st December, 2024 Rs.	As at 31st December, 2023 Rs.
Note A: At the Beginning of the Year		
Balances at Banks	19,375,381	28,520,740
Call deposits	11,639	15,310,610
Petty Cash in Hand	3,784,814	12,900,177
	23,171,834	56,731,527
Bank Overdrafts	(1,553,159,885)	(1,619,402,758)
	(1,529,988,051)	(1,562,671,231)
Note B: At the End of the Year		
Balances at Banks	74,637,035	19,375,381
Call deposits	11,002	11,639
Petty Cash in Hand	4,251,427	3,784,814
	78,899,464	23,171,834
Bank Overdrafts	(1,793,367,283)	(1,553,159,885)
	(1,714,467,819)	(1,529,988,051)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 06 to 34 form an integral part of these Financial Statements.

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER, 2024

2. PROPERTY, PLANT AND EQUIPMENT

a) Tangible assets

Description of Assets	Cost/Valuation Balance As At 01.01.2024 Rs.	Additions Rs.	Disposals Rs.	Transfers Rs.	Balance As At 31.12.2024 Rs.	Depreciation Balance As At 01.01.2024 Rs.	Charge for the Year Rs.	On Disposals Rs.	Transfers Rs.	Balance As At 31.12.2024 Rs.	Written Down Value As At 01.01.2024 Rs.	As At 31.12.2024 Rs.
Freehold												
Land	3,250,000	-	-	-	3,250,000	-	-	-	-	-	3,250,000	3,250,000
Buildings	588,998,070	-	-	-	588,998,070	346,619,129	46,251,545	-	-	392,870,674	242,378,942	196,127,396
Plant and Machinery	7,619,677,007	19,573,175	-	-	7,639,250,182	3,379,712,034	295,378,736	-	-	3,675,090,770	4,239,964,973	3,964,159,413
Furniture and Fittings	62,870,369	4,574,225	-	-	67,444,594	54,306,400	3,507,963	-	-	57,814,362	8,563,969	9,630,232
Laboratory Equipment	96,079,710	1,599,711	-	-	97,679,421	81,917,999	3,051,963	-	-	84,969,962	14,161,710	12,709,459
Motor Vehicles	221,231,184	-	-	-	221,231,184	214,119,040	3,832,253	-	-	217,951,292	7,112,145	3,279,892
Tools and Equipment	417,139,485	12,719,249	-	-	429,858,734	367,575,500	19,180,905	-	-	386,756,405	49,563,985	43,102,330
Bottles and Crates	417,561,717	45,073,411	-	-	462,635,128	380,455,120	17,900,812	-	-	398,355,932	37,106,597	64,279,196
Computer Equipment	84,875,086	6,318,346	(285,000)	-	90,908,432	66,102,461	8,989,883	(285,000)	-	74,807,344	18,772,624	16,101,088
Bottle Coolers	249,317,324	125,243	-	-	249,442,567	209,655,997	24,349,699	-	-	234,005,696	39,661,328	15,436,871
Office Equipment	12,998,254	707,868	(176,309)	-	13,529,814	11,084,157	645,982	(71,696)	-	11,658,444	1,914,097	1,871,370
Milk Cans	100,211,660	30,000	-	-	100,241,660	88,184,792	4,019,224	-	-	92,204,015	12,026,868	8,037,644
	9,874,209,866	90,721,229	(461,309)	-	9,964,469,786	5,199,732,628	427,108,964	(356,696)	-	5,626,484,896	4,674,477,238	4,337,984,890
b) Intangible Assets												
Computer Software	16,709,667	2,469,497	-	-	19,179,164	8,158,526	4,980,436	-	-	13,138,962	8,551,141	6,040,202
Total	9,890,919,533	93,190,726	(461,309)	-	9,983,648,951	5,207,891,154	432,089,400	(356,696)	-	5,639,623,858	4,683,028,379	4,344,025,092

2.1 RIGHT-OF-USE ASSETS

	Value Balance As At 01.01.2024	Additions	Disposals	Transfers	Balance As At 31.12.2024	Amortisation Balance As At 01.01.2024	Charge for the Year	On Disposals	Transfers	Balance As At 31.12.2024	Net value As At 01.01.2024	As At 31.12.2024
c) Leasehold Assets												
Motor Vehicles		-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-

3.1 Following amounts related to right-of-use assets have been recognised in income statement during the year.

Amortization of right of use assets	-
Interest on lease liabilities	-

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER, 2024

	Balance As At 01.01.2024 Rs.	Incurred During the Period Rs.	Charged to Income statement During the Period	Transfers During the Period Rs.	Capitalized During the Period Rs.	Balance As At 31.12.2024 Rs.
3. CAPITAL WORK-IN-PROGRESS						
Construction of New Milk Factory - Badalgama (Refer N	12,033,160,406					12,033,160,406
Construction of Gatabe Sales Outlet	150,000					150,000
Installation of Cup & Cone Filler at Digana Milk Factory	15,445,587					15,445,587
Modernization of Digana Milk Fcatory	809,899,705					809,899,705
Lorry Chasis Under Development	4,934,708	296,753				5,231,462
Invoicing system for Digana Milk Factory	150,000					150,000
Grass Chopping Machine - Dambulla MCC	327,500					327,500
Construction of insulated tank at Badalgama Factory	13,280,786					13,280,786
Butter Packing Machine modification	-	2,340,000			-	2,340,000
Developments of innovation division	858,641		(858,641)			-
Construction of fuel shed at Digana Milk factory	136,850	-	(136,850)			-
Developments of Invoicing System at Head Office	1,061,538	-				1,061,538
Developments of Farmer Management System	135,000	315,000			(450,000)	-
Installation of AC machine at Head Office	315,100	-			(315,100)	-
	-					-
	12,879,855,822	2,951,753	(995,491)	-	(765,100)	12,881,046,984

3.1 As detailed in note no 14 to these financial statements, construction of New Milk Factory - Badalgama have been financed by loans granted by the Treasury of the Government of Sri Lanka.

			As at 31st December, 2024	As at 31st December, 2023
			Rs.	Rs.
4	**FINANCIAL INSTRUMENT - AMORTISED COST**			
4.1	**Long-Term Fixed Deposits**			
	Fixed Deposits - BOC - US $		1,336,691,522	1,330,875,229
	Fixed Deposits - PB & BOC		-	321,660,888
			1,336,691,522	1,652,536,117

Investments pledged as collaterals to obtain various financial assistance from the financial institutions are disclosed in note no. 29 to these financial statements.

5	**LONG TERM ADVANCES**			
	Advance to DESMI - Relocate CMF to Badalgama			
	Balance at the beginning of the year		72,074,094	36,594,780
	Transferred to Capital Work in Progress			
	Adjustment of exchange impact		-	35,479,314
	Balance at the end of the year		72,074,094	72,074,094

As detailed in note no 14 to these financial statements, establishment of a diary processing plant at Badalgama has been financed by a loan granted by the Treasury of the Government of Sri Lanka. On 22/10/2015, Treasury of Government of Sri Lanka made advance payment of an amount equivalent to EURO 19,180,692 (30% of the contract value)

6	**INVENTORIES**			
	Raw and Packing Materials	**6.1**	455,099,852	489,551,117
	Work-in-Progress		11,954,382	8,541,675
	Finished Goods		1,376,938,573	254,740,757
	Consumables	**6.2**	982,964,242	900,131,529
	Goods in Transit	**6.3**	24,647,289	13,290,623
	Kiri Sisilakaya mini cooler stock		9,871,432	9,871,432
	Provision for Inventory	**6.4**	(12,096,362)	(12,096,362)
			2,849,379,407	1,664,030,771

6.1	**Raw and Packing Materials**			
	Raw Materials - Dairy Production		107,234,216	133,968,243
	Packing Material		321,091,110	321,965,481
	Raw Milk Stock		23,214,896	26,561,452
	Bottle Cooler Stock		-	3,496,313
	Drugs and Other Stock		3,540,190	3,540,190
	Raw material- redundant items		19,439	19,439
			455,099,852	489,551,117

			As at 31st December, 2024 Rs.	As at 31st December, 2023 Rs.
6.2	**Consumables**			
	General Stores		59,985,147	84,985,663
	Engineering Stores		822,042,642	724,452,228
	Motor Stores		17,366,327	19,931,802
	Fuel and Lubricant Stores		67,044,615	54,236,325
	Milk Can Stock		16,525,511	16,525,511
			982,964,242	900,131,529
6.3	**Goods In Transit**			
	Finished Goods in Transit		12,230,983.83	7,916,849
	Goods in Transit Lab Equipment		125,798	125,798
	Raw Milk In Transit		7,297,296	3,030,495
	Yogurt Culture		4,993,211	2,217,481
			24,647,289	13,290,623
6.4	**Provision For Inventory**			
	Packing Material		(10,144,367)	(10,144,367)
	General Stores		(332,731)	(332,731)
	Engineering Stores		(1,523,655)	(1,523,655)
	Fuel Stores		(76,170)	(76,170)
	Raw materials		(19,439)	(19,439)
			(12,096,362)	(12,096,362)

6.5 Inventories pledged as collaterals to obtain various financial assistance from the financial institutions are disclosed in Note No. 29 to these financial statements.

7	**TRADE AND OTHER RECEIVABLES**			
	Trade Receivables	**7.1**	1,026,858,077	460,044,181
	Receivable from the Government of Sri Lanka	**7.2**	9,473,868	10,135,701
	Other Debtors		89,052,468	51,511,230
	Advances, Deposits and Prepayments		93,005,515	71,850,356
	Staff Debtors		195,834,838	191,718,278
	Import Control		7,582,827	81,662,350
	Interest receivables on fixed deposits		36,554,800	72,690,682
			1,458,362,393	939,612,780

		As at 31st December, 2024 Rs.	As at 31st December, 2023 Rs.
7.1	**Trade Receivables**		
	Total Debtors	1,082,648,521	510,957,806
	Less: Provision for Impairment	(55,790,443)	(50,913,625)
		1,026,858,077	460,044,181
7.2	**Receivable from the Government of Sri Lanka**		
	Receivable from the Ministry of Livestock and Development	9,379,534	10,041,368
	Receivable from Government of Sri Lanka - Milk Subsidiary	278,981,206	278,981,206
	Receivable from Parliament Affairs	94,333	94,333
		288,455,073	289,116,907
	Less: Provision for Impairment	(278,981,206)	(278,981,206)
		9,473,868	10,135,701
8	**INCOME TAX RECEIVABLE**		
	WHT Receivables	12,416,599	11,544,224
	ESC Receivables	-	0
		12,416,599	11,544,224
9	**CASH AND CASH EQUIVALENTS**		
	Balances at Banks	74,637,035	19,375,381
	Investments in call deposits	11,002	11,639
	Petty Cash in Hand	4,251,427	3,784,814
		78,899,464	23,171,834
10	**STATED CAPITAL**		
	Issued and fully paid — No of Shares 848,848,824	8,488,488,240	8,488,488,240

The cabinet paper "no: 21/0199/323/012 on Modernization project of Polonnaruwa, Ambewela and Digana dairy factories", dated 11.01.2021, which was presented by the Ministry of Agriculture was approved by the cabinet on 08.02.2021. Accordingly, it was approved to convert the loan on-lent to Milco (Pvt) Ltd amounting to Rs.8,169,034,183.39, as equity contribution of General Treasury.

The above share issue was completed during 2022 financial year.

11	**CAPITAL RESERVE**		
11.1	Acquisition and Upgrading of Plant and Machinery	25,000,000	25,000,000

The above Reserve is created from the Revenue Reserve during the year of 2008/2009 which would be utilized for acquisition of heavy plant and machinery such as power plant, sterilizer etc.

			As at 31st December, 2024 Rs.	As at 31st December, 2023 Rs.
12	**SINKING FUND**			
	Transferred from Retained Earnings		1,689,978	1,689,978
			1,689,978	1,689,978

The Sinking Fund created from the proceeds of the cans sold to the farmers. The said fund will be utilized to meet the financial requirement of purchases intended to issue on recovery basis to farmers in the future.

13	**DEFERRED TAX LIABILITY**			
	At the Beginning of the Year		-	-
	Charge (to)/from Statement of Comprehensive Income		-	-
	At the End of the Year		-	-
13.1	Tax effect on Temporary Difference on Property, Plant and Equipme		1,182,601,930	1,280,197,495
	Tax effect on Temporary Difference on Retirement Benefit Obligatio		(268,604,525)	(248,138,480)
	Less: Tax effect on Temporary Differences on Tax Losses		(1,787,980,130)	(1,819,237,465)
	Probable Deferred Tax Liability		(873,982,726)	(787,178,450)

Deferred tax assets amounting to LKR 873,982,726 have not been recognised in the financial statements as there are no sufficient taxable temporary differences or convincing evidence that sufficient taxable profits will be available against which the unrecognised deferred tax assets can be utilised by the Company.

14	**LOANS AND BORROWINGS**			
14.1	**Interest Bearing Borrowings**			
	Payable within One Year	**15.1.1 to 15.1.4**	(0)	(0)
	Payable after One Year	**15.1.1 to 15.1.4**	12,641,310,517	12,641,310,517
			12,641,310,517	12,641,310,517
14.1.1	**Gross Lease Creditor**			
	Balance at the Beginning of the Year		0	3,942,349
	During the Year Additions		-	-
	During the Year Payments		-	(3,942,349)
	Balance at the end of the Year		0	0
	Interest in Suspense			
	Balance at the Beginning of the Year		0	171,684
	On Lease Facility Obtained During the Year		-	-
	Amount Transferred to Statement of Comprehensive Income		-	(171,684)
	Balance at the End of the Year		0	0
	Net Liability		0	0
	Current Maturity Portion		0	0
	Long-Term Maturity Portion		-	-
			0	0

	As at 31st December, 2024 Rs.	As at 31st December, 2023 Rs.
14.1.2 Bank Loans and Borrowings		
Balance at the Beginning of the Year	(0)	44
Received During the Year	-	-
Less: During the Year Payments	-	(44)
Balance at the End of the Year	(0)	(0)
Current Maturity Portion	(0)	(0)
Long-Term Maturity Portion	-	-
	(0)	(0)

Assets pledged as collaterals to above loans and borrowings are disclosed in note no. 29 to these financial statements.

	As at 31st December, 2024 Rs.	As at 31st December, 2023 Rs.
14.1.3 Borrowings From Treasury of The Government of Sri Lanka		
Balance at the Beginning of the Year	12,641,310,517	12,641,310,517
Granted During the Year	-	-
Impact of error correction		
Converted to equity during the year	-	-
Balance at the End of the Year	12,641,310,517	12,641,310,517
Current Maturity Portion	-	-
Long-Term Maturity Portion	12,641,310,517	12,641,310,517
	12,641,310,517	12,641,310,517

(a) Milco (Pvt) Limited, on 15th May 2015, entered into an agreement with Desmi Contracting A/S, a company incorporated in Denmark, for establishment of a diary processing plant at Badalgama (The Project) of the company at a cost of Euro 63.9Mn.

Cabinet paper No.14/1399/511/001-i (Dated 9th October 2014) presented by the Ministry of Livestock and Rural Community Development on "Establishment of a Dairy Processing Plant at Badalgama" was approved by the Cabinet on 17th December 2014 and accordingly, authorized to the Department of External Resources to Borrow Euro 63.9mn from Export Credit Fund (EKF) of Denmark on the terms agreed upon by the Ministry of Livestock and Rural Community Development (Ref:MLRCD/03/15).

Subsequently, the Government of Sri Lanka entered in to an on-lending agreement behalf of the Milco (Private) Limited with Hongkong and Shanghai Banking Limited (HSBC) for the borrowings of Euro 63.9mn from the aforesaid party under the following conditions.

i. Repayment of principal, interest, commitment fee, structuring fee and other costs shall be made in Rupees to the Treasury of Government of Sri Lanka.

ii. An amount equivalent to Euro 2,234,919 is payable up-front as (Eksport Kredit Fonden/Export Credit Fund) EKF Premium.

iii. An amount equivalent to Euro 19,180,692.30 (30% of the contract value) has been paid to Desmi Contracting A/S by Milco (Pvt) Ltd as an advance payment in 2015 pursuant to the terms of contract

iv. Over due chargers at 2% per annum, in the event of default of payments.

Milco (Private) Limited has not signed the subsidiary loan agreement with General Treasury to the Government of Sri Lanka as yet.

		As at 31st December, 2024 Rs.	As at 31st December, 2023 Rs.
14.2	**Non-Interest Bearing Borrowings**		
	Long-Term Portion		
	National Milk Board	2,108,063	2,108,063
		2,108,063	2,108,063
15	**RETIREMENT BENEFIT OBLIGATION - GRATUITY**		
	Balance at the Beginning of the Year	764,118,281	664,633,454
	Current Service Cost	39,684,449	29,464,070
	Interest Cost	99,335,377	119,634,022
	(Gain)/ Loss from Changes in Assumption	5,355,797	32,107,308
	Payment Made During the Year	(81,032,292)	(81,720,572)
	Balance at the End of the Year	827,461,613	764,118,281

Messrs. Actuarial & Management Consultants (Private) Limited Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity using the projected unit credit method as at 31st December, 2024. Appropriate and compatible assumptions were used in determining the cost of retirement benefits.

The Principal Assumptions Used were as Follows:

Expected Salary Increment	10% p.a
Discount Rate	18.00% p.a
Staff Turnover Factor	5% p.a
Maximum Retirement Age	60 Years

Sensitivity of Assumptions Employed in Actuarial Valuation

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

The sensitivity of the statement of comprehensive income and statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

Increase/ (Decrease) in Discount Rate	Increase/ (Decrease) in Salary Increment Rate	Effect on Change to Statement of Comprehensive Income Rs.	Effect on Employee Benefit Obligation Rs.
1%	*	54,148,509	773,313,104
-1%	*	(60,935,897)	888,397,510
**	1%	(65,880,804)	893,342,417
**	-1%	59,331,254	768,130,359

* Salary Increment Rate 10% for the Company

** Discount Rate 12.00%

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER, 2024

		As at 31st December, 2024 Rs.	As at 31st December, 2023 Rs.
16	**GOVERNMENT GRANT**		
16.1	Balance at the Beginning of the Year	60,463,044	90,000,260
	Grant Received During the Year	11,886,564	0
	Grant Recognized to the Statement of Comprehensive Income During the Year	(42,301,948)	(29,537,216)
	Balance at the End of the Year	30,047,661	60,463,044
16.2	**Deferred Government Grant**		
	Grant of Samanthurai	36,401	182,001
	Grant of Thimilathive	45,000	225,000
	Grant of Milk Cans	-	114,392
	Grant of 14 Sales Outlets	168,750	243,750
	Grant of LCRD	9,600,349	12,800,465
	Govt Granrs -Ministry - Milk chillers	1,200,000	52,776
	Grants of Bottle Coolers under DESMI Project	13,387,500	36,337,500
	Grant of Refrigerant Recovery Machine	354,411	474,411
	Grants of Milk Analysers	5,255,250	10,032,750
		30,047,661	60,463,044
17	**TRADE AND OTHER PAYABLES**		
	Trade Creditors	328,125,832	282,609,712
	Expense Creditors	1,015,802,728	448,916,135
	Other Payables	376,170,623	106,162,379
		1,720,099,183	837,688,227
18	**BANK OVERDRAFTS**		
	Bank of Ceylon	1,747,193,271	1,530,454,595
	People's Bank	46,174,012	22,705,290
		1,793,367,283	1,553,159,885

		For the Year Ended 31st December, 2024 Rs.	For the Year Ended 31st December, 2023 Rs.
19	**REVENUE**		
	Gross Sales	15,988,443,418	15,075,401,807
		15,988,443,418	15,075,401,807
20	**OTHER INCOME**		
	Surcharges on Returned Cheques	3,197,293	5,284,457
	Non Refundable Deposit	233,500	75,500
	Non Refundable tender Deposit	243,000	436,000
	Differed Income	42,301,948	29,537,216
	Registration of Suppliers	4,635,000	3,629,000
	Sundry Income	1,008,641	6,001,451
	Exchange Gain	-	-
	Fines & Surcharges	508,832	769,579
	Rental Income	1,127,119	1,684,608
	Sale of Unserviceable Items	2,340,961	1,185,768
	Disposal gain	7,611	1,268,649
	SSCL on Other Income	(77,923)	-
		55,525,982	49,872,228
21	**FINANCE INCOME**		
	Interest on Call/Fixed Deposit - Local	20,793,049	43,217,366
	Interest on Fixed Deposit - Foreign Currency (USD)	114,437,652	124,359,900
	Interest on Staff Loans	8,305,275	7,665,693
		143,535,976	175,242,958
22	**FINANCE COSTS**		
	Interest on Finance Lease	-	171,684
	Interest on Loans	-	-
	Interest on Bank Overdrafts	241,983,786	323,947,216
	Exchange losses	144,857,174	111,126,964
		386,840,960	435,245,864

			As at 31st December, 2024	As at 31st December, 2023
			Rs.	Rs.
23	**INCOME TAX EXPENSES**			
	Current Income Tax Provision	**24.1**	-	-
	Deferred Tax Charge for the Year	**14**	-	-
			-	-

			2024	2023
23.1	Accounting Profit Before Taxation		(43,148,957)	(469,384,394)
	Less:	Income Considered Separately	(143,543,587)	(176,511,607)
		Profit from Trade or Business	(186,692,544)	(645,896,002)
	Less:	Net allowable and Disallowable Eexpenses for Tax Purpose	178,030,859	178,030,859
		Business (Loss)/Profit Applicable Taxation	(8,661,685)	(467,865,143)
		Tax Rate	30%	30%
		Exempt Other Income	114,437,652	124,359,900
		Liable Other Income	29,105,935	52,151,708
		Tax Rate	30%	30%
		Tax on Chargeable Profit or Income	6,133,275	- 124,714,030
		Tax Effect on Deductions	(6,133,275)	124,714,030
		Provision for the Year (Tax on Adjusted Income)	-	-

24 EARNINGS/(LOSS) PER ORDINARY SHARE

Basic Earning Per Share is calculated by dividing the net profit/(loss) attributable to equity holders of the company by the weighted average number of ordinary shares in issue.

	2024	2023
	Rs.	Rs.
Net Profit/(loss) Attributable to Ordinary Shares	(48,504,754)	(501,491,702)
Weighted Average Number of Ordinary Share	848,848,824	848,848,824
	(0.06)	(0.59)

24.1 Diluted Earnings Per Share

There is no potentially diluted ordinary share of the company and as a result, the diluted earnings per share is the same as basic earnings (loss) per share as shown above.

25 UNRECOGNIZED CONTRACTUAL COMMITMENTS

There have been no capital commitments contracted but not provided for, or authorized by the board but not contracted for, outstanding as at the reporting date except as detailed below.

26 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

26.1 Contingent Liabilities

There are no contingent liabilities as at the reporting date, except following.

01. Certain employees have filed cases in the labor Tribunal against the Company Claiming back wages,re-instatement ...etc. for arbitration and also fundamental rights against the company.

    Since a reliable estimate of the amounts which will be resulting a future cash out flow can not be made and the out come is unknown, a provision had not been made in the accounts in respect of above contingencies.

02. Milco (Pvt) Ltd had contracted M/S Super Neat Technology (Pvt) Ltd for procurement of UPS (uninterrupted power supply) to Ambewela Milk Factory, for a consideration of Rs.94,906,281.25 in 2018. However, subsequently in 2019, the Board of Directors of Milco (Pvt) Ltd has decided to cancel the tender on the ground of inadequate funds to pay supplier and some flaws noted in the procurement process.

    Following the above, the supplier, M/S Super Neat Technology (Pvt) Ltd filed a case against Milco (Pvt) Ltd in 2019 to recover the losses incurred by them due to cancelation of tender. Legal proceedings are in-progress as of the reporting date and no provision has been made in the financial statements as a reliable estimation can not be made on the same..

26.2 Contingent Assets

There are no contingent assets as at the reporting date.

27 RELATED PARTY DISCLOSURE

27.1 Substantial Shareholding and Ultimate Ownership

The company is a wholly owned government enterprise, which holds 100% ordinary shares of the company.

27.2 Key Management Personnel Information

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company as well as its related parties, directly or indirectly, including any director (whether executive or otherwise) of the company.

The remunaration of directors and other members of key management during the year were as follows:

	For the Year Ended 31st December 2024	For the Year Ended 31st December 2023
Short-term employee benefits	2,748,167	3,645,549

27.3 Related Party Transactions

As per the declaration made by the directors of the company, there were no significant related party transactions taken place throughout the period which would require to be disclosed as per Sri Lanka Accounting Standards.

28 COMPARATIVE INFORMATION

Comparative figures have been re-classified where necessary in line with the presentation requirements for the current year.

29 ASSETS PLEDGED AS COLLATERALS

Following assets have been pledged as security against loans

Nature of Liabilities The Name of Bank	Loan / Facility Granted Rs.	Balance Outstanding As At 31.12.2024 Rs.	Balance Outstanding As At 31.12.2023 Rs.	Repayment	Assets Pledged
Bank Overdraft facility provided by Bank of Ceylon	1,200,000,000	(985,140,802)	(798,053,359)	On Demand	Fixed Deposits Amounting US$ 4,635,977.95 of Bank of Ceylon.
Bank Overdraft facility provided by Bank of Ceylon	600,000,000	(600,000,000)	(600,000,000)	On Demand	Stock in trade movables and effect of the obligation including stocks of packing materials and finished goods and other moveable property lying in and upon or stored at No. 45, Nawala Road, Narahenpita in the district of Colombo, Western Province and present and or future book debts of the company.

30 EVENTS AFTER THE REPORTING DATE

There have been no material events that occurred between the reporting date and the date on which the financial statements were authorized for issue that require adjustments to, or disclosures in the Financial Statements.

31 FAIR VALUE OF FINANCIAL INSTRUMENTS

31.1 Fair Value of the Financial Instrument Carried at Amortized Cost

Set out below is a comparison, by class, of the carrying amounts and fair values of the company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and liabilities.

	Carrying Amount Rs.	Fair Value Rs.
Financial Assets		
Financial Instrument - Amortised cost	1,336,691,522	1,336,691,522
Trade and Other Receivables	1,458,362,393	1,458,362,393
Cash and Cash Equivalents	78,899,464	78,899,464
Total Financial Assets	2,873,953,380	2,873,953,380
Financial Liabilities		
Trade and Other Payables	1,720,099,183	1,720,099,183
Interest Bearing Loans and Borrowings	(0)	(0)
Payable to the Treasury of Government of Sri Lanka	12,641,310,517	12,641,310,517
Bank Overdraft	1,793,367,283	1,793,367,283
Total Financial Liabilities	16,154,776,984	16,154,776,984

31.2 Fair Value of Financial Assets and Liabilities Not Carried at Fair Value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not recorded at fair value in the financial statements.

31.3 Assets for which fair Value Approximate Carrying Value

For the financial assets and financial liabilities that have a short-term maturity, it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to demand deposits and call deposits without a specific maturity period.

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

32.1 Introduction

Risk is inherent in the company's activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the company's continuing profitability and each individual within the company is accountable for the risk exposures relating to his or her responsibilities.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Board has delegated its authority to its key management personnel who are responsible for developing and monitoring company's risk management policies.

Principal Financial Instruments

The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:

Instrument

- Trade Receivables
- Cash and Cash Equivalents
- Trade and Other Payables
- Bank Overdrafts
- Bank Loans

32.2 Credit Risk – Default Risk

Credit risk is risk arising due to the uncertainty in counterparty's ability to meet its obligations. The risk of loss of principal or loss of a financial reward stemming from a borrower's failure to repay a loan or otherwise meets a contractual obligation.

32.3 Liquidity Risk and Funding Management

Liquidity risk refers to the possibility of company not having sufficient cash to meet its payment obligations. This arises primarily due to mismatches in the maturity profile of company’s assets and liabilities. Adequate liquidity is critical to meet the company’s financial commitment and to accommodate additional funding needs of the growing business volumes.

The company’s primary objective in liquidity risk management is to ensure adequate funding for its businesses throughout market cycles.

32.3.1 Analysis of Financial Assets and Liabilities by Remaining Contractual Maturities

Company	On Demand Rs.	Less than 2 Months Rs.	2 to 12 Months Rs.	1 to 5 Years Rs.	Over 5 Years Rs.	Total Rs.
Financial Instrument - Held to Maturity	-	-	1,336,691,522	-	-	1,336,691,522
Trade and Other Receivables	-	1,458,362,393	-	-	-	1,458,362,393
Cash and Cash Equivalents	78,899,464	-	-	-	-	78,899,464
Total Financial Assets	78,899,464	1,458,362,393	1,336,691,522	-	-	2,873,953,380
Financial Liabilities						
Trade and Other Payables	-	1,720,099,183	-	-	-	1,720,099,183
Interest Bearing Loans and Borrowings	-	(0)	-	-	-	(0)
Payable to the Treasury of Government of Sri Lanka	-	-	-	-	12,641,310,517	12,641,310,517
Bank Overdraft	1,793,367,283	-	-	-	-	1,793,367,283
Total Financial Liabilities	1,793,367,283	1,720,099,183	-	-	12,641,310,517	16,154,776,984
Total Net Financial Assets/ (Liabilities)	(1,714,467,819)	(261,736,790)	1,336,691,522	-	(12,641,310,517)	(13,280,823,604)

32.4 Interest Rate Risk

Interest rate risk is a key constitute of the market risk exposure of the company due to adverse and unanticipated movements in future interest rate which arises from core business activities; granting of credit facilities, accepting deposits and issuing debt instruments.

As of the reporting date, the company has no interest rate sensitive financial assets or financial liabilities.

MILCO (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2024

	Note	For the Year Ended 31st December, 2024 Rs.	For the Year Ended 31st December, 2023 Rs.
Revenue		15,988,443,418	15,075,401,807
Cost of Sales	I	(14,042,227,294)	(13,551,223,100)
Gross Profit		1,946,216,123	1,524,178,706
Other Operating Income	II	55,525,982	49,872,228
		2,001,742,105	1,574,050,935
Administrative Expenses	III	(1,283,443,561)	(1,278,077,757)
Distribution Expenses	IV	(490,726,156)	(466,779,038)
Other Expenses	V	(27,416,361)	(38,575,628)
Profit/ (Loss) from Operations		200,156,027	(209,381,488)
Finance Income	VI	143,535,976	175,242,958
Finance Expenses	VII	(386,840,960)	(435,245,864)
Net Profit/ (Loss) Before Taxation		(43,148,957)	(469,384,394)
Income Tax Expenses		-	-
Net Profit/(Loss) for the Year after Taxation		(43,148,957)	(469,384,394)

MILCO (PVT) LTD
DETAIL NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2024

		For the Year Ended 31st December, 2024 Rs.	For the Year Ended 31st December, 2023 Rs.
I.	**COST OF SALES**		
	Cost of Purchase of Raw Milk	8,763,648,037	6,151,761,085
	Chilling Cost	489,344,901	496,889,613
	Development Cost	471,487,508	432,483,139
	Bowser Cost	353,049,966	378,806,895
	Cost of Other Raw Materials	2,156,546,565	2,589,773,895
	Total Cost of Raw Materials	12,234,076,977	10,049,714,627
	Cost of Packing Materials	1,350,944,928	1,970,004,496
	Cost of Processing and Packing Labor	618,769,495	580,918,687
	Prime Cost	14,203,791,400	12,600,637,810
	Energy Cost		
	Furnace Oil	649,659,228	655,293,258
	Electricity	317,889,773	394,283,295
	Diesel	28,409,983	28,173,952
	Water	33,786,641	39,165,287
	Other Energy Cost	180,427	251,144
	Total Energy Cost	1,029,926,051	1,117,166,936
	Other Consumables		
	Lab Chemicals	16,936,067	15,715,332
	Detergent & Cleaning Material	65,606,302	99,901,879
	Wages and Staff Welfare of Factory Staff	535,075,208	518,251,290
	Marginal Cost	15,851,335,029	14,351,673,248
	Factory Overheads		
	Depreciation of Plant and Machinery	360,596,601	365,026,332
	Repairs and Maintenance of Plant and Machinery	225,812,067	229,171,973
	Repairs and Maintenance of Buildings	4,107,415	6,769,626
	Transport	432,600	558,975
	Sundry production overheads	7,489	6,040
	Insurance	33,895,135	21,052,299
	Total Factory Overheads	624,851,307	622,585,246
	Total Cost of Production	16,476,186,336	14,974,258,494
	Net Stock/ Transfer Adjustments on Finish Goods	(2,433,959,042)	(1,423,035,394)
		14,042,227,294	13,551,223,100

MILCO (PVT) LTD
DETAIL NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2024

		For the Year Ended 31st December, 2024 Rs.	For the Year Ended 31st December, 2023 Rs.
II.	**OTHER INCOME**		
	Surcharges on Returned Cheques	3,197,293	5,284,457
	Non Refundable Deposit	233,500	75,500
	Non Refundable tender Deposit	243,000	436,000
	Differed Income	42,301,948	29,537,216
	Registration of Suppliers	4,635,000	3,629,000
	Sundry Income	1,008,641	6,001,451
	Exchange Gain	-	-
	Fines & Surcharges	508,832	769,579
	Rental Income	1,127,119	1,684,608
	Sale of Unserviceable Items	2,340,961	1,185,768
	Disposal gain	7,611	1,268,649
	SSCL on Other Income	(77,923)	-
		55,525,982	49,872,228
III.	**PERSONNEL EXPENSES**		
	Staff Salaries	314,543,110	314,505,485
	Staff Allowances	24,362,012	25,456,104
	Contributions to Employees' Provident Fund	34,261,834	33,142,257
	Contributions to Employees' Trust Fund	8,614,411	8,313,431
	Provision for Defined Benefit Plans - Gratuity	33,629,536	35,545,987
	Overtime	8,257,250	16,865,575
	Staff Bonus	-	-
	Casual Wages	11,953,123	11,385,793
	Incentives	1,566,532	1,834,460
	Leave Payment	1,144,996	1,102,628
	Transport Allowance	5,385,047	6,512,955
	Fuel Allowances	27,648,794	29,073,479
	Staff Training	1,671,699	2,848,189
	Medical expenses	2,126,162	2,392,669
	Death Donation	505,100	463,500
	Gift Vouchers	395,300	-
	Staff Welfare	80,385,062	79,133,124
	Mid day Meals Allowance	1,537,521	2,846,017
	Field Allowance	57,300	18,900
	Uniform	2,081,026	1,489,768
	Telephone Allowances	270,000	261,167
	Professional allowance	3,268,727	4,536,100
		573,928,572	577,727,589

MILCO (PVT) LTD DETAIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2024	For the Year Ended 31st December, 2024 Rs.	For the Year Ended 31st December, 2023 Rs.
III.I ADMINISTRATION AND ESTABLISHMENT EXPENSES		
Repairs and Maintenance	35,053,778	45,695,229
Directors Expense	2,748,167	3,645,549
Travelling	4,568,541	5,220,142
Garden Maintains	24,773,087	19,248,477
Bank Charges	7,094,697	6,208,191
Bungalow Expenses	2,453,412	143,498
Quality Control Expenses	2,907,760	1,754,792
Depreciation on Property, Plant and Equipment	49,025,530	53,873,882
Legal Charges	4,618,244	8,115,072
Printing and Stationary	13,960,503	17,104,354
Security Charges	61,181,779	67,592,594
PEST control	2,557,210	1,343,850
Sundry Expenses	352,639	876,771
Electricity expenses	25,087,695	29,907,350
Water expenses	1,615,535	1,588,398
Rent & Rates	21,204,700	20,430,116
Stamp Expenses	174,425	37,237
Postege Expenses	578,002	460,196
Advertisment	2,691,640	1,814,828
News Papers & Periodicals	886,570	901,140
Vehicle License	302,190	193,910
Vehicle Hiring	5,634,738	7,106,561
Accounting & Auditing expenses	3,574,442	3,914,546
Consultancy Charges	1,938,040	3,026,712
Insurance	36,792,177	19,172,956
Fuel Expenses	39,927,245	41,439,854
DESMI Project Expenses	10,349,421	11,252,474
Telephones Expenses	6,347,944	5,713,481
ESC - Write Off	-	-
Entertainment Expenses	-	855,257
Charity and donations	-	-
Social Security Contribution Levy (SSCL)	339,614,767	320,297,738
Internet and network chargers	383,744	746,014
Vehicle tracking system maintenance fee	686,250	669,000
	709,514,989	700,350,168
Total Administration Expenses	1,283,443,561	1,278,077,757

MILCO (PVT) LTD DETAIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2024		For the Year Ended 31st December, 2024 Rs.	For the Year Ended 31st December, 2023 Rs.
IV.	**SELLING AND DISTRIBUTION EXPENSES**		
	Advertisements and Sales Promotion	115,455,993	95,841,314
	Sales division salaries	15,457,877	15,025,628
	Transport Expenses	133,411,737	137,636,753
	Sales Commission/Discount	51,540,697	48,510,689
	Warehousing Chargers	972,308	1,050,187
	OutLet Expense	137,296,563	144,792,535
	Repair & Maintanance of Motor Vehicle	2,912,481	3,413,394
	Repairs & Maintenance of Bottle Coolers	283,745	918,773
	VAT reimbursement for Distributors	8,617,007	-
	Bad and Doubt Full Debts	4,876,819	-
	Fuel	8,800,983	6,380,650
	Free issues and write off of Finish Goods	11,099,946	13,209,114
		490,726,156	466,779,038
V.	**OTHER EXPENSES**		
	Stock write-off/free issue- Finish goods	6,215,623	35,223,778
	Discarded Milk	10,039,208	2,874,225
	Stock write-off- Raw & packing materials	5,893,549	-
	Default Tax on Vat	5,058,800	-
	Expenses on Kiri Sisilakaya project	209,182	477,625
		27,416,361	38,575,628
VI.	**FINANCE INCOME**		
	Interest on call/fixed deposit	20,793,049	43,217,366
	Interest on Fixed Deposit - Foreign Currency (USD)	114,437,652	124,359,900
	Interest on Distress Loan	8,039,701	7,447,573
	Interest on Motor Cycle Loan	265,574	218,120
		143,535,976	175,242,958
VII.	**FINANCE COSTS**		
	Interest on Bank Overdrafts	241,983,786	323,947,216
	Lease Interest	-	171,684
	Exchange losses	144,857,174	111,126,964
		386,840,960	435,245,864