

A POSITION OF
PROGRESS





A POSITION OF PROGRESS

At Chemanex PLC, progress is not pursued in haste. It is shaped with balance; by knowing when to advance, and when to hold our ground.

We are balanced in ambition. Our performance this year reflects a steady strengthening of our foundation, not through sudden shifts, but through measured expansion and thoughtful evolution. From our roots in generic chemicals to our growing presence in specialised solutions, we have broadened our portfolio with clarity and control.

We are balanced in our pursuit of opportunity. Every move we make is considered. Each step forward is assessed with care, ensuring that drive is matched with stability, and growth with resilience. As we extend into new spaces, we continue to reinforce what has long defined us: reliability, discipline, and depth of experience.

Anchored in our heritage, we move forward with boldness and confidence.

True progress, for us, is about moving ahead, and about being in the right position to do so.



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Our Vision and Our Values

Our Vision

To be a leading corporate in manufacturing and distributing value-added speciality compounds and intermediates.

Chemanex at a Glance

- ⊙ **Estate Chemicals**
Supply chemicals for rubber estates.
- ⊙ **Rubber**
Supply raw materials for dry rubber product manufacturing industries.
- ⊙ **Home and Personal Care**
Supply additives to manufacture hair/skin/ home care products.
- ⊙ **Coatings**
Supply colour pigments and additives for paint and ink industries.
- ⊙ **Packaging / Food Additives**
Supply starches and related accessories for corrugated industry and additives for the food manufacturing.

Our Values

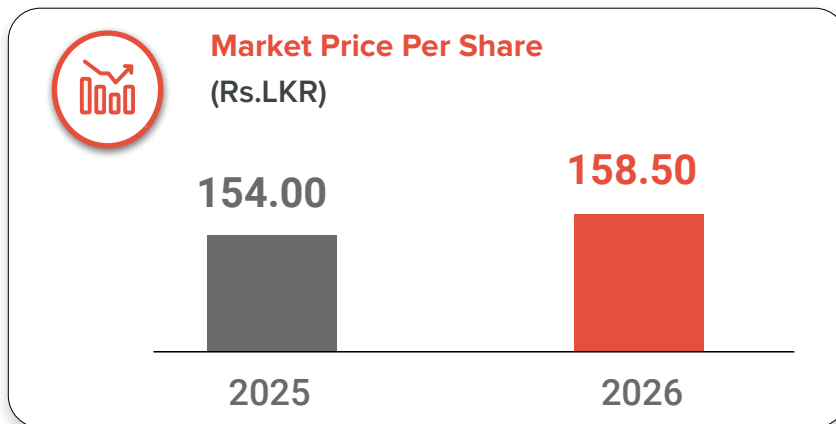
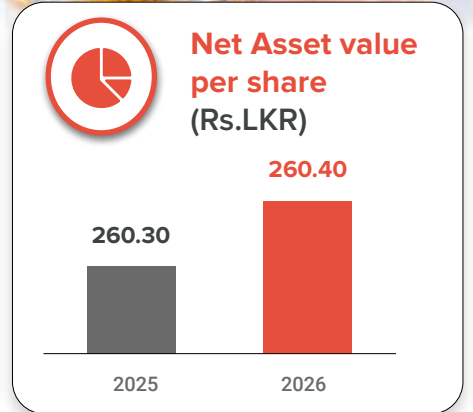
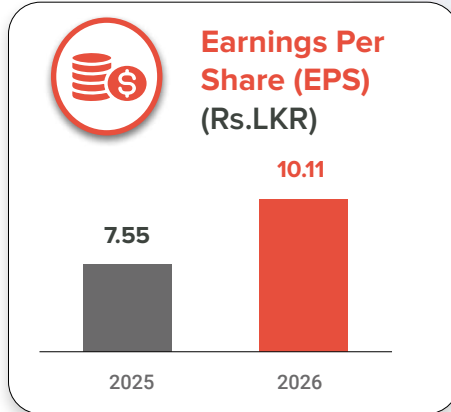
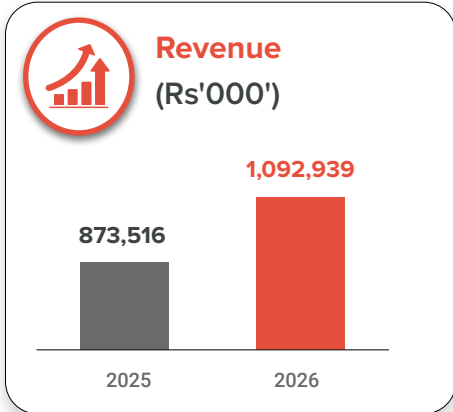
- ⊙ Daring to Envision and Innovate
- ⊙ Commitment towards Excellence
- ⊙ One Family Unbroken
- ⊙ A Deep-Rooted Culture of Professional Ethics
- ⊙ Sustainability as Strength



Financial Highlights

| Year ended 31, March | | Company | | | Group | | |
|--|--------------|------------------|------------------|-------------|------------------|------------------|-------------|
| | | 2026 Rs. '000 | 2025 Rs. '000 | Change % | 2026 Rs. '000 | 2025 Rs. '000 | Change % |
| Earnings Highlights & Ratios | | | | | | | |
| Revenue | Rs.'000s | 1,092,939 | 873,516 | 25.12 | 1,092,939 | 873,516 | 25.12 |
| Profit before Tax | Rs.'000s | 198,935 | 155,953 | 27.56 | 199,080 | 156,101 | 27.53 |
| Taxation | Rs.'000s | 45,330 | 38,527 | 17.66 | 45,330 | 38,527 | 17.66 |
| Profit attributable to Equity Holders | Rs.'000s | 153,604 | 117,426 | 30.81 | 163,280 | 118,651 | 37.61 |
| Total Comprehensive Income for the year | Rs.'000s | 155,554 | 495,434 | (68.60) | 168,480 | 499,424 | (66.27) |
| Dividends | Rs.'000s | 117,802 | 39,268 | 199.99 | 117,802 | 39,268 | 199.99 |
| Earnings per Share | Rs. | 9.51 | 7.48 | 27.21 | 10.11 | 7.55 | 33.82 |
| Dividend Cover | No. of Times | 1.30 | 2.99 | (56.40) | 1.39 | 3.02 | (54.13) |
| Return on Shareholder's Equity | % | 3.74 | 2.94 | 27.48 | 3.88 | 2.90 | 33.77 |
| Pre-tax Return on Shareholder's Equity | % | 4.85 | 3.90 | 24.31 | 4.73 | 3.82 | 23.97 |
| Return on Assets | % | 3.33 | 2.64 | 25.83 | 3.51 | 2.66 | 32.03 |
| Interest Cover | No. of Times | 8.04 | 8.24 | (2.39) | 8.05 | 8.25 | (2.41) |
| Working Capital Cycle | days | 107 | 146 | (26.28) | 107 | 146 | (26.28) |
| Balance Sheet Highlights & Ratios | | | | | | | |
| Total Assets | Rs.'000s | 4,616,570 | 4,440,972 | 3.95 | 4,647,052 | 4,458,188 | 4.24 |
| Total Debts | Rs.'000s | 159,425 | 208,719 | (23.62) | 159,425 | 208,719 | (23.62) |
| Shareholder's Funds | Rs.'000s | 4,103,916 | 3,999,409 | 2.61 | 4,206,087 | 4,088,616 | 2.87 |
| No. of Shares in Issue | 000s | 16,152 | 15,707 | 2.83 | 16,152 | 15,707 | 2.83 |
| Net Assets per Share | Rs. | 254.08 | 254.62 | (0.22) | 260.40 | 260.30 | 0.04 |
| Debt/Equity | % | 3.88 | 5.22 | (25.56) | 3.79 | 5.11 | (25.75) |
| Debt/Total Assets | % | 3.45 | 4.70 | (26.52) | 3.43 | 4.68 | (26.72) |
| Current Ratio | No. of Times | 10.84 | 10.17 | 6.56 | 13.55 | 12.37 | 9.59 |
| Market/Shareholder Information | | | | | | | |
| Market Price per Share | Rs. | 158.50 | 154.00 | 2.92 | 158.50 | 154.00 | 2.92 |
| Market Capitalisation | Rs.'000s | 2,560,148 | 2,418,926 | 5.84 | 2,560,148 | 2,418,926 | 5.84 |
| Price Earnings Ratio | No. of Times | 16.67 | 20.60 | (19.09) | 15.68 | 20.39 | (23.09) |
| Dividend proposed Share | Rs. | 2.50 | 7.50 | (66.67) | 2.50 | 7.50 | (66.67) |
| Dividend Payout | % | 78.87 | 33.44 | 135.84 | 74.19 | 33.09 | 124.18 |
| ROCE | % | 5.47 | 4.40 | 24.26 | 5.34 | 4.31 | 23.94 |

Performance Highlights



Coating Chemicals

Estate Chemicals

Latex & Plastic Chemicals

Home & Personalcare Chemicals

Food and Packaging Chemicals

Rubber Chemicals

Chairman's Review



“The Company continues to operate with a deliberately lean and agile organisational structure, demonstrating that scale need not be synonymous with complexity. This operating model has allowed the Company to maintain speed of execution, preserve accountability and deploy capital with discipline.”

Dear Shareholders,

It is my privilege to present the Annual Report and Financial Statements of Chemanex PLC for the year under review. This has been a year of purposeful progress, marked by strong operational execution, continued strategic transformation and the cementing of our credentials as a trusted technical partner to industry. Against a backdrop of stabilising macroeconomic conditions and evolving industrial demand dynamics, Chemanex has demonstrated a clear capability to translate emerging opportunities into sustained value creation for shareholders.

Value Creation and Performance

The financial year under review was characterised by a measured yet encouraging stabilisation in Sri Lanka's macroeconomic environment. The economy recorded a growth of 5% in 2025, exceeding the expectations of many independent and external observers, including multilateral agencies that had initially projected a more subdued growth trajectory. Industrial activity emerged as the principal engine of this recovery, expanding by an estimated 6%, while agricultural performance remained comparatively moderate. The gradual stabilisation of industrial output, improved working capital amongst customer industries and improving business confidence collectively contributed to stronger market momentum.

These developments created favourable demand conditions for Chemanex, whose core business is centred on supplying industrial raw materials and technical chemical solutions to manufacturing and allied sectors. However, it is important to emphasise that the performance during the year cannot be explained solely by cyclical economic improvement, as the Company grew at a pace that significantly exceeded both the broader economy and the industries it serves. This outperformance reflects the strength of our operating philosophy and the discipline with which it has been executed. The Company's ability to anticipate customer requirements, engage deeply with technical decision-makers and present meaningful alternatives ahead of demand has enabled it to participate in market growth and shape it.

The ambition is clear: to strengthen Chemanex's position as a trusted technical partner to industry and progressively advance towards market leadership within its chosen domains.

Financially, the year marked a period of notable advancement. Revenue increased by approximately 20%, representing a meaningful acceleration compared to the 10% growth achieved in the previous financial year. Profitability expanded at an even stronger pace. Operating profit rose by 23%, while net profitability increased by 27% year-on-year. The fact that earnings growth exceeded revenue expansion is indicative of improved product mix, stronger cost discipline and enhanced operational leverage. It also reflects the increasing maturity of the Company's commercial model and the effectiveness of its execution capabilities.

Strategic Transformation and Product Portfolio Evolution

A central contributor to this progress has been the continued transformation of Chemanex's product portfolio. Over several years, the Company has pursued a deliberate strategy of transitioning from generic, price-sensitive chemical offerings towards more specialised, performance-oriented solutions that require deeper technical engagement and sustained customer collaboration. During the year, speciality products accounted for approximately 50% of business volumes, compared to 30% in the previous financial period. This represents a structural shift in the Company's value proposition. The strategic intent is to increase this contribution further to approximately 60% in the coming year, thereby strengthening margins, improving resilience to price volatility and reinforcing competitive differentiation.

Supplier partnerships also strengthened meaningfully during the year. It is noteworthy that Chemanex received

multiple honours at a major international partner forum, including recognition as Best Partner of the Year, Best Collaborator of the Year and Star Performer of the Year.

These accolades reflect the credibility the Company has built within global supplier networks and its reputation as a technically capable, commercially reliable and strategically aligned market interface.

Customer Partnerships and Market Positioning

Customer engagement remains at the heart of the Company's operating model. Chemanex's teams maintain continuous dialogue with industrial clients to understand immediate procurement requirements as well as broader formulation challenges, innovation priorities and cost optimisation imperatives. The Company supports customers in refining production processes, improving product performance and navigating input volatility. Over time, these engagements have evolved into enduring partnerships built on trust and mutual value creation. It is this relational strength that enables Chemanex to anticipate demand cycles more effectively than many competitors.

Lean Operating Model and Organisational Agility

The Company continues to operate with a deliberately lean and agile organisational structure, demonstrating that scale need not be synonymous with complexity. Back-office services such as Finance and Human Resource Management are obtained from CIC Holdings PLC on a transparent arm's-length basis, ensuring both cost efficiency and governance integrity. This operating model has allowed the Company to maintain speed of execution, preserve

Chairman's Review

accountability and deploy capital with discipline. As business volumes expand and technical complexity increases, management will evaluate

opportunities to further strengthen information technology capabilities to support data-driven decision-making and enhance responsiveness.

Governance, Risk and Sustainability

Chemanex continued to focus on good governance complying with applicable rules and standards as well as best practice.

The company continued to adopt a prudent approach to risk, closely monitoring both domestic and global developments, including sectoral disruptions and geopolitical uncertainties, to ensure business resilience and informed decision-making.

Environmental, Social and Governance (ESG) considerations are gaining increasing relevance across industrial value chains. While Chemanex's ESG journey is still evolving, important foundational steps were taken during the year. Such interventions, though modest, signal a growing organisational recognition of the importance of inclusive development and responsible corporate citizenship.

From an environmental and supply chain perspective, greater emphasis has been placed on supplier evaluation and responsible sourcing practices. Enhanced due diligence processes are being progressively implemented to ensure that the raw materials supplied to customers meet appropriate safety and environmental benchmarks. These initiatives form part of a broader phased approach aligned with group-level sustainability priorities and will continue to gain structure and depth in the years ahead.

Human capital development remained a key area of focus. Training inputs were increased compared to the prior year, reflecting the technical intensity of the Company's operations. Selected high-potential employees were enrolled in leadership development programmes conducted by the Postgraduate Institute of Management, aimed at strengthening managerial capability, strategic thinking and

organisational stewardship. As Chemanex grows, investments in people will remain essential to sustaining performance momentum.

Creating Wealth

Beyond its core distribution business, the Company continues to manage a portfolio of strategic investments designed to enhance shareholder value. The investment in Rainforest Ecolodge has begun to benefit from improvements in management practices and the gradual revival of tourism flows.

While global uncertainties necessitate caution, the medium-term outlook for this asset remains encouraging. The Company's investment in CIC Feeds Pvt Ltd, a growing enterprise within the animal nutrition sector, reflects confidence in businesses with resilient domestic demand fundamentals.

Moreover, Chemanex maintains a diversified portfolio of listed equity investments that has generated competitive returns relative to alternative instruments. The current allocation is considered broadly optimal, with only marginal adjustments anticipated in response to market developments. The twofold increase in both sales and profitability augurs well for the Company's prospects in the year ahead.

Future Outlook

Looking ahead, Chemanex intends to remain firmly aligned with the strategic trajectory articulated in recent years. The progress achieved during the year validates the effectiveness of this direction. The Company will continue to deepen customer engagement, accelerate the shift towards speciality product segments and pursue disciplined growth in both revenue and profitability. The ambition is clear: to strengthen Chemanex's position as a trusted technical partner to industry and progressively advance towards market leadership within its chosen domains.

Notwithstanding the year's strong performance, emerging risks must be acknowledged. Towards the latter part of the financial year, disruptions affecting segments of the manufacturing sector began to surface, creating pockets of operational uncertainty. Furthermore,

geopolitical tensions, including the escalation of conflict involving the US, Israel and Iran introduced additional volatility into global supply chains and commodity markets. While the magnitude of impact remains difficult to quantify, the Company remains vigilant in monitoring developments and maintaining operational resilience.

Appreciation

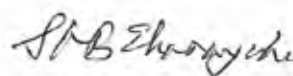
The year was marked by a profound loss with the tragic passing of our former Chairman, Mr. Rimoe Saldin, whose decade of leadership coincided with a defining phase in the Company's evolution. His steady guidance during a period of restructuring and consolidation helped stabilise the business and lay the foundations for its subsequent growth trajectory. In recognition of his enduring contribution, the Board conveyed its appreciation to his family. His legacy continues to influence the organisation as he was a source of inspiration for all the employees in the group who had the privilege of working with him. His presence and counsel will be deeply missed.

In closing, I extend my sincere gratitude to fellow directors, management, customers, principals and shareholders for their continued confidence and support.

I would also like to acknowledge the exceptional commitment demonstrated by our team throughout the year. Their high level of engagement and professionalism has been instrumental in sustaining performance momentum.

Appreciation is also due to the Company's former Chief Financial Officer for her contribution in strengthening financial discipline and supporting strategic execution during her tenure.

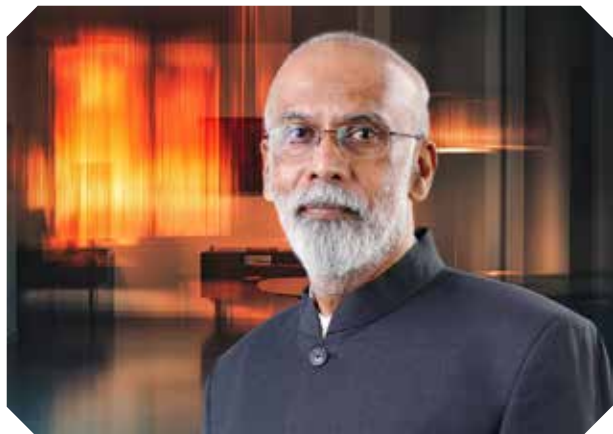
Chemanex enters the new financial year with strengthened capabilities, a clear strategic compass and a firm belief in its ability to create sustained value.



S A B Ekanayake
Chairman

26th May 2026

Board of Directors



S A B Ekanayake
Non-Executive Chairman



R P Bandaranayake
Non-Executive Independent Director



W P Madawanarachchi
Non-Executive Non-Independent Director



T K D A P Samarasinghe
Non-Executive Independent Director



P A Seresinhe
Non-Executive Non-Independent Director



S A B P W M R R W T Wegodapola
Company Secretary

Board of Directors

S A B Ekanayake

Non-Executive Chairman

Dr. Anura Ekanayake was appointed to the Chemanex Board on 29th August 2016 and appointed as the Chairman on 16th January 2026.

He is a former Chairman of the Ceylon Chamber of Commerce, the Industrial Association of Sri Lanka and the International Natural Rubber Council. He has had an illustrious career in public service serving as a Senior Economist of the Mahaweli Authority, Director on the Boards of the State Plantations Corporation and JEDB, Director of Planning to the Ministry of Plantation Industries and Director General of the Ministry of Public Administration. He left his two decade long public service and joined Unilever Sri Lanka and served as Director – Human Resources and Corporate Relations for 8 years. He serves at present on a number of boards namely, Link Natural Products (Pvt) Ltd, Ceylon Agro Food Technologies (Pvt) Ltd, Aitken Spence Plantation Management Ltd, and AE Consultants (Pvt) Ltd.

Dr. Ekanayake holds a B.A. (Hons) and MSc (Agriculture) from the University of Peradeniya and a Ph.D in Economics from the Australian National University. He is also a Fellow Member of the Institute of Certified Professional Managers.

R P Bandaranayake

Non-Executive Independent Director

Mr. Rajinder Bandaranayake is a Fellow Member of the Chartered Institute of Management Accountants, UK (FCMA) and a Chartered Global Management Accountant, US & UK (CGMA).

He has over 40 years of management level experience in the fields of Corporate Management, Corporate Finance, Audit & Accounting, General Management & Operations while employed in numerous multi-national environments – 12 years in Sri Lanka, 7 years in Jamaica, West Indies and 22 years in the United Arab Emirates (UAE).

He served as the Group Finance Director in Al Bawardi Enterprises LLC, Abu Dhabi, UAE (2008-2021) having been employed by the Company from 1999 – 2021. Previously served as an Audit Manager with KPMG in Montego Bay & Kingston, Jamaica, West Indies from 1985 – 1992. Prior to that he served as Finance Manager and Accountant with CIC Holdings PLC, Akzo Nobel Paints Lanka (Pvt) Ltd and Chemanex PLC. In 2024 he has been appointed as the Audit Committee Chairman of a Stock Brokerage Company, licensed in the Colombo Stock Exchange.

Mr. Bandaranayake was appointed to the Board of Directors of Chemanex PLC on 25th September 2024. He also serves as Chairman of the Audit Committee and Related Party Transactions Review Committee of the Company.

W P Madawanarachchi

Non-Executive Non-Independent Director

Mr. Waruna Madawanarachchi is a senior agri business leader with extensive experience in corporate leadership, agricultural R&D, and strategic business development. He has played a pivotal role in driving innovation-led growth within the agribusiness sector, with particular emphasis on national seed system development, management of commercial farms and productivity enhancement. His work spans in areas like strategy formulation, governance, and the commercialization of agriculture research through public-private partnerships and international collaborations.

With a proven track record in managing cross-functional teams and engaging key stakeholders, he has contributed to strengthening the agribusiness operations in CIC Holdings PLC. He is widely respected for his ability to align scientific innovation with commercial objectives and regulatory frameworks. His professional focus is on building resilient agribusinesses, fostering innovation ecosystems, and delivering measurable value across the agricultural value chain.

Mr. Madawanarachchi currently serves as the Managing Director of CIC Agri Cluster. In addition, he holds directorships in CIC Agri Businesses (Private) Limited, CIC Dairies (Private) Limited, CIC Seeds (Private) Limited, CIC Grains (Private) Limited, Unipower (Private) Limited, CIC Cropguard (Private) Limited, as well as several other subsidiary companies within the CIC Agri Group.

He is a graduate from Peradeniya University and obtained his master's degree in Agronomy from Mississippi State University, USA.

Mr. Madawanarachchi was appointed to the Board of Chemanex PLC on 16th January 2026.

T K D A P Samarasinghe

Non-Executive Independent Director

Dr. Prasad Samarasinghe obtained his Doctorate in Telecommunications from the world-ranked research University, the Australian National University, Canberra, Australia. He holds a B.Sc. (Eng) Degree in Electronics and Telecommunications with First Class Honors and an M.Sc. in Engineering, both from the University of Moratuwa. A Member of the IEEE (Institute of Electrical and Electronics Engineers) and the IET (Institute of Engineering and Technology), he also has a Licentiate (Part I and II) from the Institute of Chartered Accountants of Sri Lanka with the island's best results in Financial Accounting, Business Mathematics, Statistics and Data Processing.

Dr. Samarasinghe is a Director of Hatton National Bank PLC (Non-Independent Non-Executive Director), HNB Finance PLC (Non Independent Non-Executive Director) and Hayleys Fiber PLC (Independent Non-Executive Director). He also serves as the Managing Director of Lanka Bell Ltd, Bell Active (Pvt) Ltd, Bell Solutions (Pvt) Ltd & Bell Vantage (Pvt) Ltd. Dr. Samarasinghe is a Director of Praxis Magnus Strategies (Pvt) Ltd and PranayaPulse (Private) Limited and a consultant to Nagarro (Pvt) Limited. In the past, Dr. Samarasinghe held the posts of Chief Operating Officer at Sri Lanka Insurance Corporation and Head of Information Technology at Commercial Bank of Ceylon PLC.

Dr. Samarasinghe was appointed to the Board of Directors of Chemanex PLC on 25th September 2024. He also serves as the Chairman of Remuneration Committee and Nominations Committee of the Company.

P A Seresinhe

Non-Executive Director

Mr. Prashantha Aroshan Seresinhe, with over 25 years of industry experience, currently serves as the Group Chief Executive Officer of CIC Holdings PLC. He is also a member of the boards of other subsidiary companies of CIC Group.

Mr. Seresinhe began his career at Ernst & Young Sri Lanka before moving into the venture capital industry as an Analyst. He has since held a range of senior commercial and management roles in leading Sri Lankan corporates, with expertise spanning finance, investment management, corporate planning and project management. Over the last decade, he was involved with a regional oil palm plantation company, overseeing projects for setting up palm oil processing mills in Kalimantan, Indonesia.

Mr. Seresinhe has also held leadership responsibilities in a leading diversified conglomerate, where he led the renewable energy business portfolio and gained experience in dairy project development and operations. He is also an executive- committee member of the Sri Lanka-Singapore Business Council, Sri Lanka USA Business Council, International Chamber of Commerce Sri Lanka (ICCSL) Policy and Advocacy Committee and he served as President of GS1 Lanka.

Mr. Aroshan Seresinhe is an Associate Member of the Chartered Institute of Management Accountants, United Kingdom (ACMA), and an Associate member of the Chartered Global Management Accountant (CGMA).

S A B P W M R R W T Wegodapola

Company Secretary

Ms. Thilini Wegodapola joined CIC Group in 2007 and appointed as the Company Secretary of Chemanex PLC on 1st April 2016. An Attorney-at-Law and holds a Bachelor of Law (LLB) degree from the University of Colombo. She is also the Company Secretary to many unquoted subsidiaries of CIC Group. Presently serves as the General Manager – Legal of CIC Holdings PLC & Group.

A POSITION OF EXCELLENCE

At Chemanex PLC, each move is considered and executed with confidence and clarity, strengthening our position while opening pathways for sustained growth.

The “Queen’s Gambit” is a strategic opening move in chess where a pawn is offered to gain control of the centre, enabling stronger positioning and long-term advantage.



**Management
Discussion & Analysis**

Management Discussion & Analysis

Chemanex recognises that sustainable value creation depends on meaningful engagement with key stakeholder groups including employees, customers, suppliers and communities

OPERATING ENVIRONMENT

Sri Lanka's economy continued its recovery trajectory in 2025, recording real GDP growth of approximately 5%, marking the second consecutive year of expansion. This performance exceeded expectations and reflected the cumulative impact of macroeconomic stabilisation measures, policy reforms and improved external sector dynamics. Growth was broad-based across sectors, with industry emerging as the primary driver, supported by manufacturing activity and the early stages of recovery in construction-related segments. The services sector contributed significantly, particularly through financial services, transport and tourism, while agriculture recorded moderate growth supported by improved weather conditions relative to the prior year.

GDP

In nominal terms, GDP expanded to approximately LKR 32.8 trillion, while GDP per capita increased to around LKR 1.5 million (approximately USD 5,000), indicating gradual restoration of income levels and economic activity. Despite this progress, growth remains below long-term potential, reflecting lingering structural constraints and cautious private sector investment sentiment.

Inflation

Inflation dynamics during 2025 reflected a transition from a period of deflation to low and stable positive inflation. Following several months of negative price movements, headline inflation turned positive during the latter part of the year, ending at approximately 2.1%. The annual average remained marginally negative due to the base effects of earlier deflationary conditions.

Price movements were primarily influenced by supply-side factors, including adjustments to administered energy prices, particularly electricity tariffs, and fluctuations in fuel prices. Food inflation exhibited volatility due to seasonal supply variations and

weather-related disruptions, while core inflation remained subdued, reflecting moderate demand conditions.

Credit Expansion

Monetary conditions remained supportive of economic recovery, with interest rates declining further during the year in response to subdued inflation and improved macroeconomic stability. This resulted in a notable expansion in private sector credit, driven by both consumption and investment demand.

The easing of monetary conditions, combined with improved liquidity in the banking system, facilitated increased lending activity across sectors. The gradual relaxation of import restrictions, including those related to vehicles, further stimulated credit growth and domestic demand. While this expansion reflects improving economic confidence, it also indicates the release of pent-up demand accumulated during the crisis period.

External Sector

Sri Lanka's external sector demonstrated significant improvement in 2025, supported by continued strength in remittance inflows and growth in services exports, particularly tourism. The current account recorded a surplus for the third consecutive year, reflecting improved foreign exchange inflows and disciplined import management. Gross official reserves increased to approximately USD 6.8 billion, strengthening external buffers and enhancing market confidence.

Exchange Rate

The Sri Lankan rupee experienced moderate depreciation during the year, reversing the appreciation observed previously. This was largely driven by increased import demand and evolving global conditions, reflecting a more flexible and market-aligned exchange rate regime.

Labour Market

Labour market conditions showed gradual improvement in 2025, with declining unemployment levels and increased labour force participation. Both nominal and real wages recorded growth, supported by reduced inflation and increased economic activity. Private sector wages rose in response to labour shortages in certain segments, while public sector salaries were revised upward through budgetary measures.

COST OF LIVING AND HOUSEHOLD CONSUMPTION

Cost of living indicators reflected a stabilising trend during 2025. Household expenditure patterns showed marginal variation, with overall consumption levels gradually recovering following the contraction experienced during the crisis period. Food expenditure remained a significant component of household spending, reflecting structural consumption patterns. However, the stabilisation of prices, combined with rising income levels, supported a gradual improvement in consumer confidence and spending behaviour.

CONSTRUCTION SECTOR AND INDUSTRIAL ACTIVITY

The construction sector exhibited early signs of recovery during the year, contributing to overall growth in the industrial sector. However, activity levels remained below pre-crisis benchmarks, reflecting continued constraints in large-scale project financing and investment. While selected infrastructure and private sector developments resumed, the pace of recovery remained gradual. Cost pressures, although easing, and cautious investor sentiment continued to influence sector performance.

Given its strong linkages to upstream industries, including chemicals, coatings and engineering inputs, the construction sector remains a key indicator of future industrial

demand. Improvements in this sector are expected to have a multiplier effect across related industries.

Furthermore, operational disruptions arising from adverse weather conditions, including cyclone-related impacts during December and January, temporarily affected production across plantation-linked and coatings segments. As a result, sales figures for Chemanex declined by approximately 30% in December and around 15% in January, before recovering in subsequent months. Against this backdrop, Chemanex PLC strengthened its competitive positioning by increasing market share in selected segments and maintaining progress towards achieving its bottom-line targets.

Company Performance

The Company remained firmly aligned with its long-term strategic transition towards expanding the share of specialised industrial chemicals and technical solutions within its portfolio. This transition continues to be central to value creation, enabling stronger customer engagement, improved margin resilience and differentiated market positioning. Growth initiatives during the year focused on deepening penetration in coatings, strengthening supplier partnerships across multiple segments and exploring opportunities within industrial engineering solutions. Plans are underway to onboard approximately five new suppliers across sectors including rubber, food additives and coatings. Given the highly technical and relationship-driven nature of the business, expansion strategies were executed primarily through direct customer engagement, technical advisory support and targeted product introduction rather than broad-based promotional activities.

SECTOR PERFORMANCE

Rubber and Latex

Performance in the latex segment remained stable, supported by exports linked to glove manufacturing. Chemanex expanded product penetration through the introduction of new pigment grades tailored for export-oriented customers. However, domestic rubber applications such as tyre retreading and compounding remained subdued. Strategically, the Company is preparing to strengthen its dry rubber segment capabilities through the



onboarding of three additional suppliers, including initiatives linked to carbon black product categories.

Paints and Coatings

The paints and coatings segment emerged as a strong contributor during the year. Despite muted overall industry growth, Chemanex increased market share through deeper engagement with key customers and the introduction of specialised pigment and additive solutions. Future growth initiatives include expanding engagement beyond large

industrial customers to small and medium-size enterprises (SMEs) and conducting technical workshops supported by suppliers to accelerate product adoption. The Company is also evaluating the addition of at least one new supplier to broaden its portfolio.

Food Additives

Although turnover increased in the food additives segment due to new product introductions and customer expansion, margin pressures remained due to pricing competition and elevated import costs. In

Management Discussion & Analysis

a bid to address this, Chemanex is working towards onboarding two additional suppliers to strengthen gross profit performance and improve product competitiveness. Meanwhile, new opportunities are being explored within dairy and confectionery segments.

Industrial Engineering and Home Care

Industrial engineering tools emerged as a new growth area. Initially supported by one supplier, the Company expanded its supplier base to three partners, positioning itself to capture emerging demand from manufacturing clients. The home and personal care segment also demonstrated improved performance compared to the previous year, supported by stabilising demand conditions.

Estate Sector

Demand for estate chemicals remained stable despite temporary weather-related disruptions affecting production. The Company maintained its market position through responsive supply support and strong customer relationships.

STAKEHOLDER ENGAGEMENT

Chemanex recognises that sustainable value creation depends on meaningful engagement with key stakeholder groups including employees, customers, suppliers and communities. The Company continues to strengthen its engagement mechanisms in alignment with evolving expectations relating to governance, operational transparency and responsible business conduct. The Company's operational strength continues to derive from its disciplined execution model, lean organisational structure and strong technical engagement capabilities. Knowledge transfer through supplier conferences, training programmes and market exposure initiatives supports continuous improvement in technical selling and customer advisory competencies. These efforts are supported by ongoing initiatives to enhance stakeholder dialogue, ensure product quality assurance and strengthen social impact contributions in areas relevant to the Company's operating footprint.

Employees

The Company maintained a lean organisational structure including field sales personnel supported by operational staff. This agile structure enables faster decision-making

and closer alignment with customer needs. Employee development initiatives included participation in supplier-led technical training sessions, distributor conferences and laboratory visits. These programmes support continuous knowledge enhancement in product applications and market developments. Chemanex continues to focus on strengthening teamwork, improving technical competencies and fostering a collaborative work culture. Such initiatives contribute to employee engagement and organisational effectiveness in line with good human capital management practices recognised under international sustainability frameworks.

Customers

Customer relationships remain central to the Company's operating model. Chemanex maintains regular engagement with industrial clients to understand emerging production requirements, support product formulation improvements and enhance supply reliability. During the year, the Company focused on expanding its customer base beyond key industrial accounts to include SMEs and new sector participants. Technical support initiatives and responsive service delivery contributed to maintaining strong customer satisfaction levels despite intense pricing competition in certain segments. Product quality assurance is reinforced through strict adherence to supplier certifications and original manufacturer packaging standards, ensuring traceability and consistency.

Suppliers

Supplier partnerships represent a critical pillar of Chemanex's business model. The Company collaborates with reputable international and regional suppliers whose operations comply with recognised quality standards such as ISO certifications and sector-specific requirements including food safety and halal compliance. Plans are underway to onboard approximately five new suppliers across key segments to enhance product range depth and strengthen competitive positioning. Supplier engagement also includes participation in technical training sessions, distributor meetings and collaborative product development initiatives. During the year, Chemanex received a prestigious 'Partner of the Year'

recognition from a German-based global supplier operating in India, reflecting the strength of its service capabilities and market development efforts.

Communities

Leveraging on associated trust initiatives, Chemanex continued to contribute to programmes supporting disadvantaged communities, particularly within plantation regions. These interventions reflect the Company's commitment to responsible corporate citizenship and inclusive economic participation. Community engagement initiatives are aligned with broader efforts to strengthen social relationships in operating regions and support sustainable sector development.

Future Outlook

Looking ahead, Chemanex anticipates gradual improvement in market conditions while recognising that industrial recovery may remain uneven. The commercialisation cycle for newly onboarded suppliers is much longer with revenue contributions emerging from initiatives initiated over the past one to one-and-a-half years.

Strategic priorities for the coming year include expanding the supplier base across multiple segments, increasing penetration in specialised coatings and industrial engineering tools, strengthening SME customer engagement and improving margin performance in food additives through enhanced sourcing strategies.

The Company remains confident that its continued focus on specialised products, strong stakeholder relationships and technical capability development will support sustainable growth and strengthened market positioning.

Corporate Governance

The Board of Directors of Chemanex PLC is committed to uphold the principles of Corporate Governance as directed by the rules of Colombo Stock Exchange.

BOARD OF DIRECTORS

The Board is responsible for setting the financial and operational policies, reviewing and approving the strategic plans and annual budgets, monitoring of performance, approving financial statements and major transactions other than the transactions specified in Section 185 (f) of the Companies Act. It also monitors risk profile of the Group and the effectiveness of financial controls and compliance.

The Board of Directors consists of five (05) Directors. Two of them are Independent, determined according to the guidelines issued to listed companies.

Section 9.8.5 of Listing Rules requires the Board to make a determination annually, as to the independence or non-independence of each non-executive director, based on declarations made by the non-executive directors and other information available to the Board.

On perusal of the declarations, the Board noted that Mr. R P Bandaranayake and Dr. T K D A P Samarasinghe are independent.

Directors and the Chief Operating Officer satisfy the Fit and Proper Assessment Criteria stipulated in Section 9.7.3 of the Listing Rules of the Colombo Stock Exchange.

Appointment of non-executive directors is based on the collective decision of the Board.

As per Article 24(6) of the Articles of Association, one-third of the directors of the Board must retire by rotation at every Annual General Meeting. The Chairman, Managing Director or Joint Managing Director is not subject to retirement by rotation, nor shall they be taken into account in determining the Directors to retire. The person who has served for the longest period shall retire but is eligible for re-appointment.

The Board met five (05) times during 2025/26 and the attendance is given below in Table 01.

| Name | Directorate | Board Meetings | Audit Committee | RPT Review Committee | Remuneration Committee | Nominations & Governance Committee |
|---|-------------|----------------|-----------------|----------------------|------------------------|------------------------------------|
| S A B Ekanayake | NINED | 5/5* | - | - | 2/2 | 1/1 |
| R P Bandaranayake | INED | 5/5 | 6/6* | 4/4* | 2/2 | 1/1 |
| T K D A P Samarasinghe | INED | 5/5 | 6/6 | 4/4 | 2/2* | 1/1* |
| P A Seresinhe | NINED | 5/5 | - | 4/4 | - | - |
| W P Madawanarachchi (appointed w.e.f 16/01/2026) | NINED | 2/2 | 2/2 | - | - | - |
| P R Saldin (deceased on 16/01/2026) | NINED | 3/3 | 4/4 | - | 1/1 | 1/1 |

*NINED - Non-Independent Non-Executive Director INED - Independent Non Executive Director *Chairman of Respective Committees*

AUDIT COMMITTEE

Audit Committee consists of two (02) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. Chief Operating Officer and Chief Financial Officer attend Audit Committee meetings by invitation.

The Committee reviews the financial information which is provided to shareholders, the financial controls, compliance with laws, regulations and ethics, risk management, performance guidelines, qualifications and independence of the external auditors and the performance of the internal audit reviews. Both the internal auditors and external auditors have direct access to the Audit Committee.

The Audit Committee met six (06) times during 2025/26 and the attendance is given above in Table 01.

Audit Committee Report is given in page 24

REMUNERATION COMMITTEE

The Remuneration Committee consists of two (02) Independent Non-Executive Directors and one (01) Non-Independent Non-Executive Director.

Chief Operating Officer attends Committee meetings by invitation.

The Remuneration Committee met twice during 2025/26 and the attendance is given above in Table 01.

Remuneration Committee Report is given in page 26

DIRECTORS' REMUNERATION

Total remuneration paid to the directors are given in page 70

NOMINATIONS & GOVERNANCE COMMITTEE

The Nominations & Governance Committee consists of two (02) Independent Non-Executive Directors and one (01) Non-Independent Non-Executive Director.

Chief Operating Officer attends Committee meetings by invitation. The Nominations & Governance Committee met once during 2025/26 and the attendance is given above in Table 01.

Nominations & Governance Committee Report is given in page 27

Corporate Governance

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee consists of two (02) Independent Non-Executive Directors and one Non-Independent Non-Executive Director.

The Committee met four (04) times during the year and the attendance is given above in Table 01.

Related Party Transaction Review Committee Report is given in page 30

Compliance with the Rules of the Colombo Stock Exchange on Corporate Governance

| Section | Subject | Description | Status | Details | |
|------------|-------------------------------|---|----------|---|--------------------------------------|
| 7.5 | Circulation of Annual Report | A Listed Entity shall ensure that the Annual report is sent to all shareholders and submitted to the CSE within the stipulated time period | Complied | The Company has made arrangements to publish the Annual Report on the Company website (www.chemanex.lk) and the website of Colombo Stock Exchange (www.cse.lk) for shareholders' reference. Arrangements are made to send a printed copy of the Annual Report to shareholders those who have requested for a printed copy within eight (08) market days of the request. | |
| 7.6 | Contents of Annual Report | Information that should contain in the Annual Report of a Listed Entity | Complied | Provided in respective Reports of the Annual Report | |
| 7.6 (i) | Contents of the Annual Report | Names of persons who during the financial year were Directors of the Entity | Complied | Refer page 9 for the Board of Directors of the Company as at 31st March 2026 | |
| 7.6.(ii) | | Principal activities of the Entity and its subsidiaries during the year and any changes therein | | Refer Annual Report of the Board of Directors | |
| 7.6.(iii) | | The names and the number of shares held by the 20 largest shareholders of the Company | | Refer Page 105 for 20 largest shareholders of the Company | |
| 7.6.(iv) | | The float adjusted market capitalization, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement. | | Refer Page 104 | |
| 7.6.(v) | | A statement of each Director's holding in shares of the Entity at the beginning and end of each financial year | | Refer Annual Report of the Board of Directors on Page 39 for Directors' holding in shares | |
| 7.6 (vi) | | Information pertaining to material foreseeable risk factors of the Entity | | Refer Risk Management report on page 33 | |
| 7.6 (vii) | | Details of material issues pertaining to employees and industrial relations of the Entity | | Refer Management Discussion and Analysis on page 14 | |
| 7.6 (viii) | | Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties | | N/A | N/A |
| 7.6 (ix) | | Number of shares representing the Entity's stated capital | | Complied | Refer page 103 for Share Information |

| Section | Subject | Description | Status | Details |
|------------|------------------------------|---|--|---|
| 7.6 (x) | | A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings | Complied | Refer page 103 for Share Information |
| 7.6 (xi) | | Financial ratios and market price information | | Refer Financial Highlights on page 4 and Share Information on page 103 |
| 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. | | Refer Notes to the Financial Statements on pages 53 to 100 |
| 7.6 (xiii) | | Details of funds raised through a public issue, rights issue and a private placement during the year. | N/A | N/A |
| 7.6 (xiv) | | Information in respect of Employee Share Ownership or Stock Option Schemes | Not applicable for the FY under review | N/A |
| 7.6 (xv) | | Disclosures pertaining to Corporate Governance practices in terms of Rule 9 of the Listing Rules | Complied | Refer Corporate Governance on Page 17 |
| 7.6 (xvi) | | Related Party transactions exceeding 10% of the equity or 5% of the total assets of the Entity as per audited financial statements, whichever is lower | | Refer Notes to the Financial Statements on pages 53 to 100 |
| 9.1 | Corporate Governance Rules | A statement confirming compliance with Corporate Governance Rules | Complied | Company is in compliance with the Corporate Governance Rules to the extent where applicable |
| 9.2 | | Policies | | Policies listed under Section 9.2.1 are in place and published in the Company website www.chemanex.lk |
| 9.3 | | Board Committees | | Four (04) Board committees namely, the Audit Committee, Related Party Transactions Review Committee, Nominations and Governance Committee and Remuneration Committee are established, maintained and functioning effectively (refer Board Committee Reports on Pages 24 and 31) |
| 9.4 | | Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders | | The Company maintains all records and information regarding resolutions considered at General Meetings Important decisions taken by the Board of Directors are effectively communicated to the Shareholders and Investors through CSE and Company website |
| 9.5 | Corporate Governance Rules | Policy on matters relating to the Board of Directors | Complied | Policy on matters relating to the Board of Directors is in place and applied effectively |
| 9.6 | Chairperson and CEO | The Chairperson of every Listed Entity shall be a Non-Executive Director | Complied | Chairperson of the Company is a Non-Executive Director |
| 9.7 | Fitness of Directors and CEO | Requirement to meet the fit and proper criteria stipulated by the CSE and related disclosures | Complied | Directors have provided general disclosures and declarations on fitness and propriety as at 31st March 2026 |

Corporate Governance

| Section | Subject | Description | Status | Details |
|-----------|---|---|-----------|--|
| 9.7.5(a) | | Requirement to provide a statement that the Directors and CEO of the Listed Entity satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange | Complied | The Directors and the Chief Operating Officer of the Company satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules |
| 9.8.1 | Minimum number of Directors | Five (05) Directors | Complied | Five (05) Non-Executive Directors |
| 9.8.2 | Board Composition/ Independent Directors | At least two (02) Independent Directors or such number equivalent to one third of the total number of Directors, whichever is higher | Complied | Two (02) Independent Directors |
| 9.8.3 | Board Composition/ Determination of Independence | Requirement for meeting the criteria to be an Independent Director | Complied | Details of the independence criteria are explained in page 17 of this Report |
| 9.8.5 | Board Composition | The Board shall annually determine the independence or otherwise of ID's and name the Directors who are determined to be "independent" | Complied | All Independent Non-Executive Directors have submitted declarations as to their independence and a determination of their independence is evaluated by the Board of Directors and determined that Mr. R P Bandaranayake and Dr. T K D A P Samarasinghe are independent |
| 9.8.5 (a) | Independent Directors | Each Independent Director to submit a signed and dated declaration annually of his/her independence or Non-Independence | Complied | The Board of Directors have submitted signed and dated declarations as at 31st March 2026 on their independence/non-independence |
| 9.8.5 (b) | Disclosure Relating to Directors | The Board shall make a determination annually as to the independence or non- independence of Directors | Complied | Based on the declarations provided by the Directors, the Board of Directors have determined that Mr. R P Bandaranayake and Dr. T K D A P Samarasinghe are independent |
| 9.10.1 | Maximum number of directorships held by a director | Listed Entities shall disclose its policy on the maximum number of directorships it's Board members shall be permitted to hold | Complied | Company Policy on Matters relating to the Board of Directors stipulates that a Director can hold maximum of seven (07) directorships in listed entities |
| 9.10.2 | Disclosure relating to Directors | Upon the appointment of new Directors, the entity shall forthwith provide the Colombo Stock Exchange a brief resume of such Director | Complied | Provided information to the Colombo Stock Exchange upon appointment of new Directors |
| 9.10.3 | Disclosures relating to Directors | Market announcements regarding any changes to the Board composition/ Board Committee compositions | Complied | Timely market announcement regarding change of composition of the Board of Directors/Board Committees are made through the CSE |
| 9.10.4 | Disclosure relating to Directors | The Board shall publish in its Annual Report a brief resume of each Director | Compliant | Refer Page 10 to 11 for the profile of Board Members |

| Section | Subject | Description | Status | Details |
|---------|---------------------------------------|---|---|--|
| 9.11.2 | Nominations and Governance Committee | Establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee. | Complied | Adopted a procedure for appointment of new Directors and re-election of Directors to the Board in terms of the Articles of Association and Policy on matters relating to the Board of Directors |
| 9.11.3 | | Requirement to have a written terms of reference with a scope, quorum, authority, duties and matters | | Written terms of reference is in place |
| 9.11.4 | | Composition of the Nominations and Governance Committee | Complied | The Nominations and Governance Committee comprised of three (03) Directors of which a minimum of two (02) are Independent Directors. An Independent Director is appointed as the Chairperson Refer Page 28 for the Nominations and Governance Committee Report |
| 9.11.5 | | Functions of the Nominations and Governance Committee | | Refer Page 28 for the Nominations and Governance Committee Report |
| 9.11.6 | | The Annual Report should contain a report of the Nominations and Governance Committee signed by its Chairperson | | Refer Page 28 for the Nominations and Governance Committee Report. |
| 9.12.2 | | Remuneration Committee | | Listed Entities shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of these Rules. |
| 9.12.3 | | The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. | Refer Report of the Remuneration Committee on page 26 for details | |
| 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 that their independence is not impaired. | Refer Report of the Remuneration Committee on page 26 for details | |
| 9.12.5 | | Remuneration Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings | Remuneration Committee has a written terms of reference | |
| 9.12.6 | Composition of Remuneration Committee | The Remuneration Committee shall comprise of a minimum of three Directors of which minimum of two shall be independent | Complied | Remuneration Committee is comprised of three (03) Directors of which two (02) directors are independent |
| 9.12.7 | Remuneration Committee | Functions of the Remuneration Committee | Complied | Refer Page 26 for the Remuneration Committee Report where functions of the Committee are set out in detail |

Corporate Governance

| Section | Subject | Description | Status | Details |
|---------|--|--|----------|--|
| 9.12.8 | Remuneration Committee | Disclosure in the Annual Report about the name of Directors comprising the Remuneration Committee, contain a statement of the remuneration policy and set out the aggregate remuneration paid to Executive and Non-Executive Directors | Complied | Refer Page 26 for the Remuneration Committee Report. Total remuneration paid to Executive and Non-Executive Directors are given in page 70 |
| 9.13.2 | Audit Committee | The Audit Committee Shall have written Terms of Reference clearly defining its scope, authority and duties | Complied | The Audit Committee is governed by written terms of reference adopted by the Committee |
| 9.13.3 | Composition of the Audit Committee | The Audit Committee shall comprise of a minimum of three (03) Directors of whom minimum of two (02) or a majority of the members, whichever higher shall be independent. An Independent Director shall be appointed as the Chairman of the Committee. The Chief Executive Officer and the Chief Financial Officer of the Listed Entity shall attend Audit Committee meetings. The Chairman of the Audit Committee shall be a Member of a recognised professional accounting body. | Complied | The Audit Committee comprises three (03) Non-Executive Directors, two (02) of whom are Independent. The Chairman of the Audit Committee is an Independent Non-Executive Director. The Chief Operating Officer and the Chief Financial Officer attended Audit Committee meetings by invitation. Chairman of the Audit Committee is a Fellow Member of the Chartered Institute of Management Accountants, UK (FCMA) |
| 9.13.4 | Audit Committee | Functions of the Audit Committee | Complied | Refer page 24 for the Audit Committee Report |
| 9.13.5 | Audit Committee | Disclosures in the Annual Report | | |
| 9.14 | Related Party Transactions Review Committee | Composition, functions, general requirements and review of related party transactions by the Related Party Transactions Review Committee | Complied | Refer page 30 for the Related Party Transactions Review Committee Report and its composition, functions and general requirements. |
| 9.14.2 | Composition of the Related Party Transactions Review Committee | The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of whom minimum of two (02) shall be independent | Complied | The Related Party Transactions Review Committee comprises three Non-Executive Directors, two of whom are Independent. |
| 9.14.3 | Related Party Transactions Review Committee | Functions of the Related Party Transactions Review | Complied | Refer page 30 for the Related Party Transactions Review Committee Report |
| 9.17 | Additional Disclosures | Directors to disclose all material interests in contracts and to refrain from voting when materially involved Directors to conduct a review of the internal controls and obtained reasonable assurance of their effectiveness and adherence Directors to aware of laws, rules and regulations and their changes particularly to Listing Rules and applicable capital market provisions | Complied | Directors make a disclosure of interests at appointment and at the end of the financial year. Board takes steps to ensure the integrity of internal control systems remain effective via the review and monitoring of such systems on a periodic basis Directors are regularly briefed and are aware of laws, rules and regulations and their changes particularly to Listing Rules and applicable capital market provisions |

The following table presents the details of the Company's compliance pertaining to Companies Act No. 7 of 2007 on Annual Report Disclosure as at 31st March 2026:

| Section | Applicable requirement | Date of Compliance | Compliance |
|-------------|---|--|------------|
| 168 (1) (a) | The nature of the business of the Group and the Company together with any change thereof during the accounting period | Notes to the Financial Statements on pages 53 to 100 | Complied |
| 168 (1) (b) | Signed Financial Statements of the Group and the Company for the accounting period completed | Financial Statements on pages 48 to 52 | Complied |
| 168 (1) (c) | Auditors' Report on Financial Statements of the Group and the Company | Independent Auditors' Report on page 45 | Complied |
| 168 (1) (d) | Accounting Policies and any changes therein | Notes to the Financial Statements on pages 53 to 100 | Complied |
| 168 (1) (e) | Particulars of the entries made in the Interests Register during the accounting period | Annual Report of the Board of Directors on the Affairs of the Company on pages 36 to 41 | Complied |
| 168 (1) (f) | Remuneration and other benefits paid to Directors of the Company during the accounting period. | Notes to the Financial Statements on pages 53 to 100 | Complied |
| 168 (1) (g) | Corporate donations made by the Company during the accounting period. | Notes to the Financial Statements on pages 53 to 100 | Complied |
| 168 (1) (h) | Information on the Directorate of the Company and its Subsidiaries during and at the end of the accounting period. | Annual Report of the Board of Directors on the State of Affairs of the Company on pages 36 to 41 | Complied |
| 168 (1) (i) | Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period. | Notes to the Financial Statements on pages 53 to 100 | Complied |
| 168 (1) (j) | Auditors' relationship or any interest with the Company and its Subsidiaries. | Annual Report of the Board of Directors on the Affairs of the Company on pages 36 to 41 | Complied |
| 168 (1) (k) | Acknowledgement of the contents of this Report and Signatures on behalf of the Board. | Annual Report of the Board of Directors on the State of Affairs of the Company on pages 36 to 41 | Complied |

Report of the Audit Committee

PREAMBLE

The Audit Committee is vested with the authority to review and monitor the financial reporting process of Chemanex PLC and its group, providing additional assurance on the reliability of the Financial Statements through an independent and objective review. Accordingly, the Committee serves as an effective forum that assists the Board of Directors in fulfilling its responsibilities for ensuring the integrity and quality of financial reporting and related communications to shareholders and the public.

TERMS OF REFERENCE

The Audit Committee operates under Board-approved "Audit Committee Charter", which clearly define its purpose, scope, composition, quorum, authority, responsibilities, duties, and matters relating to the conduct of meetings.

COMPOSITION OF THE COMMITTEE

The Audit Committee consists of two (02) Independent Non-Executive Directors and one Non-Independent Non-Executive Director as of the end of the reporting period, 31st March 2026.

The following Directors serve on the Committee:

| Name of Director | Position | Nature of Directorship |
|--|-------------|---|
| R P Bandaranayake | Chairperson | Independent, Non-Executive Director |
| T K D A P Samarasinghe | Member | Independent Non-Executive Director |
| W P Madawanarachchi (appointed w.e.f 16/01/2026) | Member | Non-Independent, Non-Executive Director |
| P. R. Saldin (deceased on 16/01/2026) | Member | Non-Independent, Non-Executive Director |

Brief profile of the Directors are given on pages 10 to 11 of this Annual Report.

Company Secretary, functions as the Secretary to the Committee.

The Chief Operating Officer, Chief Financial Officer, Audit Staff, Representatives of External Auditors and when necessary, the Chairman, attend the meetings by invitation.

ACTIVITIES DURING THE YEAR

Six (06) Audit Committee meetings were held during the year. The attendance of the Committee members is given on Page 17

The Audit Committee assists the Board of Directors in the oversight of the effectiveness of the internal controls over financial reporting, including the integrity of the Financial Statements of the Company and the Group. The Committee also ensures qualifications and independence of the External Auditors and monitor the performance of the

Internal Auditors. Another primary task of the Committee is to ensure the Company's and the Group's compliance with legal and regulatory requirements.

The Committee is also responsible for internal audit functions of the Company as well as annual independent audit of the Company's financial statements. The Committee reviews the future plans and activities of the Internal audit functions with the Management and the Internal Auditors and also ensures that there are no unjustified restrictions or limitations on the Internal audit functions. The Committee also reviews and approves the appointment of External Auditors. On a regular basis the Committee summons the Senior Corporate Officers to report on the Company's adherence to the relevant procedures, rules and regulations. Consequently, the Committee reports to the Board regularly regarding the effectiveness of the Company's internal controls over financial reporting. After reviewing the Internal Financial Statements, the Committee recommends the same to the Board to be published.

The Committee also concentrates on the adequacy of disclosure in the Financial Statements as required by the Sri Lanka Accounting Standards, the Companies Act No.7 of 2007 and other relevant financial reporting regulations.

The Audit Committee is satisfied that for the period under review, the Company is in compliance with financial reporting requirements, information requirements under the Rules of the Colombo Stock Exchange, the Companies Act No.7 of 2007 and the Securities & Exchange Commission Act and other relevant financial reporting related regulations and requirements.

After analysing the risk management and internal controls, the Committee is of the view that adequate controls and procedures are in place to provide reasonable assurance that the Company's investments and assets are protected. Monitoring of Compliance Reports were carried out to ensure the required compliance with statutory requirements. The Committee also noted that the internal controls within the Company are designed to provide reasonable but not concrete assurance to the Directors, in order to monitor the Group's financial position. The Audit Committee is satisfied that it has discharged its duties effectively during the Financial Year ended 31st March 2026.

Internal Auditors of the Company Messrs. Deloitte confirmed that their work encompasses a risk based, structured approach to testing controls, evaluating process effectiveness and providing an objective opinion on the adequacy of internal controls thereby delivering the assurance mandated by the Rules of the Colombo Stock Exchange.

Summary of the work of the internal audit function is briefly outlined as follows;

Risk-Based Planning – Conducted comprehensive risk assessments, utilizing tools such as the Value Driver Analysis and Enterprise Risk Profile to identify areas of higher risk that require audit focus. The risks were addressed effectively ensuring targeted assurance.

Field work Execution –Performed control design evaluations, testing the operating effectiveness of controls through methods such as inquiry, observation, examination, re-performance and automated techniques where applicable. These procedures were documented and reviewed to substantiate assurance.

Reporting & Issue Tracking – Audit findings were compiled into detailed reports, supported by factual evidence and communicated to the management. Also facilitated the management action plans to address control deficiencies and perform follow up procedures to monitor remediation.

The Audit Committee has obtained a written assurance from Messrs. Ernst & Young, confirming that they have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The Audit Committee has made a determination that the external auditors of the Company, Messrs. Ernst & Young, Chartered Accountants, has acted independently relating to their audit of the Financial Statements of the Company as of 31st March 2026.

This determination is based on the Declaration of Independence issued by Messrs. Ernst & Young under Section 163(3)(a) & (b) of the Companies Act No.7 of 2007 and the confirmations given by M/s. Ernst & Young in their Audit Results of Chemanex PLC and Group for the FY ended 31st March 2026 presented to the Audit Committee. The Committee further confirms that Messrs. Ernst & Young are independent chartered accountants in terms of the Sri Lanka Auditing Standards and the code of ethics issued by the Institute of Chartered Accountants of Sri Lanka.

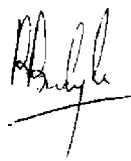
The Company has engaged the services of M/s. Ernst & Young for a period of 12 years and the Audit Partner is engaged with the Company since 2023. The Company has not obtained any non-audit services from M/s. Ernst & Young during the FY 2025/26.

The Committee has received an assurance from the Chief Operating Officer and the Chief Financial Officer, of the Company's operations and finances.

The Audit Committee has recommended to the Board of Directors, that Messrs. Ernst & Young, be re-appointed as Auditors for the financial year ending 31st March 2027 subject to the approval of shareholders at the Annual General Meeting to be held on 30th June 2026.

I wish to place on record the invaluable contribution made by Mr. Rimoe Saldin as a member of the Audit Committee, who passed away on 16th January 2026. His dedication, guidance and insightful contributions to the work of the Committee is deeply appreciated.

Finally I would like to thank the members of the Audit Committee for their valuable contribution with their professional expertise.



R P Bandaranayake
Chairman - Audit Committee

26th May 2026

Report of the Remuneration Committee

COMPOSITION

The Remuneration Committee consists of two independent non-executive Directors and one non-executive Director as of the end of the reporting period, 31st March 2026. The Committee is chaired by an independent non-executive Director.

The following Directors serve on the Committee:

T K D A P Samarasinghe - Chairperson
Independent Non-Executive Director

R P Bandaranayake
Independent Non-Executive Director

S A B Ekanayake
Non-Independent Non-Executive
Director

P R Saldin served the Committee until his demise on 16th January 2026.

(Brief profile of the Members of the Committee are given on page 10 to 11)

The Company Secretary functions as the Secretary to the Remuneration Committee

Chief Operating Officer and Chief Financial Officer of the Company attends meetings by invitation.

The Remuneration Committee is governed by the Remuneration Committee Charter.

FUNCTIONS

The Remuneration Committee is responsible for developing the Company's remuneration policy and determining the remuneration packages of executive employees of the Company. The Committee recommends to the Board the remuneration to be paid to Key Management Personnel including executive directors and the Chief Operating Officer of the Company. The Board of Directors then make the final determination upon consideration of such recommendation. The Committee engage external consultants or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to directors and CEO/COO.

The Committee reviews HR policies and the policies pertaining to remuneration and perquisites of the executives of the Company annually. The Committee also reviews the human resource strategies of the Company.

MEETINGS

The Committee meets on a need basis and convened two (02) meetings during the year ended 31st March 2026.

The Chairman of the Committee may convene meetings when a requirement arises, provided all members are given sufficient notice of such meeting. The Chief Operating Officer is invited to participate in the Committee meetings as and when required by the Chairman considering the topics for deliberation at such meetings. The proceedings of the Committee meetings are regularly reported to the Board of Directors.

REMUNERATION

The Committee believes that the Company's remuneration strategy is paramount to differentiate from the competitors and to retain its top performers. Therefore, the remuneration philosophy is anchored on a total rewards approach, in line with the Remuneration Policy of the Company. The remuneration strategy has been designed to enable the Company to develop, motivate and retain its internal talent pipeline; and when necessary to attract key talent externally to sustain the performance of the Company.

The Committee has allocated adequate time to ensure that the Remuneration Policy of the Company remains fair, transparent, competitive and is in line with the Group Policy. The Committee also assures that remuneration is linked to business strategy and drives sustainable performance and entrepreneurship.

The aggregate remuneration paid to Non-Executive Directors is given in Note 11 to the Financial Statements in page 70

PERFORMANCE CULTURE

The performance appraisals of the Chief Operating Officer and Key Management Personnel were completed after reviewing the targets in compliance with the strategic plan of the Company.

The Committee follows performance-based bonus scheme to reward exceptional performers who have achieved their stretched targets.

The Key Performance Indicators of the Chief Operating Officer and Key Management Personnel were agreed upon at the beginning of the financial year in line with the strategic plan and their performance was assessed at the end of the year. Based on this, remuneration and salary structures were reviewed and finalized.

CAPABILITY DEVELOPMENT

In accordance with Group HR objectives, the Committee approached capability development as an ongoing investment to create a robust work environment and a learning culture. With the purpose of upgrading management and leadership capabilities, Group HR initiated Leadership Development Programme with the Post Graduate Institute of Management (PIM). Senior Management staff nominated by the Company took part in that programme which helped enhancing team capabilities.

I also wish to place on record the invaluable contribution made by Mr. Rimoe Saldin, former member of this Committee, who passed away recently. His guidance, dedication, and contribution to the Committee are deeply appreciated and will be fondly remembered.

Finally, I would like to thank my colleagues in the Committee for their valuable contribution towards the progress of the Committee.



T K D A P Samarasinghe
Chairman - Remuneration Committee

26th May 2026

Nominations & Governance Committee Report

FORMATION & OBJECTIVES OF THE COMMITTEE

The Nominations and Governance Committee ("Committee") of Chemanex PLC was formed on 25th September 2024 in terms of Section 9 of the Corporate Governance Rules of the Colombo Stock Exchange.

The primary purpose of the Committee is to establish and maintain a formal and transparent procedure to evaluate, select

and appoint/re-appoint Directors to the Board, while ensuring that the Board maintains an appropriate balance of skills, experience, knowledge, independence and diversity to effectively discharge its responsibilities in the best interests of the Company.

COMPOSITION OF THE COMMITTEE

The Committee comprises two Independent Non-Executive Directors

(including the Chairperson) and one Non-Independent Non-Executive Director. The Committee is chaired by an Independent Non-Executive Director in compliance with Section 9.11 of the Listing Rules of the Colombo Stock Exchange.

The composition of the Committee during the financial year under review was as follows:

| Name of Director | Nature of Directorship | Date of Appointment to the the Committee |
|-------------------------------------|-------------------------------|--|
| T K D A P Samarasinghe - Chairman | Independent Non-Executive | 25/09/2024 |
| R P Bandaranayake | Independent Non-Executive | 25/09/2024 |
| S A B Ekanayake | Non-Independent Non-Executive | 25/09/2024 |
| P R Saldin (deceased on 16/01/2026) | Non-Independent Non-Executive | 25/09/2024 |

[Brief profiles of the Members of the Committee who held office as of 31st March 2026 appear on page 10 to 11

Company Secretary functions as the Secretary to the Committee.

MEETINGS OF THE COMMITTEE

The Nominations and Governance Committee met once during the period and discharged its responsibilities through Board engagement and circulation of papers, where applicable.

TERMS OF REFERENCE

The Committee operates under Board-approved "Nominations and Governance Committee Charter", which clearly define its purpose, scope, composition, quorum, authority, responsibilities, duties, and matters relating to the conduct of meetings.

POLICY AND PROCESSES ON NOMINATIONS & RE-ELECTION OF DIRECTORS

The Nominations and Governance Committee operates under "Policy on Corporate Governance, Nominations & Re-Election" which defines the process for the nomination, appointment, re-election and continuation of Directors. These processes include :

- Overseeing the identification, assessment, selection, and nomination of suitable candidates to be appointed as Directors to fill any vacancy on the Board, howsoever created and/or as additional Directors based on the business requirements of the Company
- Assessing the skills, knowledge, experience, expertise, diversity, and levels of independence necessary that will best complement the effectiveness of the Board;
- Ensuring that the Director nominees accord with the fit and proper criteria under Rule 9.7.3 of the Listing Rules and obtaining a declaration to that effect from the candidate;
- Where a Director nominee is to be appointed as an Independent Director, identifying any potential conflicts of interest and assessing the independence of the candidate, and overseeing that he / she satisfies the criteria for independence as per Rule 9.8.5 of the Listing Rules and obtaining a duly completed declaration to that effect from the said party.
- Based on the assessment as aforesaid making recommendations to the Board on appointment, re-election or continuation of Directors.

RETIREMENT AND RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association, one-third of the Directors shall retire from office at each Annual General Meeting, provided that Directors appointed to the office of Chairman, Managing or Joint Managing Director shall not while holding that office be subject to retirement by rotation or be taken into account in determining the Directors to retire in each year. Retiring Directors are eligible for re-election in accordance with the Articles of Association of the Company.

RE-ELECTION OF DIRECTORS AT THE ANNUAL GENERAL MEETING

In terms of Article 25(2) of the Company's Articles of Association, any Director appointed to the Board under this Article shall hold office only until the next AGM and shall then be eligible for re-election. Mr. W P Madawanarachchi was appointed to the Board on 16th January 2026 and in pursuant to Rule 9.11.5(ii) of the Listing Rules of the Colombo Stock Exchange, the Committee recommended that Mr. W P Madawanarachchi, who retires in terms of the said Article 25(2), be re-elected to the Board at the Annual General Meeting to be held on 30th June 2026.

Nominations & Governance Committee Report

The Committee also recommended, in terms of Rule 9.11.5(ii) of the Listing Rules of the Colombo Stock Exchange, that Mr. P A Seresinhe, who retires by rotation in terms of Article 25(6) of the Articles Association, be re-elected to the Board at the Annual General Meeting to be held on 30th June 2026.

The Committee further recommended to the Board and the Board approved the re-appointment of Dr. S A B Ekanayake who is over 70 years of age and due to retire in terms of Section 210 of the Companies Act No. 07 of 2007. Accordingly, the said Director is to be appointed for a further period of one year

from the conclusion of the AGM and the age limit referred to in Section 210 of the Companies Act No.7 of 2007 shall not be applicable to Dr. S A B Ekanayake.

Information of Directors who are proposed to be re-elected at the Annual General Meeting to be held on 30th June 2026 in terms of Rule 9.11.6(g);

| Name | Membership of Board Sub Committees | Date of Appointment to the Board | Date of last Re-appointment |
|-------------------|--|----------------------------------|-----------------------------|
| W P Madawarachchi | Audit Committee | 16/01/2026 | N/A |
| P A Seresinhe | Related Party Transaction Review Committee | 17/01/2024 | 30/06/2024 |
| S A B Ekanayake | Remuneration Committee Nominations and Governance Committee | 29/08/2016 | 30/06/2025 |

Directorships/Chairmanships and other principal commitments present and those held over the preceding three (03) years in other Listed Entities are disclosed under profiles of Directors in page 10 to 11

It is confirmed that the Directors proposed for re-election do not have any relationships, including close family relationships, with other Directors, the Company, or shareholders holding more than 10% of the shares of the Company.

EFFECTIVE IMPLEMENTATION OF POLICIES AND PROCESSES FOR APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

The effectiveness of the policies and processes relating to the appointment and re-appointment of Directors is demonstrated by the following:

- The committee reviews the criteria for fitness and propriety, independence and other compliance requirements for individual Directors at the time of their initial appointments to the Board and through annual review. Such a review also covers the general disclosure of interests, declarations and other information provided by Director nominees and by individual Directors in accordance with the Listing Rules, Companies Act and the Company's Articles of Association.

- The Nominations and Governance Committee evaluates candidates based on qualifications, experience, leadership capabilities, and independence, ensuring alignment with the Company's strategic objectives.
- Director nominees are subject to reference checks and reviews of their past performance, particularly if the candidate has prior Board experience, and also interviews with the Management.
- A process has been established for Board evaluations, including attendance, engagement and effective contribution as a Board member, to ensure that each Director continues to add value to the Company to achieve its objectives, before the NGC recommends the re-election / re-appointment of a Director.

PERIODIC EVALUATIONS ON THE PERFORMANCE OF THE BOARD AND THE EXECUTIVE DIRECTORS

As per the Rules on Corporate Governance embodied in the Listing Rules and the Policy on Corporate Governance, Nomination and Re-election adopted by the Company with effect from 1st October 2024, it is necessary that periodic evaluation of the performance of the Board of Directors and the Chief Operating Officer (COO) of the

Company are carried out, through a scheme of self-assessment to be undertaken by each Director and the COO to ensure that their responsibilities were satisfactorily discharged. The Committee is responsible for such an assessment and to submit a report on the matter to the Board.

The Committee confirms that the annual evaluation of the performance of the Board of Directors and the -Chief Operating Officer of the Company has been conducted. This assessment ensures alignment with the organization's strategic objectives and supports continuous improvement in governance and leadership effectiveness.

PROCESS ON THE FLOW OF INFORMATION TO INDEPENDENT DIRECTORS ON MAJOR ISSUES

The Company ensures that Independent Directors are informed through a structured communication framework, including regular Board and Committee meetings, with detailed agenda and relevant documents shared in advance. Directors receive periodic updates on key financial, operational and strategic matters, with direct access to the Senior Management and the Company Secretary to seek clarifications on matters falling under the purview of the Board.

Special briefings are provided to the Directors through the Company Secretary in dealing with important matters.

Strategy sessions, orientation, and training programs keep Directors informed on industry trends and governance. Crisis communication processes ensure timely updates during significant events, supporting effective oversight and contribution to the Company's objectives.

BOARD DIVERSITY

The Board of Directors recognizes diversity in experience, skills, professional backgrounds, age, and gender as an important element of effective governance and strategic oversight. The Board comprises individuals with varied expertise and perspectives, which support balanced decision-making and the effective discharge of its responsibilities. The Company remains committed to maintaining an appropriate level of Board diversity in line with applicable Listing Rules and governance best practices. Profiles of the Directors containing relevant details are set out on pages 10 to 11 of this Report.

INDUCTION AND ORIENTATION PROGRAMS

The Company provides induction programs for newly appointed Directors, covering operations, governance, regulations, strategic objectives, financial performance and key policies.

Updates are also provided to the Board on corporate governance, regulatory developments and relevant laws, ensuring compliance, effective risk management, and alignment with legislative amendments to protect shareholder interests.

DETERMINATION OF INDEPENDENCE OF INDEPENDENT DIRECTORS

As required under Rule 9.8.5 (a) of the Listing Rules of the Colombo Stock Exchange, the Independent Non-Executive Directors of the Company have submitted signed and dated declarations of independence in accordance with the criteria specified under Appendix 9A of the Listing Rules.

Following a review of the said declarations, it was ascertained that as of the reporting date, the Independent Non-Executive Directors of the Company, namely Mr. R P Bandaranayake and myself have satisfied the criteria for determining independence as specified under Rule 9.8.5 of the Listing Rules.

STATEMENT ON DIRECTOR'S FITNESS AND PROPRIETY

In accordance with Section 9.7.4 of the Listing Rules of the Colombo Stock Exchange, declarations have been obtained from all five (05) Directors and the Chief Operating Officer of the Company as at 31 March 2026, confirming that they have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules throughout the financial year and continue to meet the said criteria as at the date of confirmation.

Based on the above declarations and the review conducted, the Committee confirms that the Directors and the Chief Operating Officer of the Company have met the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange as at the reporting date.

COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS STIPULATED UNDER THE LISTING RULES

In accordance with Rule 9.11.6(m) of the Listing Rules of the CSE, the Nominations and Governance Committee confirms that the Company is in compliance with the Corporate Governance requirements stipulated under the said Listing Rules.

I wish to take this opportunity to thank all the members who served in the Committee for their contribution to the deliberations of the Committee during the period.

I also wish to place on record the invaluable contribution made by Mr. Rimoe Saldin, former member of this Committee, who passed away recently. His guidance, dedication, and contribution to the Committee are deeply appreciated and will be fondly remembered.



T K D A P Samarasinghe

Chairman

Nominations and Governance Committee

26th May 2026

Related Party Transactions Review Committee Report

PREAMBLE

The Board established the Related Party Transactions Review Committee (RPTRC) in terms of the Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka (the “Code”) and Section 9 of the Listing Rules of the Colombo Stock Exchange (the “Rules”).

COMPOSITION OF THE COMMITTEE

The Related Party Transactions Review Committee consists of two Independent Non-Executive Directors and one Non-Executive Director as of the end of the reporting period, 31st March 2026. The Committee is constituted in accordance with Section 9.14 of the Listing Rules of the Colombo Stock Exchange, and is chaired by an Independent Non-Executive Director, with its composition being in compliance with the provisions of the Code.

The Committee comprises the following Members:

| Member | Nature of Directorship |
|------------------------------|--|
| R P Bandaranayake (Chairman) | Independent Non-Executive Director |
| T K D A P Samarasinghe | Independent Non-Executive Director |
| P A Seresinhe | Non-Independent Non-Executive Director |

Brief profile of the members are given on pages 10 to 11 of this Annual Report.

Company Secretary functions as the Secretary to the Committee.

MEETINGS OF THE COMMITTEE

During the year ended 31st March 2026, the Committee met four (04) times and the attendance of the Members is given in page 17

ROLE AND RESPONSIBILITIES

The mandate of the Committee is derived from the provision of the Code and the Listing Rules of the Colombo Stock Exchange and is to ensure effective oversight of Related Party Transactions on behalf of the Board.:

Accordingly, the Committee is responsible for the following:

- To review in advance all proposed Related Party Transactions of the Group either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- Seek any information the Committee requires from Management, employees or external parties with regard to any transaction entered into with a related party.
- Obtain knowledge or expertise to assess all aspects of proposed 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 monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.
- To review the transfer of resources, services or obligations between related parties regardless of whether a price is charged.
- To review the economic and commercial substance of both recurrent/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 with regard to the value of the substantial assets of the related party transaction.

POLICIES AND PROCEDURES ADOPTED BY THE RPTRC FOR REVIEWING RELATED PARTY TRANSACTIONS (RPTs)

The Company has established a structured framework to ensure accurate identification, monitoring, and reporting of Related Party Transactions, including:

1. Relevant information to capture RPTs is fed into the Company Data Collection System.
2. All officers concerned are informed of the applicable regulatory requirements relating to the reporting of RPTs.
3. Key Management Personnel (KMPs) and their Close Family Members (CFMs) are identified on a half-yearly basis together with their National Identity Card numbers and this information is maintained in the system.
4. The system is updated with KMP and their CFM details on a half-yearly basis or as and when the need arises in the event of a material change.
5. Data is extracted from the system, verified and validated.
6. All Managers are advised to report RPTs to the Chief Financial Officer who has been identified as the focal point for this purpose.
7. Data is shared with the Chief Financial Officer and the Company Secretary to meet the regulatory requirements if required.

TASK OF THE COMMITTEE

The Committee reviews all Related Party Transactions and their compliance and communicates its observations and recommendations to the Board. The Committee, in its review process has recognised the adequacy of the content and quality of the information forwarded to its members by the Management and

has confirmed compliance with Section 9 of the CSE Listing Rules.

Related Party Transactions reported during the reporting period ended 31st March 2026 are disclosed in the Note 39 to the Financial Statements.

REPORTING TO THE BOARD

The minutes of the RPTRC meetings are tabled at the Board meetings to ensure transparency and full Board awareness of Related Party Transactions.

REVIEW OF RELATED PARTY TRANSACTIONS

Non-Recurrent Related Party Transactions

In accordance with Rule 9.14.8 (1) of the Listing Rules of the Colombo Stock Exchange, there were no Non-Recurrent Related Party Transactions entered into by the Company, where the aggregate value of such Transactions exceeded 10% of the Equity or 5% of the total assets of the Company, whichever is lower, as per the Audited Financial Statements as at 31 March 2026.

Recurrent Related Party Transactions

In accordance with Rule 9.14.8 (2) of the Listing Rules of the Colombo Stock Exchange, there were no Recurrent Related Party Transactions entered into by the Company, where the aggregate value of such Transactions exceeded 10% of the gross revenue/income (or equivalent term in the Income Statement, and in the case of group entity, consolidated revenue) as per the latest Audited Financial Statements as at 31 March 2026.

DECLARATION

As required by Rule 9.14.8 (4) of the Listing Rules of the Colombo Stock Exchange, an affirmative declaration by the Board of Directors confirming compliance with the Rules pertaining to Related Party Transactions is captured in the “Annual Report of the Board of Directors on the Affairs of the Company” of this Report on page 36

I wish to take this opportunity to thank all members who served in the Committee and for their contribution to the deliberations of the Committee during the period.



R P Bandaranayake

Chairman

Related Party Transactions Review Committee

26th May 2026

Board of Directors' Statement on Internal Controls

Requirement

The Code of Best Practice on Corporate Governance 2017, issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka, recommends that the Board present a statement on internal controls.

Responsibility

The Board of Directors is responsible for the adequacy and effectiveness of the Company's system of internal controls. This system is designed to manage the Group's key exposure areas within an acceptable risk profile, rather than eliminating the risk of failure to achieve business objectives. Accordingly, it can provide reasonable—but not absolute—assurance against material misstatement of financial information, financial losses, or fraud.

The Board has established an ongoing process for identifying, evaluating, and managing significant risks, which includes enhancing internal controls in response to changes in the business environment or regulatory framework. The Board assessed the system in line with the principles outlined in the relevant guidance and is satisfied that it is sound and adequate. It provides reasonable assurance regarding the reliability of financial reporting and compliance with relevant accounting principles and regulatory requirements in preparing Financial Statements for external purposes. Management supports the Board in implementing these policies and procedures.

Key Internal Control Processes

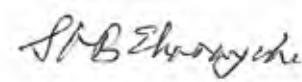
The following key processes ensure the adequacy and integrity of internal controls, particularly for financial reporting:

- Board sub-committees assist in overseeing the effectiveness of the Group's operations, ensuring alignment with corporate objectives, strategy, annual budgets, policies, and the business environment.
- The internal audit function provides assurance on the efficiency and effectiveness of internal controls. It monitors compliance with policies and procedures, reports significant non-compliance issues, and conducts audits across all subsidiaries based on assessed risk levels. The annual audit plan is reviewed and approved by the Audit Committee.
- The Audit Committee reviews internal control issues identified by internal/ external auditors, regulatory authorities, and management, and evaluates their adequacy.
- Management continually reviews and updates procedures and controls related to significant accounts and disclosures in the Company/Group's financial statements

Confirmation Statement


The Board of Directors of Chemanex PLC (Group) confirms that the financial reporting system is designed to provide reasonable assurance regarding the reliability of financial reporting. The preparation of financial statements for external purposes complies with Sri Lanka Accounting Standards, the Companies Act No. 7 of 2007, Colombo Stock Exchange Listing Rules, Securities and Exchange Commission of Sri Lanka requirements, and other applicable regulations.

By order of the Board,



S A B Ekanayake

Chairman



R P Bandaranayake

Chairman - Audit Committee

26th May 2026

Risk Management

Risk management remains integral to Chemanex PLC's strategy, governance, and day-to-day operations. The Board, through the Audit Committee, oversees the risk framework and ensures it aligns with the company's objectives in the specialty chemicals and industrial solutions sector.

1. Risk Management Framework

Chemanex PLC operates a structured Enterprise Risk Management (ERM) framework based on COSO principles. Key elements include:

- Risk Identification & Assessment: Risks are identified across strategic, operational, financial, compliance, and ESG domains through management workshops, market intelligence, and internal audits.
- Risk Appetite: The Board defines acceptable risk thresholds for each category, balancing growth opportunities with financial and reputational exposure.
- Mitigation & Monitoring: Risks are assigned to responsible owners with defined KPIs and mitigation plans. Progress is reviewed

quarterly by the Audit Committee and reported to the Board.

- Continuous Improvement: The framework is reviewed annually to reflect changes in the macroeconomic environment, regulatory landscape, and business model.

2. Key Risks and Mitigation Actions for FY 2025/26

| Risk Category | Key Risk | Mitigation Approach |
|------------------------------|---|--|
| Market & Economic Risk | Volatility in global chemical prices, exchange rate fluctuations, and inflationary pressure in Sri Lanka impacting input costs and margins. | Dynamic pricing strategies, cost optimization programs, and diversification of supplier base across multiple geographies. |
| Credit & Counterparty Risk | Exposure to customer defaults due to challenging economic conditions affecting key industrial clients. | Strengthened credit evaluation process, reduced credit terms for high-risk accounts, and increased use of credit insurance and advance payments. |
| Supply Chain Risk | Disruption in raw material supply due to geopolitical events and shipping constraints. | Dual-sourcing strategy for critical inputs, strategic inventory management, and long-term supply agreements with key partners. |
| Regulatory & Compliance Risk | Changes in environmental, chemical handling, and import/export regulations in Sri Lanka and export markets. | Proactive engagement with regulators, compliance audits, and investment in staff training on updated standards. |
| Operational Risk | Safety and process risks in manufacturing and warehousing of chemicals. | Strict adherence to ISO 45001 and ISO 14001 standards, regular safety drills, and capital investment in automation to reduce human error. |
| Cybersecurity Risk | Increasing threat of cyberattacks on ERP and customer data systems. | Implementation of multi-factor authentication, network segmentation, employee cybersecurity training, and annual penetration testing. |
| ESG & Climate Risk | Reputational and regulatory risk from environmental impact and climate-related disruptions. | Carbon footprint monitoring, waste reduction initiatives, and alignment with GRI reporting standards. Capital expenditure planned on energy-efficient equipment. |

3. Financial Risk Management

The company's financial risks are managed centrally by the Treasury function under company approved SOP's

- Liquidity Risk: Maintained adequate committed credit lines and cash reserves to meet obligations.
- Interest Rate Risk: Managed through a mix of fixed and floating rate debt. Interest rate swaps were utilized where appropriate.

4. Emerging Risks

During FY 2025/26, management identified two emerging risks requiring ongoing monitoring:

1. Policy shifts on import substitution that may alter competitive dynamics in specialty chemicals.
2. AI and digital disruption in B2B procurement processes, requiring investment in digital customer interfaces and analytics capabilities.

5. Outlook

For FY 2026/27, the focus will be on strengthening resilience against currency volatility and supply chain shocks while advancing our ESG agenda. Risk culture continues to be embedded through leadership commitment and employee engagement.

The Board is satisfied that the risk management and internal control systems in place are adequate and effective in addressing the material risks faced by Chemanex PLC.

Financial Calender

| | |
|--|------------------------|
| 1st Quarter Financial Results | Released on 01/08/2025 |
| 2nd Quarter Financial Results | Released on 04/11/2025 |
| 3rd Quarter Financial Results | Released on 29/01/2026 |
| 4th Quarter Financial Results | Released on 26/05/2026 |
| 2024/25 Final Dividend Paid | 21/07/2025 |
| 2025/26 Final Dividend Payment Date if approved at AGM | 20/07/2026 |
| 53rd Annual General Meeting | 30/06/2026 |

A POSITION OF PROWESS

At Chemanex PLC, each operational outcome is a culmination of well-timed decisions and well-thought-out strategies, brought together with accuracy and intent.

The “Qg5# Checkmate” is a decisive finishing move in chess where the queen delivers checkmate and secures victory through calculated positioning and complete control.



Financial Information

Annual Report of the Board of Directors on The State of Affairs of Chemanex PLC

The Board of Directors of Chemanex PLC has pleasure in presenting to the members the 53rd Annual Report on the Affairs of the Company together with the Audited Financial Statements for the year ended 31st March 2026 of Chemanex PLC and the Audited Consolidated Financial Statements of the Group for the 12 months ended 31st March 2026.

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

GENERAL

Chemanex PLC, a public limited liability Company, was incorporated on 28th August 1974 under the Companies Ordinance No.51 of 1938, quoted in the Colombo Brokers Association (now Colombo Stock Exchange) since 16th December 1974 and re-registered under the Companies Act No. 7 of 2007 on 6th August 2007.

The Registered Office of the Company and the principal place of business of the Company are at No.199, Kew Road, Colombo 02.

PRINCIPAL ACTIVITIES

Chemanex PLC is manufacturing and marketing value added specialty compounds and intermediates whilst acting as an agent and a distributor for the domestic market.

REVIEW OF THE YEAR

The Chairman's Review (pages 6 to 8) in the Annual Report set out the state of affairs and performance of the Company and the Group during the year under review. Financial results of the Company/ Group are elaborated on pages 48 to 52. Notes to the Financial Statements incorporate events subsequent to the date of the Statement of Financial Position. These reports together with the Audited Financial Statements reflect the state of affairs of the Company/Group.

PARENT COMPANY & ULTIMATE

PARENT COMPANY

The Parent Company of the Group is CIC Holdings PLC. The Ultimate Parent Company is Paints and General Industries Limited.

SUBSIDIARIES

The Subsidiaries and their activities within the Group and their business activities are described in the Group Structure on page 102.

CHEMCEL (PRIVATE) LIMITED

Chemcel (Private) Limited has been categorized as a discontinued operation during the financial year 2016/17 and is now under liquidation.

CHEMANEX EXPORTS (PRIVATE)

LIMITED

With the Group ceasing its export business due to rationalization of business activities, Chemanex Exports (Private) Limited wound up its operations during the financial year 2018/19, and it is now under liquidation.

EQUITY ACCOUNTED INVESTEEES

The Equity Accounted Investees within the Group and their business activities are described in the Group structure on page 102 of this Report.

FUTURE DEVELOPMENTS

Chemanex PLC continues to focus on its core business of chemical trading while pursuing to change the balance of the product portfolio to have more specialised chemicals for the manufacturing industry.

FINANCIAL STATEMENTS

The Financial Statements for the 12 months ended 31st March 2026 have been prepared in accordance with the Sri Lanka Accounting Standards comprising Sri Lanka Financial Reporting Standards (SLFRS) and the Sri Lanka Accounting Standards (LKAS) laid down by The Institute of Chartered Accountants of Sri

Lanka and comply with the requirements of Section 151 (and Section 153 for consolidated entity) of the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The aforesaid Financial Statements duly signed by the Chief Financial Officer and two Directors on behalf of the Board are provided on pages 58 to 100 in this Annual Report and form an integral part of this Annual Report of the Board of Directors.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Financial Statements are provided in detail in the Notes to the Financial Statements on pages 53 to 66. The Company/Group has consistently applied the accounting policies as set out in Note 3 to all periods presented in these Consolidated Financial Statements. There were no significant changes to the accounting policies used by the Company during the year under review vis-à-vis those used in the previous year.

SIGNIFICANT ACCOUNTING POLICIES AND CHANGES DURING THE YEAR

The Company and the Group prepared their Financial Statements in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS). The significant Accounting Policies adopted in the Financial Statement is given on pages 53 to 66 of the Annual Report as required by Section 168 (1)(d) of the Companies Act No. 7 of 2007.

The Board of Directors wish to confirm that there were no changes to the Accounting Policies used by the Company and the Group during the year.

INDEPENDENT AUDITOR'S REPORT

The Company's Auditors Messrs. Ernst & Young, Chartered Accountants performed the audit on the Consolidated Financial Statements for the year ended 31st March 2026 and the Independent Auditor's Report on the Financial Statements is given on page 45 to 47 of the Annual Report as required by Section 168(1) (C) of the Companies Act No 07 of 2007.

PROFITS & APPROPRIATIONS

For the year ended 31st March 2026

| As at 31st March 2026 | Company Rs. 000 | Group Rs. 000 |
|---|--------------------|------------------|
| Profit for the year after depreciation | 198,935 | 199,080 |
| From which a deduction is made for taxation and For discontinued operations | (45,330) | (45,330) |
| From which a deduction is made for Non- Controlling Interest | - | 9,493 |
| Added de-recognition of financial assets due to disposal | - | 38 |
| To which must be added other comprehensive income | 191,230 | 191,230 |
| Total comprehensive income | (619) | (619) |
| To which must be added the unappropriated profit brought forward from the previous years and | 344,215 | 353,191 |
| Making available for appropriation amount of out of which a dividend of Rs.7.50 per share was paid | 2,674,412 | 2,759,037 |
| so that the unappropriated profit carried forward will be | 3,018,627 | 3,112,928 |
| | (117,802) | (117,802) |
| | 2,900,825 | 2,995,126 |

DIVIDENDS

In terms of Article 37 of the Articles of Association of the Company, the Directors have recommended the payment of a first and final dividend of Rs.2.50 per share amounting to Rs.40.3Mn for the financial year ended 31st March 2026.

As required by Section 56(2) and 56(3) of the Companies Act No. 7 of 2007, the Board of Directors signed a certificate stating that in their opinion that the Company, based on the information available at present, satisfies the solvency test immediately after the distribution is made and accordingly, the Board of Directors has signed the Certificate of Solvency in accordance with Section 57 of the Companies Act No. 07 of 2007.

The Board of Directors will obtain a Certificate of Solvency from the Auditors prior to recommending the final dividend of Rs.2.50 per share for the year ended 31st March 2026, which has to be approved by the shareholders at the Annual General Meeting to be held on 30th June 2026.

DIRECTORS' INTEREST IN CONTRACTS & INTERESTS REGISTER

The Company, in compliance with the Companies Act No. 07 of 2007, maintains an Interests Register.

All Directors have made declarations as provided for in Section 192(2) of the said Act. The related entries were made in the Interest Register during the year under review. There were no share purchases during the financial year under review.

The share ownership of the Directors is indicated on page 105 of the Annual Report.

All related party transactions which encompasses the transactions of Directors who were directly or indirectly interested in a contract or a related party transaction with the Company during the accounting period are recorded in the Interests Register in due compliance with the provisions of the Companies Act.

The Directors declare that all material interests in contracts involving the Company have been disclosed to the Board and wherever any Director was materially interested in a contract or a proposed contract with the Company, they have refrained from voting on such contracts. It is further declared that during the year under review, the Company did not enter into any contracts in which any Director was materially interested.

DIRECTORS

The following were the Directors of the Company as at 31st March 2026 and their brief profiles are set out in page 10 to 11

Dr. S A B Ekanayake – Chairman, Non-Independent, Non-Executive Director

Mr. R P Bandaranayake – Independent, Non-Executive Director

Dr. T K D A P Samarasinghe - Independent, Non-Executive Director

Mr. P A Seresinhe - Non-Independent, Non-Executive Director

Mr. W P Madawanarachchi (appointed w.e.f 16/01/2026) - Non-Independent, Non-Executive Director

Mr. P R Saldin (deceased on 16/01/2026) – Chairman/Non-Independent, Non-Executive Director

CHANGES TO THE BOARD DURING THE YEAR

Mr. P. R. Saldin served as the Non-Independent, Non-Executive Chairman of the Company and ceased to hold office upon his demise on 16th January 2026.

Mr. W P Madawanarachchi was appointed to the Board of Directors of the Company effective 16th January 2026.

There have been no resignations of Directors during the year ended 31st March 2026.

RETIREMENT BY ROTATION AND RE-ELECTION OF DIRECTORS ANNUAL ASSESSMENT OF CONTINUING DIRECTORS

In terms of Rule 9.11.5(ii) of the Listing Rules of the Colombo Stock Exchange, the Nominations and Governance Committee recommended the re-election of Mr. W P Madawanarachchi who retires in terms of Article 25(2) of the Articles of Association of the Company and Mr. P A Seresinhe who retires by rotation in terms of Article 25(6) of the Articles of Association of the Company. Further, in terms of Rule 9.7.2 of the Listing Rules of the Colombo Stock Exchange, the Board has ensured that

Annual Report of the Board of Directors on The State of Affairs of Chemanex PLC

Mr. W P Madawanarachchi and Mr. P A Seresinhe are fit and proper based on the 'Fit and Proper Criteria' stipulated in the Listing Rules.

Accordingly, in terms of Article 25(3) of Articles of Association of the Company, shareholder approval is sought to re-elect Mr. W P Madawanarachchi who retires under Article 24(2) of the Articles of Association and Mr. P A Seresinhe, who retires by rotation and, being eligible, offer themselves for re-election.

Dr. S A B Ekanayake who is over 70 years of age retires from office at the conclusion of the Annual General Meeting in terms of Section 210(2)(b) of the Companies Act No. 7 of 2007, is recommended by the Board, for re-appointment as a Director under Section 211 of the Companies Act, specially declaring that the age limit stipulated in Section 210 of the Companies Act shall not apply to Dr. S A B Ekanayake.

INDEPENDENCE OF DIRECTORS

Mr. R P Bandaranayake
Independent, Non-Executive Director

Dr. T K D A P Samarasinghe
Independent, Non-Executive Director

In accordance with Rule 9.8.5 (a) of the Listing Rules of the Colombo Stock Exchange, each Independent Director has submitted a signed and dated declaration annually of his "independence" against the criteria as specified in Rule 9.8.3 and in the Format in Appendix 9A.

The Board, based on the Declarations submitted by the Independent Directors declaring his independence against the criteria specified in the Listing Rules and such other information available to the Board that could reasonably be constructed to have a bearing on the independence of such Directors,

determined that the two Directors namely Mr R P Bandaranayake and Dr. T K D A P Samarasinghe are 'Independent' in terms of the Listing Rules.

CHANGE OF STATUS

There was no change in the status of the Directors during the year under review.

FIT AND PROPER ASSESSMENT OF DIRECTORS

In terms of Rule 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 financial year under review and as at the date of such Declarations.

These Declarations were placed before the Nominations and Governance Committee, and upon review by the Nominations and Governance Committee, where no member participated in decisions relating to his/her continuation, were then presented to the Board.

The Board determined that all Directors satisfy the fit and proper assessment criteria stipulated in the Listing Rules and qualify to continue as Directors in their respective capacities, subject to those who retire by rotation and over 70 years of age, being re-elected / re-appointed by the shareholders at the forthcoming Annual General Meeting.

BOARD MEETINGS

Five (05) Meetings of the Board of Directors of the Company were held during the year under review and the Directors' attendance at those Meetings were as follows:

BOARD SUB-COMMITTEES

The Board of Directors has formed four (04) Board Sub Committees in terms of the Listing Rules of the Colombo Stock Exchange, namely, Audit Committee, Remuneration Committee, Related Party

Transactions Review Committee and Nominations and Governance Committee.

The composition of the said Board Sub Committees appears on pages 24 and as required by the Listing Rules, the Reports of the Audit Committee, Related Party Transactions Review Committee, Remuneration Committee and the Nominations and Governance Committee appear on pages 24 and 31 respectively.

DIRECTORS' REMUNERATION

Directors remuneration is structured within an established framework by the Board's Remuneration Committee to whom this task has been entrusted. The Directors are of the opinion that the framework assures appropriateness of remuneration and fairness for the Company. The total remuneration of the Directors for the year ended 31st March 2026 is given in Note 11 includes the value of perquisites (if any) granted to them as part of their terms of service.

The Directors' fees of Non-Executive Directors for the reporting year ended 31st March 2026 given in Note 11 is determined according to the scales of payment decided upon by the Board. The Board is satisfied that the payment of remuneration is fair to the Company.

No Director is involved in deciding his or her own remuneration.

LIST OF DIRECTORS OF SUBSIDIARIES AND ASSOCIATES OF THE COMPANY

Names of Directors of all Subsidiaries and Associates of the Company are given on page 102 of this Annual Report.

DECLARATION UNDER THE LISTING RULES ON RELATED PARTY TRANSACTIONS

The Directors declare that the Company is in compliance with the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the Financial Year ended 31st March 2026.

DIRECTORS' INTEREST IN SHARES

The Directors holding in shares of the Company are as follows:

The Directors together with their close family members' shareholding in the Company are as follows;

| As at 31st March | | 2026 | 2025 |
|---|--|------|------|
| Name of Director | Type of Directorship | | |
| S A B Ekanayake | Non-Executive Non-Independent Chairman | - | - |
| R P Bandaranayake | Non-Executive Independent Director | - | - |
| T K D A P Samarasinghe | Non-Executive Independent Director | - | - |
| P A Seresinhe | Non-Executive Non-Independent Director | - | - |
| W P Madawanarachchi (appointed w.e.f 16/01/2026) | Non-Executive Non-Independent Director | - | - |
| P R Saldin (deceased on 16/01/2026) | Non-Executive Non-Independent Chairman | - | - |

ADDITIONAL DISCLOSURES PERTAINING TO DIRECTORS

The Directors having considered all information and explanations made available to them have made following disclosures:

(i) Material Interests in Contracts involving the Company

The Directors have declared all material interests in contracts involving the Company in terms of the Companies Act and the Articles of the Association of the Company and have acted as

prescribed therein, and where relevant have refrained from voting on matters in which they were materially interested.

(ii) Material Business Relationships with each other

None of the Directors or close family members have any material business relationships with the other Directors of the Company.

(iii) Other directorships held by the Directors

Other directorships held by Directors are disclosed on pages 10 and 11

(iv) Review of Internal Controls

The Directors have, through the Audit Committee, conducted a review of the Internal controls covering financial, operational and compliance control and risk management and thereby obtained reasonable assurance of their effectiveness and successful adherence therewith.

(v) Applicable Laws Rules and Regulations

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

(vi) Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has resources to continue in business for the foreseeable future.

SHARE INFORMATION AND SUBSTANTIAL SHAREHOLDING

The distribution of shareholdings, public holding percentage, market value of shares and 20 largest shareholders are given on pages 103 to 105

DIRECTORATES OF SUBSIDIARIES AND THEIR SHAREHOLDING

The names of the Directors holding office at the end of the year in subsidiary companies and their shareholding in the respective companies are given below:

| Subsidiary Company | Directors | Number of Shares held as at 31st March 2026 | Number of Shares held as at 31st March 2025 |
|------------------------------------|------------------------------------|---|---|
| Chemanex Exports (Private) Limited | M P Jayawardena S A B Ekanayake | NIL | NIL |
| Chemcel (Private) Limited | S A B Ekanayake P A Seresinhe | NIL | NIL |

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of Financial Statements of the Company and the Group, which reflect a true and fair view of the state of the Company affairs.

The Directors are of the view that the Statement of Financial Position, Statement of Profit or Loss, Statement of Changes in

Equity, Cash Flow Statement and Notes to Financial Statements appearing on pages 48 to 100 have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards,

Companies Act, No. 7 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the amendments thereto and the Listing Rules of the Colombo Stock Exchange.

The Statement of Directors' Responsibility for Financial Reporting is given on page 42 in compliance with Section 9.14 of Listing Rules

The Directors confirm compliance with Section 9.14 of the Listing Rules in relation to Related Party Transactions.

Annual Report of the Board of Directors on the State of Affairs of Chemanex PLC

Corporate Governance

The Company has complied Section 09 on Corporate Governance Rules of the Colombo Stock Exchange. The Corporate Governance Section on pages 17 to 23 describes the Corporate Governance Principles adopted by the Company.

MATERIAL FORESEEABLE RISK FACTORS

Financial Risks Management objectives and policies are set out in Note 40 on pages 92 to 100

Risks that Company and its subsidiaries are exposed to are set out in the Report on Risk Management on page 33

VISION & CORPORATE CONDUCT

The Company's Vision is given on page 3 of this Report. The business activities of the Company are conducted with the highest level of ethical standards in achieving its Vision. The Company issues a copy of its code of ethics to each and every employee who are required to abide by the Company's Code of Conduct.

EQUITABLE TREATMENT TO SHAREHOLDERS

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

SYSTEMS AND INTERNAL CONTROLS

The Directors acknowledge their responsibility for the Group's system of internal control. The system is designed to give assurance, inter alia, regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of the financial information generated. However, any system can only ensure reasonable but not absolute assurance that errors and irregularities are either prevented or detected within a reasonable time period. The Board having reviewed the system of internal control, is satisfied with the Group's adherence to and effectiveness of these controls for the period up to the date of signing the Financial Statements.

INCOME TAX EXPENSES

Income Tax expenses have been computed at the rates given in Note 12 to the Financial Statements. The Group has also provided deferred tax on all known temporary differences under the liability method, as permitted by the Sri Lanka Accounting standards – LKAS 12 on "Income Taxes"

REVENUE

The revenue of the Group was Rs. 1,092.94 Mn. (2024/25 - Rs.873.52 Mn). A detailed analysis of the Group revenue that identifies the contributions from different segments of the Group businesses is given in Note 5 to the Financial Statements.

CAPITAL EXPENDITURE

Details of Property, Plant and Equipment and their movements during the year are listed in Note 16 to the Financial Statements. Capital Expenditure approved and contracted for are given in page 75

INVESTMENTS

Details of investments and their movements during the year are listed in Notes 20 and 24 to the Financial Statements.

RESERVES

Total reserves of the Group stood at Rs 4.01 Bn as at 31st March 2026 (Rs. 3.96 Bn as at 31st March 2025) details of which are given in the Statement of Changes in Equity.

STATED CAPITAL

The Stated Capital is the total of all amounts received by the Company in respect of the issue of shares. The Stated Capital of the Company amounts to Rs.193.00 Mn comprising 16,152,353 Ordinary Shares.

SHARE INFORMATION

Information relating to earnings, dividends, net assets per share, market value of a share and information on share trading are stated under Shareholder and Investor Information.

SHAREHOLDING

There were 1,708 registered shareholders holding 16,152,353 ordinary shares of the Company as at 31st March 2026. A list of top 20 shareholders is given on page 105 of this Report.

MATERIAL ISSUES PERTAINING TO EMPLOYEES AND INDUSTRIAL RELATIONS OF THE COMPANY

No material issues pertaining to employees and industrial relations of the Company occurred during the year under review which require disclosure under Rule 7.6 (vii) of the Listing Rules

ENVIRONMENT PROTECTION

During the period under review the Company has not engaged in any activity that is harmful to the environment.

ANNUAL REPORT

The Board of Directors approved the Consolidated Financial Statements on 26th May 2026. The appropriate number of copies of this Report will be submitted to the Colombo Stock Exchange and the Sri Lanka Accounting and Auditing Standards Monitoring Board. As required by Section 170 (1) of the Companies Act No. 07 of 2007, duly signed Financial Statement of the Company and the Group together with Auditor's Report will also be delivered to Registrar of Companies for registration within 20 working days after the Financial Statements of the Company and Group are signed.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company has not engaged in any activity against the prevailing laws and regulations. Compliance with laws and regulations are confirmed to the Board at all Board Meetings.

STATUTORY PAYMENTS

The Directors are satisfied that all statutory payments to the Government and other statutory institutions including

employee-related payments have been made on time, to the best of their knowledge and belief.

HUMAN RESOURCES

The number of persons employed by the Company as at 31st March 2026 was 15 (14 in 2025).

The Company's Human Resource Management Policies and Practices are designed to improve efficiency, effectiveness and productivity and also nurture collaborative teams that enrich the work and learning environment of all staff.

No material issues pertaining to employees and industrial relations of the Company occurred during the year under review which require disclosure under Rule 7.6 (vii) of the Listing Rules

DONATIONS

During the year, donations amounting to Rs. 0.3Mn (2024/25 – Rs. 0.3 Mn) were made by the Company. Donations made by the Company are given in Note 11

At the last Annual General Meeting shareholders approved a sum not exceeding Rs 0.3 Mn for donations.

GOING CONCERN

After considering the financial position, operating conditions, regulatory and other factors and such matters required to be addressed in the Corporate Governance Code, the Directors have reasonable expectation that the Company possesses adequate resources to continue to be in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Financial Statements.

EVENTS AFTER THE REPORTING DATE

The Board of Directors at the Board Meeting held on 26th May 2026 recommended the payment of a final dividend of Rs.2.50 per share to be paid to the shareholders on 20th July 2026, subject to the approval of the

shareholders of the Company at the Annual General Meeting to be held on 30th June 2026.

No material events have taken place after the reporting date which require an adjustment to or a disclosure other than those disclosed in Note 38 to the Financial Statements on page 89

AUDITORS' REMUNERATION AND INTEREST IN CONTRACTS WITH THE COMPANY

As far as the Directors are aware, the Auditors do not have any relationship or interest in the Company or its subsidiaries. The Auditors have confirmed that they do not have any relationship (other than that of Auditors) with or interest in the Company or any of its subsidiaries other than those disclosed above.

The Company's auditors during the period under review were Messrs. Ernst & Young, Chartered Accountants. A sum of Rs. 1.33 Mn was paid to them as consolidated audit fees during the year under review (Company - Rs. 1.07 Mn) and a sum of Rs. 0.2 Mn was paid by the Company for other related services.

RE-APPOINTMENT OF AUDITORS

The Financial Statements for the period under review were audited by Messrs Ernst & Young, Chartered Accountants who offer themselves for reappointment for the ensuing year. Based on the recommendations of the Audit Committee, a resolution to re-appoint the Auditors for the financial year 2026/27 and authorizing the Directors to determine their remuneration, will be proposed at the forthcoming Annual General Meeting.

The Directors propose the re-appointment of Messrs Ernst & Young, Chartered Accountants as Auditors of the Company for the year 2026/27 subject to the approval of the shareholders at the Annual General Meeting.

The Audit Committee reviews the appointment / re-appointment of the Auditor, its effectiveness and its relationship with the Company including the level of audit and non -audit fees paid to the Auditors.

NOTICE OF MEETING

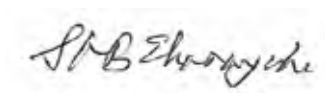
The 53rd Annual General Meeting will be held on 30th June 2026 at 9th Floor, Commercial Bank Building, No.1, Union Place, Colombo 02 at 9.30 am

The Notice of the Annual General Meeting to the shareholders is given on page 110

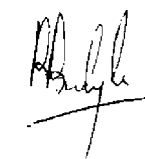
ACKNOWLEDGEMENT

As required by Section 168(k) of the Companies Act No.7 of 2007, and Listing Rules 7.6 of the CSE. The Board of Directors does acknowledge the contents of this Annual Report.

**By Order of the Board
Chemane PLC**



S A B Ekanayake
Chairman



R P Bandaranayake
Director

26th May 2026

Statement of Directors' Responsibility for Financial Reporting

The following statement sets out responsibility of the Board of Directors in relation to the Financial Statements of the Company and its subsidiaries prepared in accordance with the provisions of the Companies Act No. 07 of 2007.

The responsibility of the Independent Auditor in relation to the Financial Statements is set out in the Report of the Auditors given on page 46 of the Annual Report.

As per the provisions of sections 151, 153(1) and (2), 150(1) and 152(1) of the Companies Act No. 07 of 2007, the Directors are required to prepare Financial Statements for each financial year, which should give a true and fair view of the state of affairs of the Company and its subsidiaries as at the reporting date and its profit or loss for the financial year then ended, ensure that they are completed within six months or such extended period as may be determined by the Registrar General of Companies, certified by the person responsible for the preparation of the Financial Statements that it is in compliance with the said Companies Act and dated and signed on behalf of the Board by two Directors of the Company.

In terms of Section 166(1) read together with Sections 168(1)(b) and (c) and Section 167(1) of the Companies Act, the Directors shall cause a copy of the aforesaid Financial Statements together with the Annual Report of the Board of Directors of the Company prepared as per Section 166(1) of the Companies Act to be sent to every shareholder of the Company not less than fifteen (15) working days before the date fixed for holding the Annual General Meeting. The above obligation is discharged by the Directors by making available the Annual Report on the Company's official website and the Colombo Stock Exchange website in terms of Rule 7.5(b) of the Listing Rules of the Colombo Stock Exchange. As per the said Rule, printed copies of the Annual Report will be made available to the shareholders on request.

In preparing the Financial Statements, the Directors are responsible to ensure that appropriate accounting policies have been selected and applied consistently, reasonable and prudent judgments and estimates have been made and all applicable accounting standards have been complied with. The Directors are also

required to ensure that the Company and its subsidiaries have adequate resources to continue in operation to justify applying the going concern basis in preparing these Financial Statements.

Further, the Directors have a responsibility to ensure that the Companies within the Group maintain sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company and the subsidiaries.

The Financial Statements prepared and presented in this Report have been prepared based on Sri Lanka Accounting Standards (SLFRS/LKAS) and are consistent with the underlying books of account and are in conformity with the requirements of Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange.

The Directors have also implemented effective and comprehensive systems of internal control for identifying, recording, evaluating and managing the significant risks faced by the Company throughout the year, which is primarily handled through the Audit Committee.

The Directors have taken appropriate steps to ensure that the Company and its subsidiaries maintain proper books of accounts and the financial reporting system is directly reviewed by the Directors at their regular meetings and also through the Board Audit Committee.

The Directors have also taken proper and sufficient measures to safeguard the assets of the Group and the Company and, in that context, have instituted appropriate systems of internal control and accounting records to prevent and detect frauds and other irregularities. These have been reviewed, evaluated and updated on an ongoing basis.

The Board of Directors also approves the Interim Financial Statements prior to their release following a review and recommendation by the Board Audit Committee. The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report.

The Financial Statements of the Company and its subsidiaries have been certified by the Chief Financial Officer of the Company, the officer responsible for their preparation as required by the Sections 150(1)(b) and 152 (1) (b) of the Companies Act and they have also been signed by two Directors of the Company as required by Sections 150(1) (c) and 152 (1) (c) of the Companies Act.

The Directors, to the best of their knowledge and belief, are satisfied and all statutory payments in relation to all relevant regulatory and statutory authorities, which were due and payable by the Company and its subsidiaries as at the reporting date have been paid and where relevant, provided for.

Accordingly, the Board of Directors are of the view that they have discharged their responsibilities as set out in this Statement.

**By Order of the Board
Chemane PLC**



S A B P W M R R W T Wegodapola
Company Secretary

26th May 2026

Statement of Chief Operating Officer and Chief Financial Officer's Responsibility Statement

As Chief Operating Officer and Chief Financial Officer of Chemanex PLC, we are responsible for ensuring the integrity of the Company's financial reporting, internal controls, and operational performance for the year ended 31st March 2026.

1. Financial Statements and Reporting

We confirm that the Financial Statements presented in this Annual Report have been prepared in accordance with Sri Lanka Accounting Standards, the requirements of the Companies Act No. 07 of 2007, and the Listing Rules of the Colombo Stock Exchange.

The statements present a true and fair view of the state of affairs of the Company as at 31st March 2026 and of the financial performance and cash flow for the year then ended.

Appropriate accounting policies have been applied consistently, and material judgments and estimates are based on reasonable and prudent assessments. All material information known to us has been disclosed to ensure that the financial statements are not misleading.

2. Internal Control and Risk Management

We are responsible for establishing and maintaining an effective system of internal controls and risk management processes across operations and finance.

During FY 2025/26, the internal control framework was reviewed and strengthened to address key risks in supply chain, credit management, IT systems, and regulatory compliance. No material weaknesses were identified that would materially affect the reliability of financial reporting.

The Audit Committee has reviewed the effectiveness of these controls, and we continue to monitor them to ensure alignment with the Company's risk appetite and strategic objectives.

3. Operational Performance and Compliance

Operational results for the year reflect the actions taken to improve efficiency, manage costs, and strengthen customer service while maintaining compliance with all applicable laws, regulations, and environmental standards.

We confirm that the Company has complied with all material statutory and regulatory requirements during the year. There were no material non-compliance events that were not disclosed in the financial statements.

4. Going Concern

Based on our assessment of the Company's financial position, cash flow, and future outlook, we have a reasonable expectation that Chemanex PLC will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, we continue to adopt the going concern basis in preparing the financial statements.

5. Responsibility for Records and Safeguarding of Assets

We are responsible for ensuring that proper accounting records are maintained and that assets are safeguarded against unauthorized use or disposition. Reasonable steps have been taken to prevent and detect fraud and other irregularities.

We confirm that to the best of our knowledge and belief

1. The financial statements give a true and fair view of the financial position and performance of Chemanex PLC as at and for the year ended 31st March 2026.
2. The information included in this Annual Report is accurate, complete, and fairly presents the Company's operations, financial condition, and prospects.
3. The Company has maintained effective internal controls and risk management systems throughout the year.



T M A T J Yatigammana
Chief Operating Officer



T M S R Muthugama
Chief Financial Officer

26th May 2026

Transitioning to SLFRS S1 and S2

GOVERNANCE of sustainability related risks and opportunities

Board Oversight

The Board is the main governing body responsible for monitoring, approving, overseeing, and reviewing Chemanex's sustainability and climate-related risks and opportunities. Board oversight role encompasses governance, strategy, finance and risk management, to ensure that Chemanex remains relevant and aligned with global best practices in sustainability.

Recognising the importance and implications of climate-related risks on Chemanex's business, the Board actively oversees the risk assessment process to identify, evaluate, and respond to these challenges. To facilitate this, the Company has considered this along with the Risk Management Framework to assess the potential impact of various climate scenarios on the Company's operations and financial stability. This proactive risk management strategy enables Company to anticipate and mitigate climate-related risks effectively, safeguarding the interests of stakeholders while enhancing long-term organisational resilience. This Risk Management Framework is in-line with the guidelines set out under the CIC Group risk management strategy.

Role of Management

Risk Management Team which was appointed in 2023 to ensure comprehensive oversight of sustainability and climate risk-related matters. This team will report to the Chief Operating Officer who is directly responsible to the Board of Directors.

The selection of members is based on expertise, leadership role, and functional relevance within Company. Members comprise managers, key decision-makers who possess deep industry knowledge and experience in risk management, sustainability, finance, and corporate strategy. This approach aims to ensure that the members are equipped with the necessary skills to provide strategic direction, assess risks, and drive initiatives that align with Company's long-term objectives and regulatory requirements.

STRATEGY process for determining actual and potential impacts of sustainability-related risks and opportunities on the Company's businesses, strategy and financial planning

Analysis

Chemanex has started conducting industry climate and sustainability risk reviews to assess the potential business implications of climate change on its business portfolio. This exercise marks the first steps towards developing a structured approach to managing climate-related risks.

Outcome

Chemanex adopts the precautionary approach for the management of sustainability issues.

Hence Sustainable business processes has emerged as a key priority for Company, underscoring the team to integrate sustainability into its core product offerings to ensure long-term value creation while addressing pressing environmental challenges.

To that end, Chemanex places a strong focus on sustainable solutions which reduces the negative impact to the environment.

Chemanex is firmly committed to conducting its business operations in an environmentally responsible and sustainable manner, aligning its corporate practices with the principles of environmental stewardship. The Company's personal care division plays a crucial role in advancing sustainable chemical solutions tailored to meet the growing demand for environmentally conscious products across the nation.

In pursuit of its sustainability objectives, Chemanex has developed a comprehensive strategic framework that emphasizes the responsible sourcing and supply of additives to food and personal care segment, most of all which are approved by the Food and Drug Administration (FDA), thereby ensuring the highest standards of safety, efficacy, and quality. The Company's manufacturing facilities are meticulously managed to adhere to strict environmental regulations, including Schedule Waste Management

protocols and Sound Pollution Standards. These measures exemplify Chemanex's unwavering commitment to minimizing environmental impact and promoting socially responsible practices throughout its operations.

Further the manufacturing plant also complies with Key environmental control measures including:

- ⊙ A centrifugal exhaust blower
- ⊙ An ozone (O3) generator,
- ⊙ A custom-designed wet scrubber using ceramic/PVC media,
- ⊙ Discharge chimney to ensure safe dispersion of treated air.
- ⊙ Following internal & external measures being taken in manufacturing ;
- ⊙ The project is monitored in coordination with the Industrial Technology Institute (ITI) to ensure environmental compliance.
- ⊙ SOPs are documented and updated as needed.
- ⊙ Regular internal audits and annual third-party testing of TVOC emissions ensure transparency and compliance.

By integrating sustainable practices into its core business functions, Chemanex aims to contribute positively to environmental conservation efforts while delivering high-quality, eco-friendly products to its customers and stakeholders.

RISK MANAGEMENT The processes within the Company to identify, assess and manage sustainability related risks

Company's approach to managing sustainability risks is commencing at the selection of the supplier level. Chemanex screens and selects the suppliers with global quality standards so that it is in line with the Company's practice of providing of chemicals to the country which are with low Volatile Organic Compound (VOC) and without heavy metals.

Next Steps

Going forward also Company focuses on providing chemical solutions which are environmental friendly, low VOC and without heavy metals.

INDEPENDENT AUDITOR'S REPORT



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

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

TO THE SHAREHOLDERS OF CHEMANEX PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Chemanex PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2026, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2026, and of their

financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most

significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

| Key Audit Matter | How our audit addressed the key audit matter |
|--|--|
| <p>Revenue from contract with customers</p> <p>The Group derived its revenue of Rs. 1,092.9 Mn from the sales of goods as disclosed in Notes 6 and 6.1 to the financial statement.</p> <p>Revenue was a key audit matter due to:</p> <ul style="list-style-type: none"> The reported revenue increase by (25%) recorded by the Group during the year, due to the price revisions in different products. | <p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> Tested relevant key controls relating to the sales of goods. Our procedures included testing the general IT control environment and the relevant key IT application controls relating to the most significant IT systems relevant to revenue. Performed analytical procedures to understand and assess the reasonableness of the reported revenues. Tested revenue transactions by reviewing sales orders, sales invoices, delivery notes and other relevant supporting documents. Our procedures included testing revenue cut-off at the period-end date to determine whether transactions are recorded in the proper period and to the proper accounts and testing journal entries recognized to revenue. <p>We also assessed the adequacy of the disclosures in respect of revenue in Notes 6 and 6.1 to the financial statements.</p> |

INDEPENDENT AUDITOR'S REPORT

| Key Audit Matter | How our audit addressed the key audit matter |
|--|--|
| <p>Assessment of fair value of Unquoted Equity Investment made at Fair Value Through OCI (FVTOCI)</p> <p>Non-current financial assets of the Group consist of an unquoted equity investment in CIC Feeds (Pvt) Ltd in accordance with the accounting policy disclosed in note 20 and notes 20.1 to the financial statements.</p> <p>The fair value is determined by management based on the Price to earnings ratio approach, which is derived based on market multiples derived from comparable industry peers.</p> | <p>Our audit procedures focused on the valuation of the investment performed by the management, and included the following key procedures:</p> <ul style="list-style-type: none"> assessed the appropriateness of the valuation technique and reasonableness of significant assumptions, judgements and estimates such as Illiquidity discount used by the management to ascertain the fair value of the unquoted equity investments. Our evaluation involved the use of comparable market data considering the impacts of the economic conditions prevailing in the country |
| <p>This was a Key Audit Matter due to:</p> <ul style="list-style-type: none"> The materiality of the reported unquoted equity investment balance which amounted to Rs. 759.6 million and represented 16% of the Group's total assets as of the reporting date; and The degree of assumptions, judgements and estimates associated in assessing the fair value of the unquoted equity investment. <p>Key areas of significant management judgements, estimates and assumptions used in the valuation of unquoted equity investment include Illiquidity and marketability discount as further disclosed in note 20.1 to the financial statements.</p> | <ul style="list-style-type: none"> Evaluated the appropriateness and completeness of the information and checked the relevant calculations. <p>Further, we evaluated the adequacy of the related disclosures in note 20 and 20.1 to the Financial Statements.</p> |

Other Information included in the 2026 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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

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

Responsibilities of the management and those charged with governance

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

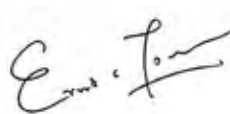
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation 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 4169.



26th May 2026

Colombo

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

Principals: T P M Ruberu FCMA FCCA MBA, G B Goudlan ACMA, D L B Karunathilaka ACMA, W S J De Silva BSc (Hons) - MIS MSc - IT, V Shaktivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

Statement of Profit or Loss and Other Comprehensive Income

| For the Year ended 31st March | Notes | Company | | Group | |
|--|-------|------------------|------------------|------------------|------------------|
| | | 2026 Rs. '000 | 2025 Rs. '000 | 2026 Rs. '000 | 2025 Rs. '000 |
| Continuing operations | | | | | |
| Revenue | 6 | 1,092,939 | 873,516 | 1,092,939 | 873,516 |
| Cost of sales | | (803,366) | (621,461) | (803,366) | (621,461) |
| Gross profit | | 289,573 | 252,055 | 289,573 | 252,055 |
| Other income | 7 | 83,233 | 55,381 | 83,233 | 55,381 |
| Distribution expenses | | (92,865) | (77,955) | (92,865) | (77,955) |
| Impairment reversal on trade receivables | | 429 | 8,592 | 429 | 8,592 |
| Administrative expenses | | (55,844) | (56,811) | (55,844) | (56,811) |
| Other expenses | 8 | (145) | (5,199) | - | (5,051) |
| Results from operating activities | | 224,381 | 176,063 | 224,526 | 176,211 |
| Finance income | 9.1 | 2,458 | 1,261 | 2,458 | 1,261 |
| Finance costs | 9.2 | (27,904) | (21,371) | (27,904) | (21,371) |
| Net finance expense | 9 | (25,446) | (20,110) | (25,446) | (20,110) |
| Share of loss of equity accounted investees (net of tax) | 10 | - | - | - | - |
| Profit before tax | 11 | 198,935 | 155,953 | 199,080 | 156,101 |
| Income tax expense | 12 | (45,330) | (38,527) | (45,330) | (38,527) |
| Profit from continuing operations | | 153,604 | 117,426 | 153,749 | 117,574 |
| Discontinued operations | | | | | |
| Profit from discontinued operations (net of tax) | 13.1 | - | - | 9,493 | 1,039 |
| Profit for the year | | 153,604 | 117,426 | 163,242 | 118,613 |
| Other comprehensive income | | | | | |
| Items that will never be reclassified to profit or loss | | | | | |
| Actuarial (gain) / loss on retirement benefit obligations | 29.1 | (619) | 26 | (619) | 26 |
| Income tax on other comprehensive income | | (111,762) | (26,296) | (111,762) | (26,296) |
| Net gain from fair value change in financial assets | | 114,330 | 387,484 | 117,618 | 390,287 |
| Gain on disposal of rights | | - | 16,794 | - | 16,794 |
| Other comprehensive income for the year | | 1,949 | 378,008 | 5,237 | 380,811 |
| Total comprehensive income for the year | | 155,554 | 495,434 | 168,480 | 499,424 |
| Profit attributable to: | | | | | |
| Equity holders of the Company | | 153,604 | 117,426 | 163,280 | 118,651 |
| Non - controlling interests | | - | - | (38) | (38) |
| Profit for the year | | 153,604 | 117,426 | 163,242 | 118,613 |
| Total comprehensive income attributable to: | | | | | |
| Equity holders of the Company | | 155,554 | 495,434 | 168,518 | 499,462 |
| Non - controlling interests | | - | - | (38) | (38) |
| Total comprehensive income for the year | | 155,554 | 495,434 | 168,480 | 499,424 |
| Earnings per share | | | | | |
| Basic / Diluted earnings per share (Rs.) | 14 | 9.51 | 7.48 | 10.11 | 7.55 |
| Earnings per share-continuing operations | | | | | |
| Basic / Diluted earnings per share (Rs.) | | 9.51 | 7.48 | 9.52 | 7.49 |

Notes from pages 53 to 100 form an integral part of the Financial Statements.

Figures in brackets indicate deductions.

Statement of Financial Position

| As at 31st March | Notes | Company | | Group | |
|---|-------|------------------|------------------|------------------|------------------|
| | | 2026 | 2025 | 2026 | 2025 |
| | | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant & equipment | 16 | 11,733 | 13,034 | 11,733 | 13,034 |
| Intangible assets | 17 | 382 | 521 | 382 | 521 |
| Investment in subsidiaries | 18 | - | - | - | - |
| Equity accounted investees | 19 | - | - | - | - |
| Equity investment at fair value through OCI | 20 | 759,634 | 386,469 | 759,634 | 386,469 |
| | | 771,749 | 400,024 | 771,749 | 400,024 |
| Current assets | | | | | |
| Inventories | 21 | 177,101 | 192,514 | 177,101 | 192,514 |
| Trade receivables | 22 | 162,695 | 154,309 | 162,695 | 154,309 |
| Other receivables | 23 | 82,481 | 71,197 | 82,481 | 71,197 |
| Equity investment at fair value through OCI | 24 | 3,319,088 | 3,526,299 | 3,319,088 | 3,526,299 |
| Deposits with banks | | 27,671 | 24,473 | 27,671 | 24,473 |
| Cash in hand and at bank | 25 | 28,785 | 25,156 | 28,785 | 25,156 |
| | | 3,797,821 | 3,993,948 | 3,797,821 | 3,993,948 |
| Assets relating to Discontinued operations | 13.2 | 47,000 | 47,000 | 77,482 | 64,216 |
| | | 3,844,821 | 4,040,948 | 3,875,303 | 4,058,164 |
| Total assets | | 4,616,570 | 4,440,972 | 4,647,053 | 4,458,188 |
| EQUITY AND LIABILITIES | | | | | |
| Equity attributable to equity holders of the company | | | | | |
| Stated capital | 26 | 193,006 | 126,250 | 193,006 | 126,250 |
| Capital reserves | 27 | - | - | 3,000 | 3,000 |
| Revenue reserves | 28 | 3,910,910 | 3,873,158 | 4,010,081 | 3,959,365 |
| | | 4,103,916 | 3,999,408 | 4,203,087 | 4,088,615 |
| Non-controlling interests | | - | - | (2,908) | (2,870) |
| Total Equity | | 4,103,916 | 3,999,408 | 4,203,179 | 4,085,745 |
| Non-current liabilities | | | | | |
| Retirement benefit obligations | 29 | 7,272 | 6,775 | 7,272 | 6,775 |
| Deferred tax liabilities | 30 | 150,634 | 37,487 | 150,634 | 37,487 |
| | | 157,906 | 44,262 | 157,906 | 44,262 |
| Current liabilities | | | | | |
| Trade payables | 31 | 60,535 | 54,489 | 60,535 | 54,489 |
| Income tax payable | 32 | 24,964 | 22,431 | 24,964 | 22,431 |
| Accruals and other payables | 33 | 109,824 | 111,663 | 39,854 | 41,525 |
| Loans and borrowings | 34 | 159,425 | 208,719 | 159,425 | 208,719 |
| | | 354,748 | 397,302 | 284,778 | 327,164 |
| Liabilities classified as held for distribution | 13.2 | - | - | 1,190 | 1,017 |
| | | 354,748 | 397,302 | 285,968 | 328,181 |
| Total liabilities | | 512,654 | 441,564 | 443,874 | 372,443 |
| Total equity and liabilities | | 4,616,570 | 4,440,972 | 4,647,053 | 4,458,188 |
| Net assets per share (Rs) | | 254.08 | 254.62 | 260.40 | 260.30 |


Notes from pages 53 to 100 form an integral part of the Financial Statements.

It is certified that the Financial Statements have been prepared in accordance with the requirements of the Companies Act No 07 of 2007.


T M S R Muthugama
 Chief Financial Officer

The Board of Directors is responsible for these Financial Statements.
 Signed for and on behalf of the Board by;


S A B Ekanayake
 Chairman
 26th May 2026


R P Bandaranayake
 Director


S A B P W M R R W T Wegodapola
 Company Secretary

Statements of Changes in Equity

Company

| For the Year ended 31st March | Stated Capital | Fair Value Reserve | Retained Earnings | Total |
|--|----------------|--------------------|-------------------|-----------|
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| As at 31st March 2024 | 126,250 | 837,550 | 2,579,442 | 3,543,242 |
| Profit for the year | - | - | 117,426 | 117,426 |
| Other comprehensive income | - | 361,196 | 16,812 | 378,008 |
| Total comprehensive income | - | 361,196 | 134,238 | 495,434 |
| Dividends (Note 15) | - | - | (39,268) | (39,268) |
| Total comprehensive income to the owners of the company | - | 361,196 | 94,970 | 456,166 |
| As at 31st March 2025 | 126,250 | 1,198,746 | 2,674,412 | 3,999,408 |
| As at 01st April 2025 | 126,250 | 1,198,746 | 2,674,412 | 3,999,408 |
| Profit for the year | - | - | 153,604 | 153,604 |
| Other comprehensive income | - | 2,568 | (619) | 1,949 |
| Derecognition of financial assets due to disposal | - | (191,230) | 191,230 | - |
| Total comprehensive income | - | (188,662) | 344,215 | 155,554 |
| Dividends (Note 15) | 66,756 | - | (117,802) | (51,046) |
| Total comprehensive income to the owners of the company | - | (188,662) | 226,413 | 104,508 |
| As at 31st March 2026 | 193,006 | 1,010,084 | 2,900,825 | 4,103,916 |

Group

| For the Year ended 31st March | Stated Capital | Reserve on Script issue | Fair Value Reserve | Retained Earnings | Total | Non-Controlling Interest | Total |
|--|----------------|-------------------------|--------------------|-------------------|-----------|--------------------------|-----------|
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| As at 01st April 2024 | 126,250 | 3,000 | 836,329 | 2,662,842 | 3,628,421 | (2,832) | 3,625,589 |
| Profit for the year | - | - | - | 118,651 | 118,651 | (38) | 118,613 |
| Other comprehensive income | - | - | 363,999 | 16,812 | 380,811 | - | 380,811 |
| Total comprehensive income | - | - | 363,999 | 135,463 | 499,462 | (38) | 499,424 |
| Dividends (Note 15) | - | - | - | (39,268) | (39,268) | - | (39,268) |
| Total contributions by and distributions to the owners of the company | - | - | 363,999 | 96,195 | 460,194 | (38) | 460,156 |
| As at 31st March 2025 | 126,250 | 3,000 | 1,200,328 | 2,759,037 | 4,088,615 | (2,870) | 4,085,745 |
| As at 01st April 2025 | 126,250 | 3,000 | 1,200,328 | 2,759,037 | 4,088,615 | (2,870) | 4,085,745 |
| Profit for the year | - | - | - | 163,280 | 163,280 | (38) | 163,242 |
| Other comprehensive income | - | - | 5,856 | (619) | 5,237 | - | 5,237 |
| Derecognition of financial assets due to disposal | - | - | (191,230) | 191,230 | - | - | - |
| Total comprehensive income | - | - | (185,374) | 353,891 | 168,518 | (38) | 168,480 |
| Dividends (Note 15) | 66,756 | - | - | (117,802) | (51,046) | - | (51,046) |
| Total contributions by and distributions to the owners of the company | 66,756 | - | (185,374) | 236,089 | 117,472 | (38) | 117,434 |
| As at 31st March 2026 | 193,006 | 3,000 | 1,014,954 | 2,995,126 | 4,206,087 | (2,908) | 4,203,179 |

Notes from pages 53 to 100 from an integral part of the Financial Statements.

Figures in brackets indicate deductions.

Statement of Cash Flow

| As at 31st March | Notes | Company | | Group | |
|--|-------|------------------|------------------|------------------|------------------|
| | | 2026 Rs. '000 | 2025 Rs. '000 | 2026 Rs. '000 | 2025 Rs. '000 |
| Cash flow from operating activities | | | | | |
| Cash generated from operations (Note A) | | 166,558 | 92,891 | 171,774 | 92,422 |
| Interest paid | | (27,904) | (20,709) | (27,904) | (21,272) |
| Retirement benefit costs paid | | (1,668) | (521) | (1,668) | (521) |
| Income tax paid | 32 | (41,410) | (20,822) | (41,410) | (20,822) |
| Net cash flow generated from operating activities | | 95,576 | 50,839 | 100,792 | 49,807 |
| Cash flow from investing activities | | | | | |
| Proceeds from disposal of rights | | - | 16,794 | - | 16,794 |
| Proceeds from disposal of property, plant & equipment | | - | 1,221 | - | 1,221 |
| Dividend received from other companies | 7 | 61,350 | 32,398 | 61,350 | 32,398 |
| Acquisition of investments | 24 | (527,803) | (55,746) | (527,803) | (55,746) |
| Disposal of Investments | | 476,178 | - | 476,178 | - |
| Addition to property, plant & equipment | 16 | (592) | (727) | (592) | (727) |
| Interest income received | | 2,458 | 1,261 | 7,221 | 3,962 |
| Investment in bank deposits | | (3,198) | (17,007) | (3,198) | (17,007) |
| Net cash outflow from investing activities | | 8,393 | (21,806) | 13,156 | (19,105) |
| Net cash inflow before financing activities | | 103,969 | 29,033 | 113,948 | 30,702 |
| Cash flow from financing activities | | | | | |
| Settlement of lease liability | 34.2 | - | (7,410) | - | (7,410) |
| Dividends paid to equity holders of the parent | | (51,046) | (39,268) | (51,046) | (39,268) |
| Net cash outflow from financing activities | | (51,046) | (46,678) | (51,046) | (46,678) |
| Net decrease in cash & cash equivalents during the period | | | | | |
| Equivalents during the period | | 52,923 | (17,645) | 62,902 | (15,976) |
| Cash & cash equivalents at the beginning of the period | | (183,563) | (166,023) | (128,419) | (113,111) |
| Unrealised exchange loss on cash & cash equivalent | | - | 105 | - | 668 |
| Cash & cash equivalents at the end of the period (Note B) | | (130,640) | (183,563) | (65,518) | (128,419) |

Statement of Cash Flow

| As at 31st March | Notes | Company | | Group | |
|---|-------|------------------|------------------|------------------|------------------|
| | | 2026 Rs. '000 | 2025 Rs. '000 | 2026 Rs. '000 | 2025 Rs. '000 |
| Note A - Cash generated from operations | | | | | |
| Profit before tax from continued operations | | 198,935 | 155,953 | 199,080 | 156,101 |
| Profit before tax from discontinued operations | | - | - | 9,493 | 1,827 |
| Adjustments for: | | | | | |
| Depreciation on property, plant & equipment | 16 | 1,893 | 1,984 | 1,893 | 1,984 |
| Amortisation of right of use asset | 16 | - | 5,708 | - | 5,708 |
| Amortisation of intangible assets | 17 | 139 | 139 | 139 | 139 |
| Provision for retirement benefit | 29 | 1,546 | 1,507 | 1,546 | 1,507 |
| Provision for intercompany receivable | 8 | 145 | 148 | - | - |
| Gain on disposal of property, plant & equipment | 7 | - | (1,221) | - | (1,221) |
| Reversal of provision for impairment of trade receivable | 22.2 | (429) | (8,592) | (429) | (8,592) |
| Reversal of provision for write down of inventories | 21.1 | 8,845 | (2,461) | 8,845 | (2,461) |
| Provision against the advance provided to Rainforest Ecologde (Private) limited | 8 | - | 5,051 | - | 5,051 |
| Dividend income | 7 | (61,350) | (32,398) | (61,350) | (32,398) |
| Interest income | | (2,458) | (1,261) | (7,221) | (3,962) |
| Interest expense | | 27,904 | 21,266 | 27,904 | 21,266 |
| Operating profit before working capital changes | | 175,171 | 145,823 | 179,901 | 144,949 |
| Increase in trade and other receivables | | (19,386) | (24,015) | (19,241) | (23,856) |
| Decrease /(increase) in inventories | | 6,568 | (50,007) | 6,568 | (50,007) |
| Increase in trade and other payables | | 4,206 | 21,090 | 4,547 | 21,336 |
| Cash generated from operations | | 166,558 | 92,890 | 171,774 | 92,422 |
| Note B - Analysis of cash & cash equivalents at the end of the year | | | | | |
| Cash in hand and at bank | | 28,785 | 25,156 | 93,907 | 80,300 |
| Interest bearing short-term borrowings | | (159,425) | (208,719) | (159,425) | (208,719) |
| | | (130,640) | (183,563) | (65,518) | (128,419) |

Notes from pages 53 to 100 form an integral part of the Financial Statements.

Figures in brackets indicate deductions.

Notes to the Financial Statements

1. REPORTING ENTITY

1.1 Domicile and Legal Form

ChemaneX PLC is a limited liability Company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka. The Company's registered office and principal place of business is located at No.199, Kew Road, Colombo 02.

1.2 Principal Activities and Nature of Operations

The principal activities of the Company, subsidiaries and equity accounted investees are provided in the Annual Report of the Board of Directors on the State of Affairs of ChemaneX PLC (Page 34).

1.3 Parent and Ultimate Parent Enterprise

The Parent Company of ChemaneX PLC is CIC Holdings PLC, a company incorporated and domiciled in Sri Lanka. In the opinion of the Directors' the Company's ultimate parent undertaking and controlling party is Paints and General Industries Limited, also incorporated and domiciled in Sri Lanka.

1.4 Authorisation for Issue

The Board of Directors is responsible for these Financial Statements. The Financial Statements were authorised for issue in accordance with a resolution of the Board of Directors on 26th May 2026.

1.5 Comparative Information

Comparative information including quantitative, narrative and descriptive information as relevant is disclosed in respect of previous period in the Financial Statements. The presentation and classification of the Financial Statements in the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

In addition, the Group presents an additional Statement of Financial Position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in Financial Statements.

1.6 Materiality, aggregation, offsetting and rounding

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 treated immaterial as permitted by the Sri Lanka Accounting Standard - LKAS 1 on 'Presentation of Financial Statements.

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. Notes to the Financial Statements are presented in a systematic manner that ensures the understandability and comparability of Financial Statements.

Offsetting

Assets and liabilities or income and expenses are not set off unless required or permitted by a Sri Lanka Accounting Standard.

Rounding

Financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand, unless indicated otherwise.

2. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of Consolidated Financial Statements in conformity with Sri Lanka Accounting Standards (SLFRS/ LKAS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reporting 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 in the period in which the estimates are revised in any future periods effected.

2.1 Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the Consolidated Financial Statements.

2.1.1 Fair Value Measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be measured based on quoted prices in active markets, their fair value is measured using the valuation techniques including market multiples derive from comparable industry peers.

Significant judgments are applied in the valuation methodology, particularly relating to the identification of comparable industry peers and the application of liquidity discounts. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 20 for further discourse.

2.2 Estimation and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year ended 31st March 2026 is included in the following notes.

The Group based its assumptions and estimates on parameters available when the Consolidated Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Notes to the Financial Statements

- ⊙ Note 30 - recognition of deferred tax assets. availability of future taxable profit against which deductible temporary differences can be utilized;
- ⊙ Note 19 - determination of fair value of the equity accounted investees in carrying our impairment test
- ⊙ Note 22 - measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate;

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by the Group entities to all periods presented in these Consolidated Financial Statements unless otherwise stated.

3.1 Basis of Preparation

These Financial Statements, comprising both the Company's separate Financial Statements and the Consolidated Financial Statements of the Company and its Subsidiaries ("Group") and the Group's interest in equity accounted investees; comprise the Statements of Financial Position, Statements of Profit or Loss and Other Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows together with the Accounting Policies and Notes to the Financial Statements.

The Financial Statements of all the companies in the Group as mentioned in Notes 18 and 19 to the Financial Statements are prepared for a common financial year, which ends on 31st March.

3.1.1 Statement of Compliance

These Consolidated Financial Statements have been prepared in accordance with the Sri Lanka Accounting and Auditing Standards Act No.15 of 1995 which requires compliance with Sri Lanka Accounting Standards (SLFRS/ LKAS) promulgated by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 7 of 2007.

3.1.2 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis, except that equity investments are measured at fair value and the retirement benefits obligations are measured at the present value of the defined benefit plans as explained in the respective notes to the Financial Statements.

3.1.3 Functional and Presentation Currency

The Financial Statements are presented in Sri Lanka Rupees, which is the Group's functional currency. The Sri Lankan Rupee remains the common functional and presentation currency for all entities in the Group. All financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand (Rs. '000), unless stated otherwise.

3.2 Basis of Consolidation

The Directors have made an assessment of the Company's ability to continue as a going concern in the foreseeable future, and they do not intend either to liquidate or to cease trading.

In determining the basis of preparing the financial statements for the year ended 31 March 2026, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the Company and the appropriateness of the use of the going concern basis.

The management has formed judgement that the Company, has adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalisation of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the Company.

In determining the above significant management judgements, estimates and assumptions, the impact of the macroeconomic conditions have been considered as of the reporting date and specific considerations have been disclosed under the notes, as relevant.

Chemanex PLC holds 69.5% of equity in Chemcel (Private) Limited. This company has been categorised as a discontinued operation during the financial year 2016/17 and is now under liquidation.

The Board has decided to cease its' export business entirely since it has been deemed to be non-viable. Consequently, the company will exit from its' investments in Chemanex Exports (Private) Limited by way of winding up. Company also ceased its' paints business in a managed manner.

The assets relating to Chemcel (Private) Limited, and Chemanex Exports (Private) Limited have therefore been designated as assets held for distribution in the preparation of the Consolidated Financial Statements. Liabilities pertaining to these businesses have been presented separately within current liabilities as liabilities relating to discontinued operations. The operational results of Chemcel (Private) Limited and Chemanex Exports (Private) Limited have been presented as 'Discontinued Operations' in the Statement of Profit or Loss and Other Comprehensive Income.

3.2.1 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases.

The Group considers all relevant facts and circumstances in assessing whether it has power over an investee which includes; The contractual arrangement with the other vote holders of the investee, Rights arising from other contractual arrangements and The Group's voting rights and potential voting rights over the investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Summarised financial information in respect of subsidiaries that have non-controlling interests that are material to the reporting entity (i.e., the Group) are disclosed separately when applicable.

3.2.2 Non-Controlling Interests

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

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

The acquisition of an additional ownership interest or a disposal of ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the non-controlling interests is recognised in equity of the parent. No adjustment is made to goodwill as a result of such transactions.

3.2.3 Loss of Control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value as at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as a FVOCI depending on the level of influence retained.

3.2.4 Equity Accounted Investees

An associate is an entity in which the Group has significant influence, but no control over the financial and operating policies. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but does not have the control over those policies.

The Group determines significant influence by taking into account similar considerations necessary to determine control over subsidiaries. The Group's investment in associate is accounted for using the equity method and are recognised initially at cost which includes the transaction cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The Statement of Profit or Loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the associate is eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the Statement of Profit or Loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

At each reporting date, the Group determines whether there is objective evidence that the investment in associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate its carrying value, and then recognises the loss as 'Share of profit of an associate' in the Income Statement.

When the Group's share of losses exceeds its interest in the associate, the carrying amount of that interest, including any long term investments, is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The Group discontinues the use of the equity method from the date that it ceases to have significant influence over an associate and accounts for the investment in accordance with the Group's accounting policy for financial instruments. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Notes to the Financial Statements

There are no significant restrictions on the ability of the associate to transfer funds to the Group in the form of cash dividends or repayment of loans and advances.

Details of the associates within the Group are provided in Note 20 to the Financial Statements.

3.2.5 Intra-Group Transactions

Pricing policies of all intra-group sales are identical to those adopted for normal trading transactions, which are at market prices.

3.2.6 Transactions Eliminated on Consolidation

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

3.3 Measurement of Fair Values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

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

The Group has an established control framework with respect to the measurement of fair values.

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

- ⊙ Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

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

If inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values included in the following notes;

Note 20 and 24 – Equity investment at fair value through OCI (current and non current)

3.4 Foreign Currency Transactions

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed, at which time, the cumulative amount is reclassified to the Income Statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

3.5 Revenue

3.5.1 Revenue Streams

The Company generates revenue primarily from sale of goods under revenue from contracts with customers.

3.5.2 Disaggregation of Revenue from Contract with Customers

Revenue from contract with customers (including revenue related to a discontinuing operation) is disaggregated by

primary geographical market, major products and timing of revenue recognition under Note 06.

3.5.3 Performance Obligations and Revenue Recognition Policies

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

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

| Type of product | Nature and timing of satisfaction of performance obligations, including significant payment terms | Revenue recognition policies |
|-----------------|---|---|
| Sale of Goods | The Company operates in different segments and engaged in varieties of sale of goods under each segments. | The revenue is recognised at the point of at which control over goods has been transferred to customer which is the point of dispatch / collection by the customer on local sales and at the point of loading the goods onto the relevant carrier at the port of the seller for export sales. |

3.5.4 Rendering of Services

Revenue from services is recognised as the services are provided. Revenue from service contracts that cover period of greater than 12 months is recognised in the profit and loss in proportion to the service delivered at a reporting date. In respect of services invoiced in advance amounts are deferred until provision of the service.

3.5.5 Interest Income

Interest income is recognised in profit or loss as it accrues and is calculated by using the effective interest rate method.

3.5.6 Dividend Income

Dividend Income is recognised when the Group's right to receive the payment is established.

3.5.7 Rental Income

Rental income arising from renting out of leased premises are recognised as revenue on a straight-line basis over the term of the lease or agreement.

3.5.8 Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

3.5.9 Others

Other income is recognised on an accrual basis.

Net gains and losses on the disposal of property, plant & equipment and other non-current assets including investments have been accounted for in profit or loss, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

3.6 Finance income and finance costs

The Group's finance income and finance costs include

- ⊙ Interest income
- ⊙ Interest expenses
- ⊙ Foreign currency gain or loss on financial assets and liabilities

Interest income or expense is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- ⊙ The gross carrying amount of the financial assets: or
- ⊙ The amortized cost of the financial liability.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether the foreign currency movements are in net gain or net loss position.

3.7 Tax

3.7.1 Current Income Tax

Current tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates and tax laws enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends; if any.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Management has used its judgment on the application of tax laws including transfer pricing regulations involving identification of associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanisms. The Group has complied with the arm's

Notes to the Financial Statements

length principles relating to transfer pricing as prescribed in the Inland Revenue Act.

3.7.2 Deferred Tax

Deferred tax is recognised in respect of the temporary differences between the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is recognised for all taxable temporary differences, except for:

- ⊙ Temporary differences on the initial recognition of asset or liability in a transaction that is not a business combination and, at the time of the transaction, that affects neither the accounting profit nor taxable profit or loss;
- ⊙ Temporary differences associated with investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- ⊙ Taxable temporary differences arising on the initial recognition of goodwill.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in profit or loss.

A deferred tax asset is recognised for unused tax losses, 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 utilised. 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.

3.7.3 Social Security Contribution Levy (SSCL)

According to the Social Security Contribution Levy Act No. 25 of 2022, Chemanex PLC is liable for Social Security Contribution Levy at 2.5% on the liable turnover with effect from 01 October 2022.

3.8 Discontinued Operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- ⊙ Represents a separate major line of business or geographical area of operations;
- ⊙ is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- ⊙ is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier.

When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

3.8.1 Assets and Liabilities relating to Discontinued Operations

Assets and liabilities relating to discontinued operations are presented separately in the Statement of Financial Position.

3.9 Property, Plant & Equipment

3.9.1 Initial Recognition and Measurement

Items of property, plant & equipment are measured at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes expenditure that is directly attributable to the acquisition of the asset and includes the cost of replacing part of the property, plant & equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

The cost of self-constructed assets includes the following:

- ⊙ the cost of materials and direct labour;
- ⊙ any other costs directly attributable to bringing the assets to a working condition for their intended use;
- ⊙ when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- ⊙ capitalised borrowing costs.

When significant parts of property, plant & equipment are required to be replaced at intervals, the Group recognises

such parts as individual assets with specific useful lives and depreciates them accordingly.

3.9.2 Subsequent Costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

3.9.3 Depreciation

Items of property, plant & equipment are depreciated on a straight-line basis over the estimated useful lives of the each component.

Items of property, plant & equipment are depreciated from the month that they are installed and are ready for use, or in respect of internally constructed assets, from the month that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years of significant items of property, plant & equipment are as follows:

- ⊙ Buildings 10 - 20 years
- ⊙ Plant and machinery 5-22 years
- ⊙ Computers and allied equipment 3 years
- ⊙ Motor Vehicles 4 years
- ⊙ Furniture & Fittings 3-4 years

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.9.4 De-recognition

An item of property, plant & equipment is de-recognised upon disposal of or when no future economic benefits are expected from its use or disposal. Gains and losses arising on de-recognition of assets are determined by comparing the proceeds from the disposal with the carrying amount of property, plant & equipment and are recognised net within "Other Income" in profit or loss.

3.10 Leases

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

3.10.1 Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and

leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

I) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- ⊙ Buildings 02 to 03 years.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

II) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Notes to the Financial Statements

III) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of building, machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.10.2 Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.11 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.12 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Expenditure on internally generated intangible assets, excluding capitalised development costs, is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Except for goodwill, intangible assets with finite lives are amortised on a straight-line basis in profit or loss over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period, residual value and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period and adjusted accordingly. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period

or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

3.12.1 ERP Implementation Cost

The initial cost incurred for ERP implementation has been capitalized and amortised over a period of 10 years.

3.13 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in expense categories consistent with the function of the impaired asset, except for a property previously revalued and the revaluation was taken to other

comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets or CGUs recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such

reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The following asset has specific characteristics for impairment testing:

3.13.1 Intangible Assets

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

3.14 Financial Instruments

3.14.1 Financial Assets

(A) Initial Recognition and Measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is trade receivable without a significant financing component) or financial liabilities initially measured at fair value plus for an item not at FVTPL, transaction costs that are directly attributable to its acquisitions 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 :amortized cost, FVOCI-debt investment; FVOCI-equity investments; or FVTPL.

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

Financial asset is measured at amortized cost if it meets both of the following conditions and it is not designated as at FVTPL:

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

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

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

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

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

(C) Financial ssets – Business model assessment

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

- ⊙ 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 income, maintain a particular interest rate profile, matching the duration of the financial asset to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the asset;
- ⊙ How the performance of the portfolio is evaluated and reported to the Group's management;
- ⊙ The risk that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- ⊙ How mangers of business are compensated – eg: whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

Notes to the Financial Statements

- ⊙ The frequency, volume and timing of sales of financial assets in prior periods, the reason for such sales are expectations about future sales activity.

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

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

(D) Financial assets – assessment whether contractual cash flows are solely payments of principal and interest:

For the purpose of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition, "interest" is defined as the 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 cost (example liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This include assessing whether the financial assets 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 assessment, the Group considers:

- ⊙ Contingent events that would change the amount and the timing of cash flows;
- ⊙ Terms that may adjust the contractual coupon rate, including variable rate features;
- ⊙ Prepayment and extension features: and
- ⊙ Terms that limit the Group's claim to cash flows from specified assets (example non resource features)

A prepayment feature is consistent with the solely payments of principles and interests criterion if the prepayment amounts 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 prepayments 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.

(E) Financial asset- subsequent measurement and gain and losses:

| | |
|---|--|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gain and losses including any interest or dividend income, are recognised in profit or loss. |
| Financial assets at amortized cost | These assets are subsequently measured at amortized cost using the effective interest method. The amortized 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 de recognition is recognised in profit or loss. |
| Debt investment at FVOCI | These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gain and losses and impairment are recognised in profit or loss. Other net gain and losses are recognised in OCI capital. On de-recognition, gain and losses accumulated in OCI capital are reclassified to profit or loss. |
| Equity investment at FVOCI | These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. |

3.14.2 Financial liabilities- classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expenses, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gain and losses are recognised in profit or loss. Any gain or loss recognition is also recognised in profit or loss.

3.14.3 De recognition

(A) Financial asset

The Group de recognises a financial asset when the contractual rights to the cash flow from the financial assets 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 assets are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial assets.

The Group enters into transaction whereby it transfers assets recognised in its Statements 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.

(B) Financial liabilities

The Group de-recognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also de recognises 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 de-recognition 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.

3.14.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when and only when the Group currently has the legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.14.5 Impairment

(A) Non- Derivative Financial Assets

Financial instruments and contract assets

The Group recognises a loss allowance for ECLs on:

- ⊙ Financial assets measured at amortized cost;
- ⊙ Debt investments measured at FVOCI; and
- ⊙ Contract assets.

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

- ⊙ Debt securities that are determined to have no credit risk at the reporting date; and
- ⊙ Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since the initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

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

The Group assumes that a credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Group considers financial asset to be in default when:

- ⊙ The borrower unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security “ if any is held”; or
- ⊙ The financial asset is more than 365 days past due.

The Group considers a debt security to have no credit risk when its credit risk rating is equivalent to the globally understood definition of “investment grade”. The Group considers this is to be A- or higher.

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

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

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

Notes to the Financial Statements

Measurement of ECLs

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

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

(B) Credit-Impaired Financial Assets

At each reporting date, the Group assess whether the financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is "credit impaired" when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

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

- ⊙ Significant financial difficulty of the borrower or the issuer
- ⊙ A breach of contract such as default or being more than 365 days being past due;
- ⊙ The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- ⊙ It is probable that the borrower enter bankruptcy or other financial reorganization or
- ⊙ The disappearance of the active market for a security because of financial difficulty

Presentation of allowance for ECL in the Statement of Financial Position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the asset. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

3.14.6 Write off

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

3.15 Inventories

Inventories are measured at the lower of cost or net realisable value. The cost of finished goods is computed, based on the weighted average cost method and includes material, labour and appropriate share of production overheads, based on normal operating capacity. In the case of purchased inventories, cost includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. The cost of raw material is computed at weighted average cost. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Provision for obsolete and slow moving inventory

Specific provision are made giving considerations to the condition of inventory held by the Company/Group.

3.16 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that an outflow of economic benefits will be required to settle the obligations.

3.17 Employment benefits

Defined Benefit Plans

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

The calculation is performed annually by a qualified actuary using the projected unit credit method.

The Group recognises all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in personnel expenses in profit or loss.

Provision has been made for retirement gratuities from the first year of service of all employees, in conformity with LKAS 19 "Employee Benefit". However, under the Payment of Gratuity Act No.12 of 1983, the liability to an employee arise only on completion of five years of continued service.

Gratuity was calculated based on the below basis.

| Period of service (Years) | Basis |
|---------------------------|--|
| 5-10 inclusive | 1/2 month salary for each completed year |
| 11-15 inclusive | 3/4 month salary for each completed year |
| 16-17 inclusive | 15 months salary in total |
| 18-19 inclusive | 16 months salary in total |
| 20-21 inclusive | 17 months salary in total |
| 22-23 inclusive | 18 months salary in total |
| 24-25 inclusive | 19 months salary in total |
| 26 or more years | 20 months salary in total |

The cost of defined benefit plan is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the weighted average cost of capital. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases are based on expected future inflation rates for the respective country.

Defined Contribution Plan - Employees' Provident Fund/ Mercantile Services Provident Society and Employees' Trust Fund A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no further legal or constructive obligation to pay further amounts. The Group contributes 12%, 12% and 3% of gross emoluments of employees to the Employees' Provident Fund, Mercantile Services Provident Society and the Employees' Trust Fund respectively. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Short-Term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be measured reliably.

3.18 Expenditure Recognition

(a) Expenses are recognised in Profit and Loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

(b) For the purpose of presentation of the Income Statement, the Directors are of the opinion that "function of expenses method" presents fairly the elements of the Group's performance and hence such presentation method is adopted.

3.19 Earnings Per Share

The Group presents basic Earnings Per Share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted number of ordinary shares outstanding during the period.

3.20 Cash Flow Statement

The Cash Flow Statement has been prepared using the indirect method.

3.21 Segment Reporting

The Group has the following four strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately because they require different technology and marketing strategies.

A summary describing the operations of each reportable segment is given in pages 65 and 66.

Segment results that are reported to the Chief Operating Officer (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated expenses comprise mainly corporate assets (primarily the Company's head office), head office expenses and tax assets and liabilities.

4. NEW AND AMENDED ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended accounting standards issued up to the date of these Financial Statements are authorized for issue, but not yet effective for the current reporting period, are disclosed below. These standards and amendments will be adopted, if applicable, when they become effective.

SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts, covering recognition, measurement, presentation, and disclosure. It replaces SLFRS 4 and applies to all types of insurance contracts—including life, non-life, direct insurance, reinsurance—as well as certain guarantees and financial instruments with discretionary participation features:

Notes to the Financial Statements

The standard is built around the General Measurement Model, supported by two supplementary approaches:

- ⊙ Variable Fee Approach (VFA): for contracts with direct participation features
- ⊙ Premium Allocation Approach (PAA): a simplified model mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early adoption is allowed if the entity also applies SLFRS 9 Financial Instruments and SLFRS 15 Revenue from Contracts with Customers by the date SLFRS 17 is first applied.

SLFRS 17 does not have a material impact on the financial statements.

SLFRS 18 Presentation and Disclosure in Financial Statements

SLFRS 18, which replaces LKAS 1, introduces significant enhancements to the way financial information is organized and communicated. The standard establishes new categories and subtotals in the statement of profit or loss to improve consistency and comparability across entities. It also requires entities to disclose management-defined performance measures (as specified in the standard), together with clear explanations and reconciliations. In addition, SLFRS 18 introduces strengthened requirements regarding the location, aggregation, and disaggregation of financial information. These changes are designed to ensure that financial statements present information more transparently and in a way that enhances users' understanding of an entity's financial performance and position.

SLFRS 18, and consequential amendments to the other accounting standards, are effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

The potential impact of SLFRS 18 on the financial statements and the related notes is currently being identified and evaluated.

SLFRS 19 Subsidiaries without public accountability: Disclosures

SLFRS 19 introduces reduced disclosure requirements for subsidiaries that do not have public accountability but continue to apply the full SLFRS recognition and measurement principles.

The purpose of SLFRS 19 is to lessen the financial reporting burden on qualifying subsidiaries by simplifying disclosure requirements, while still ensuring that financial statements remain high-quality, consistent, and comparable for users.

SLFRS 19 applies to Specified Business Enterprises, as defined in the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. Subsidiaries that fall within this category and do not have public accountability are eligible to apply SLFRS 19.

The Standard becomes effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

Select as appropriate

The entity is not eligible to apply SLFRS 19.

OR

The potential impact of SLFRS 19 is currently being identified and evaluated.

Classification and Measurement of Financial Instruments - Amendments to SLFRS 9 and SLFRS 7

The amendments introduce enhancements to the classification, measurement, derecognition, and disclosure requirements for financial instruments. Their objective is to strengthen transparency, promote greater consistency in financial reporting, and respond to emerging market developments - particularly features such as sustainability linked terms and nature dependent electricity contracts.

These amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application is permitted.

Select as appropriate

The amendments are not expected to have a material impact on the financial statements

OR

The impact of these amendments is currently being identified and evaluated.

Annual improvements to Sri Lanka Accounting Standards

Narrow scope amendments as part of its periodic maintenance of Sri Lanka Accounting Standards will be adopted will be adopted, if applicable, when they become effective.

5. INDUSTRY SEGMENT INFORMATION

(a) Segmental Revenue

| For the year ended 31st March | Group | |
|--|------------------|----------------|
| | 2026 | 2025 |
| | Rs. '000 | Rs. '000 |
| Rubber and plastic | 541,912 | 440,806 |
| Coating and packaging | 381,233 | 293,025 |
| Home and personal care | 169,794 | 139,685 |
| Total revenue from external customers | 1,092,939 | 873,516 |

(b) Segmental Results

| For the year ended 31st March | Group | |
|-------------------------------------|----------------|----------------|
| | 2026 | 2025 |
| | Rs. '000 | Rs. '000 |
| Rubber and plastic | 114,649 | 98,792 |
| Coating and packaging | 15,524 | 22,854 |
| Home and personal care | 12,684 | 6,613 |
| Segmental Result | 142,857 | 128,259 |
| Other income | 83,233 | 55,381 |
| Un-allocated expenses | (1,563) | (7,429) |
| Finance expense (net) | (25,446) | (20,110) |
| Profit before tax | 199,081 | 156,101 |
| Income tax expense | (45,330) | (38,527) |
| Profit from continued operations | 153,749 | 117,574 |
| Profit from discontinued operations | 9,493 | 1,039 |
| Profit for the year | 163,242 | 118,613 |
| Profit attributable to : | | |
| Equity holders of the Company | 163,280 | 118,651 |
| Non-controlling interest | (38) | (38) |
| | 163,242 | 118,613 |

| 31st March | Capital Expenditure | | Depreciation | | Total Assets | |
|------------------------|---------------------|------------|--------------|--------------|------------------|------------------|
| | 2026 | 2025 | 2026 | 2025 | 2026 | 2025 |
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| Assets | | | | | | |
| Rubber and plastic | 380 | 242 | 1,016 | 1,062 | 155,033 | 151,599 |
| Coating and packaging | 141 | 413 | 677 | 708 | 535 | 2,573 |
| Home and personal care | 71 | 72 | 339 | 353 | 80,674 | 52,491 |
| Investments/other | - | - | - | - | 4,410,811 | 4,251,525 |
| | 592 | 727 | 2,032 | 2,123 | 4,647,053 | 4,458,188 |

Notes to the Financial Statements

| 31st March | Retirement Benefit Obligations | | Trade and Other Payables | |
|------------------------|--------------------------------|--------------|--------------------------|---------------|
| | 2026 | 2025 | 2026 | 2025 |
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| Liabilities | | | | |
| Rubber and plastic | 3,147 | 2,410 | 54,883 | 46,584 |
| Coating and packaging | 3,593 | 3,966 | 3,768 | 5,270 |
| Home and personal care | 532 | 399 | 1,884 | 2,635 |
| Investments/other | - | - | 39,854 | 41,525 |
| | 7,272 | 6,775 | 100,389 | 96,014 |

6 REVENUE

| For the year ended 31st March | Company/Group | |
|-------------------------------|------------------|----------|
| | 2026 | 2025 |
| | Rs. '000 | Rs. '000 |
| Revenue | 1,092,939 | 873,516 |

6.1 Disaggregation of Revenue from contracts with customers

| For the year ended 31st March | Company/Group | |
|---|------------------|----------|
| | 2026 | 2025 |
| | Rs. '000 | Rs. '000 |
| Rubber and plastic | 541,912 | 440,806 |
| Coating and packaging | 381,233 | 293,025 |
| Home and personal care | 169,794 | 139,685 |
| Products transferred at a point in time | 1,092,939 | 873,516 |

7 OTHER INCOME

| For the year ended 31st March | Company/Group | |
|--|---------------|---------------|
| | 2026 | 2025 |
| | Rs. '000 | Rs. '000 |
| Dividend income -quoted | 61,350 | 32,398 |
| Direct sales commission | 21,883 | 14,027 |
| Rent income | - | 7,696 |
| Gain on disposal of property,plant & equipment | - | 1,221 |
| Sundry income | - | 39 |
| Total | 83,233 | 55,381 |

8 OTHER EXPENSES

| For the year ended 31st March | Company | | Group | |
|--|------------|--------------|----------|--------------|
| | 2026 | 2025 | 2026 | 2025 |
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| Provision for the advance given to Rainforest Ecologde (Private) Limited | - | 5,051 | - | 5,051 |
| Provision for intercompany receivable | 145 | 148 | - | - |
| Total | 145 | 5,199 | - | 5,051 |

9. FINANCE (EXPENSE)/INCOME (NET)

9.1 Interest income arising from financial assets

| For the year ended 31st March | Company/ Group | |
|-------------------------------|----------------|--------------|
| | 2026 | 2025 |
| | Rs. '000 | Rs. '000 |
| Staff loans | 72 | 119 |
| Interest on REPO investments | 342 | - |
| Deposits | 2,044 | 833 |
| Foreign exchange gain | - | 309 |
| | 2,458 | 1,261 |

9.2 Finance Cost - Impairment loss on debt securities

| For the year ended 31st March | Company/ Group | |
|---------------------------------|-----------------|-----------------|
| | 2026 | 2025 |
| | Rs. '000 | Rs. '000 |
| Short-term loans and overdrafts | 23,130 | 20,709 |
| Interest on leasing | - | 662 |
| Foreign exchange loss | 4,774 | - |
| | 27,904 | 21,371 |
| Finance Cost (Net) | (25,446) | (20,110) |

10 SHARE OF PROFIT OF EQUITY ACCOUNTED INVESTEEES (NET OF TAX)

| For the year ended 31st March | Group | |
|---------------------------------------|----------|----------|
| | 2026 | 2025 |
| | Rs. '000 | Rs. '000 |
| Rainforest Ecologde (Private) Limited | - | - |
| Total | - | - |

Notes to the Financial Statements

11 PROFIT BEFORE TAX IS STATED AFTER CHARGING ALL EXPENSES INCLUDING THE FOLLOWING

| For the year ended 31st March | Company/ Group | |
|--|------------------|------------------|
| | 2026 Rs. '000 | 2025 Rs. '000 |
| Directors' emoluments and retirement benefits | - | - |
| Depreciation of property, plant & equipment | 1,893 | 7,692 |
| Directors' fees | 9,520 | 8,510 |
| Staff training and development | - | 104 |
| Auditors' remuneration | | |
| Statutory audit fees | 1,072 | 957 |
| Audit related fees | 675 | 527 |
| Professional fees | 2,440 | 834 |
| Provision for inventories/ (Reversal of provision for inventories) | 8,845 | (2,461) |
| Donation | 300 | 300 |
| Personnel costs (Note 11.1) | 26,651 | 26,074 |

11.1 Personnel costs

| For the year ended 31st March | Company/ Group | |
|--|------------------|------------------|
| | 2026 Rs. '000 | 2025 Rs. '000 |
| Salaries | 17,145 | 15,873 |
| EPF/MSPS - Defined contribution plan | 2,183 | 2,047 |
| ETF- defined contribution plan | 546 | 512 |
| Bonus | 5,231 | 6,135 |
| Provision for retirement benefits | 1,546 | 1,507 |
| Total | 26,651 | 26,074 |
| Number of employees at the end of the year | 15 | 14 |

11.2 Reconciliation of adjusted EBITDA to profit from continuing operation

| For the year ended 31st March | Group | |
|-----------------------------------|------------------|------------------|
| | 2026 Rs. '000 | 2025 Rs. '000 |
| Profit from continuing operations | 153,749 | 117,574 |
| Income tax expense | 45,330 | 38,527 |
| Profit before tax | 199,080 | 156,101 |
| Adjustments for : | | |
| Net finance expense | 25,446 | 20,110 |
| Depreciation | 1,893 | 7,692 |
| Amortisation | 139 | 139 |
| Adjusted EBITDA | 226,558 | 184,042 |

12 INCOME TAX EXPENSES

| For the year ended 31st March | Company | | Group | |
|--|----------------|----------|----------------|----------|
| | 2026 | 2025 | 2026 | 2025 |
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| Current tax expenses on ordinary activities for the year | | | | |
| Current tax expenses on profit for the year (Note 12.2) | 47,686 | 37,548 | 47,686 | 37,548 |
| Over provision in respect of previous years | (3,743) | (2,098) | (3,743) | (2,098) |
| | 43,943 | 35,450 | 43,943 | 35,450 |
| Deferred tax charge | | | | |
| Origination of temporary differences (Note 12.1) | 1,387 | 3,077 | 1,387 | 3,077 |
| Total | 45,330 | 38,527 | 45,330 | 38,527 |

12.1 Deferred Tax Expense

| For the year ended 31st March | Company | | Group | |
|---|----------------|----------|----------------|----------|
| | 2026 | 2025 | 2026 | 2025 |
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| Income Statements | | | | |
| Deferred tax expense arising from : | | | | |
| Property, plant & equipment | 477 | 549 | 477 | 549 |
| Intangible assets | (21) | (21) | (21) | (21) |
| Retirement benefit obligations | 37 | (822) | 37 | (822) |
| Right-of-use-asset | - | (1,713) | - | (1,713) |
| Provision for impairment of trade receivables | 895 | 3,059 | 895 | 3,059 |
| Lease liability | - | 2,025 | - | 2,025 |
| | 1,387 | 3,077 | 1,387 | 3,077 |
| Other Comprehensive Income | | | | |
| Deferred tax charge /(reversal) arising from : | | | | |
| Actuarial losses/(gain) on retirement benefit obligations | (186) | 8 | (186) | 8 |
| Investment in fair value through OCI | 111,947 | 26,288 | 111,947 | 26,288 |
| | 111,762 | 26,296 | 111,762 | 26,296 |
| Total | 113,148 | 29,373 | 113,148 | 29,373 |

12.1.1 Deferred tax charge recognised through

| For the year ended 31st March | Company | | Group | |
|--|----------------|----------|----------------|----------|
| | 2026 | 2025 | 2026 | 2025 |
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| Statement of Profit or Loss | | | | |
| Charge arising on during the year movement | 1,387 | 3,077 | 1,387 | 3,077 |
| | 1,387 | 3,077 | 1,387 | 3,077 |
| Other Comprehensive income | | | | |
| Charge arising on during the year movement | 111,762 | 26,296 | 111,762 | 26,296 |
| | 111,762 | 26,296 | 111,762 | 26,296 |
| | 113,148 | 29,373 | 113,148 | 29,373 |

Notes to the Financial Statements

12.2 Reconciliation of the Accounting Profit and Taxable Profit

| | Company | | | Group | | | Company | | | Group | | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|----------|----------|
| | 2026 | 2025 | 2026 | 2026 | 2025 | 2026 | 2026 | 2025 | 2026 | 2025 | 2026 | 2025 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| For the year ended 31st March | | | | | | | | | | | | |
| Profit before tax-continuing operations | | | | | | | | | | | 199,935 | 155,953 |
| Profit before tax-discontinued operations | | | | | | | | | | | 9,653 | 1,827 |
| Tax using the Company's domestic tax rate | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 199,080 | 156,101 |
| Disallowable expenses | 4% | 2% | 4% | 4% | 2% | 4% | 2% | 2% | 2% | 23,536 | 11,368 | |
| Tax deductible expenses | 0% | -1% | 0% | 0% | -1% | 0% | -1% | (2,223) | (2,223) | - | (7,411) | (3,662) |
| Capital allowances | -1% | -1% | -1% | -1% | -1% | -1% | -1% | (1,099) | (1,099) | (3,763) | (3,662) | (3,662) |
| Tax exempt income | -9% | -6% | -9% | -9% | -6% | -9% | -6% | (9,719) | (9,719) | (61,350) | (32,398) | (32,398) |
| Taxable profit | 24% | 24% | 24% | 24% | 24% | 24% | 24% | 38,180 | 38,180 | 157,358 | 123,850 | 125,825 |
| Income tax @ 30% | | | | | | | | | | 47,686 | 37,548 | 37,548 |
| Current tax expense on continued operations | | | | | | | | | | 47,686 | 37,548 | 37,548 |
| Current tax expense on discontinued operations | | | | | | | | | | - | 160 | 788 |
| Effective tax rate | | | | | | | | | | 47,686 | 37,548 | 38,336 |
| Effective tax rate as a percentage of profit before tax | | | | | | | | | | 30% | 30% | 30% |
| | | | | | | | | | | 24% | 24% | 24% |

12.3 As per the Inland Revenue Act No.24 of 2017 and amendments thereto, all Group companies which are resident in Sri Lanka are liable to Income Tax at 30% w.e.f 01st October 2022, up to 30th September 2022. 24% on taxable profit during the period current and deferred tax have been provided as per the Inland Revenue Act No. 24 of 2017 and any subsequent amendments thereto, including any amendments legislated by Inland Revenue (Amendment) Act No. 45 of 2022.

12.4 Group's tax expense is based on the taxable profit of each Company in the Group. At present the tax laws of Sri Lanka do not provide for Group Taxation.

12.5 Irrecoverable Economic Service Charge (ESC) has been charged to the profit or loss.

13 DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR DISTRIBUTION

ChemaneX Exports (Private) Limited and Chemcel (Private) Limited have been classified under “assets held for distribution” due to the Board decision of winding up of the business.

13.1 Profit after tax From Discontinued Operations

| For the year ended 31st March | Group | |
|--|------------------|------------------|
| | 2026 Rs. '000 | 2025 Rs. '000 |
| Other income | 457 | 97 |
| Administrative expenses | (358) | (408) |
| Net finance income /(expenses) | 9,554 | 2,138 |
| Profit before tax from a discontinued operations | 9,653 | 1,827 |
| Tax expense | (160) | (788) |
| Profit for the year from a discontinued operations | 9,493 | 1,039 |

13.2 Major Classes of Assets and Liabilities Classified as Held for Distribution

| For the year ended 31st March | Company | | Group | |
|---|------------------|------------------|------------------|------------------|
| | 2026 Rs. '000 | 2025 Rs. '000 | 2026 Rs. '000 | 2025 Rs. '000 |
| Assets | | | | |
| Investments | 47,000 | 47,000 | 12,360 | 9,072 |
| Cash in hand and cash at bank | - | - | 65,122 | 55,144 |
| Assets classified as held for distribution | 47,000 | 47,000 | 77,482 | 64,216 |
| Liabilities | | | | |
| Trade and other payables | - | - | 1,190 | 1,017 |
| Liabilities directly associated with assets classified as held for distribution | - | - | 1,190 | 1,017 |
| Net assets directly associated with disposal group | 47,000 | 47,000 | 76,292 | 63,199 |

Investment in Chemcel (Private) Limited, amounting to Rs.0.17Mn has been fully impaired. Investments in Group level include listed equity investments and measured at the share prices at the closing date.

13.3 Cash Flows Generated From Discontinued Operations

| For the year ended 31st March | Group | |
|------------------------------------|------------------|------------------|
| | 2026 Rs. '000 | 2025 Rs. '000 |
| Net cash from investing activities | 9,978 | 2,232 |
| Net cash inflow / (outflow) | 9,978 | 2,232 |

13.4 Earnings /(deficit) per Share:

| For the year ended 31st March | Group | |
|--|------------------|------------------|
| | 2026 Rs. '000 | 2025 Rs. '000 |
| Basic/diluted earnings /(deficit) per share for the year, from discontinued operations | 0.59 | 0.07 |

Notes to the Financial Statements

14 Earnings per Share

| For the year ended 31st March | Company | | Group | |
|--|-------------------|------------|-------------------|------------|
| | 2026 | 2025 | 2026 | 2025 |
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| Profit attributable to equity holders of the Company | 153,604 | 117,426 | 163,280 | 118,651 |
| The share capital is as follows : | | | | |
| Ordinary Shares | | | | |
| Number of shares | 16,152,353 | 15,707,312 | 16,152,353 | 15,707,312 |
| Basic / Diluted earnings per share (Rs.) | 9.51 | 7.48 | 10.11 | 7.55 |

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.

Diluted Earnings per Share

The calculation of diluted earnings per share is based on the profit attributable to Ordinary Shares outstanding after adjustment for the effect of all potentially dilutive Ordinary Shares.

There were no potentially dilutive Ordinary Shares at any time during the year/previous year.

15 Gross Dividends

| For the year ended 31st March | Group | |
|--|----------------|----------|
| | 2026 | 2025 |
| | Rs. '000 | Rs. '000 |
| Interim Dividend | | |
| Interim dividend paid per share Rs. Nil (2024/25 -Nil) | - | - |
| | - | - |
| Final Dividends | | |
| Final dividend proposed and paid Rs.7.50 (2024/25) per share Rs.2.50 (2023/24) | 117,802 | 39,268 |
| Total | 117,802 | 39,268 |

During this Financial Year, a dividend of Rs.7.50 was paid to the shareholders which consist of Rs.2.50 of cash dividend and Rs.5.00 of scrip dividend (2024/25 - Rs.7.50). Directors have recommended a final cash dividend of 2.50 per share on Ordinary Shares for the year ended 31st March 2026. This proposed dividend has not yet been recognized as a liability as at 31st March 2026.

This would result in cash dividend of Rs. 2.50 per share (2024/25 - Rs.7.50) once it is approved at the Annual General Meeting. Dividend for 2024/25 was distributed to shareholders paid out of profit and other income.

PROPERTY, PLANT & EQUIPMENT

| As at 31st March | Buildings | | Plant & Machinery | | Equipment | Computers | Furniture & Fittings | Motor Vehicles | Total | |
|---|-----------|---------|-------------------|---------|-----------|-----------|----------------------|----------------|-------|------|
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | 2026 | 2025 |
| Freehold | | | | | | | | | | |
| Cost/Valuation | | | | | | | | | | |
| At the beginning of the year | - | 13,543 | 1,468 | 15,666 | 632 | 8,491 | 39,800 | 43,281 | | |
| Additions | - | - | 586 | - | 6 | - | 592 | 727 | | |
| Disposals/write off | - | - | - | (1,246) | - | - | (1,246) | (4,208) | | |
| At the end of the year | - | 13,543 | 2,054 | 14,420 | 638 | 8,491 | 39,146 | 39,800 | | |
| Depreciation/Impairment | | | | | | | | | | |
| At the beginning of the year | - | 2,167 | 939 | 14,820 | 349 | 8,491 | 26,766 | 28,990 | | |
| Depreciation | - | 1,038 | 238 | 495 | 122 | - | 1,893 | 1,984 | | |
| Disposal/write off | - | - | - | (1,246) | - | - | (1,246) | (4,208) | | |
| At the end of the year | - | 3,205 | 1,177 | 14,069 | 471 | 8,491 | 27,413 | 26,766 | | |
| Right-of use asset | | | | | | | | | | |
| Cost/Valuation | | | | | | | | | | |
| At the beginning of the year | 42,601 | - | - | - | - | - | 42,601 | 42,601 | | |
| At the end of the year | 42,601 | - | - | - | - | - | 42,601 | 42,601 | | |
| Depreciation/Impairment | | | | | | | | | | |
| At the beginning of the year | 42,601 | - | - | - | - | - | 42,601 | 36,893 | | |
| Amortisation | - | - | - | - | - | - | - | 5,708 | | |
| At the end of the year | 42,601 | - | - | - | - | - | 42,601 | 42,601 | | |
| Carrying value as at 31st March 2026 | - | 10,338 | 877 | 351 | 167 | - | 11,733 | - | | |
| Carrying value as at 31st March 2025 | - | 11,376 | 529 | 846 | 283 | - | - | 13,034 | | |

(i) Property, plant & equipment has not been pledged as securities for bank facilities.

(ii) No borrowing cost was capitalised during the year."

Notes to the Financial Statements

B. Carrying Value Base

| As at 31st March | Company/ Group | |
|------------------|------------------|------------------|
| | 2026 Rs. '000 | 2025 Rs. '000 |
| At Cost | 11,733 | 13,034 |
| Total | 11,733 | 13,034 |

C. Cost of fully depreciated property, plant & equipment still in use at the reporting date as follows:

| As at 31st March | Company/ Group | |
|----------------------|------------------|------------------|
| | 2026 Rs. '000 | 2025 Rs. '000 |
| Plant & Machinery | 8 | 8 |
| Equipment | 647 | 647 |
| Computers | 11,291 | 12,537 |
| Furniture & Fittings | 154 | 154 |
| Motor Vehicles | 8,491 | 8,491 |
| Total | 20,591 | 21,837 |

17 INTANGIBLE ASSETS

| As at 31st March | Company/ Group | |
|-------------------------------|------------------|------------------|
| | 2026 Rs. '000 | 2025 Rs. '000 |
| Software cost capitalised | 521 | 660 |
| Amortisation for the year | (139) | (139) |
| Net software cost capitalised | 382 | 521 |

The Company capitalised the ERP implementation cost of Rs.1.39Mn which is amortised over 10 years.

18 INVESTMENT IN SUBSIDIARIES

| As at 31st March | No. of shares | Percentage of holding | 2026 | 2025 |
|---|---------------|-----------------------|----------|----------|
| | | | Rs.'000 | Rs.'000 |
| Unquoted - Subsidiaries | | | | |
| Chemanex Exports (Private) Limited | 860,000 | 100% | 47,000 | 47,000 |
| Chemcel (Private) Limited | 82,041 | 70% | 172 | 172 |
| | | | 47,172 | 47,172 |
| Transferred to assets classified as held for distribution (Note 13.2) | | | (47,172) | (47,172) |
| Total | | | - | - |

- i) The subsidiaries of the Company are incorporated in Sri Lanka.
- ii) In 2017/18, in accordance with SLFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations" Company classified it's investment in Chemanex Exports (Private) Limited and Chemcel (Private) Limited as "Assets Held For Distribution.
- iii) The main activities of the subsidiary companies are given in page 102.
- iv) The Group has assessed each subsidiary that has non-controlling interests based on contribution made to the Group revenue, Group profit, total assets and net assets and have determined that such non-controlling interests are not material to the Group.

19 EQUITY ACCOUNTED INVESTEEES

| As at 31st March | No. of shares | Percentage of holding | Company | | Group | |
|---|------------------|-----------------------|-----------------|-----------------|-----------------|-----------------|
| | | | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Unquoted | | | | | | |
| Rainforest Ecolodge (Private) Limited | 9,950,968 | 20.89% | 99,510 | 99,510 | - | - |
| Provision for impairment of investment in Associate | | | (99,510) | (99,510) | - | - |

(i) The equity accounted investee of the Company is incorporated in Sri Lanka and the registered business place is located at Aitken Spence Hotel Management (Private) Limited, Aitken Spence Tower 02, No 315, Vauxhall street, Colombo 02

(ii) Company has neither contingent liabilities nor capital commitments in respect of the equity accounted investees.

(iii) Company fully impaired its investment in Rainforest Ecolodge (Private) Limited due to the decrease of net assets of Rainforest Ecolodge (Private) Limited. Key assumptions applied in the impairment test included discount rate of 28% and terminal growth rate of 1%.

(iv) The main activities of the equity accounted investees are given in page 102.

(v) Summarised financial information of equity accounted investees as follows:

| As at 31st March | 2026 Rs. '000 | 2025 Rs. '000 |
|--------------------------|------------------|------------------|
| Revenue | 97,490 | 104,551 |
| Expenses | (156,214) | (115,437) |
| Loss after tax | (58,724) | (10,886) |
| Non-current assets | 282,717 | 299,435 |
| Current assets | 76,058 | 43,729 |
| Total assets | 358,775 | 343,164 |
| Non-current liabilities | 158,170 | 192,429 |
| Current liabilities | 201,458 | 84,409 |
| Total liabilities | 359,629 | 276,838 |
| Net assets | (853) | 66,326 |

Notes to the Financial Statements

20 EQUITY INVESTMENTS AT FAIR VALUE THROUGH OCI

The Company designated the investments shown below as equity investments at FVOCI because these equity investments represent investments that the Company intends to hold for strategic purpose.

| As at 31st March | Company/ Group | |
|--|------------------|------------------|
| | 2026 Rs. '000 | 2025 Rs. '000 |
| Carrying value at the beginning of the year | 386,469 | 298,844 |
| Fair value gain | 373,165 | 87,625 |
| Carrying value at the end of the year | 759,634 | 386,469 |

| Company/Group | 2026 | | 2025 | |
|--|------------------|------------------------|------------------|------------------------|
| | No. of Shares | Fair value Rs. '000 | No. of Shares | Fair value Rs. '000 |
| | Unquoted | | | |
| CIC Feeds (Private) Limited | 500,000 | 759,484 | 500,000 | 386,319 |
| Equity Investments Lanka (Private) Limited | 15,000 | 150 | 15,000 | 150 |
| | | 759,634 | | 386,469 |

Based on the valuation performed, per share value of CIC Feeds (Private) Limited increased by Rs.746.33 resulting a fair value gain of Rs.373.16Mn which is recognised in other comprehensive income.

During the year no dividend income was received from these investments.

20.1 Description of significant unobservable input to valuation of CIC Feeds (Private) Limited

Significant unobservable input used in the fair value measurements categorised within level 3 of the fair value hierarchy, together with the quantitative sensitivity analysis as at 31 March 2026 as follows:

| Financial asset | Valuation technique | Unobservable inputs | Range of unobservable inputs and the sensitivity |
|-----------------|--|--|---|
| Unquoted | Market multiples derived from comparable industry peers. | Illiquidity discount applied of 20%. and Marketability discount applied of 20% | 1% increase in the illiquidity discount would reduce investment value by Rs.12.66Mn (2025 - Rs.6.44Mn) and 1% reduction in the illiquidity discount would increase the investment value by Rs.12.66Mn (2025-Rs.6.44Mn). |
| Unquoted | | | |

Observable inputs

Company has used the average Price to earnings ratios which ranged from 6.47 to 8.55 for the above Non quoted investment valuation purpose from the market reflective of its peer Companies.

21 INVENTORIES

| As at 31st March | Company/Group | |
|--|------------------|------------------|
| | 2026 Rs. '000 | 2025 Rs. '000 |
| Raw materials and consumables | 14,352 | 12,166 |
| Finished goods | 196,918 | 206,657 |
| | 211,270 | 218,823 |
| Provision for obsolete and slow moving inventories (Note 21.1) | (34,169) | (26,309) |
| Total | 177,101 | 192,514 |

Inventories are stated at cost or net realisable value, whichever is lower. The breakup of the carrying value on inventories are as follows:

| As at 31st March | Company/Group | |
|------------------|------------------|------------------|
| | 2026 Rs. '000 | 2025 Rs. '000 |
| At Cost | 177,101 | 192,514 |
| Total | 177,101 | 192,514 |

21.1 Provision for Obsolete and Slow Moving Inventories

| As at 31st March | Company/Group | |
|---|------------------|------------------|
| | 2026 Rs. '000 | 2025 Rs. '000 |
| At the beginning of the year | 26,309 | 35,881 |
| Reversal made during the year | 8,845 | (2,461) |
| Write-off made during the year | (985) | (7,111) |
| Provision relating to continuing operations | 34,169 | 26,309 |

Notes to the Financial Statements

22 TRADE RECEIVABLES

| As at 31st March | Company/Group | |
|--|----------------|----------------|
| | 2026 | 2025 |
| | Rs. '000 | Rs. '000 |
| Trade receivables from Group Companies (Note 22.1) | 6,331 | 11,875 |
| Other trade receivable | 163,711 | 153,473 |
| Total | 170,042 | 165,348 |
| Less: Provision for impairment for trade receivables (Note 22.2) | (7,347) | (11,039) |
| Total | 162,695 | 154,309 |

* Bank facilities have been obtained on negative pledge of trade receivables.

22.1 Trade Receivable from Group Companies

| As at 31st March | Company/Group | |
|---|---------------|---------------|
| | 2026 | 2025 |
| | Rs. '000 | Rs. '000 |
| CIC Holdings PLC | 72 | 790 |
| CIC Dairies (Private) Limited | - | 11,085 |
| Link Natural Products (Private) Limited | 6,259 | - |
| Total | 6,331 | 11,875 |

22.2 Provision for Impairment for Trade Receivables

| As at 31st March | Company/Group | |
|--|---------------|----------|
| | 2026 | 2025 |
| | Rs. '000 | Rs. '000 |
| At the beginning of the year | 11,039 | 20,501 |
| Reversal of provision made during the year | (429) | (8,592) |
| Write-off during the year | (3,263) | (870) |
| At the end of the year | 7,347 | 11,039 |
| Provision relating to continuing trade receivables | 7,347 | 11,039 |

22.3 Trade Receivables Currency-Wise

| As at 31st March | Company/Group | |
|-------------------|----------------|----------------|
| | 2026 | 2025 |
| | Rs. '000 | Rs. '000 |
| Sri Lankan Rupees | 170,042 | 165,348 |
| Total | 170,042 | 165,348 |

23 OTHER RECEIVABLES

| As at 31st March | Company | | Group | |
|---|---------------|---------------|---------------|---------------|
| | 2026 | 2025 | 2026 | 2025 |
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| Non Trade Receivable from Group companies (Note 23.1) | - | - | - | - |
| Other non trade receivables (Net) | 8,292 | 11,970 | 8,292 | 11,970 |
| VAT receivable | 73,712 | 58,750 | 73,712 | 58,750 |
| Loans to employees | 477 | 477 | 477 | 477 |
| Total | 82,481 | 71,197 | 82,481 | 71,197 |

23.1 Non Trade Receivable from Group Companies

| As at 31st March | Company | | Group | |
|--------------------------------|----------|----------|----------|----------|
| | 2026 | 2025 | 2026 | 2025 |
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| Chemcel (Private) Limited | 9,218 | 9,073 | - | - |
| | 9,218 | 9,073 | - | - |
| Less: Provision for impairment | (9,218) | (9,073) | - | - |
| Total | - | - | - | - |

(A) Receivable from Chemcel (Private) Limited is being fully impaired. Credit terms and conditions of the other related party non-trade receivables are similar to the terms and conditions provided for non-related party customers. There were security deposits received from customers whom the Company rent out its leased premises, including related companies.

24 Equity Investments at Fair value through OCI

| As at 31st March | Company/Group | |
|--|------------------|------------------|
| | 2026 | 2025 |
| | Rs. '000 | Rs. '000 |
| Carrying value at the beginning of the year | 3,526,299 | 3,170,694 |
| Additions | 527,803 | 55,746 |
| Fair value gain | (258,835) | 299,859 |
| Disposals | (476,178) | - |
| Carrying value at the end of the year | 3,319,088 | 3,526,299 |

24.1 Company/Group - detailed wise

| As at 31st March | Company/Group | | | | | |
|--------------------------|---------------|--------------------|----------------------|---------------|--------------------|----------------------|
| | 2026 | | | 2025 | | |
| | No. of Shares | Market Price/share | Fair value 'Rs. '000 | No. of Shares | Market Price/share | Fair value 'Rs. '000 |
| Hatton National Bank PLC | 157,339 | 411.00 | 64,627 | 1,402,028 | 305.00 | 427,619 |
| John Keells Holdings PLC | 176,872,817 | 18.40 | 3,254,460 | 153,400,000 | 20.20 | 3,098,680 |
| Total | | | 3,319,088 | | | 3,526,299 |

During the year Company purchased 23,472,817 shares of John Keells Holdings PLC and disposed of 1,244,689 shares of Hatton National Bank PLC

Notes to the Financial Statements

25 CASH AND CASH EQUIVALENTS

25.1 Favourable cash and cash equivalents

| As at 31st March | Company | | Group | |
|------------------------|------------------|------------------|------------------|------------------|
| | 2026 Rs. '000 | 2025 Rs. '000 | 2026 Rs. '000 | 2025 Rs. '000 |
| Cash and bank balances | 28,785 | 25,156 | 28,785 | 25,156 |
| | 28,785 | 25,156 | 28,785 | 25,156 |

25.2 Unfavourable cash and cash equivalents

| As at 31st March | Company | | Group | |
|--|------------------|------------------|------------------|------------------|
| | 2026 Rs. '000 | 2025 Rs. '000 | 2026 Rs. '000 | 2025 Rs. '000 |
| Bank overdrafts | 69,425 | 16,139 | 69,425 | 16,139 |
| Money market borrowings | 90,000 | 192,580 | 90,000 | 192,580 |
| | 159,425 | 208,719 | 159,425 | 208,719 |
| Cash and cash equivalents classified as assets held for distribution | - | - | 65,122 | 55,144 |
| Cash and cash equivalents for the purpose of cash flow statements | (130,640) | (183,563) | (65,518) | (128,419) |

26 STATED CAPITAL

| As at 31st March | 2026 | | 2025 | |
|--|---------------|----------|---------------|----------|
| | No. of Shares | Rs. '000 | No. of Shares | Rs. '000 |
| Ordinary Shares | | | | |
| As at the beginning of the year | 15,707,312 | 126,250 | 15,707,312 | 126,250 |
| Issue of shares through scrip dividend | 445,041 | 66,756 | - | - |
| As at the end of the year | 16,152,353 | 193,006 | 15,707,312 | 126,250 |

In 2019/20, as resolved by the Board of Directors of Chemanex PLC to repurchase a maximum of 1,575,000 of its Ordinary Shares at a price of Rs.63/- per share on a Pro Rata basis of 1 share for every 10 shares held, Company repurchased 42,688 shares at a sum of Rs.2,689,344. This reduced the number of shares to 15,707,312 and no impact on the stated capital. Effective date of the transaction was 06 December 2019.

The holders of Ordinary Shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the Company.

In 2024/25 the company declared a scrip dividend of Rs 5 per share for the shareholders of the company. This resulted in an addition of 445,041 shares thereby increasing the total number of shares to 16,152,353.

27 CAPITAL RESERVES

| As at 31st March | Company | | Group | |
|------------------------------|------------------|------------------|------------------|------------------|
| | 2026 Rs. '000 | 2025 Rs. '000 | 2026 Rs. '000 | 2025 Rs. '000 |
| At the beginning of the year | - | - | 3,000 | 3,000 |
| At the end of the year | - | - | 3,000 | 3,000 |

Capital reserves consist of reserve on scrip issue which is originated from post-acquisition scrip issue made by a subsidiary.

28 REVENUE RESERVES

| As at 31st March | Company | | Group | |
|---------------------|------------------|-----------|------------------|-----------|
| | 2026 | 2025 | 2026 | 2025 |
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| Retained earnings | 2,900,825 | 2,674,412 | 2,995,126 | 2,759,037 |
| Fair value reserves | 1,010,084 | 1,198,746 | 1,014,954 | 1,200,328 |
| | 3,910,910 | 3,873,158 | 4,010,081 | 3,959,365 |

Revenue reserves comprises of retained earnings and fair value reserves.

The fair value reserve arises on the fair value change of financial assets recognised in the other comprehensive income.

29 RETIREMENT BENEFIT OBLIGATIONS

| As at 31st March | Company/Group | |
|-------------------------------|----------------|----------|
| | 2026 | 2025 |
| | Rs. '000 | Rs. '000 |
| Present value of the gratuity | | |
| At the beginning of the year | 6,775 | 5,815 |
| Current service cost | 801 | 751 |
| Benefits paid | (1,668) | (521) |
| Interest cost | 745 | 756 |
| Actuarial (gain)/losses | 619 | (26) |
| At the end of the year | 7,272 | 6,775 |

29.1 Retirement benefit cost is recognised in the following line items in the Statements of Profit or Loss and Other Comprehensive Income.

| As at 31st March | Company/Group | |
|----------------------------|---------------|----------|
| | 2026 | 2025 |
| | Rs. '000 | Rs. '000 |
| Distribution expenses | 1,546 | 1,497 |
| Administrative expenses | - | 10 |
| | 1,546 | 1,507 |
| Other comprehensive income | 619 | (26) |
| Total | 2,165 | 1,481 |

The gratuity liability of the Company, and the Group is based on the actuarial valuation carried out by Actuarial and Management Consultants (Private) Limited, a firm of professional actuaries. The liability is not externally funded and it is a non-contributory defined benefit plan.

Notes to the Financial Statements

29.2 LKAS 19 requires the use of actuarial techniques to make a reliable estimate of the amount of retirement benefits that employees have earned in return for their service in the current and prior periods and discount that benefit using projected unit credit method in order to determine the present value of the retirement benefit obligation and the current service cost. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates about demographic variables and financial variables that will influence the cost of the benefit. The following key assumptions were made in arriving at the above figure.

| As at 31st March | 2026 | 2025 |
|-----------------------------------|----------|----------|
| Rate of discount | 10% | 11% |
| Salary increase | 9% | 10% |
| Retirement age (Management Staff) | 60 Years | 60 Years |
| Staff turnover rate-up to age 54 | 14% | 10% |
| Staff turnover rate-after age 54 | 0% | 0% |

Assumptions regarding future mortality are based on a 67/70 mortality table, issued by Institute of Actuaries, London.

Weighted average retirement age of the Company is 8.9 years.

The demographic assumptions underlying the valuation with respect to retirement age, early withdrawals from the services and retirement on medical grounds.

29.3 Sensitivity of Assumptions Used

A change in discount rate and in salary increase would change the present value of the retirement benefit obligations as follows:

| As at 31st March | Increase by 1% | | Decrease by 1% | |
|--|----------------|----------------------|----------------|----------------------|
| | Discount Rate | Future Salary Growth | Discount Rate | Future Salary Growth |
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| As at 31st March 2026 | | | | |
| Company/Group - the present value change in retirement benefit obligations | (353) | 388 | 422 | (390) |
| As at 31st March 2025 | | | | |
| Company/Group - the present value change in retirement benefit obligations | (413) | 494 | 462 | (449) |

29.4 Below table summarises the maturity profile of the defined benefit obligation

| As at 31st March | Company/Group | |
|---------------------------|---------------|--------------|
| | 2026 | 2025 |
| | Rs. '000 | Rs. '000 |
| Within the next 12 months | 841 | 578 |
| Between 1-2 years | - | - |
| Between 2-5 years | 2,891 | 2,397 |
| Between 5-10 years | 2,760 | 2,499 |
| Beyond 10 years | 780 | 1,301 |
| Total | 7,272 | 6,775 |

29.5 Employee benefit expenses

| As at 31st March | Company/Group | |
|---|------------------|------------------|
| | 2026 Rs. '000 | 2025 Rs. '000 |
| Wages and salaries | 17,145 | 15,873 |
| Expenses related to post-employment defined benefit plans | 1,546 | 1,507 |
| Total | 18,691 | 17,380 |

30 DEFERRED TAX

| As at 31st March | Company/ Group | |
|---|------------------|------------------|
| | 2026 Rs. '000 | 2025 Rs. '000 |
| At the beginning of the year | (37,487) | (8,114) |
| Amount origination /(reversal) of temporary differences | | |
| Recognised in profit or loss | (1,387) | (3,077) |
| Recognised in other comprehensive income | (111,762) | (26,296) |
| At the end of the year | (150,634) | (37,487) |

The Group recognised deferred tax liability of Rs.150.63Mn (2025 deferred tax liability- Rs.37.48Mn) as at the reporting date.

A. Movements in deferred tax balances

The analysis of deferred tax assets and deferred tax liabilities is as follows;

| Company/Group | Balance as at 31st March 2026 | | | |
|--------------------------------------|-------------------------------|------------------------------------|----------------------|-----------|
| | Net balances at 1-Apr | Recognised in Profit or loss | Recognised in OCI | Net |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Property plant & equipment | (1,718) | (477) | - | (2,194) |
| Intangible assets | 115 | 21 | - | 135 |
| Retirement benefit obligation | 2,033 | (37) | 186 | 2,182 |
| Impairment of trade receivables | 1,724 | (895) | - | 830 |
| Investment in fair value through OCI | (39,641) | - | (111,947) | (151,588) |
| Net tax liabilities | (37,487) | (1,387) | (111,762) | (150,634) |

Notes to the Financial Statements

| Company/Group | Balance at 31 March 2025 | | | |
|--------------------------------------|--------------------------|------------------------------|-------------------|-----------------|
| | Net balances at 1-Apr | Recognised in Profit or loss | Recognised in OCI | Net |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Property plant & equipment | (1,169) | (549) | - | (1,718) |
| Intangible assets | 94 | 21 | - | 115 |
| Retirement benefit obligation | 1,219 | 822 | (8) | 2,033 |
| Right-of-use-asset | (1,713) | 1,713 | - | - |
| Impairment of trade receivables | 4,783 | (3,059) | - | 1,724 |
| Lease liability | 2,025 | (2,025) | - | - |
| Investment in fair value through OCI | (13,353) | - | (26,288) | (39,641) |
| Net tax liabilities | (8,114) | (3,077) | (26,296) | (37,487) |

B. Deferred Tax Effects of Temporary Differences

| Company/Group | 2026 | | 2025 | |
|--------------------------------------|----------------------|------------------|----------------------|-----------------|
| | Temporary Difference | Tax Effect | Temporary Difference | Tax Effect |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Property plant & equipment | 7,314 | (2,194) | 5,725 | (1,718) |
| Intangible assets | 452 | 135 | 382 | 115 |
| Retirement benefit obligation | 7,272 | 2,182 | 6,775 | 2,033 |
| Right-of-use-asset | - | - | - | - |
| Impairment of trade receivables | 2,766 | 830 | 5,748 | 1,724 |
| Investment in fair value through OCI | (505,294) | (151,588) | (132,129) | (39,641) |
| | (487,491) | (150,635) | (113,499) | (37,487) |

C. Unrecognised Deferred Tax Assets

There are no unrecognised deferred tax assets which arise due to the accumulated brought forward tax losses.

D. Unremitted income from subsidiaries and associates

The Group has determined that the undistributed profits of its subsidiaries or associate will not be distributed in the foreseeable future.

E. Unrecognised Deferred Tax Liabilities

There is no any unrecognised deferred tax liability arising due to the temporary differences related to its investment in subsidiaries.

31 TRADE PAYABLES

| As at 31st March | Company/Group | |
|----------------------|---------------|---------------|
| | 2026 | 2025 |
| | Rs. '000 | Rs. '000 |
| Bills payable | 49,091 | 38,639 |
| Other trade payables | 11,444 | 15,850 |
| Total | 60,535 | 54,489 |

31.1 Currency - Wise Trade Payables

| As at 31st March | Company/Group | |
|-------------------|------------------|------------------|
| | 2026 Rs. '000 | 2025 Rs. '000 |
| US Dollars | 49,091 | 38,639 |
| Sri Lankan Rupees | 11,444 | 15,850 |
| | 60,535 | 54,489 |

32 INCOME TAX PAYABLE

| As at 31st March | Company/Group | |
|-------------------------------------|------------------|------------------|
| | 2026 Rs. '000 | 2025 Rs. '000 |
| At the beginning of the year | 22,431 | 7,803 |
| Provision made during the year | 43,943 | 35,450 |
| Payment made during the year | (41,410) | (20,822) |
| At the end of the year | 24,964 | 22,431 |

33 ACCRUALS AND OTHER PAYABLES

| As at 31st March | Company | | Group | |
|---|------------------|------------------|------------------|------------------|
| | 2026 Rs. '000 | 2025 Rs. '000 | 2026 Rs. '000 | 2025 Rs. '000 |
| Other payables to Group Companies (Note 33.1) | 85,466 | 80,771 | 15,496 | 10,633 |
| Other payables | 22,907 | 28,990 | 22,907 | 28,990 |
| Accruals | 1,451 | 1,902 | 1,451 | 1,902 |
| | 109,824 | 111,663 | 39,854 | 41,525 |

33.1 Other payables to Group Companies

| As at 31st March | Company | | Group | |
|------------------------------------|------------------|------------------|------------------|------------------|
| | 2026 Rs. '000 | 2025 Rs. '000 | 2026 Rs. '000 | 2025 Rs. '000 |
| Chemanex Exports (Private) Limited | 69,970 | 70,138 | - | - |
| CIC Holdings PLC | 15,494 | 10,613 | 15,494 | 10,613 |
| CIC Seeds (Private) Limited | 1 | 20 | 1 | 20 |
| | 85,466 | 80,771 | 15,496 | 10,633 |

Notes to the Financial Statements

34 LOANS AND BORROWINGS

34.1 Loans and Borrowings

| As at 31st March | Company/Group | |
|-------------------------|------------------|------------------|
| | 2026 Rs. '000 | 2025 Rs. '000 |
| Bank overdraft | 69,425 | 16,139 |
| Money market borrowings | 90,000 | 192,580 |
| | 159,425 | 208,719 |

34.2 Lease Liability Relating to ROU Asset

| As at 31st March | Company/Group | |
|------------------------------|------------------|------------------|
| | 2026 Rs. '000 | 2025 Rs. '000 |
| At the beginning of the year | - | 6,748 |
| Interest charge | - | 662 |
| Repayments during the year | - | (7,410) |
| At the end of the year | - | - |

34.3 Loans and Borrowings Repayable Within One Year from the Year End

| As at 31st March | Company/Group | |
|-------------------------|------------------|------------------|
| | 2026 Rs. '000 | 2025 Rs. '000 |
| Bank overdrafts | 69,425 | 16,139 |
| Money market borrowings | 90,000 | 192,580 |
| Total | 159,425 | 208,719 |

35 CAPITAL COMMITMENT

There are no material capital commitments, which have been approved or contracted for as at the reporting date.

36 CONTINGENT LIABILITIES

There are no material contingent liabilities as at the reporting date, which require adjustment and/or disclosure in the Financial Statements.

37 LEASES

See accounting policy in Note 3.10

37.1 Leases as lessee (SLFRS 16)

ChemaneX PLC had entered into a lease agreement with O L M Macan Macar Limited for the purpose of operating the registered office of the Company. Company has sub - leased this office premises to Unipower (Private) Limited, CIC CropGuard (Private) Limited and CAL Exports Lanka (Private) Limited.

All these agreements were expired by December 2024.

37.1.1 Amounts recognised in profit or loss

| As at 31st March | Company/Group | |
|-------------------------------|---------------|----------|
| | 2026 | 2025 |
| | Rs. '000 | Rs. '000 |
| Interest on lease liabilities | - | 662 |

37.1.2 Amount recognised in statement of cash flows

| As at 31st March | Company/Group | |
|-------------------------------|---------------|----------|
| | 2026 | 2025 |
| | Rs. '000 | Rs. '000 |
| Settlement of lease liability | - | (7,410) |

37.2 Leases as Lessor

The Group leases out its leased properties. All leases are classified as operating leases from a lessor perspective with the exception of a sub-lease, which the Group has classified as a finance sub-lease.

37.2.1 Operating lease

The Group sub-leased a building that has been presented as part of right-of-use asset. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets and the lease period is also for a shorter term.

38 EVENTS AFTER THE REPORTING DATE

Final dividend deceleration

The Board of Directors has recommended a final dividend of Rs.2.50 per share amounting to Rs.40.38 Mn on the issued capital of Ordinary shares which is payable on 20th July 2026 if approved by the Shareholders at the Annual General Meeting. This dividend will be paid out of the dividend received.

Other than the above, no other events have taken place which requires adjustments to or disclosure in the Financial Statements.

39 RELATED PARTY DISCLOSURE

The Company carried out transactions in the ordinary course of the business on an arm's length basis at commercial rates with parties who are defined as Related Parties as per the Sri Lanka Accounting Standards - LKAS 24 'Related Party Disclosures', except for the transactions that the Key Management Personnel (KMP) have availed under schemes uniformly applicable to all staff at concessionary rates.

39.1 Parent and Ultimate Controlling Party

Ultimate Parent Company of the Group is Paints and General Industries Limited and the Parent Company of the Group is CIC Holdings PLC.

Transactions with Paints and General Industries Limited

| As at 31st March | 2026 | 2025 |
|------------------|--------|--------|
| | Rs. Mn | Rs. Mn |
| Sale of goods | 5.95 | 3.04 |
| Trade receivable | 1.56 | 0.85 |

Notes to the Financial Statements

Transactions with CIC Holdings PLC

| As at 31st March | 2026 | 2025 |
|----------------------|--------|--------|
| | Rs. Mn | Rs. Mn |
| Dividend paid | 16.87 | 19.84 |
| Sale of goods | 7.05 | 9.42 |
| Rent paid | 20.06 | 22.88 |
| Staff cost paid | 8.79 | 9.52 |
| Staff cost received | - | - |
| Service charges paid | 23.98 | 27.61 |
| Trade receivable | - | 0.79 |
| Non trade payable | 15.59 | 10.61 |

Company has neither given nor obtained corporate guarantees from its parent company or ultimate parent company.

39.2 KEY MANAGEMENT PERSONNEL (KMP)

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly.

KMP of the Company

The Board of Directors (including Executive and Non-Executive) of the Company have been classified as KMP of the Company

KMP of the Group

The Board of Directors (including Executive and Non-Executive) of the Company and the Board of Directors of the holding company have been classified as KMP of the Group. The officers who are only Directors of subsidiaries and not of the company have been classified as KMP for that subsidiary.

39.3 Transactions with KMP

a) Loans to Directors

No loans have been granted to the Directors of the Company/ Group

b) Key Management Personnel Compensation

The details of compensation are given in note 11 to the Financial Statements.

c) Other Transactions with Key Management Personnel

The names of Directors of Chemanex PLC, who are also Directors of subsidiary and the equity accounted investees are stated on page 102.

d) Details of Directors and their spouses' shareholdings are given in the Annual Report of the Board of Directors on the State of Affairs of the Company on page 41.

e) Transactions in the ordinary course of the business with the entities where Board of Directors of the Company and the Holding Company and their close family members have substantial holdings/influence.

| As at 31st March | Name of the Director | Relationship | Nature of the transaction | 2026 | 2025 |
|--------------------------|--|--------------|---------------------------|--------|--------|
| Company | | | | Rs. Mn | Rs. Mn |
| Polypak Secco Limited | P.R.Saldin | Director | Purchase of goods | 0.91 | 0.71 |
| Hatton National Bank PLC | P.R Saldin, Dr.T.K.A.D.P Samarasinghe | Directors | Short term loan | - | 150 |

There were no other transactions with Key Management Personnel other than those disclosed above.

39.4 Transactions with subsidiaries and fellow subsidiaries.

- Companies within the Group engage in trading transactions under normal commercial terms and conditions.
- Company provides office space to some fellow subsidiaries and charge rent. Further it pays rent to the parent company for utilising its premises.
- Company has neither given or obtained corporate guarantees from its subsidiaries or fellow subsidiaries.

39.4.1 Recurring transactions

| As at 31st March | Relationship | Nature of the Transaction | 2026 Rs. Mn | 2025 Rs. Mn |
|---|-------------------|---------------------------|----------------|----------------|
| Chemanex Exports (Private) Limited | Subsidiary | Reimbursement of expenses | 0.17 | 0.17 |
| CIC Agri Businesses (Private) Limited | Fellow Subsidiary | Sales | 17.59 | 24.90 |
| | | Dividend paid | 4.46 | 1.11 |
| CIC Dairies (Private) Limited | Fellow Subsidiary | Sales | 3.60 | 23.61 |
| Link Natural Products (Private) Limited | Fellow Subsidiary | Sales | 25.09 | 19.24 |
| CIC CropGuard (Private) Limited | Fellow Subsidiary | Service charges | - | 0.14 |
| | | Rent received | - | 0.75 |
| Unipower (Private) Limited | Fellow Subsidiary | Service charges | - | 0.14 |
| | | Rent income received | - | 1.06 |
| CIC Seeds (Private) Limited | Fellow Subsidiary | Reimbursement of Expenses | - | 0.05 |

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31st March 2025 audited Financial Statement, which required additional disclosures in the 2025/26 Annual Report under Colombo Stock Exchange Listing Rules 9.14.8(2) and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.

Notes to the Financial Statements

39.4.2 Non-Recurring Transactions

There were no non-recurring related party transactions which in aggregate value exceeds 10% of the equity (Rs.408.86 Mn) or 5% of the total assets (Rs.222.90 Mn), whichever is lower, of the Company as at 31st March 2025 audited Financial Statements, which required additional disclosures in the 2025/26 Annual Report under Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.

40 FINANCIAL INSTRUMENTS

Risk Management

The Group's principal financial liabilities comprise of loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has trade and other receivables and cash and cash equivalents that derive directly from its operations. The Group also holds equity instruments as investments. Therefore, the Group is exposed to market risk, credit risk and liquidity risk.

Risk Management Framework

The Group's senior management oversees the management of these risks. The Group's senior management is supported by the Board of Directors that advises on financial risks and appropriate financial risk governance framework for the Group. The Board of Directors review and agree on policies for managing most of these risks which are summarised below.

Credit risk

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

| As at 31st March | Company/Group | |
|--|------------------|------------------|
| | 2026 | 2025 |
| | Rs. '000 | Rs. '000 |
| Exposure to credit risk | | |
| Equity securities-fair value through OCI | 4,078,722 | 3,912,768 |
| Trade receivable | 162,695 | 154,309 |
| Other receivable | 82,481 | 71,197 |
| Total | 4,323,899 | 4,138,274 |

Trade and other 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 Group's customer base, including the default risk of the industry and area in which customers operate, as these factors may have an influence on credit risk.

The senior management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Senior Management. Customers that fail to meet the Group's benchmark creditworthiness may transact with the company only on prepayment or cash basis.

A significant percentage of the Company's customers are transacting with the Company for more than four years. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are institutes, government or distributors, their geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Customers that are graded as 'high risk' are placed on a restricted customer list and monitored by the management, and future sales are made on a prepayment or cash 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 group 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 of those receivables and future macro economic conditions.

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

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

| As at 31st March | Group | |
|------------------|------------------|------------------|
| | 2026 Rs. '000 | 2025 Rs. '000 |
| Domestic | 162,695 | 154,309 |
| Total | 162,695 | 154,309 |

Impairment losses

All trade receivables that are past due, have been considered for impairment as at 31st March 2026.

The movement in the allowance for impairment of trade receivables is disclosed in Note No. 22.2.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contracts assets for customers as at 31st March 2026

| As at 31st March | 2026 | | | 2025 | | |
|--------------------------|-----------------|----------------------|-----------------------------|-----------------|----------------------|-----------------------------|
| | Gross Rs'000 | Impairment Rs'000 | Net Receivable Rs'000 | Gross Rs'000 | Impairment Rs'000 | Net Receivable Rs'000 |
| Corporate and Government | 163,711 | (7,347) | 156,364 | 153,473 | (11,039) | 142,434 |
| Others | 6,331 | - | 6,331 | 11,875 | - | 11,875 |
| Total | 170,042 | (7,347) | 162,695 | 165,348 | (11,039) | 154,309 |

Following table includes the ageing of the trade receivables as at the reporting date.

| As at 31st March | 2026 | | | 2025 | | |
|-----------------------------|-----------------|----------------------|-----------------------------|-----------------|----------------------|-----------------------------|
| | Gross Rs'000 | Impairment Rs'000 | Net Receivable Rs'000 | Gross Rs'000 | Impairment Rs'000 | Net Receivable Rs'000 |
| Not past due | 165,461 | (2,766) | 162,695 | 158,726 | (4,417) | 154,309 |
| Past due more than 120 days | 4,581 | (4,581) | - | 6,622 | (6,622) | - |
| Total | 170,042 | (7,347) | 162,695 | 165,348 | (11,039) | 154,309 |

Equity securities

The Group limits its exposure to credit risk by investing only in liquid equity securities.

The Group has recognised its equity securities at its fair value.

Cash and cash equivalents

The company held cash and cash equivalents of Rs.28.78Mn as at 31 March 2026, (2025: Rs.25.16Mn) which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counter parties, which are rated considerably higher based on rating agency ratings.

Notes to the Financial Statements

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 Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities.

The Company and the Group held the following short term financial liabilities as at 31st March 2026.

| As at 31st March 2026 | Company | | | |
|-----------------------------|-----------|-------------------|-------------|-----------|
| | On Demand | Less than 90 days | 90-365 days | 1-5 years |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Trade payables | - | 60,535 | - | - |
| Accruals and other payables | - | 109,824 | - | - |
| Bank overdraft | 69,425 | - | - | - |
| Money market borrowings | 90,000 | - | - | - |

| As at 31st March 2026 | Group | | | |
|-----------------------------|-----------|-------------------|-------------|-----------|
| | On Demand | Less than 90 days | 90-365 days | 1-5 years |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Trade payables | - | 60,535 | - | - |
| Accruals and other payables | - | 39,854 | - | - |
| Bank overdraft | 69,425 | - | - | - |
| Money market borrowings | 90,000 | - | - | - |

| As at 31st March 2025 | Company | | | |
|-----------------------------|-----------|-------------------|-------------|-----------|
| | On Demand | Less than 90 days | 90-365 days | 1-5 years |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Trade payables | - | 54,489 | - | - |
| Accruals and other payables | - | 111,663 | - | - |
| Bank overdraft | 16,139 | - | - | - |
| Money market borrowings | 192,580 | - | - | - |
| Lease liabilities | - | - | 6,748 | - |

| As at 31st March 2025 | Group | | | |
|-----------------------------|-----------|-------------------|-------------|-----------|
| | On Demand | Less than 90 days | 90-365 days | 1-5 years |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Trade payables | - | 54,489 | - | - |
| Accruals and other payables | - | 41,525 | - | - |
| Bank overdraft | 16,139 | - | - | - |
| Money market borrowings | 192,580 | - | - | - |
| Lease liabilities | - | - | - | - |

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 Group'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.

Summary of the Group's investment in equity market is as follows

| As at 31st March | 2026 | 2025 |
|---------------------------|-----------|-----------|
| | Rs. '000 | Rs. '000 |
| Equity Securities - FVOCI | 4,078,722 | 3,912,768 |

Sensitivity Analysis

The Group's investments in listed shares are sensitive to the fluctuations in the market prices quoted in the Colombo Stock Exchange. The impact to the Group, of a reasonable possible strengthening (weakening) in the market price of shares is reflected below:

| As at 31st March | Equity net of tax | |
|----------------------------------|---------------------------|-----------------------|
| | Strengthening Rs. '000 | Weakening Rs. '000 |
| Market price fluctuations of 10% | 331,909 | (331,909) |

Currency risk

The Group is exposed to currency risk on sales, purchases that are denominated in a currency other than the respective functional currencies of entities. The currencies in which these transactions primarily are denominated are Euro, USD and Sterling Pound.

Effects of currency rate fluctuations of imported materials and finished goods are transferred in a reasonable manner keeping in line with the prices in the market.

Exposure to currency risk

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

| As at 31st March | 2026 | 2025 |
|------------------|--------|-------|
| | Rs.000 | USD |
| Trade payables | (154) | (129) |

Followings are the exchange rate used for the translation of transaction denominated in foreign currencies.

| As at 31st March | 2026 | | | 2025 | | |
|------------------|--------------|-------------|--------------|--------------|-------------|--------------|
| | Selling rate | Buying rate | Average rate | Selling rate | Buying rate | Average rate |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| US Dollar | 319.31 | 311.76 | 315.53 | 300.58 | 292.07 | 296.33 |

Sensitivity Analysis

A reasonably possible strengthening (weakening) of the USD against all other currencies at reporting date 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.

| 2026 | Profit or loss | | Equity net of tax | |
|------|-------------------------|------------------|----------------------|------------------|
| | Strengthening Rs. | Weakening Rs. | Strengthening Rs. | Weakening Rs. |
| | US Dollar (5% movement) | 2,455 | (2,455) | 2,455 |

Notes to the Financial Statements

| 2025 | Profit or loss | | Equity net of tax | |
|-------------------------|----------------|-----------|-------------------|-----------|
| | Strengthening | Weakening | Strengthening | Weakening |
| | Rs. | Rs. | Rs. | Rs. |
| US Dollar (5% movement) | 1,932 | (1,932) | 1,932 | (1,932) |

Interest rate risk

Profile

At the reporting date, the interest rate profile of the Group's interest bearing financial instruments was as follows:

| As at 31st March | 2026 | 2025 |
|----------------------------------|-----------|-----------|
| | Rs.'000 | Rs.'000 |
| Fixed rate instruments | | |
| Financial assets | - | - |
| Financial liabilities | - | - |
| | - | - |
| Variable rate instruments | | |
| Financial assets | 28,785 | 25,156 |
| Financial liabilities | (159,425) | (208,719) |
| | (130,640) | (183,563) |

Cash sensitivity for variable rate instruments

A reasonably change of 100 basis points in interest rate at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant:

| 2026 | Profit or loss | | Equity net of tax | |
|---------------------------------|----------------|-----------|-------------------|-----------|
| | Strengthening | Weakening | Strengthening | Weakening |
| | Rs.000 | Rs.000 | Rs.000 | Rs.000 |
| Variable rate instrument | | | | |
| Cash flow sensitivity (Net) | (1,306) | 1,306 | (1,306) | 1,306 |

| 2025 | Profit or loss | | Equity net of tax | |
|---------------------------------|----------------|-----------|-------------------|-----------|
| | Strengthening | Weakening | Strengthening | Weakening |
| | Rs.000 | Rs.000 | Rs.000 | Rs.000 |
| Variable rate instrument | | | | |
| Cash flow sensitivity (Net) | (1,836) | 1,836 | (1,836) | 1,836 |

Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital Consists of total equity. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels borrowings and the advantages and security afforded by a sound capital position.

The Group monitors capital using an adjusted net debt to equity ratio, which is adjusted net debt divided by adjusted equity. For this purpose, adjusted net debt is defined as total liabilities (which includes interest bearing borrowings and obligations under finance leases excluding lease liability under SLFRS 16) plus unaccrued proposed dividends, less cash and equivalents. Adjusted equity comprises all components of equity other than amounts recognised in equity relating to cash flow hedges, less unaccrued proposed dividends.

The Company's and Group's adjusted net debt to equity ratio at the end of the reporting period was as follows;

| As at 31st March | Company | |
|---|------------------|------------------|
| | 2026 Rs. '000 | 2025 Rs. '000 |
| Total debts | 198,692 | 247,986 |
| Less: Cash and cash equivalents | (28,785) | (25,156) |
| Net debt | 169,907 | 222,830 |
| Total equity | 4,103,916 | 3,999,408 |
| Adjusted equity | 4,064,649 | 3,960,141 |
| Net debt to adjusted equity ratio (times) | 0.04 | 0.06 |

| As at 31st March | Group | |
|---|------------------|------------------|
| | 2026 Rs. '000 | 2025 Rs. '000 |
| Total debts | 198,692 | 247,986 |
| Less: Cash and cash equivalents | (28,785) | (25,156) |
| Net debt | 169,907 | 222,830 |
| Total equity | 4,203,179 | 4,085,745 |
| Adjusted equity | 4,163,912 | 4,046,478 |
| Net debt to adjusted equity ratio (times) | 0.04 | 0.06 |

Accounting classifications and fair value

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

| Company | Fair Value through OCI Rs'000 | Financial assets at amortised cost Rs'000 | Other financial liabilities Rs'000 | Carrying amount Rs'000 | Fair Value Rs'000 |
|--|-------------------------------------|---|---|------------------------------|----------------------|
| As at 31/03/2026 | | | | | |
| Cash and cash equivalent | - | 28,785 | - | 28,785 | 28,785 |
| Trade receivable | - | 162,695 | - | 162,695 | 162,695 |
| Other receivable | - | 82,481 | - | 82,481 | 82,481 |
| Equity investments at fair value through OCI | 4,078,722 | - | - | 4,078,722 | 4,078,722 |
| | 4,078,722 | 273,961 | - | 4,352,684 | 4,352,684 |
| Trade payables | - | - | (60,535) | (60,535) | (60,535) |
| Other payables | - | - | (109,824) | (109,824) | (109,824) |
| Bank overdrafts | - | - | (69,425) | (69,425) | (69,425) |
| Money Market Borrowings | - | - | (90,000) | (90,000) | (90,000) |
| | - | - | (329,784) | (329,784) | (329,784) |

Notes to the Financial Statements

| Company | Fair Value through OCI | Financial assets at amortised cost | Other financial liabilities | Carrying amount | Fair Value |
|--|------------------------|------------------------------------|-----------------------------|-----------------|------------|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| As at 31/03/2025 | | | | | |
| Cash and cash equivalent | - | 25,156 | - | 25,156 | 25,156 |
| Trade receivable | - | 154,309 | - | 154,309 | 154,309 |
| Other receivable | - | 71,197 | - | 71,197 | 71,197 |
| Equity investments at fair value through OCI | 3,912,768 | - | - | 3,912,768 | 3,912,768 |
| | 3,912,768 | 250,662 | - | 4,163,430 | 4,163,430 |
| Trade payables | - | - | (54,489) | (54,489) | (54,489) |
| Other payables | - | - | (111,664) | (111,664) | (111,664) |
| Bank overdrafts | - | - | (16,139) | (16,139) | (16,139) |
| Money Market Borrowings | - | - | (192,580) | (192,580) | (192,580) |
| | - | - | (374,872) | (374,872) | (374,872) |

| Group | Fair Value through OCI | Financial assets at amortised cost | Other financial liabilities | Carrying amount | Fair Value |
|--|------------------------|------------------------------------|-----------------------------|-----------------|------------|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| As at 31/03/2026 | | | | | |
| Cash and cash equivalent | - | 28,785 | - | 28,785 | 28,785 |
| Trade receivable | - | 162,695 | - | 162,695 | 162,695 |
| Other receivable | - | 82,481 | - | 82,481 | 82,481 |
| Equity investments at fair value through OCI | 4,078,722 | - | - | 4,078,722 | 4,078,722 |
| | 4,078,722 | 273,961 | - | 4,352,684 | 4,352,684 |
| Trade payables | - | - | (60,535) | (60,535) | (60,535) |
| Other payables | - | - | (39,854) | (39,854) | (39,854) |
| Bank overdrafts | - | - | (69,425) | (69,425) | (69,425) |
| Money Market Borrowings | - | - | (90,000) | (90,000) | (90,000) |
| | - | - | (259,814) | (259,814) | (259,814) |

| Group | Fair Value through OCI | Financial assets at amortised cost | Other financial liabilities | Carrying amount | Fair Value |
|--|------------------------|------------------------------------|-----------------------------|-----------------|------------|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| As at 31/03/2025 | | | | | |
| Cash and cash equivalent | - | 25,156 | - | 25,156 | 25,156 |
| Trade receivable | - | 154,309 | - | 154,309 | 154,309 |
| Other receivable | - | 71,197 | - | 71,197 | 71,197 |
| Equity investments at fair value through OCI | 3,912,768 | - | - | 3,912,768 | 3,912,768 |
| | 3,912,768 | 250,662 | - | 4,163,430 | 4,163,430 |
| Trade payables | - | - | (54,489) | (54,489) | (54,489) |
| Other payables | - | - | (41,526) | (41,526) | (41,526) |
| Bank overdrafts | - | - | (16,139) | (16,139) | (16,139) |
| Money Market Borrowings | - | - | (192,580) | (192,580) | (192,580) |
| | - | - | (304,734) | (304,734) | (304,734) |

Fair value measurement hierarchy

| As at 31st March Company | Level 01 | | Level 02 | | Level 03 | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2026 Rs'000 | 2025 Rs'000 | 2026 Rs'000 | 2025 Rs'000 | 2026 Rs'000 | 2025 Rs'000 |
| Recurring fair value measurements | | | | | | |
| Assets measured at fair value | | | | | | |
| Equity Investment | 3,319,088 | 3,526,299 | - | - | 759,634 | 386,469 |
| | 3,319,088 | 3,526,299 | - | - | 759,634 | 386,469 |
| Non - recurring fair value measurements | | | | | | |
| Net asset classified as held for sale and distribution | - | - | - | - | 47,000 | 47,000 |

| As at 31st March Group | Level 01 | | Level 02 | | Level 03 | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2026 Rs'000 | 2025 Rs'000 | 2026 Rs'000 | 2025 Rs'000 | 2026 Rs'000 | 2025 Rs'000 |
| Recurring fair value measurements- | | | | | | |
| Assets measured at fair value | | | | | | |
| Equity Investment | 3,319,088 | 3,526,299 | - | - | 759,634 | 386,469 |
| Equity Investment classified within Assets relating to Discontinued Operations | 12,360 | 9,072 | - | - | - | - |
| | 3,331,448 | 3,535,371 | - | - | 759,634 | 386,469 |

Notes to the Financial Statements

Level 3 recurring fair values

Reconciliation of level 3 fair values

| Group | Note | Equity securities Rs'000 |
|---------------------------------------|------|-----------------------------|
| Balance as at 01 April 2024 | 20 | 298,844 |
| Gain included in OCI | | |
| Net change in fair value (unrealised) | | 87,625 |
| Balance as at 31 March 2025 | | 386,469 |
| Balance as at 01 April 2025 | | 386,469 |
| Gain included in OCI | | |
| Net change in fair value (unrealised) | | 373,165 |
| Balance as at 01 April 2026 | | 759,634 |

Sensitivity Analysis

For the fair values of equity securities, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

| As at 31st March 25 | OCI net of Tax | |
|--------------------------------|---------------------|---------------------|
| | Increase Rs.'000 | Decrease Rs.'000 |
| Adjusted market multiple by 1% | (5,317) | 5,317 |

Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations. The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

Group evaluates its resilience of its businesses considering the factors such as cash reserves, potential sources of financing, foreign currency receipts and profitability; if required and possibility of differing of non-essential capital expenditure. Further, since there is a possibility of default risk from the customers, Group, at each business level a disciplined approach has been adopted to optimise the collection via a rigid credit control management process. Group did not extend the credit terms other than in the normal business terms due to the current economic condition.

Further, Group has negotiated with its foreign suppliers and has negotiated better terms to reduce the negative impact of currency fluctuations. And also the Group has not determined impairment on property, plant & equipment as at the reporting date due to negative impact of the change in macro economic condition. Business operations are carrying forward under the business continuity plan, allowing operations to function through alternative working arrangements while encouraging the cost saving mechanisms.

The Management will continue to monitor the situation and take required mitigating actions to minimise the impact of the country's rapidly changing macro economic factors while ensuring that the business operations are carried out without disruption while ensuring the health and safety of the employees and satisfaction of the customers of the Group.

Ten Year Group Performance

| Year ended 31, March | 2026 | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | SLFRS | SLFRS | SLFRS | SLFRS | SLFRS | SLFRS | SLFRS | SLFRS | SLFRS | SLFRS |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Income Statement | | | | | | | | | | |
| Revenue | 1,092,939 | 873,516 | 788,965 | 1,063,645 | 639,680 | 441,401 | 395,850 | 460,005 | 723,582 | 823,690 |
| Gross profit | 289,573 | 252,055 | 188,561 | 397,817 | 166,328 | 103,477 | 82,574 | 90,410 | 141,552 | 169,159 |
| Financing cost | (25,446) | (20,110) | (11,874) | (10,972) | (8,788) | 5,944 | 39,874 | 42,294 | 39,976 | (6,059) |
| Share of profit of equity accounted investees | | - | - | (40,460) | (6,109) | (40,623) | 8,938 | 12,861 | 13,093 | 9,609 |
| Profit before taxation | 199,080 | 156,101 | 141,722 | 255,562 | 127,803 | 34,621 | 237,288 | 101,816 | 379,010 | 58,474 |
| Income tax expense | (45,330) | (38,527) | (29,340) | (85,698) | (30,446) | (15,473) | (10,181) | (8,986) | 4,951 | (27,346) |
| Profit/(loss) for the year from discontinued operations | 9,493 | 1,039 | (484) | 7,686 | 14,445 | 4,378 | 2,218 | 28,750 | (154,265) | 39,384 |
| Profit after taxation | 163,242 | 118,613 | 111,348 | 177,550 | 111,802 | 23,526 | 229,325 | 121,580 | 229,696 | 70,512 |
| Non-controlling interest | (38) | (38) | (31) | (33) | (24) | - | (131) | 2,118 | (29,428) | 3,719 |
| Profit attributable to equity holders of the company | 163,280 | 118,651 | 111,379 | 177,583 | 111,826 | 23,526 | 229,456 | 119,462 | 259,124 | 66,793 |
| Balance Sheet | | | | | | | | | | |
| Net Assets | | | | | | | | | | |
| Property, plant & equipment | 11,733 | 13,034 | 19,999 | 28,399 | 4,692 | 38,339 | 37,191 | 277 | 1,850 | 232,413 |
| Investment in sub-lease | - | - | - | - | - | - | 14,547 | - | - | - |
| Investment property | - | - | - | - | - | - | - | - | - | 40,247 |
| Intangible assets | 382 | 521 | 660 | 799 | 938 | 1,077 | 1,216 | 1,355 | - | - |
| Investments | 759,634 | 386,469 | 298,844 | 231,719 | 238,704 | 238,658 | 272,852 | 416,944 | 462,605 | 435,618 |
| Deferred tax assets | - | - | - | 14,217 | 15,740 | 26,056 | 19,147 | 12,354 | 22,154 | 12,277 |
| Net current assets | 3,589,336 | 3,729,983 | 3,320,015 | 2,400,307 | 2,267,420 | 2,173,718 | 1,453,547 | 1,510,391 | 1,656,475 | 1,235,958 |
| | 4,361,084 | 4,130,007 | 3,639,518 | 2,675,441 | 2,527,494 | 2,477,848 | 1,798,500 | 1,941,321 | 2,143,084 | 1,956,513 |
| Non- Current liabilities | (157,906) | (44,262) | (13,929) | (7,139) | (2,343) | (38,888) | (46,229) | (1,137) | (10,990) | (44,150) |
| | 4,203,179 | 4,085,745 | 3,625,589 | 2,668,302 | 2,525,151 | 2,438,960 | 1,752,271 | 1,940,184 | 2,132,094 | 1,912,363 |
| Stated Capital & Reserves | | | | | | | | | | |
| Stated capital | 193,006 | 126,250 | 126,250 | 126,250 | 126,250 | 126,250 | 126,250 | 126,250 | 126,250 | 126,250 |
| Capital reserves | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 238,170 |
| Revenue reserves | 4,010,081 | 3,959,365 | 3,499,171 | 2,541,853 | 2,398,669 | 2,327,383 | 1,640,694 | 1,828,629 | 1,990,975 | 1,505,438 |
| Shareholders' funds | 4,206,087 | 4,088,615 | 3,628,421 | 2,671,103 | 2,527,919 | 2,456,633 | 1,769,944 | 1,957,879 | 2,120,225 | 1,869,858 |
| Non controlling interest | (2,908) | (2,870) | (2,832) | (2,801) | (2,768) | (17,673) | (17,673) | (17,695) | 11,869 | 42,507 |
| Total equity | 4,203,179 | 4,085,745 | 3,625,589 | 2,668,302 | 2,525,151 | 2,438,960 | 1,752,271 | 1,940,184 | 2,132,094 | 1,912,365 |
| Ratios | | | | | | | | | | |
| Return on shareholders' equity % | 4% | 3% | 3% | 7% | 4% | 1% | 13% | 6% | 12% | 3% |
| Annual sales growth % | 20.00 | 10.71 | (34.82) | 66.28 | 44.92 | 11.51 | (13.95) | (36.43) | (12.15) | (42.96) |
| Return on assets | 3.51 | 2.66 | 2.86 | 6.53 | 4.11 | 0.93 | 12.38 | 6.03 | 10.17 | 3.36 |
| Current ratio times | 13.55 | 12.37 | 13.95 | 19.96 | 12.72 | 41.94 | 27.95 | 20.82 | 15.47 | 9.62 |
| Share Information | | | | | | | | | | |
| Market Value of a Share (Rs.) | 158.50 | 154.00 | 72.00 | 77.50 | 74.80 | 76.9 | 40 | 59.00 | 63.50 | 55.00 |
| Earning per share (Rs.) | 10.11 | 7.55 | 7.09 | 11.31 | 7.12 | 1.50 | 14.58 | 7.58 | 16.45 | 4.24 |
| Price earnings ratio (No.of times) | 15.68 | 20.40 | 10.16 | 6.85 | 10.51 | 51.34 | 2.74 | 7.78 | 3.86 | 12.97 |
| Net assets value per share (Rs.) | 260.40 | 260.30 | 231 | 170.05 | 160.94 | 156.40 | 112.68 | 124.31 | 134.62 | 118.72 |
| Earnings yield % | 6.38 | 4.90 | 9.85 | 14.59 | 9.52 | 1.95 | 36.45 | 12.86 | 25.91 | 7.71 |
| Dividend yield % | 4.74 | 1.62 | 3.47 | 2.58 | 1.34 | 1.30 | 2.50 | 3.39 | 3.15 | 5.45 |
| Dividend cover (No.of times) | 1.39 | 3.02 | 2.84 | 5.65 | 7.12 | 0.75 | 14.58 | 3.79 | 9.79 | 4.15 |
| Dividend paid per share (Rs.) | 7.50 | 2.50 | 2.50 | 2.00 | 1.00 | 2.00 | 1.00 | 2.00 | 2.00 | 3.00 |

Group Structure

| Company | Percentage Holding | Principal Activity | Directors | Stated Capital Rs'000 |
|---------------------------------------|--------------------|---|---|-----------------------|
| SUBSIDIARIES | | | | |
| Chemanex Exports (Private) Limited | 100 | Manufacture & export of chemicals (currently under liquidation) | M P Jayawardena S A B Ekanayake | 50,000 |
| Chemcel (Private) Limited | 69.5 | Manufacture & export of specialty chemicals (currently under liquidation) | P A Seresinhe S A B Ekanayake | 723 |
| EQUITY ACCOUNTED INVESTEEES | | | | |
| Rainforest Ecolodge (Private) Limited | 20.89 | Eco Tourism | N J H M Cooray G D V Perera B D P Dharmasena S M Hapugoda P A Seresinhe S Amalean N A N Jayasundara D C Fernando | 476,247 |

Information to Shareholders and Investors

1 STOCK EXCHANGE LISTING

| | |
|---|--------------|
| Date of Listing in Colombo Stock Exchange (CSE) | : 16-Dec-74 |
| Abbreviation in Colombo Stock Exchange | : "CHMX.N" |
| Stated Capital - No. of Ordinary Shares | : 16,152,353 |

2 CHEMANEX SHARES IN THE CSE

| | 2026 | | 2025 | |
|------------------------------------|------------|-----------|------------|-----------|
| Highest Price (Rs.) | 09/01/2025 | 199.75 | 01/03/2025 | 189.00 |
| Lowest Price (Rs.) | 04/09/2025 | 128.00 | 04/01/2024 | 70.10 |
| Average Price (Rs.) | | 173.66 | | 134.36 |
| Last traded Price (Rs.) | | 158.50 | | 154.00 |
| No. of transactions | | 7,119 | | 5,392 |
| No. of shares traded | | 3,224,739 | | 3,941,115 |
| Value of shares traded (Rs. '000') | | 560,022 | | 529,512 |
| Market Capitalisation (Rs. '000') | | 2,560,148 | | 2,418,926 |

3 ANALYSIS OF SHAREHOLDERS AS AT 31ST MARCH

| Range of Shareholding | 2026 | | | 2025 | | |
|-----------------------|---------------------|-------------------|---------------|---------------------|-------------------|---------------|
| | No. of Shareholders | No. of Shares | % | No. of Shareholders | No. of Shares | % |
| 1 - 1,000 | 1293 | 229,876 | 1.42 | 1047 | 192,074 | 1.22 |
| 1,001 - 10,000 | 327 | 1,099,638 | 6.81 | 247 | 884,472 | 5.63 |
| 10,001 - 100,000 | 78 | 2,074,920 | 12.85 | 67 | 2,272,449 | 14.47 |
| 100,001 - 1,000,000 | 8 | 2,910,106 | 18.02 | 9 | 2,791,561 | 17.77 |
| Over - 1,000,000 | 2 | 9,837,813 | 60.91 | 2 | 9,566,756 | 60.91 |
| Total | 1,708 | 16,152,353 | 100.00 | 1,372 | 15,707,312 | 100.00 |

| Range of Shareholding | 2026 | | | 2025 | | |
|-----------------------|---------------------|-------------------|---------------|---------------------|-------------------|---------------|
| | No. of Shareholders | No. of Shares | % | No. of Shareholders | No. of Shares | % |
| Individuals | 1,609 | 2,921,414 | 18.09 | 1,287 | 3,222,630 | 20.52 |
| Institutions | 99 | 13,230,939 | 81.91 | 85 | 12,484,682 | 79.48 |
| Total | 1,708 | 16,152,353 | 100.00 | 1,372 | 15,707,312 | 100.00 |
| Resident | 1,690 | 16,025,240 | 99.21 | 1,355 | 15,563,212 | 99.08 |
| Non-Resident | 18 | 127,113 | 0.79 | 17 | 144,100 | 0.92 |
| Total | 1,708 | 16,152,353 | 100.00 | 1,372 | 15,707,312 | 100.00 |

Information to Shareholders and Investors

4 DISTRIBUTION OF SHARES AS AT 31 MARCH

The following table, presenting the Distribution of Shares as of 31 March 2026, has been furnished to Colombo Stock Exchange (CSE) and Securities & Exchange Commission (SEC) in accordance with CSE Listing Rule 7.13

| Non - Public Shareholders | 2026 | | 2025 | |
|---|--------------------|---|--------------------|---|
| | No. of shares held | No. of shares as a percentage of the total no. of shares in issue | No. of shares held | No. of shares as a percentage of the total no. of shares in issue |
| CIC Holdings PLC | 8,164,321 | 50.55 | 7,939,373 | 50.55 |
| CIC Holdings PLC/Trustees for Charitable & Educational Trust Fund | 1,673,492 | 10.36 | 1,627,383 | 10.36 |
| CIC Agri Businesses (Private) Limited | 459,257 | 2.84 | 446,604 | 2.84 |
| Total Shareholding of Non-Public Shareholders | 10,297,070 | 63.75 | 10,013,360 | 63.75 |

| Public Shareholders | 2026 | | 2025 | |
|---------------------|----------------------------|-------------------------|----------------------------|-------------------------|
| | No. of public shareholders | public shareholding (%) | No. of public shareholders | public shareholding (%) |
| Public Shareholding | 1,705 | 36.25 | 1,369 | 36.25 |

5 DIRECTORS' SHAREHOLDING AS AT 31 MARCH

Non of the Directors held shares of the Company as at 31st March 2026 and 31st March 2025.

6 FLOAT ADJUSTED MARKET CAPITALISATION

| Type | No of shares | Share price | Capitalisation |
|-----------------------|--------------|-------------|----------------|
| | | Rs. | (Rs'000) |
| Shares held by public | 5,855,283 | 158.50 | 928,062,356 |

As the float adjusted market capitalisation is below Rs. 2.5Bn, Chemanex PLC complies under option 5 with the minimum public holding requirement.

7 TWENTY LARGEST SHAREHOLDERS

| Name of the Non - Public Shareholder | 2026 | | 2025 | |
|--|-------------------|--------------|-------------------|--------------|
| | No. of Shares | % | No. of Shares | % |
| 1 CIC Holdings PLC | 8,164,321 | 50.55 | 7,939,373 | 50.55 |
| 2 CIC Holdings PLC/ Charitable & Education Trust Fund | 1,673,492 | 10.36 | 1,627,383 | 10.36 |
| 3 Sakuvi Investment Trust (Private) Limited | 877,796 | 5.43 | 538,366 | 3.43 |
| 4 Hatton National Bank PLC/ Mr. W. Jinadasa | 469,400 | 2.91 | 456,467 | 2.91 |
| 5 CIC Agri Businesses (Private) Limited | 459,257 | 2.84 | 446,604 | 2.84 |
| 6 S.K. Wickremesinghe Trust (Guarantee) Limited | 411,333 | 2.55 | 400,000 | 2.55 |
| 7 Mr. S. Srikanthan & Mrs. S. Srikanthan | 308,500 | 1.91 | 300,000 | 1.91 |
| 8 Senkadagala Finance PLC/ R.S.H. Nanayakkara & R.M. Nanayakkara | 145,346 | 0.90 | 38,685 | 0.25 |
| 9 Senkadagala Finance PLC/ Mr. L.L. Fernando & D.S. Fernando | 120,000 | 0.74 | 85,000 | 0.54 |
| 10 Senkadagala Finance PLC/ Mr. M. Siridaran | 118,474 | 0.73 | 109,773 | 0.70 |
| 11 Mr. H.R. Peries | 74,554 | 0.46 | 72,500 | 0.46 |
| 12 Dr. H.S.D Soysa & Mrs. G. Soysa | 70,367 | 0.44 | 68,429 | 0.44 |
| 13 Mr. Z.G. Carimjee | 68,454 | 0.42 | 66,568 | 0.42 |
| 14 Mrs. H.G.S. Ansell & Mrs. A.P. Ansell | 66,941 | 0.41 | 65,097 | 0.41 |
| 15 Dr. H.R. Wickremasinghe & Mr. V.K. Wickramasinghe (Deceased) | 61,700 | 0.38 | 60,000 | 0.38 |
| 16 Shalsri Investments (Private) Limited | 57,709 | 0.36 | 56,119 | 0.36 |
| 17 Mr. R.S.H. Nanayakkara & Ms. R.M. Nanayakkara | 56,600 | 0.35 | - | - |
| 18 Mrs. A.G.R.S.C. Thilakarathna | 55,746 | 0.35 | - | - |
| 19 Mr. U.I. Suriyabandara | 53,492 | 0.33 | 43,960 | 0.28 |
| 20 Mr. P.R.D. Fernando | 46,239 | 0.29 | 44,965 | 0.29 |
| | 13,359,721 | 82.71 | 12,419,289 | 79.07 |

8 MOVEMENT IN SHARE CAPITAL

| Type of Issue | Year of Issue | Ratio | Number of Shares '000' |
|-------------------|---------------|-----------|------------------------|
| Initial Capital | 1974 | - | 40 |
| Bonus | 1976 | 1:01 | 80 |
| Bonus | 1977 | 1:01 | 160 |
| Rights | 1983 | 1:01 | 320 |
| Rights | 1986 | 9:16 | 500 |
| Rights | 1989 | 1:02 | 750 |
| Debenture | 1990 | 1:02 | 1,125 |
| Rights | 1991 | 1:4:5 | 1,375 |
| Rights | 1992 | 1:2:75 | 1,875 |
| Rights | 1993 | 1:03 | 2,500 |
| Rights | 1995 | 1:05 | 3,000 |
| Bonus | 1998 | 1:06 | 3,500 |
| Bonus/Rights | 2005 | 1:6 / 1:5 | 5,250 |
| Sub division | 2008 | 1:03 | 15,750 |
| Share re purchase | 2020 | 1:10 | 15,707 |
| Scrip Dividend | 2026 | - | 16,152 |

CIRCULAR TO SHAREHOLDERS

Dear Shareholder,

53RD ANNUAL GENERAL MEETING OF CHEMANEX PLC

We are pleased to inform you that the Board of Directors of Chemanex PLC has decided to hold the 53rd Annual General Meeting (AGM) of the Company on Tuesday 30th June 2026 at 9.30 a.m. at the Auditorium of Commercial Bank of Ceylon PLC, Union Place Branch, Colombo 02.

The Annual Report - 2025/26 is made available to the Shareholders, on the Company's Website (www.chemanex.lk) and the CSE Website (www.cse.lk) in accordance with Rule 7.5 of the Listing Rules of the CSE. Additionally, the under-noted documents are also hosted on the websites of the Company and the CSE :

1. Notice of Annual General Meeting
2. Form of Proxy
3. Form of Request for a printed copy of the Annual Report

If you wish to have a printed version of the Annual Report, please mail the duly completed "Form of Request" to the address given below or email your request to agm@chemanex.lk;

Company Secretary

Chemanex PLC

199, Kew Road

Colombo 02.

The printed Annual Report will be forwarded within 8 market days of the receipt of the written request.

In the event you have any queries or require any assistance on the documentation relating to the AGM you may contact any one of the following staff members during office hours (8.30 am to 5.00 pm) on any working day:

| Name | Telephone Numbers |
|----------------------|----------------------------|
| Ms. G P S Samarakoon | +94 (0) 112359359 Ext. 279 |
| Mr. S Muthugama | +94 (0) 112359359 Ext. 304 |

If you are unable to participate at the AGM and wish to appoint a proxy to represent you, please complete and return the Form of Proxy to reach the Company Secretary, Chemanex PLC, No. 199, Kew Road, Colombo 2 by 9.00 a.m. on 28th June 2026.

By Order of the Board

Chemanex PLC

S A B P W M R R W T Wegodapola

Company Secretary

02nd June 2026

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty Third (53rd) Annual General Meeting of Chemanex PLC will be held at the Auditorium of Commercial Bank of Ceylon PLC, Union Place Branch, Colombo 02 on 30th June 2026 at 9.30 a.m. for the following purposes:

1. To receive and adopt the Statements of Accounts of the Company and of the Group for the year ended 31st March 2026 together with the Reports of the Directors and Auditors thereon.
2. To re-elect Mr. W P Madawanarachchi as a Director, who retires in pursuant to Article 24(2) of the Articles of Association of the Company.
3. To re-elect Mr. P A Seresinhe as a Director, who retires by rotation in pursuant to Article 24(6) of the Articles of Association of the Company.
4. To pass the ordinary resolution set out below to re-appoint Dr. S A B Ekanayake, who is over 70 years of age , as a Director of the Company;

"IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act No.07 of 2007 shall not apply to Dr. S A B Ekanayake, who is over 70 years of age and that he be and is hereby re-appointed a Director of the Company."

5. To declare a dividend as recommended by the Directors.
6. To re-appoint Messers Ernst & Young, Chartered Accountants, as the Auditors of the Company and to authorize the Directors to determine their remuneration.
7. To authorize the Directors to determine donations for the year ending 31st March 2027 and up to the date of the next Annual General Meeting.

By the Order of the Board

CHEMANEX PLC

S A B P W M R R W T Wegodapola

Company Secretary

02nd June 2026

Notes:

- A shareholder is entitled to attend and/or vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to participate and/or vote on his/her behalf (as applicable) and Forms of Proxy are enclosed for this purpose.
- A proxy need not be a shareholder of the Company.
- Shareholders who wish to appoint a member of the Board of Directors as his/ her proxy to represent them at the AGM may do so by completing the Form of Proxy.
- Any Shareholder or Proxy holder attending the meeting is kindly requested to bring this report along with his/her National Identity Card or Passport for identification purposes.

Form of Proxy

ANNUAL GENERAL MEETING

I/We
of.....
being a shareholder/shareholders of Chemanex PLC hereby appoint:

| | |
|--|----------------|
| Sumitha Anura Bandara Ekanayake | or failing him |
| Rajinder Priya Bandaranayake | or failing him |
| Waruna Pushpamal Madawanarachchi | or failing him |
| Talpawila Kankanange Don Aruna Prasad Samarasinghe | or failing him |
| Prashantha Aroshan Seresinhe | or failing him |

.....
as my/our Proxy to represent me/us and speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 9.30. a.m on 30th June 2026 and at any adjournment thereof.

I/We* the undersigned, hereby authorize my/our* proxy to speak and vote for me/us* and on my/our* behalf in accordance with the preference as indicated below:

| | | For | Against |
|----|--|--------------------------|--------------------------|
| 1. | To receive and adopt the Statements of Accounts of the Company and of the Group for the year ended 31st March 2026 together with the Reports of the Directors and Auditors thereon | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. | To re-elect Mr. W P Madawanarachchi who retires in pursuant to Article 24(2) of the Articles of Association of the Company, as a Director | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. | To re-elect Mr. P A Seresinhe who retires by rotation in pursuant to Article 24(6) of the Articles of Association of the Company, as a Director. | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. | To pass the ordinary resolution set out below to re-appoint Dr. S A B Ekanayake who is over 70 years of age, as a Director of the Company. "IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act No.07 of 2007 shall not apply to Dr. S A B Ekanayake, who is over 70 years of age and that he be and is hereby re-appointed a Director of the Company." | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. | To declare a dividend as recommended by the Directors. | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. | To re-appoint Messers. Ernst & Young, Chartered Accountants, as the Auditors of the Company and to authorize the Directors to determine their remuneration. | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. | To authorize the Directors to determine donations for the year ending 31st March 2027 and up to the date of the next Annual General Meeting. | <input type="checkbox"/> | <input type="checkbox"/> |

Signed thisday ofTwo Thousand and Twenty Six .

.....
Signature of Shareholder/s

*Please delete as appropriate

- Notes
1. A proxy need not be a shareholder of the Company
 2. Instructions as to completion are noted on the reverse hereof

INSTRUCTIONS AS TO COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The Proxy shall –
 - (a) In the case of an individual be signed by the shareholder or by his/her attorney, and if signed by an Attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
 - (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).
3. Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.
4. The completed Form of Proxy should be deposited at the Registered Office of the Company at the undermentioned address or scanned and emailed to agm@chemanex.lk by 9.00 a.m. on 28th June 2026.

199, Kew Road
Colombo 2

Corporate Information

NAME OF THE COMPANY

Chemanex PLC

COMPANY REGISTRATION NUMBER

PQ 64

LEGAL FORM

A Public Quoted Company with limited liability incorporated in Sri Lanka on 28th August 1974.

Re-registered under the Companies Act

No. 7 of 2007 on 6th August 2007.

REGISTERED ADDRESS

No.199, Kew Road, Colombo 02

BOARD OF DIRECTORS

S A B Ekanayake (Chairman)

R P Bandaranayake

T K D A P Samarasinghe

P A Seresinhe

W P Madawanarachchi

(appointed w.e.f 16/01/2026)

P R Saldin

(deceased on 16/01/2026)

COMPANY SECRETARY

S A B P W M R R W T Wegodapola

AUDITORS

Ernst & Young

Chartered Accountants

Rotunda Towers,

109, Galle Rd,

Colombo 03.

BANKERS

Commercial Bank of Ceylon PLC

Standard Chartered Bank PLC

Hatton National Bank PLC

National Development Bank PLC

Nations Trust Bank PLC

LEGAL ADVISERS

Heritage Partners

Attorneys-at-Law

04, Malalasekara Pedesa

Colombo 07.

Nithya Partners

Attorneys-at-Law

97A, Galle Road, Colombo 03

AUDIT COMMITTEE

R P Bandaranayake (Chairman)

W P Madawanarachchi

T K D A P Samarasinghe

RELATED PARTY TRANSACTIONS REVIEW

COMMITTEE

R P Bandaranayake (Chairman)

T K D A P Samarasinghe

P A Seresinhe

NOMINATIONS & GOVERNANCE COMMITTEE

T K D A P Samarasinghe (Chairman)

R P Bandaranayake

S A B Ekanayake

REMUNERATION COMMITTEE

T K D A P Samarasinghe (Chairman)

R P Bandaranayake

S A B Ekanayake

Designed & produced by

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Printed by Softwave Holdings (Pvt) Ltd

Chemanex PLC

No -199, Kew Road, Colombo 02, Sri Lanka

info@chemanex.lk

Tel: 011 – 2359359 (Ext.304)