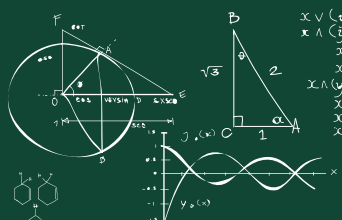
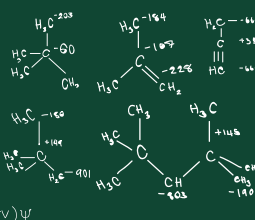


$$z = \frac{x^2}{a^2} + \frac{y^2}{b^2}$$

$$z = x^2 - 2xy + y^2$$

$$z = \frac{x^2}{a^2} - \frac{y^2}{b^2}$$



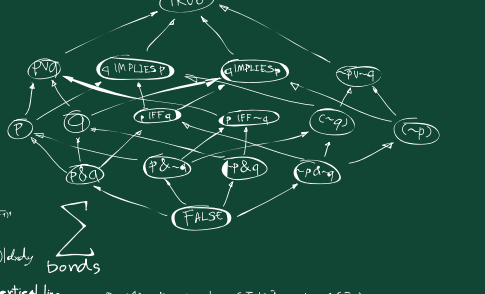
$x \cdot v \cdot (y \cdot v \cdot z) = (x \cdot v \cdot y) \cdot v \cdot z$
 $x \wedge (y \wedge z) = (x \wedge y) \wedge z$
 $x \vee y = y \vee x$
 $x \wedge y = y \wedge x$
 $x \wedge (y \vee z) = (x \wedge y) \vee (x \wedge z)$
 $x \vee 0 = x$
 $x \wedge 1 = x$
 $x \wedge 0 = 0$

$4 \pm 3 \pm (9 \pm 6)$
 $= 4 \pm 3 \pm (9 \pm 6)$
 $= 4 \pm 2 \pm 15$
 $= 2 \pm 17$

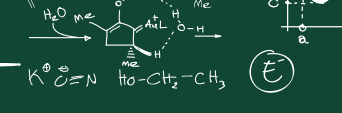
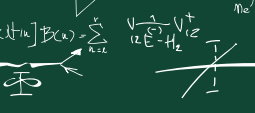
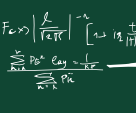
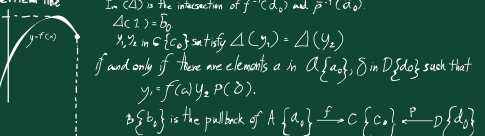
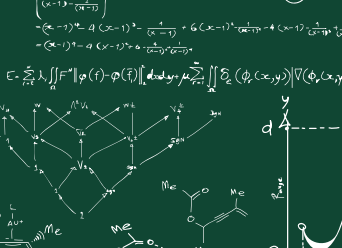
$(-h^2/s^2 m) \nabla^2 \psi - (E \pm V) \psi$
 $(-h^2/s^2 m) \nabla^2 \psi + E \psi - V \psi$
 $(-h^2/s^2 m) \nabla^2 \psi + V \psi - E \psi$
 $[(h^2/s^2 m) \nabla^2 \psi + V] \psi = E \psi$

$\{\psi_i(r)\} = \{U_i\}$
 $\gamma(r) = 2 \sum_{i=1}^{\infty} \phi_i(r) \phi_i(r) S_{ii}$

$\int_{-\infty}^{\infty} \dots dx = 4 [(v_1 + v_2)^2 - (v_1 - v_2)(N_j + N_j)]$
 $\int_{-\infty}^{\infty} \dots dx = 4 [(v_1 + v_2)^2 - (v_1 - v_2)(N_j + N_j)]$



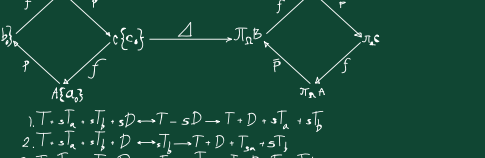
$\cos(2A) = (\cos A)^2 - (\sin A)^2$
 $\cos(2A) = 1 - 2(\sin A)^2$
 $A = \frac{\pi}{2}$
 $\cos(\frac{\pi}{2}) = 1 - 2(\sin \frac{\pi}{2})^2$
 $(\sin \frac{\pi}{2})^2 = \frac{1 - \cos(\frac{\pi}{2})}{2}$
 $\sin \frac{\pi}{2} = \pm \sqrt{\frac{1 - \cos(\frac{\pi}{2})}{2}}$



$|\psi_{\xi}(t)| = |\sum_{\alpha} t_{\alpha} \psi_{\alpha}(x)| \leq \sum_{\alpha} |t_{\alpha}|$

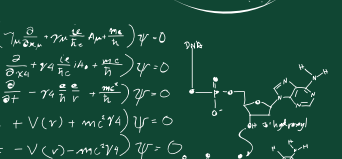
$\lambda = \frac{2\pi}{h} \sqrt{2m(E - V)}$
 $\lambda = \frac{2\pi}{h} \sqrt{2m(E - V)}$

$\lambda = \frac{2\pi}{h} \sqrt{2m(E - V)}$
 $\lambda = \frac{2\pi}{h} \sqrt{2m(E - V)}$



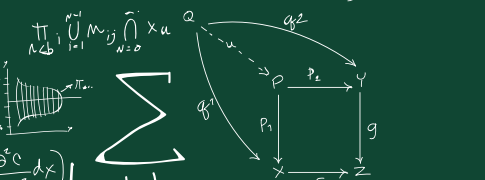
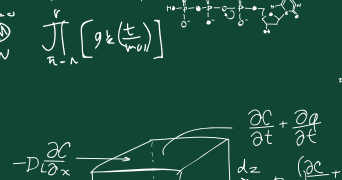
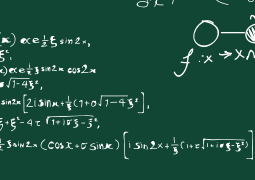
$x \cdot v \cdot (y \cdot v \cdot z) = (x \cdot v \cdot y) \cdot v \cdot z$
 $x \wedge (y \wedge z) = (x \wedge y) \wedge z$
 $x \vee y = y \vee x$
 $x \wedge y = y \wedge x$
 $x \wedge (y \vee z) = (x \wedge y) \vee (x \wedge z)$
 $x \vee 0 = x$
 $x \wedge 1 = x$
 $x \wedge 0 = 0$

$(\gamma_1 \frac{\partial}{\partial x_1} + \gamma_2 \frac{\partial}{\partial x_2} + \gamma_3 \frac{\partial}{\partial x_3} + \gamma_4 \frac{\partial}{\partial x_4} + \gamma_5 \frac{\partial}{\partial x_5} + \gamma_6 \frac{\partial}{\partial x_6} + \gamma_7 \frac{\partial}{\partial x_7} + \gamma_8 \frac{\partial}{\partial x_8} + \gamma_9 \frac{\partial}{\partial x_9} + \gamma_{10} \frac{\partial}{\partial x_{10}}) \psi = 0$

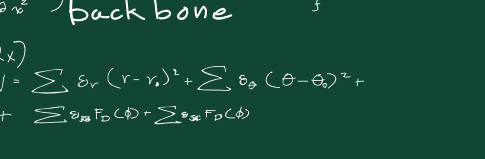
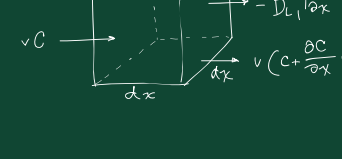
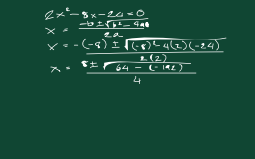


1. $T \cdot s_{1a} + s_{1b} + s_{1c} + s_{1d} \rightarrow T + s_{1d} + s_{1c} + s_{1b}$
2. $T \cdot s_{1a} + s_{1b} + D \rightarrow T + s_{1b} + s_{1c} + s_{1d}$
3. $T \cdot s_{1a} + s_{1b} + D \rightarrow T + s_{1b} + s_{1c} + s_{1d}$
4. $T \cdot s_{1a} + s_{1b} + D \rightarrow T + s_{1b} + s_{1c} + s_{1d}$
5. $T + s_{1a} + s_{1b} + s_{1c} + s_{1d} \rightarrow T + s_{1a} + s_{1b} + s_{1c} + s_{1d}$
6. $T + s_{1a} + s_{1b} + s_{1c} + s_{1d} \rightarrow T + s_{1a} + s_{1b} + s_{1c} + s_{1d}$
7. $T + s_{1a} + s_{1b} + s_{1c} + s_{1d} \rightarrow T + s_{1a} + s_{1b} + s_{1c} + s_{1d}$
8. $T + s_{1a} + s_{1b} + s_{1c} + s_{1d} \rightarrow T + s_{1a} + s_{1b} + s_{1c} + s_{1d}$
9. $T + s_{1a} + s_{1b} + s_{1c} + s_{1d} \rightarrow T + s_{1a} + s_{1b} + s_{1c} + s_{1d}$
10. $T + s_{1a} + s_{1b} + s_{1c} + s_{1d} \rightarrow T + s_{1a} + s_{1b} + s_{1c} + s_{1d}$

$\lambda = \frac{2\pi}{h} \sqrt{2m(E - V)}$
 $\lambda = \frac{2\pi}{h} \sqrt{2m(E - V)}$



$\lambda = \frac{2\pi}{h} \sqrt{2m(E - V)}$
 $\lambda = \frac{2\pi}{h} \sqrt{2m(E - V)}$



The Right Chemistry



Contents

02

About us

04

Financial Highlights

06

Chairman's Statement

08

Board of Directors

10

Management
Discussion & Analysis

13

Corporate Governance

Corporate Overview

Chemanex at a Glance	02
Financial Highlights	04
Chairman's Message	06
Board of Directors	08
Review of Operations	10
Corporate Governance	13
Report of the Audit Committee	17
Report of the Related Party Transactions Review Committee	18

Financial Statements

Annual Report of the Board of Directors on the State of Affairs of Chemanex PLC	20
Directors' Responsibility for Financial Reporting	26
Chief Executive Officer's and Finance Officer's Responsibility Statement	27
Independent Auditors' Report	29
Consolidated Statement of Profit & Loss and Other Comprehensive Income	32
Consolidated Statement of Financial Position	33
Consolidated Statement of Changes in Equity	34
Consolidated Cash Flow Statements	36
Notes to the Financial Statements	38
Ten Year Summary	90
Shareholder and Investor Information	92
Notice of Meeting	95
Notes	96
Form of Proxy	99

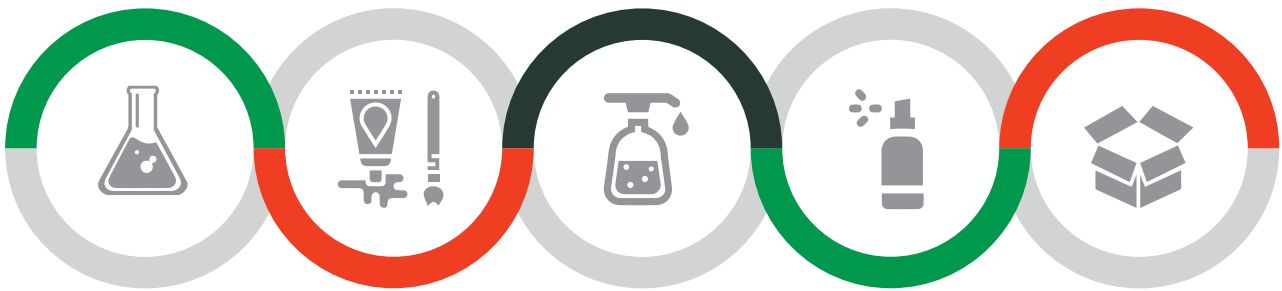
The Right Chemistry

For a business to succeed and a vision to realize, it only takes one thing- the right chemistry. At Chemanex PLC, we have built a strong reputation for manufacturing and trading high quality specialty compounds and industrial intermediates. Our position in the industry is unrivalled and our strategies, far-sighted.

This report details how we have streamlined our operations and further crafted our growth strategy to support a year of consolidation. We have made your Company more vibrant with a diligent re-strategising process aimed to deliver sustainable growth and better value to our stakeholders. Every team, every process we've put in place today works to create a Company with an ambitious future, growing with the right chemistry for years to come.



Chemanex At A Glance



Industrial Chemicals

Supply intermediaries to manufacturing industries such as rubber, plastic and textile.

Pigments and Resins

Promote colour pigments and other raw materials to paints and ink industry to be used in their manufacturing.

Consumer Chemicals

Supply raw materials to be used in the production of home care and household products.

Personal Care

Supply raw materials to manufacture hair care and skin care finished products to consumer market.

Packaging

Market starches and related accessories to corrugated industry for packaging.

Financial Highlights

Year ended 31, March	Company			Group			
	2019	2018	Change %	2019	2018	Change %	
Earnings Highlights & Ratios							
Revenue	Rs.'000s	460,005	726,180	(36.65)	460,005	723,582	(36.43)
Profit before Tax	Rs.'000s	132,920	359,564	(63.03)	101,816	379,010	(73.14)
Taxation	Rs.'000s	8,986	(4,951)	(281.50)	8,986	(4,951)	(281.50)
Profit attributable to Equity Holders	Rs.'000s	142,612	308,460	(53.77)	119,462	259,124	(53.90)
Total Comprehensive Income for the year	Rs.'000s	(106,065)	330,028	(132.14)	(130,250)	252,648	(151.55)
Dividends	Rs.'000s	31,500	31,500	-	31,500	31,500	-
Earnings per Share	Rs.	9.05	19.58	(53.78)	7.58	16.45	(53.92)
Dividend Cover	No. of Times	4.53	9.79	(53.78)	3.79	8.23	(53.95)
Return on Shareholder's Equity	%	7.99	16.06	(50.25)	6.10	12.22	(50.07)
Pre-tax Return on Shareholder's Equity	%	8.49	15.80	(46.24)	6.95	11.99	(42.00)
Return on Assets	%	7.40	15.22	(51.41)	6.03	11.48	(47.51)
Interest Cover	No. of Times	20.80	4,427.64	(99.53)	15.29	4,526.96	(99.66)
Working Capital Cycle	days	168.77	126.04	33.90	168.77	125.66	34.31
Balance Sheet Highlights & Ratios							
Total Assets	Rs.'000s	1,928,385	2,027,060	(4.87)	2,017,512	2,257,587	(10.63)
Total Debts	Rs.'000s	32,538	-	-	32,538	-	-
Net Debt	Rs.'000s	(384,635)	(356,408)	7.92	(384,635)	(356,408)	7.92
Shareholder's Funds	Rs.'000s	1,784,784	1,921,141	(7.10)	1,957,879	2,120,224	(7.66)
No. of Shares in Issue	000s	15,750	15,750	-	15,750	15,750	-
Net Assets per Share	Rs.	113.32	121.98	(7.10)	124.31	134.62	(7.66)
Debt/Equity	%	1.82%	-	-	1.68%	-	-
Debt/Total Assets	%	1.69%	-	-	1.61%	-	-
Current Ratio	No. of Times	11.23	17.22	(34.76)	20.82	15.47	34.61
Market/Shareholder Information							
Market Price per Share	Rs.	59.0	63.5	(7.09)	59.0	63.5	(7.09)
Market Capitalisation	Rs.'000s	929,250	1,000,125	(7.09)	929,250	1,000,125	(7.09)
Enterprise Value	Rs.'000s	544,615	643,717	(15.40)	544,615	643,717	(15.40)
Price Earnings Ratio	No. of Times	6.52	3.24	101.21	7.78	3.86	101.65
Dividend per Share	Rs.	2	2	-	2	2	-
Dividend Payout	%	22.10	10.21	116.35	26.39	12.16	117.02
Dividend Yield	%	3.39	3.15	7.61	3.39	3.15	7.61
ROCE	%	6.20	13.68	(99.55)	3.89	8.1	(99.57)

Market Price per Share

Rs. 59.00

Dividend Payout

22.10%

Price Earning Ratio

7.78 Times

Total Assets

Rs. 1.93 Bn

Net Asset per Share

Rs. 113.32

Dividend

Rs. 31.5 Mn

Chairman's Review

Year under review proved to be one of the most challenging in recent history as the industry came under intense pressure...

I am pleased to present before you the Annual Report and audited financial statements of your Company for the year ended 31st March 2019. Coming into the year from the rationalisation exercise undertaken over the previous two years, we were cognisant of the fact that the year under review would be one of consolidation in which we would recalibrate the business to leverage on emerging opportunities.

The Group recorded a turnover of Rs.460.0Mn for the year, compared to the Rs.723.6Mn for the previous year. The decline being a result of the rationalisation, the resultant consolidated profit before tax is Rs.101.8Mn against Rs.379.0Mn which includes other income from sales of assets. Adjusting for other income, profit from operations shows an improvement reflecting the first fruits of the rationalisation exercise.

Performance

The year under review proved to be one of the most challenging in recent history as the industry came under intense pressure with the rupee being devaluated by as much as 13% and with rating agencies lowering Sri Lanka's credit ratings further. As a result, the effects cascaded down to the economy, with many industries that Chemanex supplies to being severely affected, compounded further by the economic slowdown already in place and lowered consumption amongst the public.

I cannot overstate the extent to which the steep devaluation of the rupee affected our balance sheet, since your Company imports

chemicals and distributes them locally.

I am pleased to state that however, that your Company is now part of the formidable Industrial Chemical cluster formed with the chemical division of the parent company, CIC Holdings. The joint synergies offer a unique opportunity for your Company to avail of new segments of the market while being backed by the strong back-office expertise provided by the CIC team.

Future Outlook

Looking ahead, it is obvious even to an untrained eye that the year ahead will be tough in every sense of the word. However, we have braced ourselves for this eventuality. Our strong bonds with our overseas principals provide us with the assurance we

The joint synergies offer a unique opportunity for Your Company to avail of new segments of the market...

need to tide over the months ahead. Our Estate Chemicals & Industrial Chemicals were the major contributors to your Company's revenue during the year, delivering satisfactory profit margins.

On an upbeat note, your Company has been proactively canvassing for new agencies.

Group Turnover

460 Mn

Group Profit for the year

122 Mn

Having shed our blending operations, we are now single-mindedly expanding our chemical import and distribution business by tapping new market segments.

As an asset-rich company, Chemanex stands on a firm footing and the Board of Directors and myself are strategically reviewing the position of the Company and opportunities available in the market for investment as the economy improves.

Your Company, which was set up four decades ago, has sustained its relevance as a key supplier to local industries and was working with the local vendors from inception.

The business community needs long-term policies to make it easy to plan ahead. This government has been moving into accelerated liberalisation which does not give industry time to adjust. When the tariffs and duties are taken off overnight, it leaves our plans in disarray. While these ad hoc changes may not affect us directly, the industries we supply to are impacted. While we and the industry understand the need to liberalise the economy, this needs to be implemented gradually and in tandem with efforts made to mitigate the problems facing the local industry such as difficulty in procuring labour, high energy cost, to name a few. The anti-dumping legislation needs to be amended to make it more practical and easier for affected parties to seek relief.

As an asset-rich company, Chemanex stands on a firm footing

Going ahead, Your Company will continue to keep its businesses allied to our core competencies in chemical trading and technical selling. We have aligned our portfolios and identified key channels to foray into and are already gaining a foothold in new channels. Our growth will come from our aggressive presence in rubber, estates, pigments, latex and new areas in rubber industry. Your Company is considering expansion into wood preservatives and food additive space, which are poised for growth.

Meanwhile, we remain in close contact with our key customers and keep them updated about developments at Chemanex while apprising them of the fact that now the Chemanex industrial chemical business is working in tandem with industrial chemical business of CIC and how this will impact them favourably. We remain optimistic about retaining our position as the leading player in the industrial chemicals market. Your Company remains a leading public quoted company in the industry with a reputation for ethical operations.

Acknowledgements

On behalf of my colleagues on the Board, I wish to thank our valued shareholders for their patience and understanding. I am grateful for the support and guidance extended by my fellow directors. I would like to thank employees who went through the re-strategising exercise and remained committed to delivering results for the Company despite the prevailing uncertain



climate. The trust and cooperation of our suppliers and customers provides us with the confidence we need to enter a new phase in our journey.

P R Saldin
Chairman

23rd May 2019

Board of Directors



Mr. P R Saldin
Non-Executive Chairman



Mr. E M M Boyagoda
Non-Executive Independent Director



Dr. S A B Ekanayake
Non-Executive Independent Director



Mr. S P S Ranatunga
Non-Executive Director



Ms. T Wegodapola
Company Secretary

Mr. P R Saldin
Non-Executive Chairman

Mr. Rimoe Saldin was first appointed to the Board of Directors in 1999 and served as a Non-Executive Director till 2005. During this period he also served as a Director of CIC Holdings PLC. On leaving the CIC Group he functioned as Country Controller and Group Finance Director for Shell Sri Lanka and subsequently as Group Chief Operating Officer of Browns Group of Companies and Managing Director of Browns Investment PLC. While serving as Managing Director of Browns Investments PLC he also served as a Director of AgStar PLC, Sierra Cables PLC and Free Lanka Capital Holdings PLC.

He is currently employed as Director of Paints & General Industries Ltd, the holding company of CIC Holdings PLC, Director/Chief Executive Officer of Polypak Secco Ltd. He was re-appointed to the Board of Chemanex PLC on 8th February 2017 and appointed as Chairman of the Company on 9th April 2018. He also serves on the Board of Directors of Polytex Properties & Investments Ltd, Akzo Nobel Paints Lanka (Pvt) Ltd, CISCO Speciality Packaging (Pvt) Ltd. He also is Alternate Director to Mr. R S Captain of Hatton National Bank PLC and Chairman of Sithma Development (Pvt) Ltd.

Mr. Rimoe Saldin is a Fellow of the Institute of Chartered Accountants of Sri Lanka. He is also a Fellow of the Chartered Institute of Management Accountants in the United Kingdom and a Certified Management Accountant, Australia. He is an alumni of the Asian Institute of Management, Manila. With over 20 years of top management level experience, he has a career spanning in the area of Finance, Human Recourse Development, General Management and Operations.

Mr. E M M Boyagoda
Non-Executive Independent Director

Mr. Mangala Boyagoda was appointed to the Board of Directors of Chemanex PLC on 14th May 2018.

Mr. Boyagoda is a senior banker, possessing over 35 years' experience holding key positions in the field of Financial Services. He is the former CEO of Standard Chartered Bank. He is the present Chairman of Wealth Lanka Management (Pvt) Ltd., Director of SAFE Holdings (Pvt) Ltd., Wealth Trust Securities Ltd., Asset Trust Management (Pvt) Ltd., Ceylon Hotels Corporation PLC, Sierra Constructions (Pvt) Ltd., Dankotuwa Porcelain PLC, Sri Lanka Gateway Industries (Pvt) Ltd., CA Crushing (Pvt) Ltd., Ceylinco Insurance General (Pvt) Ltd., Royal Fernwood Porcelain (Pvt) Ltd., Faber Capital (Pvt) Ltd., United Hotels Ltd., Cargills Bank Ltd., Ambeon PLC., Asset Holding Ltd, CIESOT & Dhamma Parami Trust. He has served as a consultant to the Asian Development Bank (ADB), the World Bank, the Central Bank of Sri Lanka & the Securities and Exchange Commissions of Sri Lanka & Bangladesh. He is a former President of the FOREX Association of Sri Lanka.

He holds a Master's Degree in Business Administration from the Irish International University (European Union).

Dr. S A B Ekanayake
Non-Executive Independent Director

Dr. Anura Ekanayake was appointed to the Chemanex Board on 29th August 2016. 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 of listed companies and non-listed companies. 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.

Mr. S P S Ranatunga
Non-Executive Director

Mr. Samantha Ranatunga joined the Board of Chemanex PLC on 31 October 2005. Serves as the Managing Director/ CEO of CIC Holdings PLC. Holds a degree from the University of Delhi and Masters in Business Administration, UK. Non-Executive Director of a number of unlisted companies in the CIC Group. He is the immediate past Chairman of the Ceylon Chamber of Commerce and has led Sri Lanka Chamber of Commerce delegations to various countries.

In addition, he had been a pioneer in coordinating and setting up CIC Agribusinesses which is the premier agricultural company in Sri Lanka. He has helped in developing the seed to shelf concept where 20,000 farmer families are helped to bring produce to end customers.

Ms. T Wegodapola
Company Secretary

Ms. Thilini Wegodapola joined CIC Group in 2007 and was 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 unlisted subsidiaries of CIC Group. Presently serves as the General Manger - Legal of CIC Holdings PLC.

Review of Operations



Chemanex Group's synergy with the chemical cluster of CIC Holdings stood us in good stead, as during the year under review the Company was able to make new inroads into markets and customers not accessible earlier.

About Us

Chemanex PLC, a member of the CIC Group of Companies, is one of the leading suppliers of industrial chemicals and intermediates in Sri Lanka for a multitude of industries such as Pigments, Rubber, FMCG, Coatings, Plantations, Packaging and Plastics. The Company takes pride in its global partnerships with agencies such as Kao of Japan and Sudarshan Chemicals of India, to name a few. As a subsidiary of CIC Holdings, Chemanex maintains a strong position as an industry leader in the sphere of trading chemicals and industrial intermediates backed by four decades of expertise.

Our Footprint

After the re-strategising & rationalisation exercise the Company underwent in 2017/18, the Company is now shaped and resourced to operate as a focused entity in the industrial solutions space. As a leader in supplier of Industrial raw materials, the Company is now focusing on marketing high performance and superior quality products with global recognition and with a strong synergy for industrial applications only.

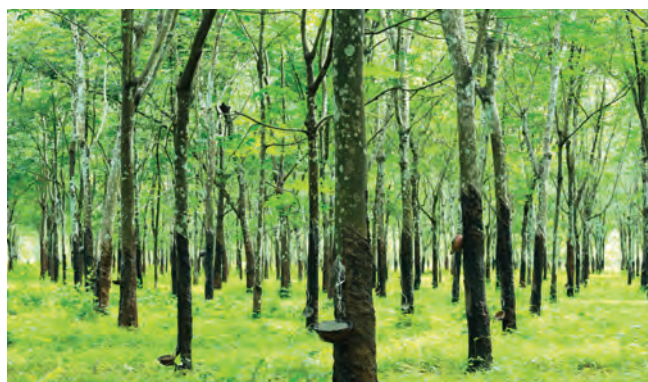
Financial Review

Chemanex PLC recorded a turnover of Rs. 460 Mn for the year as compared to Rs. 726 Mn against in the previous year.

The Group recorded a turnover of Rs. 460 Mn, which reflects a decrease of 36% in comparison to the previous year as a result of portfolio rationalisation resulting in a Profit after tax of Rs. 122 Mn for the year compared to Rs. 230 Mn in the previous year.

The Estate Chemical and Industrial Chemical Divisions were the main contributors to Group profitability in the year under review, demonstrating growth by 22% YoY.

The steep devaluation of the rupee by the end of the year under review eroded the Company's profitability. Moreover, a decline in the economy and slowdown in economic activity impacted customers directly, which in turn led to a drop-in demand for our products.



Results from operating activities

Rs. 92 Mn

Earning per Share

Rs. 9.05

Segmental Performance

Estate Chemicals & Packaging

The biggest contributor to the turnover and gross profit of the Company during the year under consideration, aggressive marketing efforts and a long standing brand presence in the sector helped grow profits for Chemanex. The Company was thus successfully able to grow its share of the market during the year under review. Chemanex's bleaching agent continues to enjoy high patronage in the sector, as the most effective product for the last several decades.

Rubber & Plastics

During the year under review, Chemanex continued to make headway in the segment although demand remained stagnant due to macro economic conditions. The Company has devised a proactive approach to establishing its credentials and foresees several emerging growth trends that its product portfolio could take advantage of.

Pigments

It was a challenge to achieve budgets in this business segment, as the paint and coatings industry suffered a major dip due to decline in construction industry, with consumption drying up. Since the business in this segment is directly tied to

the fortunes of the construction industry, the Company anticipates demand to rise no sooner the construction industry takes off once again.

Personal Care

Chemanex Group's synergy with the chemical cluster of CIC Holdings stood us in good stead, as during the year under review the Company was able to make new inroads into markets and customers not accessible earlier. Expanding the portfolio further, Chemanex was able to make progress in terms of establishing new partnerships and expects to reap the benefits of these developments in the next financial year. Unfortunately, double digit de-growth in the Fast-Moving Consumer Goods (FMCG) industry during 2018/19 and the previous year has eroded demand.

Ethics & Compliance

A culture of ethics is ingrained in the Company and informs our legal compliance record across corporate governance and risk management in the Company. As a sustainable business entity in operation for the last four decades, Chemanex adheres to all applicable legislation from the relevant institutions for total transparency.

Review of Operations

The Estate Chemical and Industrial Chemical Divisions were the main contributors to Group profitability in the year under review...

Adopting a Sustainable Approach

Environmental Stewardship

As part of the reputed CIC Group, Chemanex PLC takes its responsibility to maintain the highest standards very seriously. Committed to ensure that its operations do not have a harmful effect, the Company is making a greater effort to look for opportunities to introduce products which can result in finished products with lower carbon footprints. Taking this responsibility further, we ensure product safety and regularly evaluate supplier credentials to ensure that all products meet the highest quality standards to meet customer expectations.

Engaging with the local community while demonstrating its environmentally-friendly approach, Chemanex PLC and CIC Industrial Solutions teams participated in a beach cleanup at the Dehiwala Mt Lavinia beach with volunteers from amongst its employees and the local community coming forward to picking up litter on the particular stretch of beach. Further plans to continue with simpler activity are underway and will be a part of the team's commitment to address the overarching climate change issue.

Nurturing Human Capital

As one of the preferred employers in the country due to its track record of ethical operations and empowering work culture, and being part of the iconic CIC Holdings, Chemanex PLC has in place a comprehensive talent recruitment, development and retention policy which

builds engaged employees. After the team was reduced in our re-strategising process, the Company handpicked key talent to lead the Company to the next phase of growth. As a result, a dynamic team is now in place and the Company is focused on retaining them.

The Company now holds a wealth of talented employees who are capable of providing sound technical guidance to customers and to partner industry to develop finished products.

Ensuring the well-being and safety of our employees is of paramount importance to the leadership of the Company. The Company's lean structure has heightened efficiency and productivity. Company-backed events for recreation and fellowship engender a spirit of co-operation and camaraderie across the Company.

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

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 (1) 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 four (4) Non-Executive Directors. Two of them are Independent, determined according to the guidelines issued to listed companies.

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 four times during 2018/19 and the attendance is given below in Table 1.

Table 1

NAME	DIRECTORATE	BOARD MEETINGS	AUDIT COMMITTEE	RPT REVIEW COMMITTEE
P R Saldin	NED	5/5	4/4	-
E M M Boyagoda	NED / ID	3/4	3/4	3/4
S A B Ekanayake	NED / ID	4/5	3/4*	3/4*
S P S Ranatunga	NED	4/5	-	-
S H Amarasekera (resigned w.e.f 09/04/2018)	NED	1/1	-	-

NED - Non-Executive Director ID - Independent Director * Chairman of Respective Committees

Audit Committee

Audit Committee consists of two (02) Non-Executive Independent Directors and one Non-Executive Director. The Chief Executive Officer and Finance Manager attended 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 four (04) times during 2018/19 and the attendance is given above in Table 01.

The Audit Committee Report is given in page 17.

Remuneration Committee

It was resolved by the Board of Directors of the Company at the Board Meeting held on 19th May 2015 that Remuneration Committee of CIC Holdings PLC (parent company of Chemanex PLC) will be applicable for Chemanex PLC.

Directors' Remuneration

Total remuneration paid to Executive and Non-Executive Directors are given in page 56.

Nominations Committee

It was resolved by the Board of Directors of the Company at the Board Meeting held on 19th May 2015 that the Nominations

Committee of CIC Holdings PLC will be applicable for Chemanex PLC.

Related Party Transactions Review Committee

The Committee consists of two Non-Executive Independent Directors.

The scope of the Committee is to provide independent review, approval and oversight of related party transactions on the terms set forth in greater detail in the Committee Charter.

The Committee met four times during the year and the attendance is given above in Table 1.

Corporate Governance

Compliance with the Rules of the Colombo Stock Exchange on Corporate Governance and Related Party Transactions

SECTION	SUBJECT	DESCRIPTION	STATUS	DETAILS
7.10.1 (a)	Non-Executive Directors	At least two Non-Executive Directors or such number of Non-Executive Directors equivalent to one third of the total number of Directors, whichever is higher	Compliant	4 Non-Executive Directors
7.10.2 (a)	Independent Directors	Where the Board includes only two Non-Executive Directors, both shall be Independent. In all other instances two or one third of Non-Executive Directors, whichever is higher	Compliant	2 Independent Directors
7.10.2 (b)	Independent Directors	Each Non-Executive Director to submit a signed and dated declaration annually of his/her independence or Non-Independence	Compliant	Refer page 13 for Corporate Governance Report
7.10.3 (a)	Disclosure relating to Directors	The Board shall make a determination annually as to the Independence or Non-Independence of Non- Executive Directors.	Compliant	Regular evaluation is made against the criteria set out in section 7.10.4
7.10.3 (b)	Disclosure relating to Directors	In the event a Director does not qualify as "Independent" but if the Board is of the opinion that the Director is "Independent", the Board shall specify the criteria not met and the basis for its determination.	Compliant	Both Independent Directors qualify according to the criteria set out in section 7.10.3 (b)
7.10.3 (c)	Disclosure relating to Directors	The Board shall publish in its annual report a brief resume of each Director	Compliant	Refer Page 09 for the profile of Board Members
7.10.3 (d)	Disclosure relating to Directors	Upon the appointment of new Directors, the entity shall forthwith provide the Exchange a brief resume of such Director	Compliant	Regular information provided to the Exchange upon the appointment of new Directors.

SECTION	SUBJECT	DESCRIPTION	STATUS	DETAILS
7.10.5 (a)	Remuneration Committee	The Remuneration Committee shall comprise of a minimum of two Independent Non-Executive Directors or of Non-Executive Directors a majority of whom shall be independent, whichever is higher.	Compliant	The Remuneration Committee of the Parent Company, CIC Holdings PLC, is applicable to Chemanex PLC, as decided by the Board of Directors on 19.05.2015.
7.10.5 (b)	Remuneration Committee	Functions of Remuneration Committee	Compliant	Functions of the Remuneration Committee of the Parent Company, CIC Holdings PLC, is applicable to Chemanex PLC, as decided by the Board of Directors on 19.05.2015.
7.10.5 (c)	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	Compliant	The Remuneration Committee of the Parent Company, CIC Holdings PLC, is applicable to Chemanex PLC, as decided by the Board of Directors on 19.05.2015.
7.10.6 (a)	Composition of the Audit Committee	<p>Minimum of two Independent Non-Executive Directors or of Non-Executive Directors a majority of whom shall be Independent, whichever shall be higher</p> <p>One Non-Executive Director shall be appointed as Chairman of the Committee.</p> <p>The Chief Executive Officer and the Chief Financial Officer of the Listed Entity shall attend Audit Committee meetings.</p> <p>The Chairman or one member of the Committee should be a Member of a recognised professional accounting body.</p>	Compliant	<p>The Audit Committee comprises three Non-Executive Directors, two of whom are Independent.</p> <p>The Chairman of the Audit Committee is a Non-Executive Director.</p> <p>The Chief Executive Officer and the Finance Manager attended Audit Committee meetings by invitation.</p> <p>One member of the Audit Committee is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka.</p>

Corporate Governance

SECTION	SUBJECT	DESCRIPTION	STATUS	DETAILS
7.10.6 (b)	Audit Committee	Functions of the Audit Committee	Compliant	Refer page 17 for the Audit Committee Report
7.10.6 (c)	Audit Committee	Disclosure in the Annual Report	Compliant	Refer page 17 for the Audit Committee Report
9.2.1	Related Party Transactions Review Committee	All Related Party Transactions should be reviewed by the Related Party Transactions Review Committee.	Compliant	Refer page 18 for the Related Party Transactions Review Committee Report
9.2.2	Composition of Related Party Transactions Review Committee	The Committee should comprise a combination of Non-Executive Directors and Independent Non-Executive Directors. The composition may also include Executive Directors. One Independent Non-Executive Director shall be appointed as Chairman of the Committee.	Compliant	The Committee comprised of two Independent Non-Executive Directors. Chairman of the Committee is a Non-Executive Independent Director
9.2.4	Frequency of Meetings and Minutes	The Committee shall meet at least once a calendar quarter. The Committee shall ensure that the minutes of the meeting are properly documented and communicated to the Board of Directors.	Compliant	Refer page 18 for the Related Party Transactions Review Committee Report
9.3.2 (c)	Disclosure in the Annual Report	Requirements listed in the section	Compliant	Refer page 18 for the Report of the Related Party Transactions Review Committee
9.3.2 (d)	Disclosure in the Annual Report	A declaration by the Board of Directors in the Annual Report as an affirmative / negative statement of the compliance with the rules pertaining to Related Party Transactions.	Compliant	Refer page 18 for the Report of the Related Party Transactions Review Committee

Report of the Audit Committee

Composition of the Committee

In accordance with the Listing Rules of the Colombo Stock Exchange, the Board appointed Audit Committee is comprised of Dr. S A B Ekanayake, Non-Executive Independent Director, Mr. P R Saldin, Non-Executive Director and Mr. E M M Boyagoda, Non-Executive Independent Director. Dr. S A B Ekanayake functions as the Chairman of the Committee.

Activities during the year

Four (04) Audit Committee meetings were held during the year. The attendance of the Committee members is given on page 23.

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 and other relevant financial reporting regulations.

After analysing the 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 has recommended to the Board of Directors, that Messrs. Ernst & Young, be re-appointed as Auditors for the financial year ending 31st March 2020 subject to the approval of shareholders at the Annual General Meeting to be held on 28th June 2019.

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



S A B Ekanayake
Chairman

Audit Committee
23rd May 2019

Report of the Related Party Transactions Review Committee

Composition of the Committee

In accordance with the Code of Best Practices on Related Party Transactions, issued by the Colombo Stock Exchange, the Board appointed Related Party Transactions Review Committee was established on 15th December 2016. The Committee is comprised of Dr. S A B Ekanayake and Mr. E M M Boyagoda, Independent Non-executive Directors. Dr. S A B Ekanayake functions as the Chairman of the Committee.

Terms of Reference of the Committee

Related Party Transactions Review Committee was formed by the Board during the year ended 31st March 2017 to assist the Board in reviewing all related party transactions of the Group. The Committee is responsible for,

- Developing and recommending the RPT policy consistent with guidelines of CSE for adoption by the Board of Directors of the Company and its subsidiaries.
- Making immediate market disclosures on applicable RPT as required by Section 9 of the continuing listing requirement of CSE.
- Providing information to the Board of Directors on the RPT of each of the Group Companies.
- Making appropriate disclosures on RPT in the Annual Report of the Company as required by the continuing listing requirement of CSE.

The Committee will be scheduling quarterly meetings to review and report to the Board on matters involving RPT falling under its terms of reference.

Activities during the year

Four committee meetings were held during the year to identify, review and recommend the related parties and the policy to the Board. The attendance of the Committee members is given on page 23. In addition, the Board of Directors was updated on the related party transactions of the Group companies on a quarterly basis.

Any member of the Committee who has an interest in a RPT under discussion shall refrain from participating in the review discussion. Upon completion of its review of the transaction the Committee may determine to permit or prohibit the RPT. A RPT entered into without pre-approval of the Committee shall not be deemed to violate this policy or be invalid or unenforceable so long as the transaction is brought to the Committee within a reasonable and practical time period. Thereafter it is entered into or after it becomes reasonable apparent that the transaction is covered by this policy. As such all RPT other than the exempted transactions will be reviewed 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.



Dr. S A B Ekanayake

Chairman
Related Party Transaction Review
Committee

23rd May 2019

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

GENERAL

The Board of Directors has pleasure in presenting to the members, the 46th Annual Report of Chemanex PLC together with the Audited statement of accounts for the year ended 31st March 2019, Auditors' Report on such Financial Statements, conforming to the requirements of the Companies Act No.7 of 2007. The report also includes disclosures required to be made under the Listing Rules of the Colombo Stock Exchange as a listed Company.

Chemanex PLC, a public limited liability company, was incorporated in Sri Lanka on 28th August 1974 under the Companies' Ordinance, Chapter 145 of the Revised Legislature Enactments - 1956, quoted in the Colombo Stock Exchange from 16th December 1974 and was re-registered under the Companies Act No. 7 of 2007 on 6th August 2007, with the registration No. PQ 64.

The registered office of the Company is at 52, Galle Face Court 2, Colombo 03 at which the Company's head office is situated.

REVIEW OF THE YEAR

The Statement of accounts was accepted and approved by the Board of Directors on 23rd May 2019. The Chairman's Review (pages 06 to 07) in the Annual Report set out the state of affairs and performance of the Company and the Group during the year and incorporate events subsequent to the date of the Balance Sheet.

PRINCIPAL ACTIVITIES

Chemanex PLC, the Group's holding company, is manufacturing and marketing value added specialty compounds and intermediates whilst acting as an agent and a distributor for the domestic market.

The Group underwent a process of rationalisation of its operations and ceased its export business entirely during the preceding year. In line with the said decision, Company divested Cal Exports Lanka (Pvt) Ltd during the year under review. Winding up operations of Chemanex Exports (Private) Limited is in progress.

PARENT COMPANY AND ULTIMATE PARENT COMPANY

The Parent Company of the Group is CIC Holdings PLC. The ultimate holding 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 91.

YASUI LANKA (PVT) LTD

Yasui Lanka (Pvt) Ltd which is a subsidiary which has been categorised as discontinued operations during the financial year ended 31st March 2019 is under liquidation.

CHEMCEL (PRIVATE) LIMITED

Chemcel (Private) Limited has been categorised as a discontinued operation during the financial year 2016/17 and continues to be categorised as discontinued operation as at 31st March 2019. The Board of Directors are in the process of discussing the commercial viability of the operation of the company.

CAL EXPORTS LANKA (PRIVATE) LIMITED

The Company disposed entirety of its shares held in Cal Exports Lanka (Private) Limited during the year under review, subsequent to the share re-purchase and capital reduction process carried out by Cal Exports Lanka (Pvt) Ltd.

CHEMANEX EXPORTS (PRIVATE) LIMITED

With the Group ceasing its export business due to rationalisation of business activities, Chemanex Exports (Private) Limited, which is a wholly owned subsidiary of Chemanex, is now in the process of winding up of operations.

EQUITY ACCOUNTED INVESTEEES AND THEIR ACTIVITIES

The Equity Accounted Investees within the Group and their business activities are described in the Group structure on page 91 of this Report.

FUTURE DEVELOPMENTS

The Group is at present focusing on its chemical trading business in Sri Lanka and the Board of Directors is in the process of reviewing and formulating a plan on the Company's existing resources and assets.

FINANCIAL STATEMENTS

The Financial Statements of the Company and the Group for the year ended 31st March 2019 which have been prepared in accordance with the Sections 150 and 152 of the Companies Act No. 7 of 2007 and duly signed, are presented on pages 32 to 89 of the Annual Report.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Financial Statements of the Company and the Group are given on pages 38 to 53 of the Annual Report. The accounting policies adopted of the Company and the Group are consistent with those of the previous financial year unless otherwise stated.

EFFECT OF NEW ACCOUNTING STANDARDS

The Financial Statements for the year ended 31st March 2019 prepared and presented in this Annual Report have been prepared based on Sri Lanka Accounting Standard (LKAS/SLFRS) which came to effect from 1st January 2012.

FINANCIAL RESULTS AND APPROPRIATIONS

For the year ended 31st March

	2019		2018	
	Company	Group	Company	Group
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Profit for the year after depreciation	132,920	101,816	359,564	379,010
From which a deduction is made for taxation and	(8,986)	(8,986)	4,951	4,951
For discontinued operations	18,678	28,750	(56,055)	(154,265)
From which a deduction is made for non-controlling interest	-	(2,118)	-	29,428
To which must be added adjustment on initial application SLFRS 9	1,208	1,208	-	-
Added de-recognition of financial assets due to disposal	1,205	1,205	-	-
To which must be added other comprehensive income	2,103	2,103	2,089	2,089
Total comprehensive income	147,128	123,978	310,549	261,213
To which must be added the unappropriated profit brought forward from the previous years and	1,326,088	1,521,151	826,074	1,056,268
Realisation of revaluation reserve			220,965	235,170
Making available for appropriation amount of	1,473,216	1,645,129	1,357,588	1,552,651
out of which a dividend of Rs.2.00 per share was paid	(31,500)	(31,500)	(31,500)	(31,500)
so that the unappropriated profit carried forward will be	1,441,716	1,613,629	1,326,088	1,521,151

GROUP INVESTMENT

Details of the investments held by the Company and the Group are given in Notes 20, 21, 22 and 26 to the Financial Statements.

CAPITAL EXPENDITURE

Expenditure on the acquisition of Property, Plant & Equipment of the Company and the Group amounted to Rs.9 Mn and Rs.9 Mn., respectively. Information relating to the movement in Property, Plant & Equipment is

given in Note 17 to the Financial Statements, on page 63 to 65

ENVIRONMENT PROTECTION

The Company has not engaged in any activity that is harmful to the environment.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of Financial Statements to reflect a true and fair view of the state of

the Company affairs. The Directors are of the view that these Financial Statements 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 Listing Rules of the Colombo Stock Exchange. The Directors' Responsibility in relation to the financial reporting is given on page 26 which forms an integral part of the Annual Report of the Board of Directors.

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

DIRECTORS' SHAREHOLDING

Shareholding of the Directors together with their spouses are as follows:

As at 31st March		2019	2018
Name of Director	Type		
P R Saldin	Non-Executive Chairman	-	-
E M M Boyagoda	Non-Executive Independent Director	-	-
S A B Ekanayake	Non-Executive Independent Director	-	-
S P S Ranatunga	Non-Executive Director	-	-
S H Amarasekera	Former Non-Executive Chairman (resigned w.e.f.09/04/2018)	N/A	801
Total		-	801

RELATED PARTY TRANSACTIONS

Directors' interests in transactions or proposed transactions if any, with the Company have been declared and are detailed in Note 38 to the Financial Statements. The Directors have no direct or indirect interest in any other transaction or proposed transaction with the Company.

DIRECTORS' INTEREST REGISTER

The Directors' Interest Register is maintained by the Company as per the Companies Act No.7 of 2007. All Directors have made general disclosures and declarations as provided in Section 192 (2) of the said Act. Each Non-Executive Director has submitted signed and dated declaration of his independence and non-independence against the specified criteria as provided in the Section 7 of Rules on Corporate governance published by the Colombo

Stock Exchange. The related entries were made in the Interest Register during the year under review.

DIRECTORS' REMUNERATION

Directors' remuneration in respect of the Company and the Group for the financial year ended 31st March 2019 is given in Note 12 of the Financial Statements on page 56 of the Annual Report.

APPOINTMENTS AND RESIGNATIONS

Appointments

- 1) Mr. E M M Boyagoda joined the Board of Chemanex PLC with effect from 14th May 2018.

Resignations

- 1) Mr. S H Amarasekera resigned from the Board of Directors effective 9th April 2018.

RETIREMENT BY ROTATION AND RE-ELECTION

Dr. S A B Ekanayake retires in pursuant to Article 24(6) of the Articles of Association of the Company and being eligible, offers himself for re-election with the unanimous support of the Board.

DIRECTORS' MEETINGS AND BOARD COMMITTEE MEETINGS

The Board while assuming the overall responsibility and accountability in managing of the Company, has also appointed Board Committees conforming to the Corporate Governance Rules of the Colombo Stock Exchange.

DIRECTORS

The names of the Directors as at the end of the accounting period of the Company are as follows:

Name of Director	Type
P R Saldin	Non-Executive Chairman
S P S Ranatunga	Non-Executive Director
S A B Ekanayake	Independent Non-Executive Director
E M M Boyagoda	Independent Non-Executive Director

The number of Directors' meetings, including Board Committee meetings and the attendance of the Directors at those meetings are as follows:

Number of Board Meetings held during the year – 05

Name of Director	Type	Meetings attended	Attendance %
P R Saldin	Non-Executive Chairman	5/5	100
S P S Ranatunga	Non-Executive Director	4/5	80
S A B Ekanayake	Independent Non-Executive Director	4/5	80
E M M Boyagoda	Independent Non-Executive Director (appointed w.e.f. 14/05/2018)	3/4	75
S H Amarasekera	Non-Executive Chairman (former) (resigned w.e.f. 09/04/2018)	1/1	100

AUDIT COMMITTEE

Number of Audit Committee Meetings held during the year - 04

Name of Director	Type	Meetings attended	Attendance %
S A B Ekanayake (Chairman)	Independent Non-Executive Director	3/4	75%
P R Saldin	Non-Executive Director	4/4	100%
E M M Boyagoda (appointed w.e.f. 14/05/2018)	Independent Non-Executive Director	3/4	75%

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Number of Related Party Transactions Review Committee Meetings held during the year – 04

Name of Director	Type	Meetings attended	Attendance %
S A B Ekanayake	Independent Non-Executive Chairman	3/4	75
E M M Boyagoda	Independent Non Executive Director	3/4	75

REMUNERATION COMMITTEE AND THE NOMINATIONS COMMITTEE

During the Board meeting of Chemanex PLC held on 19th May 2015 it was resolved that Remuneration Committee and the Nominations Committee of CIC Holdings PLC (Parent Company of Chemanex PLC) will be applicable for Chemanex PLC.

DIVIDENDS

The Directors have recommended the payment of a final dividend of Rs.1/- per share amounting to Rs. 15.75 Mn for the year ended 31st March 2019, subject to approval of shareholders at the AGM to be held on 28th June 2019.

Further, as required by Section 56(2) of the Companies Act No. 7 of 2007, the Board of Directors confirms that the Company based on the information available as at present, satisfies the Solvency test immediately after the distribution, and in accordance with Section 57 of the Companies Act No. 7 of 2007 has obtained a certificate from the Auditors.

REVENUE

The revenue generated by the Company amounted to Rs. 460 Mn. (2017/18 – Rs.726.18 Mn.) whilst Group revenue amounted to Rs. 460 Mn. (2016/17 - Rs.723.58 Mn). Contribution

to Group revenue from different business segments is provided in Note 07 to the Financial Statements on page 54.

TAXATION

Taxation has been computed at the rates, given in Note 13 to the Financial Statements on page 57 to 58.

INDEPENDENT AUDITORS

The Financial Statements of the Company for the year have been audited by Messrs Ernst and Young, Chartered Accountants. The Report of the Independent Auditors' on the Financial Statements of the Company and the Consolidated Financial

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

Statements of the Group is given on page 29 Audit fees, audit related services and non-audit fees for the current financial year are Rs. 0.48 Mn and Rs. 0.60 Mn respectively. The Auditors do not have any relationship other than that of Auditors or interests, in the Company or any of its subsidiaries for the year ended 31st March 2019. Professional services in relation to tax compliance are provided by M/S. BDO Partners, Chartered Accountants.

CORPORATE GOVERNANCE

Systems and procedures are in place as good Corporate Governance is an integral part in today's corporate culture. The practices in this regard are given in Corporate Governance section of this Report on page 13 to 16.

VISION AND CORPORATE CONDUCT

The vision, mission and the corporate values of the Group are given on the page 03 The business activities of the group are conducted with the highest level of ethical standards in line with the Company vision.

EQUITABLE TREATMENT TO SHAREHOLDERS

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

RISK MANAGEMENT

The Board of Directors and the Management of the Company have put in place a comprehensive risk identification measurement and mitigation processes.

SYSTEMS AND INTERNAL CONTROLS

The Board periodically reviews and ensures that the comprehensive systems of internal controls are in place that require to carry on the business in an orderly manner, to safeguard assets and

secure as far as possible the accuracy and reliability of the financial records of the Group. The Company has outsourced the internal audit function to a firm of Chartered Accountants who reviews and reports on the effectiveness of financial, operational, and compliance controls and risk management of the Group on a regular basis.

STATED CAPITAL

The Stated Capital of the Company was Rs. 126,250,000/- comprising 15,750,000 ordinary shares as at 31st March 2019.

SHARE INFORMATION

Information relating to earnings, dividends, net assets and market price per share is given in the ten-year summary on page 90 of the Annual Report.

SHAREHOLDING

There were 1,207 registered shareholders holding 15,750,000 ordinary shares of the Company as at 31st March 2019. The distribution of shareholdings is given on page 92 of this Report.

SUBSTANTIAL SHAREHOLDING

A list of the substantial shareholders is given on page 94 of the Annual Report.

ANNUAL REPORT

The Board of Directors approved the Consolidated Financial Statements on 23rd May 2019. 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 the 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 within 20 working days after the

Financial Statements of the Company and Group are signed to Registrar of Companies for registration on 21st June 2019.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company has not engaged in any activity against the prevailing laws and regulations of the country. Compliance with laws and regulations is confirmed to the Board at all Board Meetings of the Company and its subsidiaries.

STATUTORY PAYMENTS

The Directors confirm that to the best of their knowledge, all statutory payments to the government and other statutory institutions including employee-related payments have been made on time. Compliance with statutory payments is confirmed to the Board at all Board Meetings of the Company as well as its subsidiaries.

HUMAN RESOURCE

The Company's human resource management policies and practices are designed to retain and develop its employees to ensure their optimum contribution towards the achievement of the Company goals and objectives.

GOING CONCERN

The Board of Directors is satisfied that the Company and equity accounted investees have adequate resources to continue its operations in the foreseeable future to justify the going concern basis adopted in preparing these Financial Statements.

EVENTS AFTER THE BALANCE SHEET DATE

There were no material events that occurred subsequent to the Balance Sheet date other than disclosed in Note 37 to

the Financial Statements that require adjustment to or disclosure in the Financial Statements.

NOTICE OF MEETING

Notice of Meeting of the 46th Annual General Meeting is enclosed.

ACKNOWLEDGEMENT OF THE CONTENTS OF THE REPORT

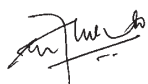
As required by Section 168 (1) (k) of the Companies Act No. 7 of 2007, the Board of Directors does hereby acknowledge the contents of this Annual Report.

Signed in accordance with the resolution adopted by the Directors.

For and on behalf of the Board.



P R Saldin
Chairman



S P S Ranatunga
Director



T Wegodapola
Company Secretary

23rd May 2019

Directors' Responsibility for Financial Reporting

The responsibility of the Directors, in relation to the Financial Statements of the Company and its subsidiaries, is set out in the following statement.

As per the provisions of the Companies Act No 7 of 2007, the Directors are required to prepare the Financial Statements for each financial year and present them to a general meeting of the Company. These Financial Statements consist of the following;

- i). An Income Statement, which presents a true and fair view of the profit or loss of the Company and its subsidiaries for the financial year.
- ii). A Balance Sheet, which presents a true and fair view of the state of affairs of the Company and its Subsidiaries as at the end of the financial year, which comply with the requirements of the Companies Act.

As per the Companies Act, the Directors of the Company are required to ensure, in preparing these Financial Statements that;

- i). The appropriate Accounting Policies have been selected and adopted in a consistent manner and material departures thereof, if any, have been disclosed and explained;
- ii). All applicable Accounting Standards, as relevant, have been followed;
- iii). Judgments and estimates have been made which are reasonable and prudent;
- iv). That the Company has adequate resources to continue in operation to justify the application of going concern basis in preparing these Financial Statements;

- v). The Company maintains sufficient accounting records to disclose, with reasonable accuracy, the financial position of the Company and of the Group, and to ensure that the Financial Statements presented comply with the requirements of the Companies Act.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and of the Group and to give proper consideration in this regard to establish appropriate internal control systems with a view to preventing and detecting frauds and any other irregularities.

The Directors are required to prepare the Financial Statements and to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspections they may consider to be appropriate to enable them to give their Audit Opinion. The Directors are of the view that they have discharged their responsibilities as set out in this statement.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its subsidiaries, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and its subsidiaries and all other known statutory dues as were due and payable by the Company and its subsidiaries as at the Balance Sheet date have been paid or, where relevant provided for, except as specified in Note 36 to the Financial Statements covering contingent liabilities. Further, as required by Section 56 (2) of the Companies Act No. 7 of 2007, the Board of Directors confirms that the Company, based on the information available as at present, satisfies the solvency test immediately after the distribution and

in accordance with Section 57 of the Companies Act No. 7 of 2007, have obtained a certificate from the Auditors, prior to recommending the final dividend of Rs.1/- per share for this year, which is to be approved by the shareholders at the Annual General Meeting to be held on 28th June 2019.

By Order of the Board,



T Wegodapola
Company Secretary

23rd May 2019

Chief Executive Officer's and Finance Officer's Responsibility Statement

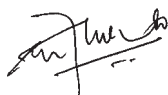
The financial statements are prepared in conformity with the requirements of the Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka, Companies Act No. 7 of 2007, Sri Lanka Accounting and Auditing Standards ACT No 15 of 1995, the Listing Rules of the Colombo Stock Exchange.

The Board of Directors and the Management of the Company accept responsibility for the integrity and objectivity of these financial statements. The estimates and judgments relating to the financial statements were made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the form and substance of transactions, and reasonably present the Company's state of affairs.

To ensure this, the Company has taken proper and sufficient care in installing a system of internal controls and accounting records, for safeguarding assets, and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. Internal Auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal control and accounting.

The financial statements were audited by the Independent Auditors, Messrs Ernst & Young, Chartered Accountants.

The Audit Committee of the Company meets periodically with the Internal Auditors and the Independent Auditors to review the manner in which these Auditors are performing their responsibilities, and to discuss auditing, internal control and reporting issues. To ensure complete independence, the Independent Auditors and the Internal Auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.



S Fernando
Chief Executive Officer



D D Wickramanayake
Manager – Finance

23rd May 2019

FINANCIAL CALENDER

1st Quarter Financial Results	Released on 06/08/2018
2nd Quarter Financial Results	Released on 15/11/2018
3rd Quarter Financial Results	Released on 12/02/2019
4th Quarter Financial Results	Released on 24/05/2019
2017/18 Final Dividend Paid	10/07/18
2018/19 Interim Dividend Paid	27/03/2019
2018/19 Final Dividend Payment Date if approved at AGM	09/07/2019
46th Annual General Meeting	28/06/2019

Independent Auditors' Report



Ernst & Young
Chartered Accountants
201 De Saram Place
P.O. Box 101
Colombo 10
Sri Lanka

Tel : +94 11 2463500
Fax Gen : +94 11 2697369
Tax : +94 11 5578180
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 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 2019, 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 Auditors' 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 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 Auditors' 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>1. Valuation of Equity Instruments Designated at Fair Value Through OCI (FVTOCI)</p> <p>The company has a 11% investment in CIC Feeds (Pvt) Limited, an unquoted company, amounting to 246 Mn, which is significant in the context of the total assets of the Group.</p> <p>Such investment has been classified as equity instruments designated at fair value through OCI</p> <p>Valuation of the same involves a complex calculation and requires the use of significant assumptions such as the illiquidity discount rate which is adjusted as a discount for lack of marketability. Small changes in the above assumption could have a significant effect on the financial performance and financial position of the Group.</p> <p>Given the subjectivity of the assumptions involved in the valuation, we deemed this to be a key audit matter.</p>	<p>To assess the reasonableness of the equity instruments designated at fair value through OCI, our audit procedures (among others) included following;</p> <ul style="list-style-type: none"> We performed corroborative calculations to test the reasonableness of the illiquidity discount rate used in the valuation analysis by comparing the resulting price to book value ratio of CIC Feeds (Pvt) Limited to that of comparable listed entities. We evaluated adequacy of the related disclosures given in note 22.1 of the Financial Statements which contains the assumptions, sensitivity of the assumptions used and the valuation methodology used.

Independent Auditors' Report

Other Information included in the 2019 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our Auditors' 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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 Auditors' 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 Auditors' 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.

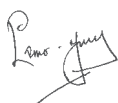
We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 Auditors' 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 Auditors' report is 2097.



23rd May 2019
Colombo

Partners: W R H Fernando FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W K B S P Fernando FCA FCMA
Ms. K R M Fernando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA Ms. P V K N Sajeewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA

Principal T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

Statements of Profit & Loss and Other Comprehensive Income

For the year ended 31st March	Notes	Company		Group	
		2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
Continuing operations					
Revenue	7	460,005	726,180	460,005	723,582
Cost of sales		(369,595)	(582,030)	(369,595)	(582,030)
Gross profit		90,410	144,150	90,410	141,552
Other income	8	93,354	455,409	48,017	448,501
Distribution expenses		(38,571)	(70,178)	(38,571)	(70,178)
Administrative expenses		(44,398)	(194,349)	(44,398)	(188,726)
Impairment loss on trade receivables and contract assets		(7,313)	-	(7,313)	-
Other expenses	9	(1,484)	(16,242)	(1,484)	(5,208)
Results from operating activities		91,998	318,790	46,661	325,941
Finance income (net)	10	40,922	40,774	42,294	39,976
Share of profit of equity accounted investees (net of tax)	11	-	-	12,861	13,093
Profit before tax	12	132,920	359,564	101,816	379,010
Income tax (reversal)/expense	13	(8,986)	4,951	(8,986)	4,951
Profit from continuing operations		123,934	364,515	92,830	383,961
Discontinued operations					
Profit/(loss) from discontinued operations (net of tax)	14	18,678	(56,055)	28,750	(154,265)
Profit for the year		142,612	308,460	121,580	229,696
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Actuarial gains on retirement benefit obligations	31	2,917	2,901	2,917	2,901
Income tax on other comprehensive income	13.1	(814)	(812)	(814)	(812)
Net gain/(loss) from fair value change of financial assets		(250,780)	19,479	(253,933)	20,863
Other comprehensive income/(expenses) for the year		(248,677)	21,568	(251,830)	22,952
Total comprehensive income/(expenses) for the year		(106,065)	330,028	(130,250)	252,648
Profit attributable to:					
Equity holders of the Company		142,612	308,460	119,462	259,124
Non - controlling interests		-	-	2,118	(29,428)
Profit for the year		142,612	308,460	121,580	229,696
Total comprehensive income attributable to:					
Equity holders of the Company		(106,065)	330,028	(132,053)	281,868
Non - controlling interests		-	-	1,803	(29,220)
Total comprehensive income/(expenses) for the year		(106,065)	330,028	(130,250)	252,648
Earnings per share					
Basic / Diluted earnings per share (Rs.)	15	9.05	19.58	7.58	16.45
Earnings per share-continuing operations					
Basic / Diluted earnings per share (Rs.)		7.87	23.14	5.89	24.38

Notes from pages 38 to 89 form an integral part of the Financial Statements.

Figures in brackets indicate deductions

Statement of Financial Position

As at 31st March	Notes	Company		Group	
		2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
ASSETS					
Non-current assets					
Property, plant & equipment	17	277	1,850	277	1,850
Intangible assets	18	1,355	-	1,355	-
Deferred tax assets	19	12,354	22,154	12,354	22,154
Investment in subsidiaries	20	-	-	-	-
Equity accounted investees	21	68,308	69,508	171,234	163,533
Other non current financial assets	22	245,710	299,072	245,710	299,072
		328,004	392,584	430,930	486,609
Current assets					
Inventories	23	72,450	81,398	72,450	81,398
Trade receivables	24	139,951	182,903	139,951	181,494
Other receivables	25	64,964	541,224	64,964	460,384
Other current financial assets	26	858,843	395,971	858,843	395,971
Cash in hand and at bank	27	417,173	356,408	417,173	356,408
		1,553,381	1,557,904	1,553,381	1,475,655
Assets classified as held for sale	14.2	-	29,400	-	128,001
Assets classified as held for distribution	14.5	47,000	47,172	33,201	167,322
Total assets		1,928,385	2,027,060	2,017,512	2,257,587
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the company					
Stated capital	28	126,250	126,250	126,250	126,250
Capital reserves	29	-	-	3,000	3,000
Revenue reserves	30	1,658,534	1,794,891	1,828,629	1,990,974
		1,784,784	1,921,141	1,957,879	2,120,224
Non-controlling interests		-	-	(17,695)	11,869
Total Equity		1,784,784	1,921,141	1,940,184	2,132,093
Non-current liabilities					
Retirement benefit obligations	31	1,137	10,990	1,137	10,990
Total non current liabilities		1,137	10,990	1,137	10,990
Current liabilities					
Trade payables	32	14,002	27,009	14,002	27,009
Accruals and other payables	33	95,924	67,920	24,043	62,750
Loans and borrowings	34	32,538	-	32,538	-
		142,464	94,929	70,583	89,759
Liabilities classified as held for sale	14.2	-	-	-	18,341
Liabilities classified as held for distribution	14.5	-	-	5,608	6,404
		142,464	94,929	76,191	114,504
Total liabilities		143,601	105,919	77,328	125,494
Total equity and liabilities		1,928,385	2,027,060	2,017,512	2,257,587
Net assets per share (Rs.)		113.32	121.98	124.31	134.62

Notes from pages 38 to 89 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.



D D Wickramanayake
Manager - Finance

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



P R Saldin
Chairman
23rd May 2019
Colombo



S P S Ranatunga
Director



T Wegodapola
Company Secretary

Statements of Changes In Equity

For the year ended 31st March

	Stated Capital Rs. '000	Reserve on Scrip Issue Rs. '000	Other Capital Reserve Rs. '000	Capital Reserve Rs. '000	General Reserve Rs. '000
--	-------------------------------	---------------------------------------	--------------------------------------	--------------------------------	--------------------------------

Company

As at 1st April 2017	126,250	-	356	220,609	232,841
Profit for the year	-	-	-	-	-
Other comprehensive income	-	-	(356)	(220,609)	-
Total comprehensive income	-	-	(356)	(220,609)	-
Dividend (Note 16)	-	-	-	-	-
Total contributions by and distributions to the owners of the Company	-	-	-	-	-
As at 1st April 2018	126,250	-	-	-	232,841
Adjustment on initial application of SLFRS 9, net of tax					
Adjusted balance as at 01st April 2018	126,250	-	-	-	232,841
Profit for the year	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
De-recognition of financial assets due to disposal	-	-	-	-	-
Total comprehensive income	-	-	-	-	-
Dividend (Note 16)	-	-	-	-	-
Total contributions by and distributions to the owners of the Company	-	-	-	-	-
As at 31st March 2019	126,250	-	-	-	232,841

For the year ended 31st March

	Stated Capital Rs. '000	Reserve on Scrip Issue Rs. '000	Other Capital Reserve Rs. '000	Capital Reserve Rs. '000	General Reserve Rs. '000
--	-------------------------------	---------------------------------------	--------------------------------------	--------------------------------	--------------------------------

Group

As at 1st April 2017	126,250	3,000	356	234,814	232,841
Profit for the year	-	-	-	-	-
Other comprehensive income	-	-	(356)	(234,814)	-
Total comprehensive income	-	-	(356)	(234,814)	-
Dividend (Note 16)	-	-	-	-	-
Subsidiary dividend to non-controlling interest	-	-	-	-	-
Total contributions by and distributions to the owners of the Company	-	-	-	-	-
As at 1st March 2018	126,250	3,000	-	-	232,841
Adjustment on initial application of SLFRS 9, net of tax	-	-	-	-	-
Adjusted balance as at 01st April 2018	126,250	3,000	-	-	232,841
Profit for the year	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
De-recognition of financial assets due to disposal	-	-	-	-	-
Total comprehensive income	-	-	-	-	-
Dividend (Note 16)	-	-	-	-	-
Disposal of subsidiary	-	-	-	-	-
Total contributions by and distributions to the owners of the Company	-	-	-	-	-
As at 31st March 2019	126,250	3,000	-	-	232,841

Notes from pages 38 to 89 form an integral part of the Financial Statements.

Figures in brackets indicate deductions

Fair Value Reserve Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
216,483	826,074	1,622,613
-	308,460	308,460
19,479	223,054	21,568
19,479	531,514	330,028
-	(31,500)	(31,500)
-	(31,500)	(31,500)
235,962	1,326,088	1,921,141
-	1,208	1,208
235,962	1,327,296	1,922,349
-	142,612	142,612
(250,780)	2,103	(248,677)
(1,205)	1,205	-
(251,985)	145,920	(106,065)
-	(31,500)	(31,500)
-	(31,500)	(31,500)
(16,023)	1,441,716	1,784,784

Fair Value Reserve Rs. '000	Retained Earnings Rs. '000	Total Rs. '000	Non Controlling Interest Rs. '000	Total Rs. '000
216,327	1,056,268	1,869,856	42,507	1,912,363
-	259,124	259,124	(29,428)	229,696
20,655	237,259	22,744	208	22,952
20,655	496,383	281,868	(29,220)	252,648
-	(31,500)	(31,500)	-	(31,500)
-	-	-	(1,418)	(1,418)
-	(31,500)	(31,500)	(1,418)	(32,918)
236,982	1,521,151	2,120,224	11,869	2,132,093
-	1,208	1,208	-	1,208
236,982	1,522,359	2,121,432	11,869	2,133,301
-	119,462	119,462	2,118	121,580
(253,618)	2,103	(251,515)	(315)	(251,830)
(1,205)	1,205	-	-	-
(254,823)	122,770	(132,053)	1,803	(130,250)
-	(31,500)	(31,500)	-	(31,500)
-	-	-	(31,367)	(31,367)
-	(31,500)	(31,500)	(31,367)	(62,867)
(17,841)	1,614,833	1,956,671	(17,695)	1,940,184

Cash Flow Statements

For the year ended 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
Cash flow from operating activities				
Cash generated from operations (Note A)	588,219	76,555	434,970	76,051
Interest received (net)	40,922	40,774	55,063	60,043
Retirement benefit costs paid	(8,452)	(24,169)	(8,452)	(34,996)
Income tax paid	(7,233)	(24,207)	(15,385)	(26,553)
Net cash inflow from operating activities	613,456	68,953	466,196	74,545
Cash flow from investing activities				
Addition to property, plant & equipment	(9)	(1,071)	(9)	(3,015)
Addition to assets held for sale	-	-	(1,257)	-
Addition to intangible assets	(1,390)	-	(1,390)	-
Proceeds from disposal of assets classified as held for sale	71,876	-	20,892	-
Proceeds from disposal of investments	23,827	-	23,827	-
Proceeds from disposal of property, plant & equipment	17,321	205,290	94,227	205,290
Proceeds from sale of investment property	-	90,000	-	90,000
Share buyback payment	-	-	(24,431)	-
Commission paid on disposal of property, plant & equipment	-	(4,609)	-	(4,609)
Dividend received from equity accounted investees	5,160	3,600	5,160	3,600
Dividend income from other companies	13,603	16,071	13,603	12,763
Acquisition of investment	(684,117)	(362,750)	(684,117)	(364,638)
Subsidiary dividend to non-controlling interest	-	-	-	(1,418)
Net cash outflow from investing activities	(553,729)	(53,469)	(553,495)	(62,027)
Net cash inflow/(outflow) before financing activities	59,727	15,484	(87,299)	12,518
Cash flow from financing activities				
Dividends paid to equity holders of the parent	(31,500)	(31,500)	(31,500)	(31,500)
	(31,500)	(31,500)	(31,500)	(31,500)
Net increase / (decrease) in cash & cash equivalents during the period	28,227	(16,016)	(118,799)	(18,982)
Cash & cash equivalents at the beginning of the period	356,408	372,424	530,051	549,033
Cash & cash equivalents at the end of the period (Note B)	384,635	356,408	411,252	530,051

For the year ended 31st March	Company		Group	
	2019	2018	2019	2018
	Rs:'000	Rs:'000	Rs:'000	Rs:'000
Note A - Cash generated from operations				
Profit before interest and tax from continued operations	91,998	318,790	46,661	325,941
Profit/(loss) before interest and tax from discontinued operations	18,678	(56,055)	22,311	(169,115)
Adjustments for:				
Depreciation on property, plant & equipment	921	3,028	921	3,653
Depreciation on assets held for sale	-	-	349	-
Impairment of property, plant & equipment	-	2,442	-	2,442
Impairment of investment in Rainforest Ecolodge (Private) Limited	1,200	-	-	-
Write off of property, plant & equipment	631	1,479	631	1,479
Amortisation of intangible assets	35	-	35	-
Adjustment of property, plant & equipment	-	-	-	(5,622)
Gain on disposal of property, plant & equipment	(17,291)	(381,176)	(17,291)	(381,176)
Gain on disposal of investment property	-	(49,753)	-	(49,753)
Gain on disposal of assets classified as held for sale	(42,476)	-	(4,708)	-
Gain on disposal of assets classified as held for distribution	-	-	(3,531)	-
Provision for retirement benefit	1,516	4,737	1,516	4,737
Provision for assets held for distribution	172	-	-	-
Provision/(reversal of provision) for inter company receivable	(2,409)	11,034	-	-
Provision for impairment of trade receivable	1,235	23,111	1,235	18,893
Provision/(reversal of provision) for write-down of inventories	(26,792)	52,801	(26,792)	75,576
Dividend income	(18,763)	(19,671)	(13,603)	(12,763)
Operating profit/(loss) before working capital changes	8,655	(89,233)	7,734	(185,708)
Decrease in trade and other receivables	528,827	96,320	415,890	130,976
Decrease in inventories	35,740	157,227	35,740	150,281
Increase/(decrease) in trade and other payables	14,997	(87,759)	(24,394)	(19,498)
Cash generated from operations	588,219	76,555	434,970	76,051
Note B - Analysis of cash & cash equivalents at the end of the year				
Cash in hand and at bank	417,173	356,408	443,790	530,051
Interest bearing short-term borrowings	(32,538)	-	(32,538)	-
	384,635	356,408	411,252	530,051

Notes from pages 38 to 89 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 the principal place of business is located at No.52, Galle Face Court 2, Colombo 03.

1.2 Principal Activities and Nature of Operations

The principal activities of the Company is provided in the inner back cover of this Annual Report.

The principal activities of the subsidiaries and equity accounted investees are provided on page 91.

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 of the Company is responsible for the preparation and presentation of the Financial Statements. The Financial Statements were authorised for issue in accordance with a resolution of the Board of Directors on 23rd May 2019.

2. BASIS OF PREPERATION

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 20 and 21 to the Financial Statements are prepared for a common financial year, which ends on 31st March, other than Commercial Insurance Brokers (Private) Limited which has been prepared up to 31st December as per their reporting requirements.

2.1 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.

2.2 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.

2.3 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan 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.

2.4 Use of Estimates and Judgments 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.

2.4.1 Judgments

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the Consolidated Financial Statements is included in the following notes.

- Note 07 – commission income: whether the group acts as an agent in the transaction rather as a principal;
- Note 21 – consolidation: whether the group has control over an investee; and

2.4.2 Assumptions and Estimation Uncertainties

Information about the assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustments in the year ended 31st March 2019 is included in the following notes.

- Note 31 – measuring of defined benefit obligations: key actuarial assumptions;
- Note 19 – recognition of deferred tax asset
- Note 24 – impairment test: key assumptions underlying recoverable amounts;
- Note 36 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude; and
- Note 20 – acquisition of subsidiary: fair value measured on a provisional basis.

2.4.3 Measurement of Fair Values

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

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Group Financial Director.

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

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

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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

2.4.4 Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amounts of such assets are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets. Impairment losses are recognised in the profit or loss.

Impairment losses recognised in respect of cash generating units on acquisition of subsidiaries are allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset or cash generating unit.

An impairment loss in respect of goodwill is not reserved. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are recognised in profit or loss.

2.4.5 Retirement Benefits

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.

2.4.6 Fair Value of Financial Instruments

When the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position can't be derived from the active markets, their fair value is determined using valuation techniques including the discounted cash flow model and net assets basis. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in the assumptions about these factors could affect the reported fair value of financial instruments.

2.4.7 Development Costs

Development costs are capitalised in accordance with the accounting policy. Initial capitalisation of cost is based on management's judgment that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

Notes to the Financial Statements

2.4.8 Recognition of Deferred Tax Assets

Management applies significant judgement on the extent to which deferred tax assets can be recognised based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various future tax jurisdictions.

3. SUMMARY OF 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 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 relation to the operations of Yasui Lanka (Pvt) Ltd, a subsidiary of the Group; a special resolution was passed at an Extraordinary General Meeting of the subsidiary held on 20 March 2014 to commence the process of liquidation with effect from the same date.

Chemanax PLC holds 69.5% of equity in Chemcel (Pvt) Ltd. The Board of Directors are in the process of discussing commercial viability of the operation of the Company. Provided such discussion leads to the determination that the project is not viable, it is likely that the company would be subject to 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 Chemanax Exports (Private) Limited by way of sale or winding up. Company also ceased its' paints business in a managed manner.

The assets relating to Yasui Lanka (Pvt) Ltd Chemcel (Pvt) Ltd, and Chemanax 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 Yasui Lanka (Pvt) Ltd Chemcel (Pvt) Ltd, CAL Exports Lanka (Pvt) Ltd, Chemanax Exports (Private) Limited and paints business have been presented as 'Discontinued Operations' in the Statement of Profit or Loss and Other Comprehensive Income.

3.1.1 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.

3.1.2 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.

3.1.3 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 an FVOCI depending on the level of influence retained.

3.1.4 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 or joint control over those policies.

Joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group determines significant influence or joint control by taking into account similar considerations necessary to determine control over subsidiaries.

The Group's investment in associate and joint venture are 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 or joint venture since the acquisition date. Goodwill relating to the associate or joint venture 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 or joint venture. 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 or joint venture, 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 or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture 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 or joint venture.

The financial statements of the associate or joint venture 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 or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' 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 or joint control over the joint venture 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 or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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 21 to the Financial Statements.

3.1.5 Intra-Group Transactions

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

3.1.6 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.

3.2 Foreign Currency

3.2.1 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

Notes to the Financial Statements

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).

3.3 Revenue

The effect of initially applying SLFRS 15 on the Company's revenue from contracts with customers is described in Note 5. Due to the transition method chosen in applying SLFRS 15, comparative information has not been restated to reflect the new requirements.

3.3.1 Revenue Streams

The Company generates revenue primarily from sale of goods under revenue from contracts with customers. The rental income and repair income are the other sources of income included under revenue.

3.3.2 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 service lines and timing of revenue recognition under Note 6.

3.3.2 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. The implementation of SLFRS 15 did not result in a change in the existing revenue recognition policy of the Company.

Type of product / service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under SLFRS 15 (applicable from 1st April 2018)	Revenue recognition under LKAS 18 (applicable before 1st April 2018)
Sale of Goods & services	The Company operates in different divisions and engaged in varieties of sale of goods under each divisions / clusters.	The revenue is recognised based on the identified performance obligation. The transaction price is determined taking into account of variable considerations. The transaction price is allocated to performance obligations and recognised the revenue either over the time of the contract or point in time upon analysis of each sale of goods under separate divisions.	The revenue is recognised at the point of risk and reward of the 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 on to the relevant carrier at the port of the seller for export sales.

3.3.3 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.

3.3.4 Interest Income

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

3.3.5 Dividend Income

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

3.3.6 Rental Income

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

3.3.7 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.

3.3.8 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.

3.4 Tax

3.4.1 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.

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.

3.4.2 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:

- Temporarily 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 and jointly controlled entities 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.

3.5 Discontinued Operations and Assets Held for Sale/ Distribution

3.5.1 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.

3.5.2 Assets Held for Sale

Before the classification as held for sale non-current assets and liabilities in the disposal group are measured in accordance with relevant SLFRSs.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets are classified as held for distribution when the Company/Group committed to distribute the assets or disposal group to its owners.

Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss. Property, plant & equipment and intangible assets once classified as held for sale are not depreciated or amortised.

Notes to the Financial Statements

3.6 Property, Plant & Equipment

3.6.1 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.

3.6.2 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. Refer to Significant accounting judgements, estimates and assumptions (Note 2.4.1) and Provisions (Note 3.1.3) for further information about the recorded decommissioning provision.

3.6.3 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 date that they are installed and are ready for use, or in respect of internally constructed assets, from the date 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 6 years
- Computers and allied equipment 3 years
- Motor Vehicles 4 years
- Furniture & Fittings 4 years

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

3.6.4 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.

3.7 Leased Assets

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance leases that transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are not recognised in the Group's statement of financial position and recognised as an operating expense in the income statement on a straight-line basis over the lease term.

3.8 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.

3.9 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 and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. 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.

3.9.1 ERP Implementation Cost

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

3.9.2 Research and Development Costs

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- The intention to complete and the ability to use or sell the asset
- Probability of generating future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

3.10 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:

Notes to the Financial Statements

3.10.1 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.

3.11 Financial Instruments

3.11.1 Financial Assets

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.

Classification and Subsequent Measurement

(A). Financial assets- policy applicable from 01st April 2018

On initial recognition a financial asset is classified as measured at :amortised cost, FVOCI-debt investment; FVOCI-equity investments; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes the 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 amortised cost if it meets both of the following conditions and it 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 meet 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 amortised 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 amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(B). Financial assets – Business model assessment: policy applicable from 01st April 2018.

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 realising 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 managers of business are compensated – eg: whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the 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.

© Financial assets – assessment whether contractual cash flows are solely payments of principal and interest: applicable from 01st April 2018.

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:

<ul style="list-style-type: none"> - 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 	<ul style="list-style-type: none"> - Terms that limit the Group's claim to cash flows from specified assets (example non resource features) <p>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</p>	<p>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.</p>
--	---	---

(D) Financial asset- subsequent measurement and gain and losses: policy applicable from 01st April 2018

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

(E) Financial assets policy applicable before 01st April 2018.

The Group classified its financial assets in to one of the following categories:

- Loans and receivables;
 - o Held for trading;
 - o Derivative hedging instrument or
- Held to maturity;
- Available for sale; and
 - o Designated as at FVTPL
- FVTPL, and within the category as

(F) Financial assets subsequent measurement gain and losses: policy applicable before 01st April 2018.

Financial assets at FVTPL	Measured at fair value and changes therein, including any interest or dividend income, were recognised in profit or loss.
Held to maturity financial assets	Measured at amortised cost using the effective interest rate method.
Loans and receivables	Measured at amortised cost using the effective interest rate method.
Available- for sale financial assets	Measured at fair value and changes in therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognised in OCI and accumulated in the fair value reserve. When these assets were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

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

Financial liabilities are classified as measured at amortised 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 amortised 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.

Notes to the Financial Statements

3.11.3 De recognition

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 in to 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.

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.

3.11.4 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 realise the asset and settle the liability simultaneously.

3.11.5 Impairment

(A) Non- Derivative Financial Assets

Policy applicable from 01st April 2018
Financial instruments and contract assets

The Group recognises a loss allowance for ECLs on:

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

The Group measures loss allowances at an amount equal to life time 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 life time 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 90 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 realising 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 AA 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.

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 amortised 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;	For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.	Objective evidence that financial assets were impaired included:
<ul style="list-style-type: none"> - 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 reorganisation or - The disappearance of the active market for a security because of financial difficulty 	<p>3.11.6 Write off</p> <p>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.</p>	<ul style="list-style-type: none"> - Default or delinquency by a debtor; - Restructuring of an amount due to the Group on terms that the Group would not consider otherwise; - Indications that a debtor or issuer would enter bankruptcy; - Adverse changes in the payment status of borrowers or issuers; - The disappearance of an active market for a security because of the financial difficulties; or - observable data indicating that there was a measurable decrease in the expected cash flows from a group of financial assets.
Presentation of allowance for ECL in the statement of financial position	Policy applicable before 01st April 2018	For an investment in an equity instrument, objective evidence of impairment included a significant or prolonged decline in its fair value below its cost. The Group considered a decline of 20% to be significant and a period of nine months to be prolonged.
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the asset.	<p>(A) Non-Derivative Financial Assets</p> <p>Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.</p>	
Financial assets measured at amortised cost	<p>The Group considered evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.</p>	
	<p>In assessing collective impairment, the Group used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.</p>	
	<p>An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.</p>	
Available-for-sale financial assets	<p>Impairment losses on available-for-sale financial assets were recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified was the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increased and the increase was related objectively to an event occurring after the impairment loss was recognised, then the impairment loss was reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale were not reversed through profit or loss.</p>	

Notes to the Financial Statements

3.12 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.

3.13 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.

3.14 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 and the fair value of any plan assets 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.

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.

3.15 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.

3.16 Cash Flow Statement

The cash flow statement has been prepared using the indirect method.

3.17 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 page 53.

Segment results that are reported to the Group's CEO (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.

3.18 Events Occurring after the Reporting Date

All material events occurring after the reporting date have been considered and where appropriate adjustment or disclosures have been made in these Financial Statements.

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

New or amended standards	Summary of the requirements	Possible impact on consolidated financial statements
SLFRS 16 Leases	SLFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right- of- use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short term leases and leases of low value items. Lesser accounting remains similar to the current standard-i.e lesser continue to classify lease as finance or operating leases. SLFRS 16 replaces existing leases guidance including LKAS 17 Leases, IFRIC 4 Determining an Arrangement contains a Leases, SIC-15 Operating Lease Incentive and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual period beginning on or after 01st January 2019.	The group is assessing the potential impact on its financial statements resulting from the application of SLFRS 16.

5 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Group has initially applied SLFRS 15 and SLFRS 9 from 01 April 2018.

Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these Financial Statements has not been restated to reflect the requirements of the new standards, including impairment losses on trade receivables and contract assets. The effect of initially applying these standards is mainly attributed to a decrease in impairment losses recognised on financial assets.

5.1 SLFRS 15 Revenue from Contracts with Customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces LKAS 18 Revenue, LKAS 11 Construction Contracts and related interpretations. Under SLFRS 15, revenue is recognised when a customer obtains control of the goods and services. Determining the timing of the transfer of control- at a point in time or over time -required judgement.

The Group has adopted SLFRS 15 using the cumulative effect method with the effect of initially applying this standard recognised at the date of initial application (01st April 2018). Accordingly, the information presented for 2018 has not been restated- i.e. presented, as previously reported, under LKAS 18, LKAS 11 and related interpretations. Additionally, the disclosure requirements in SLFRS 15 have not generally been applied to comparative information. Further as per the analysis performed, no material impact was identified and hence no adjustment was made.

5.2 SLFRS 9 Financial Instruments

SLFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces LKAS 39 Financial Instruments; Recognition and Measurements.

As a result of the adoption of SLFRS 9, the Group has adopted consequential amendments to LKAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the Statements of Profit or Loss and OCI. Previously, the Group's approach was to include the impairment of trade receivables in distribution expenses. Consequently, the Group reclassified impairment losses amounting to Rs. 7.31 Mn, recognised under LKAS39, from "distribution expenses" to "impairment loss on trade receivables and contract assets" in the Statement of Profit or Loss and OCI for the year ended 31st March 2019. Impairment losses on the financial assets are presented under "finance costs", similar to the presentation under LKAS 39, and not presented separately in the statement of profit or loss and OCI due to materiality considerations.

Additionally, the Group has adopted consequent amendments to SLFRS 7 Financial Instruments; Disclosures that are applied to disclosures about 2019 but have not been generally applied to comparative information.

5.2.1 Classification and Measurement of Financial Assets and Financial Liabilities

SLFRS 9 contains three principal classification categories for financial assets ; measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under SLFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

The adoption of SLFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities.

The following table and accompanying notes below explain the original measurement categories under LKAS 39 and the new measurement categories under SLFRS 9 for each class of the Group's financial assets and financial liabilities as at 01st April 2018.

The effect of adopting SLFRS 9 on the carrying amounts of financial assets as at 01st April 2018 relates solely to the new impairment requirements.

Notes to the Financial Statements

	Original classification under LKAS 39	New classification under SLFRS 9	Original carrying amount under LKAS 39 Rs.'000	New carrying amount under SLFRS 9 Rs.'000
Financial assets				
Other non current financial assets	Available-for-sale	FVOCI-equity instrument	299,072	299,072
Other current financial assets	Available-for-sale	FVOCI-equity instrument	395,971	395,971
Trade and other receivables	Loans and receivables	Amortised cost	641,878	643,086
Cash and cash equivalents	Loans and receivables	Amortised cost	356,408	356,408
Total financial assets			1,693,329	1,694,537

	Original classification under LKAS 39	New classification under SLFRS 9	Original carrying amount under LKAS 39 Rs.'000	New carrying amount under SLFRS 9 Rs.'000
Trade and other payables	Other financial liabilities	Other financial liabilities	89,759	89,759
Total financial liabilities			89,759	89,759

Trade and other receivables that were classified as loans and receivables under LKAS 39 are now classified at amortised cost. A decrease of Rs.1.21Mn in the allowance for impairment over these receivables was recognised in opening retained earnings at 01 April 2018 on transition to SLFRS 9.

The following table reconciles the carrying amount of financial assets under LKAS 39 to the carrying amount under SLFRS 9 on transition to SLFRS 9 on 01 April 2018.

	LKAS 39 carrying amount as at 31-Mar-18 Rs.'000	Re-classification Rs.'000	Re-measurement Rs.'000	SLFRS 9 carrying amount as at 1-Apr-18 Rs.'000
Financial assets				
Amortised cost				
Cash and cash equivalents				
Brought forward: Loans and receivables	356,408	-	-	-
Re-measurement	-	-	-	-
Carried forward: Amortised cost	-	-	-	356,408
Trade and other receivables				
Brought forward: Loans and receivables	641,878	-	-	-
Re-measurement	-	-	1,208	-
Carried forward: Amortised cost	-	-	-	643,086
Total amortised cost	998,286	-	1,208	999,494

	LKAS 39 carrying amount as at 31-Mar-18 Rs:'000	Re-classification Rs:'000	Re-measurement Rs:'000	SLFRS 9 carrying amount as at 1-Apr-18 Rs:'000
Financial assets				
FVOCI				
Debt and equity investments:				
Brought forward: Available for sale	695,043	-	-	-
Re-classified to : FVOCI-Equity	-	(695,043)	-	-
FVOCI- Equity				
Investment securities				
Brought forward: Available for sale	-	695,043	-	-
Carried forward: FVOCI-equity	-	-	-	695,043
Total FVOCI	695,043	-	-	695,043

5.2.2 Impairment of Financial Assets

SLFRS 9 replaces the "incurred loss" model in LKAS 39 with an "Expected Credit Loss"(ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The Group has determined that the application of SLFRS9's impairment requirements at 1 April 2018 results in a reversal of allowance for impairment as follows.

	Rs:'000
Loss allowance as at 31st March 2018 under LKAS 39	100,474
Additional impairment recognised at 01st April 2018 on	
Trade and other receivables as at 31st March 2018	(1,208)
Loss allowance as at 01st April 2018 under SLFRS 9	99,266

6. INDUSTRY SEGMENT INFORMATION

For the year ended 31st March	Capital Expenditure		Depreciation		Total Assets	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
Assets						
Chemicals	1,399	3,015	956	3,653	194,391	239,048
Paints	-	-	-	-	-	-
Consumer	-	-	-	-	31,996	47,848
Rent	-	-	-	-	-	-
Services	-	-	-	-	-	-
Investments/Other	-	-	-	-	1,791,125	1,970,691
	1,399	3,015	956	3,653	2,017,512	2,257,587

Notes to the Financial Statements

For the year ended 31st March	Employee Benefit Liabilities		Trade and Other Payables	
	2019	2018	2019	2018
	Rs:'000	Rs:'000	Rs:'000	Rs:'000
Liabilities				
Chemicals	929	10,875	14,002	30,429
Paints	-	-	-	26,775
Consumer	208	115	-	-
Rent	-	-	-	-
Services	-	-	-	-
Others	-	-	24,043	32,555
	1,137	10,990	38,045	89,759

7 REVENUE

For the year ended 31st March	Company		Group	
	2019	2018	2019	2018
	Rs:'000	Rs:'000	Rs:'000	Rs:'000
Revenue	460,005	726,180	460,005	723,582
Net Revenue				
Local	459,159	726,180	459,159	723,582
Exports	846	-	846	-
Total	460,005	726,180	460,005	723,582

Industry segment revenue

Chemicals			388,181	653,672
Consumer			70,480	71,162
Services			1,344	1,344
Intra segment revenue			-	(2,596)
			460,005	723,582

Revenue is recognised from the products and services which are being sold point in time.

8 OTHER INCOME

For the year ended 31st March	Company		Group	
	2019	2018	2019	2018
	Rs:'000	Rs:'000	Rs:'000	Rs:'000
Dividend Income				
Quoted	13,603	6,265	13,603	6,265
Unquoted	5,160	13,406	-	6,498
Net gain on disposal of property, plant & equipment	17,291	381,176	17,291	381,176
Net gain on disposal of investment property	-	49,753	-	49,753
Direct sales commission	6,240	4,809	6,240	4,809
Gain on disposal of investment	42,476	-	4,708	-
Rent income	6,160	-	6,160	-
Reversal of provision relating to inter-company receivables	2,409	-	-	-
Sundry income	15	-	15	-
Total	93,354	455,409	48,017	448,501

9 OTHER EXPENSES

For the year ended 31st March	Company		Group	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Impairment loss on property, plant & equipment	-	2,442	-	2,442
Expenses incurred on investment property	-	1,287	-	1,287
Expenses incurred on assets held for distribution	853	-	853	-
Provision for subsidiary receivables	-	11,034	-	-
Write -off property plant & equipments	631	1,479	631	1,479
Total	1,484	16,242	1,484	5,208

10 FINANCING COST (NET)

For the year ended 31st March	Company		Group	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Finance cost				
Short-term loans and overdrafts	2,772	72	2,772	72
Foreign exchange loss	280	-	280	-
Impairment of investment in Rainforest Ecolodge (Private) Limited	1,200	-	-	-
Impairment of investment in Chemcel (Private) Limited	172	-	-	-
	4,424	72	3,052	72
Finance income				
Staff loans	5	62	5	62
Foreign exchange gain	-	377	-	377
Interest on treasury bills	2,100	3,437	2,100	3,437
Deposits	43,241	36,970	43,241	36,172
	45,346	40,846	45,346	40,048
Finance income (Net)	40,922	40,774	42,294	39,976

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

For the year ended 31st March	Company		Group	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Rainforest Ecolodge (Private) Ltd	-	-	(349)	93
Commercial Insurance Brokers (Private) Ltd	-	-	13,210	13,000
Total	-	-	12,861	13,093

Notes to the Financial Statements

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

For the year ended 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
Directors' emoluments and retirement benefits	-	-	-	-
Depreciation of property, plant & equipment	921	3,028	921	3,028
Directors' fees	4,800	4,800	4,800	4,800
Donations	100	56	100	56
Staff training and development	-	162	-	162
Legal fees	439	438	439	438
Auditors' remuneration				
Statutory audit fees	477	450	-	450
Audit related fees	547	538	547	538
Non-audit fees	51	41	51	41
Professional fees	605	5,585	605	5,585
Provision for inventories/(reversal) of provision for inventories	(26,792)	52,801	(26,792)	52,801
Impairment of trade receivables	1,235	23,111	1,235	23,111
Personnel costs * (Note 12.1)	23,610	207,629	23,610	207,629

12.1 Personnel Costs

For the year ended 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
Salaries	18,845	61,872	18,845	61,872
EPF/MSPS - defined contribution plan	1,688	5,596	1,688	5,596
ETF- defined contribution plan	422	1,707	422	1,707
Bonus	1,139	3,132	1,139	3,132
Provision for retirement benefits	1,516	4,737	1,516	4,737
Voluntary retirement scheme	-	130,585	-	130,585
Total	23,610	207,629	23,610	207,629
Number of employees as at 31st March	16	18	16	18

13 INCOME TAX EXPENSES

For the year ended 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
Current tax expenses on ordinary activities for the year	-	7,435	-	7,435
Deferred tax expense/(reversals)				
Origination of temporary differences (Note 13.1)	8,986	(12,386)	8,986	(12,386)
	8,986	(12,386)	8,986	(12,386)
Total	8,986	(4,951)	8,986	(4,951)

13.1 Deferred Tax Expense

For the year ended 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
Income Statements				
Deferred tax expense arising from :				
Accelerated depreciation for tax purposes	832	1,060	832	1,060
Retirement benefit obligations	1,228	5,441	1,228	5,441
Realisation of tax losses/(reversal arising from tax losses)	6,926	(18,887)	6,926	(18,887)
	8,986	(12,386)	8,986	(12,386)
Other Comprehensive Income				
Deferred tax expense arising from :				
Actuarial losses on defined benefit obligations	814	812	814	812
	814	812	814	812
Total	9,800	(11,574)	9,800	(11,574)

Notes to the Financial Statements

13.2 Reconciliation of the Accounting Profit and Taxable Profit

For the year ended 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
Profit before tax-continuing operations	132,920	359,564	101,816	379,010
Profit / (loss) before tax-discontinued operations	18,678	(56,055)	35,080	(149,048)
	151,598	303,509	136,896	229,962
Share of Profit of equity accounted investee	-	-	(12,861)	(13,093)
Other sources of income	(43,825)	(424,365)	(6,057)	(425,407)
Disallowable expenses	(22,746)	115,357	(21,729)	143,936
Tax deductible expenses	(8,452)	(32,482)	(8,452)	(34,888)
Capital Allowances	(706)	(2,917)	(706)	(7,901)
Tax exempt income	(18,762)	-	(18,802)	-
Tax loss for the year	-	81,750	-	166,897
Tax loss utilised during the year	(57,107)	(14,298)	(66,682)	(20,827)
Taxable profit	-	26,554	1,607	38,679
Income tax @ 12%	-	-	-	-
Income tax @ 28%	-	7,435	450	10,830
Current tax expense on discontinued operations	-	-	450	3,395
Current tax expense on continued operations	-	7,435	-	7,435
	-	7,435	450	10,830
Accumulated tax losses				
Tax loss brought forward	99,824	32,372	167,078	21,008
Tax loss for the year	-	81,750	-	166,897
Tax loss utilised during the year	(57,107)	(14,298)	(66,682)	(20,827)
Disposal of subsidiary	-	-	(51,000)	-
Tax loss carried forward	42,717	99,824	49,396	167,078
Effective tax rate	28%	28%	28%	28%

13.3 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.

13.4 Irrecoverable Economic Service Charge (ESC) has been charged to the Profit or Loss.

13.5 Details of the Current Tax Computation

As per the Inland Revenue Act No. 10 of 2006 and subsequent amendments thereto and from 01 April 2018 new IRD Act No 24 of 2017, Chemanex PLC and all other companies within the Group, excluding those which enjoy a tax holiday or concessionary rate of taxation as referred to below are liable to income tax at 28% of the adjusted taxable profits for the year.

The profits of Yasui Lanka (Private) Limited, are taxable at a concessionary rate of 15% up to and including the year of assessment 2016/17, in terms of the Agreement entered into with the Board of Investment. However, in accordance with the Inland Revenue (Amendment) Act No. 18 of 2013, the profits of the Company, is liable for Income Tax only at 12% effective from 1st April 2013, irrespective of the terms stated in the BOI Agreement.

14 DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

Chemanex PLC has decided to cease its' paints business in a managed manner and accordingly the entire operation has been classified as discontinued operation. Since the business is planning to recover its assets through a continuing use, assets and liabilities are not being classified as held for sale. Accordingly the "paints" segment will be classified as discontinued operation.

During the year CAL Exports Lanka (Private) Limited has re-purchased 2,730,000 ordinary shares from its shareholders in the proportion of 52 shares for every 100 shares held at Rs.22/- per share for a total re-purchase consideration of Rs.51.60Mn net of tax. Further the company reduced its stated capital from Rs.42.0Mn to Rs.18.7Mn and Chemanex PLC's entitlement was Rs.16.3Mn. Subsequently, Chemanex PLC sold entirety of its holding in CAL Exports Lanka (Private) Limited to the existing shareholders of CAL Exports Lanka (Private) Limited for a total consideration of Rs.20.0 Mn. Previously this business was categorised under the "chemicals" segment.

Chemanex Exports (Private) Limited, Chemcel (Private) Limited and Yasui Lanka (Private) Limited also have been classified under "assets held for distribution" due to the Board decision of winding up of the business.

14.1 Profit/(loss)after tax From Discontinued Operations

For the year ended 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
Revenue	454	301,451	43,965	324,216
Cost of sales	(1,066)	(247,376)	(33,710)	(299,446)
Gross loss	(612)	54,075	10,255	24,770
Other income	-	-	3,930	901
Administrative expenses	(20)	(32,981)	(10,466)	(98,980)
Distribution expenses	(404)	(77,149)	(1,122)	(95,806)
Reversal of provision for receivables and inventories	19,714	-	19,714	-
Results from operating activities	18,678	(56,055)	22,311	(169,115)
Finance cost (net)	-	-	12,769	20,067
Profit/(loss) before tax from a discontinued operations	18,678	(56,055)	35,080	(149,048)
Tax expense				
Current tax	-	-	(6,330)	(3,395)
Deferred tax	-	-	-	(1,822)
Profit/(loss) for the year from a discontinued operations	18,678	(56,055)	28,750	(154,265)

Notes to the Financial Statements

14.2 Major Classes of Assets and Liabilities Classified as held for sale

For the year ended 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
Assets				
Property, plant & equipment	-	-	-	2,120
Trade receivables	-	-	-	809
Other receivables	-	-	-	16,381
Income tax receivable	-	-	-	689
Investments	-	29,400	-	7,361
Inventories	-	-	-	10,368
Cash in hand and at bank	-	-	-	90,273
Assets classified as held for sale	-	29,400	-	128,001
Liabilities				
Deferred tax liability	-	-	-	125
Trade and other payables	-	-	-	18,216
Liabilities directly associated with assets classified as held for sale	-	-	-	18,341

14.3 Cash Flows Generated From / (Used in) Discontinued Operations

For the year ended 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
Net cash generated from operating activities	-	138,762	-	135,749
Net cash from investing activities	71,877	-	96,906	542
Net cash used for financing activities	-	-	-	(5,250)
Net cash inflow	71,877	138,762	96,906	131,041

14.4 Earnings / (Deficit) per Share:

For the year ended 31st March	Company		Group	
	2019	2018	2019	2018
Basic / diluted earnings / (deficit) per share for the year, from discontinued operations (Rs.)	1.19	(3.56)	1.83	(9.79)

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

For the year ended 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
Assets				
Property, plant & equipment	-	-	-	73,375
Other receivables	-	-	1,327	3,215
Investments	47,000	47,172	5,257	7,361
Inventories	-	-	-	-
Cash in hand and at bank	-	-	26,617	83,371
Assets classified as held for sale	47,000	47,172	33,201	167,322
Liabilities				
Trade and other payables	-	-	5,498	5,691
Income Tax Payable	-	-	110	713
Liabilities directly associated with assets classified as held for distribution	-	-	5,608	6,404

Chemanax Exports (Private) Limited has Rs.3.3Mn worth inventories which has been fully provided in the Financial Statements.

During the year Company impaired its investment in Chemcel (Private) Limited amounting to Rs.0.17Mn.

Company has fully impaired its investment in Yasui Lanka (Private) Limited amounting to Rs.23.49Mn.

15 EARNING PER SHARE

For the year ended 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
Profit attributable to equity holders of the Company	142,612	308,460	119,462	259,124
The share capital is as follows :				
Ordinary Shares				
Weighted average number of shares	15,750,000	15,750,000	15,750,000	15,750,000
Non-Voting (Class X) Shares				
Weighted average number of shares	-	-	-	-
Total weighted average number of shares	15,750,000	15,750,000	15,750,000	15,750,000
Basic / Diluted earning per share (Rs.)	9.05	19.58	7.58	16.45

Basic Earning per Share

The calculation of basic earning per share is based on the profit attributable to ordinary shareholders and the weighted average number of shares outstanding during the year.

Notes to the Financial Statements

Diluted Earning per Share

The calculation of diluted earning 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.

16 GROSS DIVIDENDS

For the year ended 31st March	2019 Rs.'000	2018 Rs.'000
Interim Dividend		
Interim dividend paid per share Rs.1/- (2018-Rs.1/- per share) 15,750,000 Ordinary Shares	15,750	15,750
	15,750	15,750
Final Dividend		
Final dividend proposed and paid Rs.1/- per share (2017- Rs.1/- per share) 15,750,000 Ordinary Shares	15,750	15,750
	15,750	15,750
Total	31,500	31,500

Directors have recommended the payment of a final dividend of Rs.1/- per share on ordinary shares for the year ended 31st March 2019. This proposed dividend has not yet been recognised as a liability as at 31.03.2019. This would result in a total dividend per share of Rs. 2 /- (2018 - Rs.2 /-) once it is approved at the Annual General Meeting.

The interim dividend of Rs. 1/- per share for 2018/19 (2017/18 -Rs. 1/-) distributed to shareholders are paid out of dividends received from companies on which 10% withholding tax has been paid and the profits generated during the year.

17 PROPERTY, PLANT & EQUIPMENT**A. Company**

	Buildings	Plant & Equipments	Computers	Furniture & Fittings	Motor Vehicles	Total 2019	Total 2018
	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000
Freehold							
Cost/Valuation							
At the beginning of the year	459	5,033	25,514	4,723	29,944	72,942	357,600
Additions	-	-	9	-	-	9	1,071
Disposals	-	(4,195)	(77)	-	(21,453)	(25,725)	(273,803)
Write off	-	-	(2,015)	(4,550)	-	(19,186)	(11,926)
At the end of the year	459	838	12,825	173	8,491	28,040	72,942
Depreciation/Impairment							
At the beginning of the year	459	5,030	23,997	4,708	29,944	71,092	120,367
Depreciation	-	3	784	13	-	921	3,028
Impairment	-	-	-	-	-	-	2,442
On disposals	-	(4,195)	(47)	-	(21,453)	(25,695)	(44,298)
Write off	-	-	(1,864)	(4,550)	-	(18,555)	(10,447)
At the end of the year	459	838	12,593	171	8,491	27,763	71,092
Carrying value as at							
31st March 2019	-	-	232	2	-	277	-
Carrying value as at							
31st March 2018	-	3	1,517	15	-	-	1,850

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

No borrowing cost was capitalised during the year.

Notes to the Financial Statements

17 PROPERTY, PLANT & EQUIPMENT

B Group

	Buildings		Plant & Equipments Machinery		Computers		Furniture & Fittings		Motor Vehicles		Total 2019	Total 2018
	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000		
Freehold												
Cost/Valuation												
At the beginning of the year	459	5,033	7,269	25,514	4,723	29,945	411,454				72,943	411,454
Additions	-	-	-	9	-	-	3,015				9	3,015
Write off/Disposals/Adjustments	-	(4,195)	(2,015)	(12,698)	(4,550)	(21,453)	(294,207)				(44,911)	(294,207)
Transfer to assets classified as held for sale	-	-	-	-	-	-	(47,319)				-	(47,319)
At the end of the year	459	838	5,254	12,825	173	8,492	72,943				28,041	72,943
Depreciation/Impairment												
At the beginning of the year	459	5,030	6,954	23,997	4,708	29,945	179,041				71,093	179,041
Depreciation	-	3	121	784	13	-	3,653				921	3,653
Impairment	-	-	-	-	-	-	2,442				-	2,442
Write off/Disposals/Adjustments	-	(4,195)	(1,864)	(12,188)	(4,550)	(21,453)	(68,844)				(44,250)	(68,844)
Transfer to assets classified as held for sale	-	-	-	-	-	-	(45,199)				-	(45,199)
At the end of the year	459	838	5,211	12,593	171	8,492	71,093				27,764	71,093
Carrying value as at												
31st March 2019	-	-	43	232	2	-	1,850				277	1,850
Carrying value as at												
31st March 2018	-	3	315	1,517	15	-	1,850				-	1,850

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

No borrowing cost was capitalised during the year.

17 PROPERTY, PLANT & EQUIPMENT**C. Carrying Value**

As at 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
At Cost	277	1,850	277	1,850
At Valuation	-	-	-	-
Total	277	1,850	277	1,850

D One unit of condominium property located at No 01,1st Lane, Nelumpura, Thelewala, Moratuwa has been categorised under building.

F Depreciation has been provided on a straight-line basis at the following rates:

Company	Buildings Years	Plant & machinery Years	Computers Years	Furniture & Fittings Years	Motor Vehicles Years	Equipment Years
Chemanex PLC	10-20	6	3	4	4	3

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

As at 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
Buildings	459	459	459	459
Plant & Machinery	5,033	5,030	838	5,030
Equipment	6,717	6,717	6,717	6,717
Data processing equipment	11,538	22,349	11,538	22,349
Furniture & Fittings	173	4,721	173	4,721
Motor Vehicles	8,491	29,943	8,491	29,943
Total	32,411	69,219	32,411	69,219

18 INTANGIBLE ASSETS

As at 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
Software cost capitalised	1,390	-	1,390	-
Amortisation for the year	(35)	-	(35)	-
Net software cost capitalised	1,355	-	1,355	-

A The Company capitalised the ERP implementation cost, which is amortised over 10 years.

Notes to the Financial Statements

19 DEFERRED TAX

As at 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
At the beginning of the year	22,154	10,580	22,154	12,276
Amount origination / (Reversal) of temporary differences				
Recognised in profit or loss	(8,986)	12,386	(8,986)	12,386
Recognised in profit or loss (discontinued operations)	-	-	-	(1,822)
Recognised in other comprehensive income	(814)	(812)	(814)	(812)
Transferred to liabilities held for sale	-	-	-	126
At the end of the year	12,354	22,154	12,354	22,154
Deferred tax assets	12,354	22,154	12,354	22,154
Net liability / (assets)	(12,354)	(22,154)	(12,354)	(22,154)

The Group recognised deferred tax asset of Rs.12.35Mn (2018-Rs.22.15Mn) as at the reporting date, since the management is confident that the deferred tax asset would be realised in the future due to the availability of taxable profits in future periods.

A. Movement in Deferred Tax (Assets)/Liabilities

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

As at 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
Deferred tax assets				
Deferred tax assets to be recovered after more than 12 months	12,354	22,154	12,354	22,154
Deferred tax (assets)/liabilities-net	(12,354)	(22,154)	(12,354)	(22,154)

B Movements in Deferred Tax Balances**Company****2019**

	Balance as at 31 March					
	Net balances as at 1-Apr	Recognised in Profit or loss	Recognised in OCI	Net	Deferred tax assets	Deferred tax liabilities
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Property, plant & equipment	907	(822)	-	85	(85)	-
Intangible assets	-	(10)	-	(10)	-	10
Tax losses	18,887	(6,926)	-	11,961	(11,961)	-
Employee benefits	2,360	(1,228)	(814)	318	(318)	-
Tax (assets)/liabilities before set-off	22,154	(8,986)	(814)	12,354	(12,364)	10
Net tax (assets)/liabilities	22,154	(8,986)	(814)	12,354	(12,364)	10

2018

	Balance as at 31 March						
	Net balances as at 1-Apr	Recognised in Profit or loss(13.1)	Recognised in OCI	Acquired in business combinations	Net	Deferred tax assets	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Property, plant & equipment	1,967	(1,060)	-	-	907	(907)	
Tax losses	-	18,887	-	-	18,887	(18,887)	
Employee benefits	8,613	(5,441)	(812)	-	2,360	(2,360)	
Tax (assets)/liabilities before set-off	10,580	12,386	(812)	-	22,154	(22,154)	
Net tax (assets)/liabilities	10,580	12,386	(812)	-	22,154	(22,154)	

Notes to the Financial Statements

Group

2019

	Net balances as at 1-Apr	Recognised in Profit or loss	Recognised in OCI	Balance as at 31 March		
				Net	Deferred tax assets	Deferred tax liabilities
				Rs:'000	Rs:'000	Rs:'000
Property, plant & equipment	907	(822)	-	85	(85)	-
Intangible assets	-	(10)	-	(10)	-	10
Tax losses	18,887	(6,926)	-	11,961	(11,961)	-
Employee benefits	2,360	(1,228)	(814)	318	(318)	-
Tax (assets)/liabilities before set-off	22,154	(8,986)	(814)	12,354	(12,364)	10
Net tax (assets)/liabilities	22,154	(8,986)	(814)	12,354	(12,364)	10

2018

	Net balances as at 1-Apr	Recognised in Profit or loss(13.1)	Recognised in OCI	Transferred to Assets Held For Sales	Balance as at 31 March	
					Net	Deferred tax assets
					Rs:'000	Rs:'000
Property, plant & equipment	1,647	(865)	-	125	907	(907)
Tax losses	-	18,887	-	-	18,887	(18,887)
Employee benefits	10,630	(7,458)	(812)	-	2,360	(2,360)
Tax (assets)/liabilities before set-off	12,277	10,564	(812)	125	22,154	(22,154)
Net tax (assets)/liabilities	12,277	10,564	(812)	125	22,154	(22,154)

C Deferred Tax Effect of Temporary Differences**Company**

As at 31st March	2019		2018	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs:'000	Rs:'000	Rs:'000	Rs:'000
Property, plant & equipment	304	85	677	190
Intangible assets	35	(10)	-	-
Tax losses	42,717	11,961	67,452	18,887
Employee benefits	1,137	318	10,990	3,077
	44,193	12,354	79,119	22,154

Group

As at 31st March	2019		2018	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs:'000	Rs:'000	Rs:'000	Rs:'000
Property, plant & equipment	304	85	677	190
Intangible assets	35	(10)	-	-
Tax losses	42,717	11,961	67,452	18,887
Employee benefits	1,137	318	10,990	3,077
	44,193	12,354	79,119	22,154

D Unrecognised Deferred Tax Assets

As at 31st March	2019	Expiry date	2018	Expiry date
	Rs:'000		Rs:'000	
Accumulated tax losses				
Expire	6,679	31/03/2024	99,626	31/03/2024

20 INVESTMENT IN SUBSIDIARIES

Company	No of shares	Percentage of holding	2019	2018
			Rs:'000	Rs:'000
Unquoted - Subsidiaries				
CAL Export Lanka (Pvt) Ltd	3,675,500	70%	-	29,400
Chemmanex Exports (Pvt) Ltd	860,000	100%	47,000	47,000
Yasui Lanka (Pvt) Ltd	2,286,000	69.2%	23,485	23,485
Chemcel (Pvt) Ltd	82,041	70%	172	172
			70,657	100,057
Transferred to assets classified as held for sale (Note 14.2)			-	(29,400)
Transferred to assets classified as held for distribution (Note 14.5)			(70,657)	(70,657)
Total			-	-

Notes to the Financial Statements

- 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 its investment in CAL Exports Lanka (Private) Limited as "assets held for sale" and Chemanex Exports (Private) Limited, Yasui Lanka (Private) Limited, Chemcel (Private) Limited as "assets held for distribution".
- iii) The main activities of the subsidiary companies are given in page 91.
- iv) The Group has assessed each subsidiary that has non-controlling interests based on contributions 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.
- v) Profit attributable to non-controlling interest of Rs.2.12Mn arise from Rs.1.30Mn generated from CAL Exports Lanka (Private) Limited and Rs 0.82Mn generated from Chemcel (Private) Limited.

21 EQUITY ACCOUNTED INVESTEEES

	No of shares	Percentage holding	Company		Group	
			2019	2018	2019	2018
			Rs:'000	Rs:'000	Rs:'000	Rs:'000
Unquoted						
Rainforest Ecolodge (Private) Limited	9,950,968	20.89%	99,510	99,510	87,192	87,541
Commercial Insurance Brokers (Private) Limited	239,999	40.00%	200	200	84,042	75,992
Provision for Impairment of investment in Associate			(31,402)	(30,202)	-	-
Total			68,308	69,508	171,234	163,533

- i) The equity accounted investees of the Company are incorporated in Sri Lanka
- ii) There are no unrecognised share of losses of equity accounted investees as at 31st March 2019.
- iii) Company has neither contingent liabilities nor capital commitments in respect of the equity accounted investees.
- iv) The impairment has been recognised in relation to the investments in equity accounted investees relate to the Company's investment in Rainforest Ecolodge (Private) Limited.
- v) The main activities of the equity accounted investees are given in page 91.
- vi) During the year Company impaired its investment in Rainforest Ecolodge (Private) Limited amounting to Rs.1.2Mn due to the decrease of net assets of Rainforest Ecolodge (Private) Limited.

vii) Summarised financial information of equity accounted investees are as follows;

	2019	2018
	Rs.'000	Rs.'000
Revenue	366,779	358,422
Expenses	(335,427)	(325,475)
Profit after tax	31,352	32,947
Non- current assets	534,947	511,891
Current assets	250,196	207,619
Total assets	785,143	719,510
Non- current liabilities	97,505	69,136
Current liabilities	111,352	79,626
Total liabilities	208,857	148,762
Net assets	576,286	570,748

22 OTHER NON CURRENT FINANCIAL ASSETS

	Company	Group
	2019	2018
	No of shares	Rs.'000
CIC Agri Businesses (Pvt) Ltd	2,680,001	-
CIC Feeds (Pvt) Ltd	500,000	245,560
Equity investments Lanka (Pvt) Ltd	15,000	150
		299,072

Company recognised its' investment in CIC Agri Businesses (Private) Limited as nil, due to the negative net assets position of CIC Agri Businesses (Private) Limited.

Further, based on the valuation performed, per share value of CIC Feeds (Private) Limited reduced by Rs.17.26 resulting a fair value loss of Rs.8.63Mn which is recognised in Other Comprehensive Income.

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

The 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 31st March 2019 is as follows:

Financial Asset	Valuation technique	Unobservable inputs	Range of unobservable inputs and the sensitivity
Non listed equity investment : CIC Feeds (Private) Limited	Net assets base	Discount rate used to adjust the marketability of the asset 2018/19 - 2%	1% increase in the discount rate would reduce the investment value by Rs.2.51Mn and 1% reduction in the discount rate would increase investment value by Rs.2.51 Mn.

Notes to the Financial Statements

23 INVENTORIES

As at 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
Raw materials and consumables	7,338	12,328	7,338	50,080
Finished goods	119,950	132,575	119,950	132,575
Goods-in-transit	-	21,619	-	23,340
	127,288	166,522	127,288	205,995
Transferred to assets held for sales	-	-	-	(36,137)
Transferred to assets held for distribution	-	-	-	(3,336)
Provision for inventories (Note 23.1)	(54,838)	(85,124)	(54,838)	(85,124)
Total	72,450	81,398	72,450	81,398

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

For the year ended 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
At cost	72,450	81,398	72,450	81,398
At net realisable value	-	-	-	-
Total	72,450	81,398	72,450	81,398

23.1 Provision for Inventories

As at 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
At the beginning of the year	85,124	32,323	85,124	38,654
Provision/(Reversal) during the year	(26,792)	52,801	(26,792)	75,576
Write off made during the year	(3,494)	-	(3,494)	-
At the end of the year	54,838	85,124	54,838	114,230
Provision relating to inventories classified as held for sale	-	-	-	(25,770)
Provision relating to inventories classified as held for distribution	-	-	-	(3,336)
Provision relating to continuing operations	54,838	85,124	54,838	85,124

Bank facilities have been obtained on negative pledge of inventories.

24 TRADE RECEIVABLES

As at 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
Trade receivables from Group Companies (Note 24.1)	-	1,409	-	-
Other trade receivables	240,452	281,968	240,452	289,506
Total	240,452	283,377	240,452	289,506
Transferred to assets held for sales	-	-	-	(7,538)
Provision for impairment for trade receivables (Note 24.2)	(100,501)	(100,474)	(100,501)	(100,474)
Total	139,951	182,903	139,951	181,494

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

24.1 Trade Receivable from Group Companies

As at 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
CAL Exports Lanka (Private) Limited	-	1,409	-	-
	-	1,409	-	-

24.2 Provision for impairment for trade receivables

As at 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
At the beginning of the year	100,474	77,363	100,474	88,310
Adjustment on initial application of SLFRS 9	(1,208)	-	(1,208)	-
Provision during the year	1,235	23,111	1,235	18,893
At the end of the year	100,501	100,474	100,501	107,203
Provision relating to inventories classified as held for sale	-	-	-	(6,729)
Provision relating to continuing trade receivables	100,501	100,474	100,501	100,474

24.3 During the year provision of Rs. 1.24 Mn includes a provision reversal of Rs.6.08 Mn relating to discontinued debtors.

24.4 Trade Receivables Currency-wise

As at 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
Sri Lankan Rupees	139,951	182,903	139,951	181,494
Total	139,951	182,903	139,951	181,494

25 OTHER RECEIVABLES

As at 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
Non Trade Receivable from Group companies (Note 25.1)	1,229	81,785	1,229	944
Other non trade receivables (Net)	31,022	436,302	31,022	443,907
VAT receivable	19,808	16,702	19,808	16,702
Income tax receivable (Note 25.2)	12,905	5,672	12,905	5,672
Advance given to Directors for machinery relocation	-	-	-	11,992
Loans to employees	-	763	-	763
	64,964	541,224	64,964	479,980
Transferred to assets held for sales	-	-	-	(16,381)
Transferred to assets held for distribution	-	-	-	(3,215)
Total	64,964	541,224	64,964	460,384

Notes to the Financial Statements

25.1 Non Trade Receivable from Group Companies

As at 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
CIC Holdings PLC	-	944	-	944
CAL Export Lanka (Private) Ltd	-	7,638	-	-
Chemcel (Private) Limited	8,384	84,013	-	-
Yasui Lanka (Private) Limited	48,331	48,331	-	-
Unipower (Private) Limited	1,151	-	1,151	-
CIC Lifesciences (Private) Limited	22	-	22	-
CIC CropGuard (Private) Limited	56	-	56	-
	57,944	140,926	1,229	944
Less: Provision for impairment	(56,715)	(59,141)	-	-
Total	1,229	81,785	1,229	944

25.2 Income Tax Receivable

As at 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
At the beginning of the year	(5,672)	11,100	(5,672)	9,965
Provision made during the year				
- continuing operations	-	7,435	-	7,435
- discontinued operations	-	-	-	3,395
Payments made during the year	(7,233)	(24,207)	(7,233)	(26,553)
Transferred to assets held for sale	-	-	-	689
Transferred to liabilities held for distribution	-	-	-	(603)
	(12,905)	(5,672)	(12,905)	(5,672)
Income tax receivable	(12,905)	(5,672)	(12,905)	(5,672)
Total	(12,905)	(5,672)	(12,905)	(5,672)

26 OTHER CURRENT FINANCIAL ASSETS

As at 31st March	2019		2018	
	No. of Shares	Fair value Rs.'000	No. of Shares	Fair value Rs.'000
Company				
Quoted				
Lanka Orix Leasing Company PLC	11,000	978	11,000	1,298
Hatton National Bank PLC	1,215,951	212,791	1,206,956	295,704
National Development Bank PLC	96,714	9,110	96,714	12,873
John Keells Holdings PLC	2,840,139	443,062	450,000	71,820
Sampath Bank PLC	1,071,081	192,902	47,586	14,276
Total		858,843		395,971

As at 31st March	2019		2018	
	No. of Shares	Fair value Rs.'000	No. of Shares	Fair value Rs.'000
Group				
Quoted				
Lanka Orix Leasing Company PLC	11,000	978	11,000	1,298
Hatton National Bank PLC	1,215,951	212,791	1,206,956	295,704
National Development Bank PLC	96,714	9,110	96,714	12,873
John Keells Holdings PLC	2,840,139	443,062	450,000	71,820
Sampath Bank PLC	1,071,081	192,902	47,586	14,276
Total		858,843		395,971

All available for sale financial assets- short term are designated as level 1 in the fair value hierarchy as the mentioned investments are all quoted and actively traded in the Colombo Stock Exchange. There have been no transfers between level 1 and level 2 during the year.

27 CASH AND CASH EQUIVALENTS**27.1 Favourable cash and cash equivalents**

As at 31st March	Company		Group	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Cash and bank balances	417,173	356,408	417,173	356,408
	417,173	356,408	417,173	356,408

Notes to the Financial Statements

27.2 Unfavourable cash and cash equivalents

As at 31st March	Company		Group	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Bank overdrafts	(32,538)	-	(32,538)	-
	(32,538)	-	(32,538)	-
Cash and cash equivalents classified as assets held for sale	-	-	-	90,273
Cash and cash equivalents classified as assets held for distribution	-	-	26,617	83,371
Cash and cash equivalents for the purpose of cash flow statements	384,635	356,408	411,252	530,051

28 STATED CAPITAL

As at 31st March	Company			
	2019		2018	
	No. of Shares	Rs. '000	No. of Shares	Rs. '000
Ordinary Shares				
As at the beginning of the year	15,750,000	126,250	15,750,000	126,250
As at the end of the year	15,750,000	126,250	15,750,000	126,250

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

29 CAPITAL RESERVES

As at 31st March	Company		Group	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
At the beginning of the year	-	220,965	3,000	238,170
(Realisation)/surplus on revaluation	-	(220,965)	-	(235,170)
Total	-	-	3,000	3,000

29.1 Capital reserve consist of reserve on scrip issue which is originated from post-acquisition scrip issues made by the subsidiaries.

30 REVENUE RESERVES

Revenue reserves comprises of retained earnings, general reserves and fair value reserves.

General reserve is the amount appropriated by the Board of Directors.

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

31 RETIREMENT BENEFIT OBLIGATIONS

As at 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
Present value of the gratuity				
At the beginning of the year	10,990	33,323	10,990	44,150
Current service cost	197	739	197	739
Benefits paid by the plan	(8,452)	(24,169)	(8,452)	(34,996)
Interest cost	1,319	3,998	1,319	3,998
Actuarial gains	(2,917)	(2,901)	(2,917)	(2,901)
At the end of the year	1,137	10,990	1,137	10,990

31.1 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	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
Cost of sales	-	214	-	214
Distribution expenses	1,240	2,016	1,240	2,016
Administrative expenses	276	2,507	276	2,507
	1,516	4,737	1,516	4,737
Other comprehensive income	(2,917)	(2,901)	(2,917)	(2,901)
Total	(1,401)	1,836	(1,401)	1,836

31.2 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.

31.3 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.

31.4 Following key assumptions were made in arriving at the above figures.

	2019	2018
Rate of discount	11.5%	12%
Salary increase	10%	10%
Retirement age management staff	55 years	55 years

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

Notes to the Financial Statements

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

31.7 Sensitivity of Assumptions Used

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

As at 31st March 2019	Increase by 1%		Decrease by 1%	
	Discount Rate	Future Salary Growth	Discount Rate	Future Salary Growth
	Rs:'000	Rs:'000	Rs:'000	Rs:'000
Company - the present value change in retirement benefit obligations	(10)	11	9	(12)

32 TRADE PAYABLES

As at 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
Trade payables to Group Companies (Note 32.1)	-	26,775	-	26,775
Bills payable	13,201	-	13,201	-
Other trade payables	801	234	801	546
	14,002	27,009	14,002	27,321
Transferred to liabilities classified as held for sale	-	-	-	(312)
Transferred to liabilities classified as held for distribution	-	-	-	-
Total	14,002	27,009	14,002	27,009

32.1 Trade Payables to Group Companies

As at 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
Akzo Nobel Paints Lanka (Private) Limited	-	26,775	-	26,775
	-	26,775	-	26,775
	-	26,775	-	26,775

32.2 Currency - Wise Trade Payables

As at 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
US Dollars	4,320	-	4,320	-
Sri Lankan Rupees	9,682	27,009	9,682	27,009
	14,002	27,009	14,002	27,009

33 OTHER PAYABLES

As at 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
Other payables to Group Companies (Note 33.1)	75,101	3,961	3,220	-
Other payables	19,545	32,667	19,545	52,180
VRS and VRS related expenses payable	-	25,338	-	28,211
Payable for equity investments	-	4,344	-	4,344
Accruals	1,278	1,610	1,278	1,610
	95,924	67,920	24,043	86,345
Transferred to liabilities classified as held for sale	-	-	-	(17,904)
Transferred to liabilities classified as held for distribution	-	-	-	(5,691)
Total	95,924	67,920	24,043	62,750

33.1 Other Payables to Group Companies

As at 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
Chemanex Exports Lanka (Private) Limited	71,881	3,961	-	-
CIC Holdings PLC	3,220	-	3,220	-
	75,101	3,961	3,220	-

34 LOANS AND BORROWINGS

As at 31st March	Company		Group	
	2019 Rs:'000	2018 Rs:'000	2019 Rs:'000	2018 Rs:'000
Bank overdrafts	32,538	-	32,538	-
Total	32,538	-	32,538	-

35 CAPITAL COMMITMENTS

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

36 CONTINGENT LIABILITIES

The Group has received a claim of USD 668,154 in 2016/17 on the alleged premise that a product supplied did not conform to technical specifications. The Group having sought legal advice has refuted the claim and no provision for any related liability has been made in these Financial Statements.

37 EVENTS AFTER THE REPORTING DATE

The Board of Directors has recommended a final dividend of Rs. 1/- per share amounting to Rs. 15.75 Mn on the issued capital which is payable on 09th July 2019 if approved by the Shareholders at the Annual General Meeting.

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

Notes to the Financial Statements

38 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 Standard - 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.

38.1 Parent and Ultimate Controlling Party

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

Transactions with Paints and General Industries Limited

	2019 Rs. Mn	2018 Rs. Mn
Sales	3.9	3.6
Trade receivable	0.6	1.4

	2019 Rs. Mn	2018 Rs. Mn
Transactions with CIC Holdings PLC		
Dividend paid	15.88	15.88
Sale of goods	-	2.31
Rent received	0.62	2.02
Rent paid	2.53	-
Secretarial fees received	1.34	1.58
Staff cost paid	1.58	-
Staff cost received	0.07	-
Service charges paid	21.70	-
Non trade receivables	-	0.94
Non trade payables	3.22	-

38.2 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.

38.3 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 12 to the Financial Statements.

c) Other Transactions with Key Management Personnel

The names of Directors of Chemanex PLC, who are also Directors of subsidiaries, sub-subsidiaries and the equity accounted investees, are stated on page 91.

d) Details of Directors and their spouses' shareholdings are given in the Annual Report of the Directors' on the Affairs of the Company on page 20.

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.

Company	Name of the Director	Nature of the Transaction	2019 Rs:'000	2018 Rs:'000
Polypak Secco Limited	P.R. Saldin	Payments for purchases of goods	641	601
CEI Plastics (Private) Limited	P.R. Saldin	Sale of Goods	-	66

38.4 Transactions with Subsidiaries and Equity Accounted Investees

a) Companies within the Group engage in trading transactions under normal commercial terms and conditions.

Notes to the Financial Statements

38.4.1 Recurring Transactions

Company	Relationship	Nature of the Transaction	2019 Rs. Mn	2018 Rs. Mn
Chemanex Exports (Private) Limited	Subsidiary	Rent received	-	1.21
		Commission received	-	0.09
		Non trade payable	71.88	3.96
Chemcel (Private) Limited	Subsidiary	Amount receivables	8.38	84.01
Commercial Insurance Brokers (Private) Limited	Equity accounted investee	Dividend received	5.16	3.60
Akzo Nobel Paints Lanka (Private) Limited	Affiliated Company	Purchases	-	202.28
		Trade payable	-	26.78
CIC Feeds (Private) Limited	Affiliated Company	Dividend received	-	6.50
CIC Vetcare (Private) Limited	Affiliated Company	Sales	-	5.87
CIC Agri Businesses (Private) Limited	Affiliated Company	Sales	6.81	-
		Trade receivable	5.66	-
		Dividend paid	0.83	0.83
Link Natural Products (Private) Limited	Affiliated Company	Sales	19.42	15.71
		Trade receivables	2.35	2.04
CISCO Speciality Packaging (Private) Limited	Affiliated Company	Service charges	0.04	-
CIC CropGuard (Private) Limited	Affiliated Company	Service charges	0.01	-
		Non trade receivables	0.06	-
CIC Lifesciences (Private) Limited	Affiliated Company	Service charges	0.01	-
		Non trade receivables	0.22	-
Unipower (Private) Limited	Affiliated Company	Service charges	3.09	-
		Non trade receivables	1.15	-

39 FINANCIAL INSTRUMENTS

Risk Management

The Group's principal financial liabilities comprise of trade and other payables. The Group has trade and other receivables and cash and cash equivalents that derive directly from its operations. The Group also holds equity 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 a financial committee that advises on financial risks and appropriate financial risk governance framework for the Group. The Financial Risk Committee provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by the appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group's policies and Group risk appetite. The Board of Directors review and agree policies for managing each of these risks which are summarised below.

Credit risk

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

As at 31st March	Company	
	2019 Rs.'000	2018 Rs.'000
Exposure to credit risk		
Equity securities	858,843	395,971
Trade receivables	139,951	182,903
Other receivables	64,964	541,224
Cash and cash equivalent	417,173	356,408
Total	1,480,931	1,476,506

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 Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the senior management, these limits are reviewed quarterly. Customers that fail to meet the Group's benchmark credit worthiness may transact with the company only on a prepayment basis.

Notes to the Financial Statements

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 wholesale, retail or end-customer, 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 senior management, and future sales are made on a prepayment basis.

The Company is closely monitoring the economic environment in the country and is taking actions to limit its exposure to customers in the country experiencing particular economic volatility.

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 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 macro economic factors.

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	Company	
	2019 Rs:'000	2018 Rs:'000
Domestic	139,951	182,903
Total	139,951	181,494

Impairment losses

All trade receivables that are past due, have been considered for impairment as at 31st March 2019.

The movement in the allowance for impairment of trade receivables is disclosed in Note No. 24.2.

Cash and cash equivalents

The company held cash and cash equivalents of Rs.384 Mn as at 31 March 2019, (2018: Rs, 356 Mn), Group held Rs.411 Mn as at 31 March 2019 (2018 - Rs. 530 Mn) which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA - to AA+, based on rating agency ratings. Following table depicts the credit ratings of the financial institutions that the Group hold its deposits.

Name of the Bank	Rating
Commercial Bank PLC	AA+
National Development Bank PLC	AA -
Hatton National Bank PLC	AA -

Liquidity risk

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

The Company 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.

A Risk Management policy is set so as to limit the net financial liabilities to a pre-approved amount. The Company maintains the equity investments and cash and cash equivalents at specified ratios and any deviation to those limits will require prior approval.

The Company held the following short term financial liabilities as at 31st March 2019.

As at 31st March		Company	
		2019 Rs:'000	2018 Rs:'000
Trade payables	Less than 90 days	14,002	27,009
Accruals and other payables	Less than 90 days	95,924	67,920
Bank overdraft	On demand	32,538	-

Market risk

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

Currency risk

The Company 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.

Followings are the exchange rate used for the translation of transaction denominated in foreign currencies.

As at 31st March	2019			2018		
	Selling Rate	Buying Rate	Average Rate	Selling Rate	Buying Rate	Average Rate
US Dollar	178.02	174.17	176.13	157.49	153.72	155.97
Euro	201.25	194.30	197.80	195.17	188.31	192.22
Sterling Pound	233.92	226.51	230.16	222.58	215.56	219.54

Notes to the Financial Statements

Capital management

The Company'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 of 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 loans and borrowings) plus unaccrued proposed dividends, less cash and cash 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	
	2019 Rs.'000	2018 Rs.'000
Total Debts	32,538	-
Less: cash and cash equivalents	(417,173)	(356,408)
Net debt	(384,635)	(356,408)
Total equity	1,784,784	1,921,141
Net debt to adjusted equity ratio as at 31st March (Times)	(0.22)	(0.19)

As at 31st March	Group	
	2019 Rs.'000	2018 Rs.'000
Total Debts	32,538	-
Less: cash and cash equivalents	(417,173)	(356,408)
Net debt	(384,635)	(356,408)
Total equity	1,940,184	2,132,093
Net debt to adjusted equity ratio as at 31st March (Times)	(0.20)	(0.17)

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:

As at 31st March 2019	Fair value through profit or loss Rs'000	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	
Cash and cash equivalent	-	-	417,173	-	417,173	417,173	
Trade receivables	-	-	139,951	-	139,951	139,951	
Other receivables	-	-	64,964	-	64,964	64,964	
Other investments short term	-	858,843	-	-	858,843	858,843	
Other investments long term	-	245,710	-	-	245,710	245,710	
	-	1,104,553	622,088	-	1,726,641	1,726,641	
Trade payables	-	-	-	(14,002)	(14,002)	(14,002)	
Other payables	-	-	-	(95,924)	(95,924)	(95,924)	
Bank overdraft	-	-	-	(32,538)	(32,538)	(32,538)	
	-	-	-	(142,464)	(142,464)	(142,464)	
As at 31st March 2018	Fair value through profit or loss Rs'000	Held to maturity Rs'000	Loans and receivables Rs'000	Available for sale Rs'000	Other financial liabilities Rs'000	Carrying amount Rs'000	Fair Value Rs'000
Cash and cash equivalent	-	-	356,408	-	-	356,408	356,408
Trade receivables	-	-	182,903	-	-	182,903	182,903
Other receivables	-	-	541,224	-	-	541,224	541,224
Other current financial assets	-	-	-	395,971	-	395,971	395,971
Other non-current financial assets	-	-	-	299,072	-	299,072	299,072
	-	-	1,080,535	695,043	-	1,775,578	1,775,578
Trade payables	-	-	-	-	(27,009)	(27,009)	(27,009)
Other payables	-	-	-	-	(67,920)	(67,920)	(67,920)
	-	-	-	-	(94,929)	(94,929)	(94,929)

Notes to the Financial Statements

Group

As at 31st March 2019	Fair value through profit or loss Rs'000	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	
Cash and cash equivalent	-	-	417,173	-	417,173	417,173	
Trade receivables	-	-	139,951	-	139,951	139,951	
Other receivables	-	-	64,964	-	64,964	64,964	
Other investments short term	-	858,843	-	-	858,843	858,843	
Other investments long term	-	245,710	-	-	245,710	245,710	
	-	1,104,553	622,088	-	1,726,641	1,726,641	
Trade payables	-	-	-	(14,002)	(14,002)	(14,002)	
Other payables	-	-	-	(24,043)	(24,043)	(24,043)	
Bank overdraft	-	-	-	(32,538)	(32,538)	(32,538)	
	-	-	-	(70,583)	(70,583)	(70,583)	
As at 31st March 2018	Fair value through profit or loss Rs'000	Held to maturity Rs'000	Loans and receivables Rs'000	Available for sale Rs'000	Other financial liabilities Rs'000	Carrying amount Rs'000	Fair Value Rs'000
Cash and cash equivalent	-	-	356,408	-	-	356,408	356,408
Trade receivables	-	-	181,494	-	-	181,494	181,494
Other receivables	-	-	460,384	-	-	460,384	460,384
Other current financial assets	-	-	-	395,971	-	395,971	395,971
Other non-current financial assets	-	-	-	299,072	-	299,072	299,072
	-	-	998,286	695,043	-	1,693,329	1,693,329
Trade payables	-	-	-	-	(27,009)	(27,009)	(27,009)
Other payables	-	-	-	-	(62,750)	(62,750)	(62,750)
	-	-	-	-	(89,759)	(89,759)	(89,759)

Fair value measurement hierarchy**Company**

As at 31st March	Level 01		Level 02		Level 03	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Recurring fair value measurements-						
Assets measured at fair value						
Non current financial assets	-	-	-	-	245,710	299,072
Other current financial assets	858,843	395,971	-	-	-	-
	858,843	395,971	-	-	245,710	299,072
Non - recurring fair value measurements-						
Net asset classified as held for sale	-	-	-	-	-	29,400
Net asset classified as held for distribution	-	-	-	-	47,000	47,172

Group

As at 31st March	Level 01		Level 02		Level 03	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Recurring fair value measurements-						
Assets measured at fair value						
Non current financial assets	-	-	-	-	245,710	299,072
Other current financial assets	858,843	395,971	-	-	-	-
	858,843	395,971	-	-	245,710	299,072
Non-recurring fair value measurements						
Net asset classified as held for sale	-	-	-	-	-	128,001
Net asset classified as held for distribution	-	-	-	-	33,201	167,322
	-	-	-	-	33,201	295,323

Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company'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 Company's operations. The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

Ten Year Group Performance

Income Statement	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
	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
Revenue	460,005	723,582	823,690	1,444,004	1,286,887	1,195,200	1,165,135	931,096	999,552	969,428
Gross Profit	90,410	141,552	169,159	265,191	207,672	215,096	188,902	160,158	180,792	215,855
Financing income/(cost)	42,294	39,976	(6,059)	(5,463)	(12,520)	(42,594)	(44,879)	(21,699)	(10,110)	(19,285)
Share of profit of equity accounted investees	12,861	13,093	9,609	20,667	(18,260)	(9,399)	(2,852)	262	3,729	3,247
Profit before taxation	101,816	379,010	58,474	79,208	18,804	308,447	(2,818)	20,118	60,059	155,081
Income tax expense	(8,986)	4,951	(27,346)	(27,056)	(6,622)	(17,316)	(20,800)	(21,602)	(36,122)	(35,251)
Profit/(loss) for the year from discontinued operations	28,750	(154,265)	39,384	(6,229)	7,684	(25,144)	(23,604)	-	-	-
Profit after taxation	121,580	229,696	70,512	45,923	19,866	265,987	(47,222)	(1,484)	23,937	119,830
Non-controlling interest	2,118	(29,428)	3,719	6,042	7,927	(16,080)	(27,703)	(15,792)	(6,165)	23,619
Profit attributable to equity holders of the company	119,462	259,124	66,793	39,881	11,939	282,067	(19,519)	14,308	30,102	96,211

Balance Sheet

Net Assets

Property, plant & equipment	277	1,850	232,412	233,998	146,201	154,302	471,899	488,633	419,977	299,390
Investment property	-	-	40,247	-	-	-	707	86,977	87,066	83,731
Deposit on leasehold property	-	-	-	-	-	-	16,152	13,678	13,964	15,109
Intangible assets	1,355	-	-	-	-	-	32,686	32,686	32,686	32,686
Investments	416,944	462,605	435,618	359,475	342,618	802,894	258,849	255,437	274,283	192,439
Deferred tax assets	12,354	22,154	12,277	13,073	12,742	17,966	18,032	21,790	16,721	21,595
Net current assets	1,510,391	1,656,475	1,235,956	1,255,431	1,241,892	722,136	647,398	588,605	655,693	826,043
	1,941,321	2,143,084	1,956,515	1,861,977	1,743,453	1,697,298	1,445,723	1,487,806	1,500,390	1,470,993

Non- Current liabilities	(1,137)	(10,990)	(44,150)	(47,582)	(43,099)	(62,517)	(67,900)	(61,029)	(47,532)	(48,607)
	1,940,184	2,132,094	1,912,365	1,814,395	1,700,354	1,634,781	1,377,823	1,426,777	1,452,858	1,422,386

Stated Capital & Reserves

Stated Capital	126,250	126,250	126,250	126,250	126,250	126,250	126,250	126,250	126,250	126,250
Capital reserves	3,000	3,000	238,170	238,170	268,959	225,538	145,330	160,698	161,453	101,026
General reserves	-	-	-	-	232,841	232,841	232,841	232,841	232,841	232,841
Revenue reserves	1,828,629	1,990,975	1,505,438	1,413,364	1,037,836	1,021,415	747,875	784,228	822,708	823,865
Shareholders' funds	1,957,879	2,120,225	1,869,858	1,777,784	1,665,886	1,606,044	1,252,296	1,304,017	1,343,252	1,283,982
Non controlling interest	(17,695)	11,869	42,507	36,611	34,448	28,737	125,527	122,760	109,606	138,404
Total Equity	1,940,184	2,132,094	1,912,365	1,814,395	1,700,334	1,634,781	1,377,823	1,426,777	1,452,858	1,422,386

Ratios

Return on shareholders' Equity %	6%	12%	4%	2%	1%	18%	-2%	1%	2%	7%
Annual Sales growth %	(36.43)	(12.15)	7.17	12.21	7.67	2.58	25.13	(5.78)	1.94	(19.93)
Return on Assets	6.03	10.17	3.33	2.16	0.42	13.29	(0.99)	0.75	1.59	5.32
Current ratio Times	20.82	15.47	9.62	5.69	5.61	2.60	2.23	2.40	2.38	5.25

Share Information

Market Value of a Share (Rs.)	59.00	63.50	55.00	63.00	75.00	81.90	74.00	101.50	133.40	130.25
Earning per share(Rs.)	7.58	16.45	4.24	2.93	0.76	17.91	(1.24)	0.91	1.91	6.11
Price earnings ratio(No.of times)	7.78	3.86	12.97	21.50	98.68	4.85	(59.68)	111.73	69.80	21.32
Net assets Value per share(Rs.)	124.31	134.62	118.72	112.88	104.28	100.49	79.51	82.79	85.29	81.52
Earnings Yield %	12.86	25.91	7.71	4.65	0.67	21.87	(1.67)	0.90	1.43	4.69
Dividend Yield %	5.08	3.15	5.45	3.17	1.33	1.22	1.35	1.48	1.50	1.92
Dividend cover(No.of times)	2.53	9.79	4.15	2.93	0.50	17.91	(1.24)	0.61	0.96	2.44
Dividend per share (Rs.)	3.00	2.00	3.00	2.00	1.00	1.00	1.00	1.50	2.00	2.50

Group Structure

Company	Percentage Holding	Principal Activity	Directors	Stated Capital Rs. '000
SUBSIDIARIES				
Chemanex Exports (Private) Limited	100	Manufacture & export of chemicals (currently winding up of operations)	M. P. Jayawardena A. N. Sugathapala	50,000
Yasui Lanka (Private) Limited	69.24	Under liquidation	M. P. Jayawardena A. N. Sugathapala	33,000
Chemcel (Private) Limited	69.5	Manufacture & export of speciality chemicals (currently winding up of operations)	B. R. L. Fernando S. P. S. Ranatunga	723
EQUITY ACCOUNTED INVESTEEES				
Commercial Insurance Brokers (Private) Limited	40	Insurance brokering	M.P. Jayawardena D. M. D. K. Thilakaratne W. M. N. S. K. Weerapana S. P. S. Ranatunga U. I. S. Tillakawardena	6,000
Rainforest Ecolodge (Private) Limited	20.89	Eco tourism	E. P. A. Cooray N. J. H. M. Cooray J. E. P. Kehelpannala S. M. Hapugoda G. A. Aloysius M. P. Jayawardena S. Amalean N. A. N. Jayasundara D. C. Fernando D. R. Nordmann	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 : 15,750,000

2 CHEMANEX SHARES IN THE CSE

	2019		2018	
Highest Price (Rs.)	2/4/2018	64	7/3/2018	70
Lowest Price (Rs.)	27/3/2019	45	25/1/2018	40
Average Price (Rs.)		52		61
Last traded Price (Rs.)		59		64
No. of transactions		526		616
No. of shares traded		223,217		320,406
Value of shares traded (Rs. '000')		11,586		19,556
Market Capitalisation (Rs. '000')		929,250		1,000,125

3 ANALYSIS OF SHAREHOLDERS AS AT 31ST MARCH

Range of Shareholding	2019			2018		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 1000	910	201,252	1.28	916	208,975	1.34
1001 - 10000	220	741,520	4.71	227	770,680	4.89
10001 - 100000	67	2,156,256	13.69	66	2,121,488	13.46
100001 - 1000000	8	3,084,216	19.58	8	3,082,101	19.57
Over 1000000	2	9,566,756	60.74	2	9,566,756	60.74
Total	1,207	15,750,000	100.00	1,219	15,750,000	100.00

Range of Shareholding	2019			2018		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Individuals	1,151	4,068,028	25.83	1,166	4,073,462	25.86
Institutions	56	11,681,972	74.17	53	11,676,538	74.14
Total	1,207	15,750,000	100.00	1,219	15,750,000	100.00
Resident	1,177	15,522,650	98.56	1,189	15,515,611	98.51
Non-Resident	30	227,350	1.44	30	234,389	1.49
Total	1,207	15,750,000	100.00	1,219	15,750,000	100.00

4 DISTRIBUTION OF SHARES AS AT 31ST MARCH

The following table of distribution of shares as at 31st March 2019, has been furnished to Colombo Stock Exchange (CSE) and Securities Exchange Commission (SEC) in accordance with CSE Listing Rule 7.13.

NON - PUBLIC SHAREHOLDERS**Name of the Non - public Shareholders**

	2019		2018	
	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	7,939,373	50.41	7,939,373	50.41
CIC Holdings PLC/Trustees for Charitable & Educational Trust Fund	1,627,383	10.33	1,627,383	10.33
CIC Agri Businesses (Private) Limited	446,604	2.84	446,604	2.84
Commercial Insurance Brokers (Private) Limited	93	0.00	93	0.00
Mr. S. H. Amarasekera	N/A	N/A	801	0.01
Mr. G. G. Wellala	N/A	N/A	100	0.00
Total Shareholding of Non-Public Shareholders	10,013,453	63.58	10,014,354	63.58

PUBLIC SHAREHOLDERS**Public Shareholders as at 31st March**

	2019		2018	
	No. of public shareholders	public shareholding(%)	No. of public shareholders	public shareholding(%)
Public shareholding	1,203	36.42	1,213	36.42

5 DIRECTORS' SHAREHOLDING AS AT 31ST MARCH**Name of the Director**

	2019		2018	
	No of shares	% of Holding	No of shares	% of Holding
Mr. S. H. Amarasekera	N/A	N/A	801	0.01

6 MARKET CAPITALISATION

Type	No of shares	Share price	Capitalisation (Rs'000)
Ordinary shares	15,750,000	59.00	929,250

7 FLOAT ADJUSTED MARKET CAPITALISATION

Type	No of shares	Share price	Capitalisation (Rs'000)
Shares held by public	5,736,547	59.00	338,456

Information to Shareholders and Investors

8 TWENTY LARGEST SHAREHOLDERS

Name of the Non Public Shareholder

		2019		2018	
		No. of Shares	%	No. of Shares	%
1	CIC Holdings PLC	7,939,373	50.41	7,939,373	50.41
2	CIC Holdings PLC/ Charitable & Education Trust Fund	1,627,383	10.33	1,627,383	10.33
3	Seylan Bank PLC/ Dr. Thirugnanasambandar Senthilverl	664,982	4.22	664,982	4.22
4	National Development Bank/ Sakuvi Investment Trust (PVT) Ltd	538,366	3.42	538,366	3.42
5	CIC Agri Businesses (Pvt) Ltd	446,604	2.84	446,604	2.84
6	Mr. S.Srikanthan	418,489	2.66	418,489	2.66
7	Mr. S.K Wickremesinghe Trust (Guarantee) Limited	400,000	2.54	400,000	2.54
8	Mr. S.K Wickremesinghe	315,245	2.00	315,245	2.00
9	Mr. D.A.De Zoysa	190,400	1.21	190,400	1.21
10	Mr. D.F.G. Dalpethado	110,130	0.69	108,105	0.69
11	Bank of Ceylon Account No 1	100,000	0.63	100,000	0.63
12	Bensons Limited	83,286	0.53	83,286	0.53
13	Mrs. M.C.Abeyasekera	81,546	0.52	81,546	0.52
14	Mr. H.R. Peries	69,525	0.44	69,525	0.44
15	Dr. H.S.D. Soysa	68,429	0.43	68,429	0.43
16	Mr. Z.G. Carimjee	66,568	0.42	66,568	0.42
17	Mrs. H. G.S. Ansell	65,097	0.41	65,097	0.41
18	Dawi Investment Trust (Pvt) Ltd	64,542	0.41	65,000	0.41
19	Shalsri Investments (Private) Ltd	64,525	0.41	64,525	0.41
20	Dr. H.R.& Mr. V.K. Wickramasinghe - Custodian Trustees Martin Wickremasinghe Trust Fund	60,000	0.38	60,000	0.38
		13,374,490	84.90	13,372,923	84.90

7 MOVEMENT IN SHARE CAPITAL

Type of Issue	Year of Issue	Ratio	Number of Shares '000'
Initial Capital	1974	-	40
Bonus	1976	1:1	80
Bonus	1977	1:1	160
Rights	1983	1:1	320
Rights	1986	9:16	500
Rights	1989	1:2	750
Debenture	1990	1:2	1,125
Rights	1991	1:4.5	1,375
Rights	1992	1:2.75	1,875
Rights	1993	1:3	2,500
Rights	1995	1:5	3,000
Bonus	1998	1:6	3,500
Bonus/Rights	2005	1:6 / 1:5	5,250
Sub division	2008	1:3	15,750

Notice of Meeting

NOTICE is hereby given that the Forty Sixth Annual General Meeting of Chemanex PLC will be held at the 9th Floor, Commercial Bank, No.1, Union Place, Colombo 2 on Friday 28th June 2019 at 9.30 a.m.

1. To receive and adopt the Report of the Directors and the Statement of Accounts for the year ended 31st March 2019 with the Report of the Auditors thereon.
2. To declare a dividend.
3. To re-elect Mr. S A B Ekanayake who retires in pursuant to Article 24(6) of the Articles of Association of the Company.
4. To vote a sum as donations.
5. To appoint Auditors and to authorise the Directors to determine their remuneration.

By Order of the Board

T Wegodapola

Company Secretary

23rd May 2019

Note

A Member is entitled to attend and vote at the meeting or to appoint a proxy to attend and vote in his/her place.

A proxy need not be a member of the Company.

Members wishing to vote/attend by proxy at the meeting may use the proxy form enclosed.

The completed form of proxy should be deposited at the Registered Office; No.52, Galle Face Court 2, Colombo 3 not less than 48 hours before the time of holding the meeting.

Provided the final dividend recommended is adopted, it is proposed that dividend warrants be dispatched on 09th July 2019.

Form of Proxy

ANNUAL GENERAL MEETING

I/We

of

being a member/members of the Chemanex PLC hereby appoint:

Prawira Rimoe Saldin	of Colombo or failing him
Ekanayake Mudiyansele Mangala Boyagoda	of Colombo or failing him
Sumithra Anura Bandara Ekanayake	of Colombo or failing him
Samantha Pradeep Samarawickrama Ranatunga	of Colombo or failing him

.....
as my/our Proxy to represent me/us 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 28th June 2019 and at any adjournment thereof.

Signed this day of Two Thousand and Nineteen.

.....
Signature

*Note

If you wish your Proxy to speak at the Meeting you should interpolate the words 'to speak and' in the place indicated with an asterisk and initial such interpolation.

Instructions as to Completion

1. Perfect the Form of Proxy, after filling in legibly your full name and address, by signing in the space provided and filling in the date of signature.
2. The completed Form of Proxy should be deposited at the Registered Office of the Company at the undermentioned address not less than 48 hours before the time appointed for the holding of the Meeting.

Chemanex PLC

No.52, Galle Face Court 2
Colombo 3.

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 28 August 1974. Re-registered under the Companies Act No. 7 of 2007 on 6 August 2007.

Registered Office

No. 52, Galle Face Court 2, Colombo 3.

Board of Directors

P. R. Saldin (Chairman)
E. M. M Boyagoda
S. A. B. Ekanayake
S. P. S. Ranatunga

Company Secretary

T. Wegodapola

Auditors

Ernst & Young
Chartered Accountants
201, De Saram Place, Colombo 10.

Bankers

Commercial Bank of Ceylon PLC
Standard Chartered Bank PLC
Hatton National Bank PLC

Legal Advisers

Nithya Partners
Attorneys-at-Law
97A, Galle Road, Colombo 3.

Audit Committee

S. A. B. Ekanayake (Chairman)
P. R. Saldin
E. M. M Boyagoda

Related Party Transactions Review Committee

S. A. B. Ekanayake (Chairman)
E. M. M Boyagoda



No. 52, Galle Face Court 2,
Colombo 3.

www.chemanex.com