



# P → + SITIVE REACTIONS

# Contents

## **Corporate Overview**

Chemanex at a Glance	2
Financial Highlights	3
Chairman's Review	4
Board of Directors	6
Management Discussion & Analysis	8
Corporate Governance	12
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
Board of Directors' Statement on Internal Controls	25
Directors' Responsibility for Financial Reporting	26
Business Director's and Finance Officer's Responsibility Statement	27
Independent Auditors' Report	29
Statement of Profit or Loss and Other Comprehensive Income	32
Statement of Financial Position	33
Statement of Changes In Equity	34
Statement of Cash Flow	36
Notes to the Financial Statements	38
Ten Year Group Performance	88
Group Structure	89
Information to Shareholders and Investors	90
Notice of Meeting	93
Form of Proxy	95
Corporate Information	IBC



<https://www.chemanex.lk>  
Scan the QR Code with your smart  
device to view this report online



# P→SITIVE REACTIONS

At Chemanex, we believe that one positive reaction can domino a series of positive outcomes. Even as we embraced the most tumultuous challenges of our time, we channelled our positive thinking to deliver value that stands the test of time. This optimism has today positioned us to become a leading player in the manufacture and trade of chemicals and industrial intermediates, catering to both local and global clients.

Despite facing a volatile economic climate during under review, we navigated them step by step with our foresight, guided by a diligent team whose smart thinking helped us to record remarkable progress on the books. Further, capitalising on our unique industry insights, we overturned obstacles into opportunities that can deliver long-term returns.

At Chemanex, our formula of progress is guaranteed to win, because we adapt positively and deliver purposefully.

# About Us

## Vision

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

## Values

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

## Chemmanex at a Glance



### **Estate Chemicals**

Supply chemicals for rubber estates.



### **Rubber**

Supply raw materials for dry rubber product manufacturing industries.



### **Home and Personal Care**

Supply additives to manufacture hair /skin/ home care products.



### **Coatings**

Supply colour pigments and additives for paint and ink industries.



### **Packaging / Food Additives**

Supply starches and related accessories for corrugated industry and additives for the food manufacturing.

# Financial Highlights

Year ended 31st March		Company			Group		
		2022	2021	Change %	2022	2021	Change %
<b>Earnings Highlights &amp; Ratios</b>							
Revenue	Rs.'000s	639,680	441,401	44.92	639,680	441,401	44.92
Profit before Tax	Rs.'000s	129,720	60,605	114.04	127,803	34,621	269.15
Taxation	Rs.'000s	30,446	15,473	96.77	30,446	15,473	96.77
Profit attributable to Equity Holders	Rs.'000s	99,274	45,132	119.96	111,826	23,526	375.33
Total Comprehensive Income for the year	Rs.'000s	89,918	739,089	(87.83)	101,898	718,104	(85.81)
Dividends	Rs.'000s	15,707	31,415	(50.00)	15,707	31,415	(50.00)
Earnings per Share	Rs.	6.32	2.87	120.21	7.12	1.50	374.67
Dividend Cover	No. of Times	6.32	1.44	338.89	7.12	0.75	849.33
Return on Shareholder's Equity	%	4.04	1.90	112.63	4.42	0.96	360.42
Pre-tax Return on Shareholder's Equity	%	5.28	2.55	107.06	5.06	1.41	258.87
Return on Assets	%	3.65	1.78	105.06	4.11	0.93	341.94
Interest Cover	No. of Times	10.72	6.47	65.69	11.05	8.20	34.76
Working Capital Cycle	days	164	170	(3.39)	164	170	(3.46)
<b>Balance Sheet Highlights &amp; Ratios</b>							
Total Assets	Rs.'000s	2,720,329	2,542,235	7.01	2,720,891	2,530,948	7.50
Total Debts	Rs.'000s	132,438	45,129	193.47	132,438	45,129	193.47
Shareholder's Funds	Rs.'000s	2,455,000	2,380,789	3.12	2,527,919	2,456,633	2.90
No. of Shares in Issue	000s	15,707	15,707	-	15,707	15,707	-
Net Assets per Share	Rs.	156.30	151.57	3.12	160.94	156.40	2.90
Debt/Equity	%	5.39	1.90	183.68	5.24	1.85	183.24
Debt/Total Assets	%	4.87	1.78	173.60	4.87	1.78	173.60
Current Ratio	No. of Times	9.35	18.26	(48.80)	12.72	41.94	(69.67)
<b>Market/Shareholder Information</b>							
Market Price per Share	Rs.	74.80	76.90	(2.73)	74.80	76.90	(2.73)
Market Capitalisation	Rs.'000s	1,174,907	1,207,892	(2.73)	1,174,907	1,207,892	(2.73)
Price Earnings Ratio	No. of Times	11.84	26.79	(55.80)	10.51	51.27	(79.50)
Dividend per Share	Rs.	1.00	2.00	(50.00)	1.00	2.00	(50.00)
Dividend Payout	%	15.82	69.69	(77.30)	14.05	133.53	(89.48)
Dividend Yield	%	1.34	2.60	(48.60)	1.34	2.60	(48.60)
ROCE	%	5.64	2.26	149.56	5.65	2.90	94.83

## Chairman's Review



“

Despite the many demotivating factors that arose, Your Company performed exceptionally well by leveraging on its inherent traits of agility, responsiveness and lean organisational structure “

P R Saldin  
Chairman

It gives me great pleasure to place before you the Annual Report and Audited Financial Statements for the year ended 31st March 2022. I am proud to report that Your Company delivered one of the best-ever financial results against a volatile backdrop of a severe economic crisis and the adverse impacts of the pandemic. Chemanex PLC, amongst the leading distributors of chemicals in Sri Lanka, rose above these external economic and pandemic-induced challenges through the period to deliver an overall impressive performance.

### Market Conditions

The year started out on a cautiously optimistic note - with a rapid vaccination drive and an eagerly-anticipated return to general business and commercial activity. Unfortunately, the period saw two lockdowns due to rising COVID-19 cases which was followed by the economic crisis as the dollar crunch made its presence felt, eventually ballooning into a major economic crisis by the end of the financial year. The nation is now faced with full-fledged rupee depreciation, shortage of diesel, rising fuel costs and galloping inflation amongst other socioeconomic challenges. There hasn't been a more volatile mix of adverse factors in recent history amidst which to conduct business.

### Company Performance

Despite the many demotivating factors that arose, Your Company performed exceptionally well by leveraging on its inherent traits of agility, responsiveness and lean organisational structure. During 2021/22, Your Company recorded a 45% increase in turnover compared to the previous year.

Undoubtedly, some difficulties had to be contended with such as problems in obtaining foreign exchange for imports. Nevertheless, by leveraging on strong relationships with longstanding principals, Your Company was able to balance its stocks successfully by developing and expanding its relationships with several principals during the period. Despite the perception of Sri Lanka's economy being risky, our

principals reposed trust and confidence in our ability to deliver our promises. Chemanex's large portfolio of chemicals was augmented with new products during the year which helped diversify its portfolio. In a favourable development, some of the key industries to which Chemanex caters such as the estate and rubber industries grew during the year under review.

In addition, stringent cost controls and modest overhead costs ensured cost of operations too remained low. Backed by the support of a loyal customer base, Your Company was able to sustain its growth momentum by leveraging on its financial strength and the ability to acquire scarce resources of foreign exchange based on its strong relationship with financial and banking partners.

During the year under review, Chemanex successfully carved out a greater share of the market on account of some suppliers being forced to exit the market as a result of the economic crisis. Prudent financial management and mitigation of challenges enabled the Company to overcome all the challenges that prevailed during the year. In addition, the Company leans on its parent group, CIC Holdings PLC for administrative support, which is real strength to the organisation.

### Strong Governance Framework

As a public quoted company, Chemanex PLC is compliant with listing regulations from the Colombo Stock Exchange and the Securities Exchange Commission. Your Company conducts its operations in compliance to the highest standards of ethics and good governance.

The organisation's strong human resource policy protects employees and offers them redress through a helpline, whistleblower framework and an ombudsman.

Overall, Your Company adheres to health and safety regulations as a company supplying chemicals to ensure safety of staff, customers and the environment.

### Future Prospects

While remaining optimistic about Your Company's prospects, going ahead we anticipate a reduction in demand for some months in the year as our customers will feel the pressure from the ongoing economic crisis. As a financially stable organisation, we have the financial stability to sustain the organisation financially over this difficult period. Rising inflation however will prove challenging as it will likely stem consumer demand. The shortage of diesel too is expected to lead to a dip in industrial production which would have a direct impact on the uptake of chemicals.

The year ahead should witness a drop in industrial production due to non availability of foreign exchange for imports and the country's adverse credit rating, now that it has suspended debt servicing while engaging in discussion with creditors to restructure sovereign debts – a crisis further exacerbated with rising political uncertainty.

Your Company will continue to leverage on its strengths and maintain adequate stocks to service customer requirements with impeccable customer service and technical support.

### Acknowledgements

I take this opportunity to thank my fellow directors on the Board for their support. Our valued shareholders and loyal customers continue to inspire us to strive for excellence. Chemanex PLC's competent team once again ensured that they worked tirelessly in pursuit of set targets. The faith and confidence placed by all our internal and external stakeholders is well-placed as we will continue to deliver the promises made to them.



P R Saldin  
Chairman  
31st May 2022

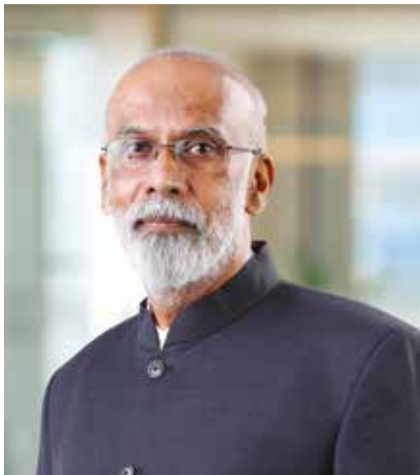
## Board of Directors



01



02



03



04

- 01 Mr. P R Saldin  
*Non-Executive Chairman*
- 02 Mr. E M M Boyagoda  
*Non-Executive Independent Director*
- 03 Dr. S A B Ekanayake  
*Non-Executive Independent Director*
- 04 Ms. S A B P W M R R W 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 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 Ultimate Parent of Chemanex PLC and 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 the Chairman of Chemanex PLC on 9th April 2018. He also serves on the Board of Directors of CIC Holdings PLC, Polytex Properties & Investments Ltd, Akzo Nobel Paints Lanka (Pvt) Ltd, Link Natural Products (Pvt) Ltd, CIC Agri Businesses (Pvt) Ltd and a number of companies in the CIC Group. He is the Chairman of CISCO Speciality Packaging (Pvt) Ltd. He is also a Director of Hatton National Bank PLC, Chairman of Sithma Development (Private) Limited and serves as a Trustee of the HNB Sustainability Foundation.

Mr. Rimoe Saldin is a Fellow of the Institute of Chartered Accountants of Sri Lanka and an Associate of the Institute of Chartered Accountants of England and Wales in the United Kingdom. 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 Resource 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., Asset Trust Management (Pvt) Ltd., Ceylon Hotels Corporation PLC, Sierra Constructions (Pvt) Ltd., Sri Lanka Gateway Industries (Pvt) Ltd., CA Crushing (Pvt) Ltd., Ceylinco General Insurance Ltd., Royal Fernwood Porcelain Ltd., Faber Capital Lanka (Pvt) Ltd., United Hotels Co. (Pvt) Ltd., Ambeon Holdings PLC., Taprobane Capital Plus (Pvt) Ltd., Asset Holdings (Pvt) 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 & Exchange Commission of Sri Lanka and the Securities & Exchange Commission of Bangladesh. He is a former President of the FOREX Association of Sri Lanka.

Mr. Boyagoda 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 decades 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.

**Ms. S A B P W M R R W T  
Wegodapola**

Company Secretary

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

# Management Discussion & Analysis

## About us

In the year under review, Chemanex, a subsidiary of CIC Holdings PLC, strengthened its Holdings position as one of the leading chemical trading companies in the industry, backed by over four decades of expertise. The Company delivers high quality industrial chemicals, pigments, personal care additives, latex chemicals and packaging to a wide cross-section of local industries. Its core business remains distributing chemicals to selected industries while simultaneously

leveraging synergies with the chemical business of CIC Holdings. The Company maintains a portfolio of reputed products by securing agencies of global suppliers for paints and related specialty raw materials, thereby enhancing its position as the preferred, high quality supplier to industries in Sri Lanka. Chemanex caters to the Paints and Coating industry, Preservatives for wood working industry, Chemicals for Estates, Dry rubber, Latex, Plastics and Home and Personal Care industries.

# 45%

**Increase in turnover against 2021**

review as compared to Rs.23.53 Mn in 2020/21.

## Operational Review

### Overall performance

The financial year under consideration continued to be impacted by the COVID-19 pandemic, with Sri Lanka in particular seeing months of lockdowns, hospitalisations and deaths due to the pandemic in 2021. The year under review proved to be even more challenging than the previous one as industries in general were unable to record growth due to closures and lockdowns, raw material shortage in the market and the foreign exchange crisis.

However, true to Chemanex's resilient nature, the Company navigated the challenges in a measured manner, seeking opportunities in adversity. Operations at its centralised warehouse were maintained despite challenges of lockdowns. Chemanex successfully maintained a steady supply to customers, all the while ensuring that optimal margins were maintained.

The Company optimised opportunities arising in the Estate Chemicals, Latex and Plastics, Coatings and Personal Care additives as demand rose in this category although Packaging remained subdued.

Chemanex pursued its strategy of expanding its supplier and



**True to Chemanex's resilient nature, the Company navigated the challenges in a measured manner, seeking opportunities in adversity**

## Financial Review

As a direct result of prudent management, price increases of products and volume growth, Chemanex grew both topline and bottomline exponentially. The Company recorded an increase in turnover of Rs.198.28 Mn, compared to Rs.441.40 Mn in the previous year, reflecting a 45% increase. A Profit after tax of a Rs. 99.27Mn was achieved in 2021/22 as compared to Rs.45.13Mn in the previous year. The Group's Profit after tax rose to Rs.111.80 Mn in the period under



contribution from this segment helped the Company to achieve budgets.

**Rubber**

The Dry Rubber segment such as re-treaders etc., continued to be impacted by the pandemic situation, with global logistics issues emanating from border closures etc. As a result, the local dry rubber industry segment declined by 4-5% but exports grew. The latex segment brought in revenues, new business and increased market share for Chemanex, mainly by expanding customer base for oleo chemicals and recently introduced product range.

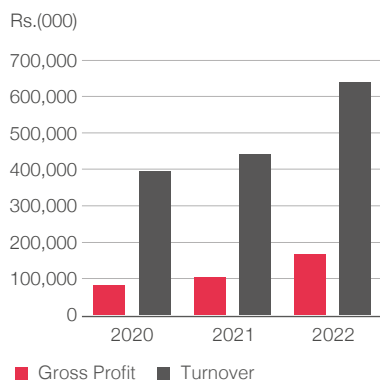
**Coatings**

The overall degrowth in the Paints and Coating industry continued from 2019 to 2022, recorded negative 5-10%. The new agencies acquired by Chemanex allowed for topline and bottom line growth due to adequate stock provisions. Our customers had challenges with other supplies being delayed and hence delayed orders and lowered demand for our products. Despite the decline in the overall industry, the Company performed well by leveraging on its new product range in pigments and coatings, successfully achieving top line numbers. A drop in disposable income and shortage of dollars in the system implies that the construction industry will remain subdued through most of 2022 as well.

**Home and Personal Care**

The Hand Sanitizer and Detergent segment maintained demand. The Company's products saw steady demand from this segment and achieved the budget but could not

**Turnover and Gross Profit**



approached with caution to eliminate bad debts. Stock management came to the fore during the year to ensure adequate supply despite challenges faced due to foreign exchanges shortage in the market and restrictions, as the industries that the Company supplies to, are not designated as essential services. Nevertheless the Company performed exceptionally well, which is impressive considering the dire macroeconomic challenges facing the country.

**Segmental Performance**

**Estate Chemicals**

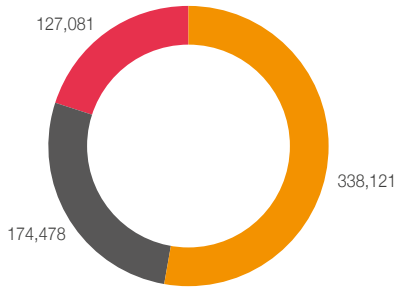
Operations of the Estate sector performed strongly through the 2021/22 financial year which was a silver lining in an otherwise subdued year. As the majority market share holder in the estate chemical segment for its bleaching agent, the segment was a major contributor to the Company's performance. The Estate Chemical segment reflected a turnover of Rs.82.91 Mn in the previous year to Rs.124.07 Mn during the year under review. The exports

product base by securing two new agencies during the year for the business and thus ensured sufficient stocks as opposed to the rest of the market which was facing short supply. Overall, the Company recorded an impressive financial and operational performance in face of unprecedented challenges by leveraging on new partnerships, proactive marketing strategies and a dynamic sales team.

Although the Company focused on growing sales during 2021/22, customer expansion was

# Management Discussion & Analysis

**2022 Turnover**  
(Rs.000)



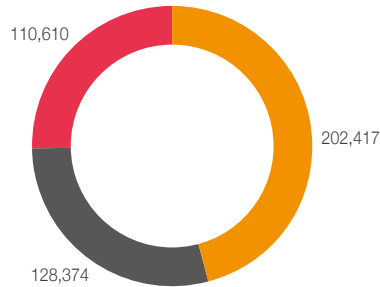
● Rubber and Plastic ● Coating and Packaging  
● Home & Personal care

get adequate stocks due to the economic crisis. The Company negotiated terms with customers and suppliers during the year. The need for hygiene and sanitation requirements due to the pandemic will be sustained well into the next financial year as well by all appearances.

### Packaging & Food Additives

Although the Company still remains optimistic for the prospects for this segment, the expected performance has not materialised due to external factors beyond its control. Equipped with new suppliers, Chemanex

**2021 Turnover**  
(Rs.000)



● Rubber and Plastic ● Coating and Packaging  
● Home & Personal care

anticipates that once the global shortage of materials ongoing since November 2020 is resolved, the outlook for the sector would be more improved. Growth in the packaging remained flat.

### Stakeholder Engagement

Our stakeholders are defined as individuals or groups that can be considerably impacted by our actions, products and services, and whose perceptions in turn can impact us. Through meaningful dialogue with our key stakeholder groups we are able to better understand and address their needs

and concerns while balancing the distribution of value created. As a responsible corporate citizen, we put value creation for our stakeholders at the heart of our strategy. As part of the CIC Group of Companies, Chemanex PLC also maintains a high standard of stakeholder engagement to ensure that it interacts responsibly with stakeholders, which include Customers, Suppliers, Employees and the Community at large.

### Customers

Although the Company was forced to take a price increase and pass it down to consumers, the fact that it offers top of the line products meant that its customer base remained loyal. The Company has forged strong relationships with its customers, which was a key pillar of support through the challenging year.

### Suppliers

Chemanex has earned a reputation for representing some of the most reputed names in its respective areas of business. By partnering the top manufacturers in the world, the Company offers customers in the local market products that are well known for high quality. During the year under review, payment terms were renegotiated with suppliers so as to remain in a comfortable financial position. Chemanex is at an advantage as it imports supplies for industrial use and not for consumption purposes, and as such will not be constrained in importing products.

### Employees

Chemanex was able to deliver a stable performance as a result of its dedicated team that demonstrated



Through meaningful dialogue with our key stakeholder groups we are able to better understand and address their needs and concerns while balancing the distribution of value created.

Product Line	Manufacturing Customer Segment
Rubber and Plastic	Latex
	Dry rubber
	Plastic
	PVC products
Coating and Packaging	Emulsion and enamel paint
	Ink
	Packaging
	Wood work
Home & Personal Care	Skin & haircare
	Detergent
	Sanitiser

resilience during yet another challenging pandemic-impacted year. The Company continued to ensure that the highest health and safety protocols were followed to keep employees safe. Despite mobility restrictions, training sessions on customer communication were held during the year.

**Future Outlook**

The Company plans to consolidate its performance in 2022/23 by forging new relationships with reputed global suppliers while increasing stocks to maintain its position as a reliable supplier. A market mapping exercise will be undertaken in the new financial year with a view to penetrate new market segments. Plans are also in the pipeline to diversify into supplying tools to further augment the product portfolio.

The future for the economy looks bleak considering the foreign exchange crisis and inability to

obtain dollars for imports, which will have a severe impact on industrial production and hamper growth in the immediate short term.

The steep inflation and shortage of diesel, fuel and cooking gas, coupled with political upheaval are combined risk factors that could have an even more negative impact on the economy going ahead.

Confidence in the local market expected to remain volatile and there could be a decrease in the demand due to economic downturn. Chemanex will leverage on its strength to handle the situation.

# 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 three (3) Directors. Two of them are Independent, determined according to the guidelines issued to listed companies.

Section 7.10.4 of Listing Rules requires the Board to make a determination annually, as to the independence or non-independence of each non-executive director, based on declarations made by the non-executive directors and other information available to the Board.

On perusal of the declarations, the Board noted that Mr. E M M Boyagoda and Dr. S A B Ekanayake are independent.

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 (04) times during 2021/22 and the attendance is given below in Table 01.

Table 01

Name	Directorate	Board Meetings	Audit Committee	RPT Review Committee
P R Saldin	NED	4/4*	4/4	-
S Fernando (resigned w.e.f 26th August 2021)	ED	2/4	-	-
E M M Boyagoda	NED / ID	4/4	4/4	4/4
S A B Ekanayake	NED / ID	4/4	4/4*	4/4*

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

### **Audit Committee**

Audit Committee consists of two (02) Non-Executive Independent Directors and one (01) 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 2021/22 and the attendance is given above in Table 01.

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 55.

### **Nominations Committee**

It was resolved by the Board of Directors of the Company at the Board Meeting held on 19th May 2015 that Nominations Committee of CIC Holdings PLC (Parent Company of Chemanex 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 (04) times during the year and the attendance is given above in Table 01.

Related Party Transactions Review Committee Report is given in page 18.

# Corporate Governance

## Compliance with the Rules of the Colombo Stock Exchange on Corporate Governance & 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	3 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 12 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.	Not applicable	Both independent Directors qualify according to the criteria set out in Section 7.10.4
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 6 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 Colombo Stock Exchange a brief resume of such Director	Compliant	Made regular information to the Colombo Stock 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.	Complaint	Remuneration Committee of the Parent Company, CIC Holdings PLC, is applicable to Chemanex PLC, as decided by the Board of Directors on 19th May 2015.
7.10.5 (b)	Remuneration Committee	Functions of the Remuneration Committee	Compliant	Remuneration Committee of the Parent Company, CIC Holdings PLC, is applicable to Chemanex PLC, as decided by the Board of Directors on 19th May 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	Remuneration Committee of the Parent Company, CIC Holdings PLC, is applicable to Chemanex PLC, as decided by the Board of Directors on 19th May 2015. Total remuneration paid to executive and non-executive directors are given in page 55.
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 12.

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 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 2023 subject to the approval of shareholders at the Annual General Meeting to be held on 30th June 2022.

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



Dr. S A B Ekanayake  
Chairman

Audit Committee  
31st May 2022

# 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 (RPT) 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 holds quarterly meetings to review and report to the Board on matters involving RPT falling under its terms of reference.

## Activities during the year

Four (04) committee meetings were held during the year to identify, review and recommend the related party transactions and the policy to the Board. The attendance of the Committee members is given on Page 12. The Committee has reviewed the RPT during the financial year and has communicated comments/observations to the Board of Directors. 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.

All related party transactions which require immediate market disclosure will be pre-approved by the Committee. Any other 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.

I would like to thank my colleague Mr. Mangala Boyagoda for his valuable contribution towards the progress of the Committee.



Dr. S A B Ekanayake  
Chairman

Related Party Transactions Review  
Committee  
31st May 2022

# CULTIVATING GR→WTH

## **Financial Statements**

Annual Report of the Board of Directors on the State of Affairs of Chemanex PLC	20
Board of Directors' Statement on Internal Controls	25
Directors' Responsibility for Financial Reporting	26
Business Director's and Finance Officer's Responsibility Statement	27
Independent Auditors' Report	29
Statement of Profit or Loss and Other Comprehensive Income	32
Statement of Financial Position	33
Statement of Changes In Equity	34
Statement of Cash Flow	36
Notes to the Financial Statements	38
Ten Year Group Performance	88
Group Structure	89
Information to Shareholders and Investors	90
Notice of Meeting	93
Form of Proxy	95
Corporate Information	IBC

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

The Directors have pleasure in presenting to the members the 49th Annual Report together with the Audited Financial Statements for the year ended 31 March 2022 of Chemanex PLC.

## General

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

The registered office of the Company is at No 52, Galle Face Court 2, Colombo 3.

## Review of the Year

The Statement of Accounts was approved by the Board of Directors on 31st May 2022. The Chairman's Review (pages 4 to 5) in the Annual Report set out the state of affairs and performance of the Company and the Group during the year and notes to the Financial Statements incorporate events subsequent to the date of the Statement of Financial Position.

## Profits & Appropriations

### For the year ended 31st March 2022

	Company Rs. 000	Group Rs. 000
Profit for the year after depreciation	129,720	127,803
From which an adjustment is made for taxation and	(30,446)	(30,446)
For discontinued operations	-	14,445
From which a deduction is made for non-controlling interest	-	24
Added de-recognition of financial assets due to disposal	97,233	97,233
To which must be deducted other comprehensive income	9,768	9,768
Adjustment on non-controlling interest	-	(14,929)
Total comprehensive income	206,275	203,898
To which must be added the unappropriated profit brought forward from the previous years and	2,187,322	2,263,392
Making available for appropriation amount of	2,393,597	2,467,290
out of which a dividend of Rs.1.00 per share was paid	(15,707)	(15,707)
so that the unappropriated profit carried forward will be	2,377,890	2,451,583

## Principal Activities

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

## Parent Company & Ultimate Parent Company

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

## Subsidiaries

The Subsidiaries and their activities within the Group and their business activities are described in the Group Structure on page 89.

## Chemcel (Private) Limited

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

## Chemanex Exports (Private) Limited

With the Group ceasing its export business due to rationalisation of business activities, Chemanex Exports

(Private) Limited wound up its operations during the financial year 2018/19, and it is now under liquidation.

## Equity Accounted Investees

The Equity Accounted Investees within the Group and their business activities are described in the Group structure on page 89 of this Report.

## Future Developments

The Group is focusing on its core business of chemical trading in Sri Lanka. While the Company has been able to procure products during the previous financial year and trade successfully, the economic situation is deteriorating further and the Company will move forward very carefully in this environment.

## Financial Statements

The Financial Statements of the Company and the Group which are duly certified by the Finance Manager and approved by the Board of Directors and signed by two directors of the Company in compliance with the requirements of Sections 151, 152, and 168 of the Companies Act No.07 of 2007 are given on pages 32 to 87 of the Annual Report.

## Dividends

For the year ended 31st March 2022 the Directors have recommended the payment of a final dividend of Rs.2.00 per share amounting to Rs.31,414,624/-

As required by Section 56(2) and 56(3) of the Companies Act No.7 of 2007, the Board of Directors signed a certificate stating that in their opinion that the Company, based on the information available at present, satisfies the solvency test immediately after the distribution, in accordance with Section 57 of the Companies Act No. 7 of 2007, and has obtained a certificate from the Auditors prior to recommending the final dividend of Rs.2.00 per share for the year ended 31st March 2022 which it has to be approved by the shareholders at the Annual General Meeting to be held on 30th June 2022.

## Independent Auditor's Report

The Company's Auditors Messrs. Ernst & Young, Chartered Accountants performed the audit on the Consolidated Financial Statements for the year ended 31st March 2022 and the Independent Auditor's Report on the Financial Statements is given on page 29 to 31 of the Annual Report as required by Section 168(1) (C) of the Companies Act No 07 of 2007.

## Significant Accounting Policies and changes during the year

The Company and the Group prepared their Financial Statements in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS). The significant Accounting Policies adopted in the Financial Statement is given on pages 38 to 51 of the Annual Report as required by Section 168 (1)(d) of the Companies Act No. 7 of 2007. The Board of Directors wish to confirm that there were no changes to the Accounting Policies used

by the Company and the Group during the year.

## Interests Register

The Interests Register is maintained by the Company as per the Companies Act No.7 of 2007. All Directors have made general declarations as provided for in Section 192 (2) of the said Act. The related entries were made in the Interest Register during the year under review.

The share ownership of the Directors is indicated on page 22 of the Annual Report.

Directors interest in contracts and remuneration paid to Directors, etc., have been included in the Interests Register which is made available for inspection under the Companies Act No. 7 of 2007 under reference. The details are given on page 76 and 77 of this Annual Report.

## Directors

The qualifications and experience of the Directors are provided on page 7. The following persons were Directors of the Company at the end of the financial year.

Mr. P R Saldin - Chairman

Mr. E M M Boyagoda

Dr. S A B Ekanayake

## Appointments & Resignations

Mr. Shermal Fernando, CEO resigned from the Board of Directors of the Company w.e.f 26th August 2021. There were no appointments during the year.

## Retirement by rotation and re-election

(i) 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.

(ii) Mr. E M M Boyagoda retires in pursuant to Section 211 of the Companies Act No.7 of 2007.

Pursuant to Section 211 of the Companies Act No.7 of 2007, special notice of the following Ordinary Resolution has been received by the Company from a Member of the Company;

"That Mr. E M M Boyagoda who reached the age of 70 years on 29th April 2021 be re-elected as a Director of the Company and it is hereby declared that Section 210 of the Companies Act No.7 of 2007 shall not apply to Mr. E M M Boyagoda".

Mr. E M M Boyagoda being eligible offers himself for re-election with the unanimous support of the Board.

To resolve that Mr. E M M Boyagoda being eligible be recommended for re-election.

## Directors' Remuneration

Directors' remuneration in respect of the Company and the Group, for the financial year ended 31 March 2022 are given in Note 11 of the Financial Statements on page 55 of this Annual Report.

## List of Directors of Subsidiaries and Associates of the Company

Names of Directors of all Subsidiaries and Associates of the Company are given on page 89 of this Annual Report.

## Related Party Transactions

Related party transactions have been declared at meetings of the Directors and are detailed in Note 40 to the Financial Statements.

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

## Directors' Shareholding

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

As at 31st March

Name of Director	Type	2022	2021
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 Fernando (resigned w.e.f 26/08/2021)	Director/Chief Executive Officer	-	-

## Directors' Responsibility for financial reporting

The Directors are responsible for the preparation of Financial Statements of the Company and the Group, which reflect a true and fair view of the state of the Company affairs. The Directors' Responsibility in relation to the Financial Statements is detailed on page 26.

## Audit Committee

The following Non-Executive Directors of the Board are members of the Audit Committee.

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

Details of the Audit Committee are given on page 17.

## Human Capital & Compensation Committee (Remuneration Committee) and the Nominations Committee

At 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.

Remuneration Committee of the Parent Company is comprised of the following Directors;

Mr. P R Saldin – Chairman  
Mr. S H Amarasekera  
Mr. R S Captain  
Mr. S M Enderby  
Mr. M P Jayawardena

## Related Party Transactions Review Committee

The following Non-Executive Directors of the Board are members of the Related Party Transactions Review Committee.

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

## Compliance with Section 9 of Listing Rules

The Directors confirm compliance with Section 9 of the Listing Rules in relation to Related Party Transactions.

## Enterprise Governance

Systems and procedures which are in place as good Enterprise Governance is an essential component in today's corporate culture.

The practices in this regard are given in Corporate Governance of this Annual Report on pages 12 to 16.

## Vision & Corporate Conduct

The Company's Vision is given on the page 2 of this Report. The business activities of the Company are conducted with the highest level of ethical standards in achieving its Vision. The Company issues a copy of its code of ethics to each and every employee who are required to abide by the Company's Code of Conduct.

## Equitable Treatment to Shareholders

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

## Systems and Internal Controls

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

The Board having reviewed the system of internal control, is satisfied with the Group's adherence to and effectiveness of these controls for the

period up to the date of signing the Financial Statements.

### **Income tax Expenses**

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

### **Revenue**

The revenue of the Group was Rs. 639.68 Mn. (2020/21 - Rs.441Mn). A detailed analysis of the Group revenue that identifies the contributions from different segments of the Group businesses is given in Note 6 to the Financial Statements.

### **Capital Expenditure**

Details of property, plant & equipment and their movements during the year are listed in Note 16 to the Financial Statements. Capital Expenditure approved and contracted for are given in page 60.

### **Investments**

Details of investments and their movements during the year are listed in Notes 20, 21, 22 and 26 to the Financial Statements.

### **Reserves**

Total reserves of the Group stood at Rs 202.40 billion as at 31st March 2022 (Rs. 2.33Bn as at 31st March 2021) details of which are given in the Statement of Changes in Equity.

### **Stated Capital**

The Stated Capital is the total of all amounts received by the Company in respect of the issue of shares. The Stated Capital of the Company amounts to Rs. 126.25Mn comprising 15,707,312 Ordinary Shares.

### **Share Information**

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

### **Shareholding**

There were 1,312 registered shareholders holding 15,707,312 ordinary shares of the Company as at 31st March 2022. A list of top 20 shareholders is given on page 92 of this Report.

### **Environment Protection**

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

### **Annual Report**

The Board of Directors approved the Consolidated Financial Statements on 31st May 2022. The appropriate number of copies of this Report will be submitted to the Colombo Stock Exchange and the Sri Lanka Accounting and Auditing Standards Monitoring Board. As required by Section 170 (1) of the Companies Act No. 07 of 2007, duly signed Financial Statement of the Company and the Group together with Auditor’s Report will also be delivered to Registrar of Companies for registration within 20 working days after the Financial Statements of the Company and Group are signed.

### **Compliance with Laws & Regulations**

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

### **Statutory Payments**

The Directors are satisfied that all statutory payments to the Government and other statutory institutions including employee-related payments have been made on time, to the best of their knowledge and belief.

### **Human Resource**

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

There were no material issues pertaining to employees and industrial relations of the Company for the period ended 31st March 2022.

### **Going Concern**

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

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

## Events after the Reporting Date

No material events have taken place after the reporting date which require an adjustment to or a disclosure other than those disclosed in Note 39 to the Financial Statements.

## Auditors' Remuneration and Interest in Contracts with the Company

The Company's auditors during the period under review were Messrs. Ernst & Young, Chartered Accountants. A sum of Rs.0.69 Mn was paid to them as consolidated audit fees during the year under review (Company - Rs. 0.57Mn) and a sum of Rs.0.05Mn was paid by the Company for other related services.

Based on the declaration from Messrs. Ernst & Young, and as far as the Directors are aware, the auditors do not have any relationship or interest in the Company or its subsidiaries other than those disclosed in the above paragraph.

## Re-Appointment of Auditors

The retiring auditors Messrs. Ernst & Young have intimated their willingness to continue in office and a resolution to re-appoint them as auditors and authorising the Directors to fix their remuneration will be proposed at the upcoming Annual General Meeting.

## Notice of Meeting

Notice of Meeting of the Forty Ninth Annual General Meeting is enclosed.

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

By Order of the Board,



Mr. P R Saldin  
Chairman



Dr. S A B Ekanayake  
Director  
31st May 2022

# Board of Directors' Statement on Internal Controls

## Requirement

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

## Responsibility

The Board of Directors is responsible for the adequacy and effectiveness of the Company's system of internal controls. However, such a system is designed to manage the Group's key exposure areas within an acceptable risk profile rather than eliminating the risk of failure to achieve the Group's objectives. Accordingly, the system of internal controls can only provide a reasonable assurance but not absolute against the material misstatement of management and financial information and records or against financial losses or fraud. The Board has established an ongoing process for identifying, evaluating and managing the significant exposures faced by the Company and this process includes enhancing the system of internal controls as and when there are changes for the business environment or regulatory framework.

The Board has assessed the internal control system taking into account principles for the assessment of internal control systems as given in that guidance. The Board is of the view that the system of internal controls in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting and that the preparation of Financial Statements for external purposes is in accordance with relevant accounting principles and regulatory requirements.

The management assists the Board in implementation of the Board policies and procedures.

## Key Internal Control Processes

The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls with respect to financial reporting includes the following:

The Board sub-committees are established to assist the Board in ensuring the effectiveness of the Group's operations and that they are in accordance with corporate objectives, strategy, and annual budget, policies and business environment.

The Company's internal audit functions provide comfort on the efficiency and effectiveness of the internal control system. It monitors compliance on policies and procedures and highlights significant findings in respect of non-compliance. Audits are carried out on all subsidiaries and frequency of which is determined by the level of risk assessed. The annual audit plan is reviewed and approved by the Audit Committee.

The Audit Committee reviews internal control issues identified by the Group's internal auditors/external auditors, regulatory authorities and the management and evaluates the adequacy of internal controls.

In assessing the internal control systems, the management of the Company continued to review and update all procedures and controls that are connected with significant accounts and disclosures of the Financial Statements of the Company/ Group.

## Confirmation Statement

The Board of Directors of Chemanex PLC (Group) confirm that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting system and the preparation of Financial Statements for external purposes has been done in accordance with Sri Lanka Accounting Standards, Companies Act No. 7 of 2007, Listing Rules of the Colombo Stock Exchange, requirements of Security and Exchange Commission of Sri Lanka and other regulatory requirements.

By Order of the Board,



Mr. P R Saldin  
Chairman



Dr. S A B Ekanayake  
Chairman - Audit Committee  
31st May 2022

# 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 Statement of Financial Position, 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 37 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.2.00 per share for this year, which is to be approved by the shareholders at the Annual General Meeting to be held on 30th June 2022.

By Order of the Board,



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

31st May 2022

# Business Director'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.07 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.



**Mr. T M A T J Yatigammana**  
Business Director



**Ms. D D Wickramanayake**  
Finance Manager  
31st May 2022

---

## **FINANCIAL CALENDER**

---

1st Quarter Financial Results	Released on 20/07/2021
2nd Quarter Financial Results	Released on 21/10/2021
3rd Quarter Financial Results	Released on 21/01/2022
4th Quarter Financial Results	Released on 20/05/2022
2020/21 Final Dividend Paid	20/07/2021
2021/22 Final Dividend Payment Date if approved at AGM	22/07/2022
49th Annual General Meeting	30/06/2022

# Independent Auditor’s Report



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

Tel: +94 11 246 3500  
Fax (Gen): +94 11 269 7369  
Fax (Tax): +94 11 557 8180  
Email: eysl@lk.ey.com  
ey.com

## Report on the audit of the Financial Statements

### Opinion

We have audited the financial statements of The 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 2022, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including 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 2022, and of their financial performance and

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

### Basis for opinion

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

### Key audit matters

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

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

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

Key audit Matter	How our audit addressed the key audit matter
<p><b>Equity Instruments at Fair Value Through OCI (FVTOCI)</b></p> <p>The Group has invested in equity instruments measured at fair value through OCI amounting to Rs. 2,171.5Mn as at the reporting date. These investments, which constitute 80% of the Group’s total assets include listed shares of Rs. 1,973.3Mn and unlisted shares of Rs. 198.2Mn, as reflected in Notes 22 and 26 to the financial statements.</p> <p>This was a key audit matter due to;</p> <ul style="list-style-type: none"> <li>- The materiality of the investments in the context of the Group’s financial statements, and the significant exposure to market risk given the measurement of these investments at fair value, and</li> <li>- the degree of judgements and assumptions used in the valuation model for unlisted shares as disclosed in Note 22, particularly relating to the identification of comparable industry peers and the application of illiquidity discount.</li> </ul>	<p><b>Our audit procedures included the following;</b></p> <ul style="list-style-type: none"> <li>• We gained an understanding of the process followed by management in determining fair values of investments held, including considerations made towards impacts arising from current economic conditions.</li> <li>• For listed shares held, we checked the arithmetic accuracy of the valuation based on the closing price derived from the Colombo Stock Exchange.</li> <li>• For unlisted shares, we assessed the reasonableness of judgements and assumptions applied in the valuation model, particularly in relation to the identification of industry peers and the determination of the illiquidity discount, also assessing the sensitivity of assumptions applied.</li> <li>• We assessed the reasonableness of market risk sensitivity disclosures provided in Notes 22.1 and 41 to the financial statements.</li> </ul> <p>We also assessed the adequacy of the disclosures made in Notes 22 and 26 in the financial statements</p>

# Independent Auditor's Report

## Other Information included in the 2022 Annual Report

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

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

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

## Responsibilities of the management and those charged with governance

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern

basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

## Auditor's responsibilities for the audit of the financial statements

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

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

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

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the

underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with 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.

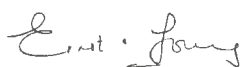
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or

regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other legal and regulatory requirements**

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 4107.



31st May 2022  
Colombo

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

Principals: G B Goudian ACMA, Ms. P S Paranavitane ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

# Statement of Profit or Loss and Other Comprehensive Income

As at 31st March	Notes	Company		Group	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
<b>Continuing operations</b>					
Revenue	6	639,680	441,401	639,680	441,401
Cost of sales		(473,352)	(337,924)	(473,352)	(337,924)
<b>Gross profit</b>		166,328	103,477	166,328	103,477
Other income	7	63,534	36,947	63,534	36,947
Distribution expenses		(49,853)	(38,132)	(49,853)	(38,132)
Impairment reversal on trade receivables		2,334	767	2,334	767
Administrative expenses		(39,643)	(33,759)	(39,643)	(33,759)
Other expenses	8	(4,192)	(14,639)	-	-
<b>Results from operating activities</b>		138,508	54,661	142,700	69,300
Finance income	9.1	4,131	14,394	4,131	14,394
Finance costs	9.2	(12,919)	(8,450)	(12,919)	(8,450)
Net finance (expense)/ income	9	(8,788)	5,944	(8,788)	5,944
Share of loss of equity accounted investees (net of tax)	10	-	-	(6,109)	(40,623)
<b>Profit before tax</b>	11	129,720	60,605	127,803	34,621
Income tax expense	12	(30,446)	(15,473)	(30,446)	(15,473)
<b>Profit from continuing operations</b>		99,274	45,132	97,357	19,148
<b>Discontinued operations</b>					
Profit from discontinued operations (net of tax)	13.1	-	-	14,445	4,378
<b>Profit for the year</b>		99,274	45,132	111,802	23,526
<b>Other comprehensive income</b>					
<b>Items that will never be reclassified to profit or loss</b>					
Actuarial gain/(losses) on retirement benefit obligations	32.1	125	(403)	125	(403)
Income tax on other comprehensive income		9,027	(3,351)	9,027	(3,351)
Net (losses)/gain from fair value change in financial assets		(18,508)	697,711	(19,056)	698,332
<b>Other comprehensive income for the year</b>		(9,356)	693,957	(9,904)	694,578
<b>Total comprehensive income for the year</b>		89,918	739,089	101,898	718,104
<b>Profit attributable to:</b>					
Equity holders of the Company		99,274	45,132	111,826	23,526
Non - controlling interests		-	-	(24)	-
<b>Profit for the year</b>		99,274	45,132	111,802	23,526
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		89,918	739,089	101,922	718,104
Non - controlling interests		-	-	(24)	-
<b>Total comprehensive income for the year</b>		89,918	739,089	101,898	718,104
<b>Earnings per share</b>					
Basic / Diluted earnings per share (Rs.)	14	6.32	2.87	7.12	1.50
<b>Earnings per share-continuing operations</b>					
Basic / Diluted earnings per share (Rs.)		6.32	2.87	6.20	1.22

Notes from pages 38 to 87 from an integral part of the Financial Statements.  
 Figures in brackets indicate deductions.

# Statement of Financial Position

As at 31st March	Notes	Company		Group	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant & equipment	16	4,692	38,339	4,692	38,339
Investment in sub-lease	17	-	-	-	-
Intangible assets	18	938	1,077	938	1,077
Deferred tax assets	19	15,740	26,056	15,740	26,056
Investment in subsidiaries	20	-	-	-	-
Equity accounted investees	21	42,690	46,569	40,460	46,569
Equity investments at fair value through OCI	22	198,244	192,089	198,244	192,089
		262,304	304,130	260,074	304,130
<b>Current assets</b>					
Inventories	23	156,027	114,092	156,027	114,092
Trade receivables	24	108,944	70,092	108,944	70,092
Other receivables	25	155,684	42,930	155,684	42,930
Equity investments at fair value through OCI	26	1,973,261	1,945,825	1,973,261	1,945,825
Cash in hand and at bank	27	17,109	18,166	17,109	18,166
		2,411,025	2,191,105	2,411,025	2,191,105
Assets relating to discontinued operations	13.2	47,000	47,000	49,792	35,713
		2,458,025	2,238,105	2,460,817	2,226,818
<b>Total assets</b>		2,720,329	2,542,235	2,720,891	2,530,948
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the company</b>					
Stated capital	28	126,250	126,250	126,250	126,250
Capital reserves	29	-	-	3,000	3,000
Revenue reserves	30	2,328,750	2,254,539	2,398,669	2,327,383
		2,455,000	2,380,789	2,527,919	2,456,633
<b>Non-controlling interests</b>		-	-	(2,768)	(17,673)
<b>Total Equity</b>		2,455,000	2,380,789	2,525,151	2,438,960
<b>Non-current liabilities</b>					
Loans and borrowings	31	-	36,888	-	36,888
Retirement benefit obligations	32	2,343	2,000	2,343	2,000
		2,343	38,888	2,343	38,888
<b>Current liabilities</b>					
Trade payables	33	23,652	10,255	23,652	10,255
Income tax payable	34	2,282	3,047	2,282	3,047
Accruals and other payables	35	104,614	101,015	34,075	29,975
Loans and borrowings	31.3	132,438	8,241	132,438	8,241
		262,986	122,558	192,447	51,518
Liabilities classified as held for distribution	13.2	-	-	950	1,582
		262,986	122,558	193,397	53,100
<b>Total liabilities</b>		265,329	161,446	195,740	91,988
<b>Total equity and liabilities</b>		2,720,329	2,542,235	2,720,891	2,530,948
Net assets per share (Rs.)		156.30	151.57	160.94	156.40

Notes from pages 38 to 87 from 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.




Ms. D D Wickramanayake  
Finance Manager

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



Mr. P R Saldin  
Chairman  
31st May 2022  
Colombo



Dr. S A B Ekanayake  
Director



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

# Statements of Changes In Equity

	Stated Capital Rs. '000	Reserve on Script issue Rs. '000	General Reserve Rs. '000	Fair Value Reserve Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
<b>Company</b>						
As at 31st March 2020	126,250	-	232,841	(256,998)	1,571,022	1,673,115
Profit for the year	-	-	-	-	45,132	45,132
Other comprehensive loss	-	-	-	703,936	(9,979)	693,957
Transfers	-	-	(232,841)	-	232,841	-
De-recognition of financial assets due to disposal	-	-	-	(379,721)	379,721	-
<b>Total comprehensive income</b>	-	-	(232,841)	324,215	647,715	739,089
Dividends (Note 15)	-	-	-	-	(31,415)	(31,415)
<b>Total contributions by and distributions to the owners of the company</b>	-	-	(232,841)	324,215	616,300	707,674
As at 31st March 2021	126,250	-	-	67,217	2,187,322	2,380,789
As at 01st April 2021	126,250	-	-	67,217	2,187,322	2,380,789
Profit for the year	-	-	-	-	99,274	99,274
Other comprehensive income	-	-	-	(19,124)	9,768	(9,356)
Derecognition of financial assets due to disposal	-	-	-	(97,233)	97,233	-
<b>Total comprehensive income</b>	-	-	-	(116,357)	206,275	89,918
Dividends (Note 15)	-	-	-	-	(15,707)	(15,707)
<b>Total comprehensive income to the owners of the company</b>	-	-	-	(116,357)	190,568	74,211
As at 31st March 2022	126,250	-	-	(49,140)	2,377,890	2,455,000

	Stated Capital Rs. '000	Reserve on Script issue Rs. '000	General Reserve Rs. '000	Fair Value Reserve Rs. '000	Retained Earnings Rs. '000
<b>Group</b>					
As at 01st April 2020	126,250	3,000	232,841	(260,845)	1,668,698
Profit for the year	-	-	-	-	23,526
Other comprehensive loss	-	-	-	704,557	(9,979)
Transfers	-	-	(232,841)	-	232,841
De-recognition of financial assets due to disposal	-	-	-	(379,721)	379,721
<b>Total comprehensive income</b>	-	-	(232,841)	324,836	626,109
Dividends (Note 15)	-	-	-	-	(31,415)
<b>Total contributions by and distributions to the owners of the company</b>	-	-	(232,841)	324,836	594,694
As at 31st March 2021	126,250	3,000	-	63,991	2,263,392
As at 01st April 2021	126,250	3,000	-	63,991	2,263,392
Profit/(loss) for the year	-	-	-	-	111,826
Other comprehensive income	-	-	-	(19,672)	9,768
Adjustment on non - controlling interest	-	-	-	-	(14,929)
De-recognition of financial assets due to disposal	-	-	-	(97,233)	97,233
<b>Total comprehensive income</b>	-	-	-	(116,905)	203,897
Dividends (Note 15)	-	-	-	-	(15,707)
<b>Total contributions by and distributions to the owners of the company</b>	-	-	-	(116,905)	188,190
As at 31st March 2022	126,250	3,000	-	(52,914)	2,451,583

Notes from pages 38 to 87 form an integral part of the Financial Statements.  
Figures in brackets indicate deductions.

Total	Non-Controlling Interest	Total
Rs. '000	Rs. '000	Rs. '000
1,769,944	(17,673)	1,752,271
23,526	-	23,526
694,578	-	694,578
-	-	-
-	-	-
718,104	-	718,104
(31,415)	-	(31,415)
686,689	-	686,689
2,456,633	(17,673)	2,438,960
2,456,633	(17,673)	2,438,960
111,826	(24)	111,802
(9,904)	-	(9,904)
(14,929)	14,929	-
-	-	-
86,993	14,905	101,898
(15,707)	-	(15,707)
71,286	14,905	86,191
2,527,919	(2,768)	2,525,151

# Statement of Cash Flow

For the year ended 31st March	Notes	Company		Group	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
<b>Cash flow from operating activities</b>					
Cash generated from operations (Note A)		(69,126)	96,147	(68,892)	97,285
Interest paid		(11,848)	(2,769)	(11,848)	(2,769)
Income tax paid	34	(11,868)	(16,416)	(11,868)	(16,416)
Net cash flow (used for)/generated from operating activities		(92,842)	76,962	(92,608)	78,100
<b>Cash flow from investing activities</b>					
Proceeds from disposal of investments		141,364	946,069	141,364	946,069
Proceeds from disposal of property, plant & equipment		9,363	-	9,363	-
Dividend received from other companies	7	28,209	23,035	28,209	23,035
Acquisition of investments	26	(193,463)	(1,456,915)	(193,573)	(1,457,023)
Addition to property, plant & equipment	16	(894)	(41)	(894)	(41)
Interest income received		4,131	14,269	18,601	16,349
Net cash inflow/(outflow) from investing activities		(11,290)	(473,583)	3,070	(471,611)
Net cash inflow/(outflow) before financing activities		(104,132)	(396,621)	(89,538)	(393,511)
<b>Cash flow from financing activities</b>					
Settlement of lease liability	31.2	(7,380)	(18,392)	(7,380)	(18,392)
Dividends paid to equity holders of the parent		(15,707)	(31,415)	(15,707)	(31,415)
Net cash outflow from financing activities		(23,087)	(49,807)	(23,087)	(49,807)
<b>Net decrease in cash &amp; cash equivalents during the period</b>		<b>(127,219)</b>	<b>(446,428)</b>	<b>(112,625)</b>	<b>(443,318)</b>
<b>Cash &amp; cash equivalents at the beginning of the period</b>		<b>18,166</b>	<b>464,594</b>	<b>48,850</b>	<b>492,168</b>
<b>Cash &amp; cash equivalents at the end of the period (Note B)</b>		<b>(109,053)</b>	<b>18,166</b>	<b>(63,775)</b>	<b>48,850</b>

For the year ended 31st March	Notes	Company		Group	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
<b>Note A - Cash (used for)/ generated from operations</b>					
Profit before tax from continued operations		129,720	60,605	127,803	34,621
Profit before interest and tax from discontinued operations		-	-	14,522	4,531
<b>Adjustments for:</b>					
Depreciation on property, plant & equipment	16	232	14	232	14
Impairment of investment in Rainforest Ecolodge (Private) Limited	8	3,879	14,639	-	-
Amortisation of right of use asset	16	5,461	12,626	5,461	12,626
Amortisation of intangible assets	18	139	139	139	139
Gain on disposal of property, plant & equipment	7	(9,363)	-	(9,363)	-
Provision for retirement benefit	32	468	498	468	498
Provision for inter company receivable	8	313	-	-	-
Reversal provision for impairment of trade receivable	24.2	(2,334)	(767)	(2,334)	(767)
Reversal provision for write down of inventories	23.1	(5,867)	(3,480)	(5,867)	(3,480)
Rent payment waive off received	7	(1,346)	(615)	(1,346)	(615)
Dividend income	7	(28,209)	(23,035)	(28,209)	(23,035)
Interest income		(4,131)	(14,394)	(18,601)	(16,474)
Interest expense		12,919	8,450	12,919	8,450
Adjustment for de-recognition of right of use asset		(2,350)	-	(2,350)	-
Share of loss of equity accounted investees		-	-	6,109	40,623
Operating profit before working capital changes		99,531	54,680	99,583	57,131
(Increase)/decrease in trade and other receivables		(149,585)	81,364	(149,272)	81,708
Increase in inventories		(36,068)	(48,748)	(36,068)	(48,748)
Increase in trade and other payables		16,996	8,851	16,865	7,194
Cash (used for)/ generated from operations		(69,126)	96,147	(68,892)	97,285
<b>Note B - Analysis of cash &amp; cash equivalents at the end of the year</b>					
Cash in hand and at bank		17,109	18,166	62,387	48,850
Interest bearing short-term borrowings		(126,162)	-	(126,162)	-
		(109,053)	18,166	(63,775)	48,850

Notes from pages 38 to 87 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, subsidiaries and equity accounted investees are provided in the Annual Report of the Board of Directors on the State of Affairs of Chemanex PLC (Page 20).

### 1.3 Parent and Ultimate Parent Enterprise

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

### 1.4 Authorisation for Issue

The Board of Directors is responsible for these Financial Statements. The Financial Statements were authorised for issue in accordance with a resolution of the Board of Directors on 31st May 2022.

### 1.5 Comparative Information

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

In addition, the Group presents an additional Statement of Financial Position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective

restatement, or a reclassification of items in Financial Statements.

### 1.6 Materiality, aggregation, offsetting and rounding

#### Materiality and aggregation

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

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

#### Offsetting

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

#### Rounding

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

## 2. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of Consolidated Financial Statements in conformity with Sri Lanka Accounting Standards (SLFRS/ LKAS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

recognised in the period in which the estimates are revised in any future periods effected.

### 2.1 Judgments

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

#### 2.1.1 Fair Value Measurement of Financial Instruments

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

Significant judgements are applied in the valuation methodology, particularly relating to the identification of comparable industry peers and the application of liquidity discounts. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 21 for further discourse.

### 2.2 Estimation and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year ended 31st March 2022 is included in the following notes.

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

- Note 19 - recognition of deferred tax assets: availability of future taxable

profit against which deductible temporary differences can be utilised;

- Note 21 - determination of fair value of the equity accounted investees in carrying our impairment test
- Note 41 - measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate;

### **3. SIGNIFICANT ACCOUNTING POLICIES**

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

#### **3.1 Basis of Preparation**

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

The Financial Statements of all the companies in the Group as mentioned in Notes 20 and 21 to the Financial Statements are prepared for a common financial year, which ends on 31st March.

##### **3.1.1 Statement of Compliance**

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

#### **3.1.2 Basis of Measurement**

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

#### **3.1.3 Functional and Presentation Currency**

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

#### **3.2 Basis of Consolidation**

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

In determining the basis of preparing the financial statements for the year ended 31 March 2022, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the Company and the appropriateness of the use of the going concern basis.

The Company's businesses recorded strong improvement in profitability compared to the previous year on the back of a fast recovery momentum with most of the businesses reaching pre COVID-19 levels of operations post the easing of restrictions. The management has formed judgement that the Company, has adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalisation of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the Company.

In determining the above significant management judgements, estimates and assumptions, the impact of the macroeconomic uncertainties, including supply chain disruptions, power interruptions and distribution challenges on account of the prevailing foreign exchange market limitations, and the current economic conditions pandemic have been considered as of the reporting date and specific considerations have been disclosed under the notes, as relevant.

Chemane PLC holds 69.5% of equity in Chemcel (Private) Limited. The Board of Directors are in the process of discussing commercial viability of operations 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 Chemane Exports (Private) Limited by way of sale or winding up. Company also ceased its' paints business in a managed manner.

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

#### **3.2.1 Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over

# Notes to the Financial Statements

the investee. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases.

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

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

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

### 3.2.2 Non-Controlling Interests

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

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

The acquisition of an additional ownership interest or a disposal of ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the

carrying amount of the non-controlling interests is recognised in equity of the parent. No adjustment is made to goodwill as a result of such transactions.

### 3.2.3 Loss of Control

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

### 3.2.4 Equity Accounted Investees

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

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

The Group's investment in associate is accounted for using the equity method and are recognised initially at cost which includes the transaction cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The Statement of Profit or Loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the

associate, the Group recognises its share of any changes, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the associate is eliminated to the extent of the interest in the associate.

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

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

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

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

The Group discontinues the use of the equity method from the date that it ceases to have significant influence over an associate and accounts for the investment in accordance with the Group's accounting policy for financial instruments. Any difference between the

carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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.

### 3.2.5 Intra-Group Transactions

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

### 3.2.6 Transactions Eliminated on Consolidation

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

### 3.3 Measurement of Fair Values

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

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair

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

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

When measuring fair value of an asset or liability, the Group uses observable market data as far as possible. Fair Values are 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.

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

- Note 22, 26 - Equity investment at fair value through OCI (current and non current)

### 3.4 Foreign Currency Transactions

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

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

### 3.5 Revenue

#### 3.5.1 Revenue Streams

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

# Notes to the Financial Statements

### 3.5.2 Disaggregation of Revenue from Contract with Customers

Revenue from contract with customers (including revenue related to a discontinuing operation) is disaggregated by primary geographical market, major products and timing of revenue recognition under Note 06.

### 3.5.3 Performance Obligations and Revenue Recognition Policies

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

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

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

### 3.5.4 Rendering of Services

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

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.

### 3.7 Tax

#### 3.7.1 Current Income Tax

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

### 3.5.5 Interest Income

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

### 3.6 Finance income and finance costs

The Group's finance income and finance costs include

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

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

### 3.5.6 Dividend Income

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

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

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.

### 3.5.7 Rental Income

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

- The gross carrying amount of the financials assets: or

- The amortised cost of the financial liability.

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

### 3.5.8 Commissions

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

### 3.5.9 Others

Other income is recognised on an accrual basis.

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

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

### 3.7.2 Deferred Tax

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

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred

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

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

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

### 3.8 Discontinued Operations

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

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

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

When an operation is classified as a discontinued operation, the comparative statement of comprehensive income

is re-presented as if the operation had been discontinued from the start of the comparative year.

### 3.8.1 Assets and Liabilities relating to Discontinued Operations

Assets and Liabilities relating to Discontinued Operations are presented separately in the Statement of Financial Position.

### 3.9 Property, Plant & Equipment

#### 3.9.1 Initial Recognition and Measurement

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

The cost of self-constructed assets includes the following:

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

When significant parts of property, plant & equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

#### 3.9.2 Subsequent Costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

# Notes to the Financial Statements

Ongoing repairs and maintenance is expensed as incurred.

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

### 3.9.3 Depreciation

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

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

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

- Buildings 10 - 20 years
- Plant and machinery 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.

### 3.9.4 De-recognition

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

### 3.10 Leases

The Group assesses at contract inception whether a contract is, or

contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### 3.10.1 Group as a lessee

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

#### I) Right-of-use assets

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

- Buildings  
02 to 03 years and 19 years.

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

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

#### II) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives

receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

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

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

The Group's lease liabilities are included in Interest-bearing loans and borrowings (Note 31).

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

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

recognised as expense on a straight-line basis over the lease term.

### 3.10.2 Group as a lessor

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

### 3.11 Borrowing Costs

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

### 3.12 Intangible Assets

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

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

The useful lives of intangible assets are assessed as either finite or indefinite. Except for goodwill, intangible assets with finite lives are amortised on a

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

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

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

#### 3.12.1 ERP Implementation Cost

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

### 3.13 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's

recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in expense categories consistent with the function of the impaired asset, except for a property previously revalued and the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets or CGUs

# Notes to the Financial Statements

recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The following asset has specific characteristics for impairment testing:

### 3.13.1 Intangible Assets

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

## 3.14 Financial Instruments

### 3.14.1 Financial Assets

#### (A) Initial Recognition and Measurement

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

#### (B) Classification and Subsequent Measurement

On initial recognition a financial asset is classified as measured at :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 is not designated as at FVTPL:

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

A debt investment is measured at FVOCI if it 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.

#### (C) Financial assets – Business model assessment

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual income, maintain a particular interest rate profile, matching the duration of the financial asset to the duration of any related liabilities or expected cash outflows or 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 mangers of business are compensated – eg: whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reason for such sales are expectations about future sales activity.

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

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

measured at FVTPL.

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

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group

considers the contractual terms of the instrument. This include assessing whether the financial assets contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition in making assessment, the Group considers:

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

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

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

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

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

Financial liabilities are classified as measured at 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.

**3.14.3 De recognition**

**(A) Financial asset**  
The Group de recognises a financial asset when the contractual rights to the cash flow from the financial assets expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not

retain control of the financial assets.

The Group enters into transaction whereby it transfers assets recognised in its Statements of Financial Position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

**(B) Financial liabilities**

The Group de-recognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also de recognises a financial liability when its terms are modified and the cash flows of the modified liability

# Notes to the Financial Statements

are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

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

### 3.14.4 Offsetting

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

### 3.14.5 Impairment

#### (A) Non-Derivative Financial Assets

Financial instruments and contract assets

The Group recognises a loss allowance for ECLs on:

- Financial assets measured at 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 180 days past due.

The Group considers financial asset to be in default when:

- The borrower unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as 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 A- or higher.

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

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

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

#### 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;

- 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

Presentation of allowance for ECL in the Statement of Financial Position

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

### 3.14.6 Write off

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

### 3.15 Inventories

Inventories are measured at the lower of cost or net realisable value. The cost of finished goods is computed, based on the weighted average cost method and includes material, labour and appropriate share of production overheads, based on normal operating capacity. In the case of purchased inventories, cost includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. The cost of raw material is computed at weighted average cost.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Provision for obsolete and slow moving inventory

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

### 3.16 Provisions

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

### 3.17 Employment benefits

#### Defined Benefit Plans

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

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

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

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

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

#### Defined Contribution Plan

Employees' Provident Fund/ Mercantile Services Provident Society and Employees' Trust Fund

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

#### Short-Term Benefits

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

### 3.18 Expenditure Recognition

- (a) Expenses are recognised in Profit and Loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to income in arriving at the profit for the year.
- (b) For the purpose of presentation of the Income Statement, the Directors are of the opinion that "function of expenses method" presents fairly the elements of the Group's performance and hence such presentation method is adopted.

# Notes to the Financial Statements

## 3.19 Earnings Per Share

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

## 3.20 Cash Flow Statement

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

## 3.21 Segment Reporting

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

A summary describing the operations of each reportable segment is given in pages 2 and 52.

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.

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

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards which will become applicable for financial periods beginning on or after 1st April 2022 or at a later date. The Group intends to adopt these standards, if applicable, when they become effective.

## 4.1 Amendments to SLFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021

In 4 December 2020, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued Covid-19-Related Rent Concessions - amendment to SLFRS 16 Leases. The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under SLFRS 16, if the change were not a lease modification.

## 4.2 Standards Issued but not yet Effective

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

### 4.2.1 SLFRS 17 Insurance Contracts

In 8 January 2020, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued SLFRS 17 Insurance Contracts (SLFRS 17). SLFRS 17 was amended by Amendments to SLFRS 17 - Insurance Contracts, in 28 June 2021. SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities

that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by:

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

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

### 4.2.2 Amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets : Onerous Contracts – Costs of Fulfilling a Contract

In 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets (LKAS 37) to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are

explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

#### **4.2.3 Amendments to LKAS 16 Property, Plant & Equipment : Proceeds before Intended Use**

In 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued LKAS 16 Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

#### **4.2.4 Amendments to SLFRS 3 Business Combinations : Updating a reference to conceptual framework**

In 23 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to SLFRS 3 Business Combinations - Updating a Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

An exception was also added to the recognition principle of SLFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of LKAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, it was decided to clarify existing guidance in SLFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

#### **4.2.5 SLFRS 1 First-time Adoption of Sri Lanka Financial Reporting Standards – Subsidiary as a first-time adopter**

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to SLFRS 1 First-time Adoption of International Financial Reporting Standards (SLFRS 1). The amendment permits a subsidiary that elects to apply paragraph D16(a) of SLFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to SLFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of SLFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group do not have subsidiaries which are adopting IFRSs for the first time and hence, this amendment is not applicable to the Group.

#### **4.2.6 SLFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities**

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to SLFRS 9 Financial Instruments (SLFRS 9). The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

#### **4.2.7 LKAS 41 Agriculture – Taxation in fair value measurements**

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to LKAS 41 Agriculture (LKAS 41). The amendment removes the requirement in paragraph 22 of LKAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of LKAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

## Notes to the Financial Statements

### 5. INDUSTRY SEGMENT INFORMATION

#### (a) Segmental Revenue

For the year ended 31st March	Group	
	2022	2021
	Rs.'000	Rs.'000
Rubber and plastic	338,121	202,417
Coating and packaging	174,478	128,374
Home and personal care	127,081	110,610
<b>Total revenue from external customers</b>	<b>639,680</b>	<b>441,401</b>

#### (b) Segmental Results

For the year ended 31st March	Group	
	2022	2021
	Rs.'000	Rs.'000
Rubber and plastic	62,771	19,764
Coating and packaging	6,383	(195)
Home and personal care	15,333	12,784
Segmental Result	84,487	32,353
Other incomes	63,534	36,947
Un allocated expenses	(5,321)	-
Finance income (net)	(8,788)	5,944
Share of loss of equity accounted investees	(6,109)	(40,623)
<b>Profit before tax</b>	<b>127,803</b>	<b>34,621</b>
Income tax expense	(30,446)	(15,473)
Profit from continued operations	97,357	19,148
Profit from discontinued operations	14,445	4,378
<b>Profit for the year</b>	<b>111,802</b>	<b>23,526</b>
<b>Profit attributable to :</b>		
Equity holders of the Company	111,826	23,526
Non-controlling interest	(24)	-
	111,802	23,526

As at 31st March	Capital Expenditure		Depreciation		Total Assets	
	2022	2021	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Assets						
Rubber and plastic	-	-	186	77	192,672	92,054
Coating and packaging	894	41	124	51	13,126	72,311
Home and personal care	-	-	61	25	104,869	49,925
Investments/other	-	-	-	-	2,410,224	2,316,658
	894	41	371	153	2,720,891	2,530,948

Liabilities	Retirement Benefit Obligations		Trade and Other Payables	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
As at 31st March				
Rubber and plastic	719	594	21,101	4,152
Coating and packaging	1,397	1,233	1,701	5,934
Home and personal care	227	173	850	169
Investments/other	-	-	34,075	29,975
	2,343	2,000	57,727	40,230

## 6 REVENUE

For the year ended 31st March	Company/Group	
	2022 Rs.'000	2021 Rs.'000
Revenue	639,680	441,401

### 6.1 Disaggregation of Revenue from Contracts with Customers

For the year ended 31st March	Company/Group	
	2022 Rs.'000	2021 Rs.'000
Major product lines		
Rubber and plastic	338,121	202,417
Coating and packaging	174,478	128,374
Home and personal care	127,081	110,610
Timing of revenue recognition		
Products transferred at a point in time	639,680	441,401

## 7 OTHER INCOME

For the year ended 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Dividend income -quoted	28,209	23,035	28,209	23,035
Net gain on disposal of property, plant & equipment	9,363	-	9,363	-
Direct sales commission	12,571	3,176	12,571	3,176
Rent income	11,970	10,029	11,970	10,029
Sundry income	1,421	707	1,421	707
Total	63,534	36,947	63,534	36,947

# Notes to the Financial Statements

## 8 OTHER EXPENSES

For the year ended 31st March	Company	
	2022	2021
	Rs.'000	Rs.'000
Impairment of investment in Rainforest Ecolodge (Private) Limited	3,879	14,639
Provision for inter company receivable	313	-
Total	4,192	14,639

## 9. FINANCE (EXPENSE)/INCOME (NET)

### 9.1 Finance Income

For the year ended 31st March	Company/Group	
	2022	2021
	Rs.'000	Rs.'000
Staff loans	63	62
Interest on sub-leasing	-	125
Interest on treasury bills	3,617	-
Deposits	451	14,207
	4,131	14,394

### 9.2 Finance Cost

For the year ended 31st March	Company/Group	
	2022	2021
	Rs.'000	Rs.'000
Short-term loans and overdrafts	261	317
Interest on leasing	1,071	5,681
Foreign exchange loss	11,587	2,452
	12,919	8,450
<b>Finance income/(expense) (Net)</b>	<b>(8,788)</b>	<b>5,944</b>

## 10 SHARE OF LOSS OF EQUITY ACCOUNTED INVESTEEES (NET OF TAX)

For the year ended 31st March	Group	
	2022	2021
	Rs.'000	Rs.'000
Rainforest Ecolodge (Private) Limited	(6,109)	(40,623)
Total	(6,109)	(40,623)

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

For the year ended 31st March	Company/Group	
	2022	2021
	Rs.'000	Rs.'000
Directors' emoluments and retirement benefits	-	-
Depreciation of property, plant & equipment	5,693	12,640
Directors' fees	4,800	4,800
Staff training and development	-	-
Legal fees	627	51
Auditors' remuneration		
Statutory audit fees	570	520
Audit related fees	280	301
Professional fees	337	238
Reversal of provision for inventories	(5,867)	(3,480)
Personnel costs * (Note11.1)	14,471	10,460

**11.1 Personnel costs**

For the year ended 31st March	Company/Group	
	2022	2021
	Rs.'000	Rs.'000
Salaries	9,427	8,377
EPF/MSPS - Defined contribution plan	1,128	1,003
ETF- defined contribution plan	282	250
Bonus	3,166	332
Provision for retirement benefits	468	498
<b>Total</b>	<b>14,471</b>	<b>10,460</b>
Number of employees at the end of the year	14	14

# Notes to the Financial Statements

## 12 INCOME TAX EXPENSES

For the year ended 31st March	Company		Group	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Current tax expenses on ordinary activities for the year				
Current tax expenses on profit for the year ( Note 12.2)	23,008	16,197	23,008	16,197
Capital gain tax	-	9,673	-	9,673
Over provision in respect of previous years	(11,905)	(137)	(11,905)	(137)
Transferred to other comprehensive income	9,673	(9,673)	9,673	(9,673)
	20,776	16,060	20,776	16,060
Deferred tax charge/(reversal)				
Origination of temporary differences (Note 12.1)	9,670	(587)	9,670	(587)
	9,670	(587)	9,670	(587)
<b>Total</b>	<b>30,446</b>	<b>15,473</b>	<b>30,446</b>	<b>15,473</b>

### 12.1 Deferred Tax Expense

For the year ended 31st March	Company		Group	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Income Statements				
Property, plant & equipment	(63)	38	(63)	38
Intangible assets	(183)	18	(183)	18
Retirement benefit obligations	(112)	(75)	(112)	(75)
Right-of-use-asset	(8,234)	(1,218)	(8,234)	(1,218)
Net investment in sub-lease	-	(4,073)	-	(4,073)
Provision for impairment of trade receivables	7,314	3,105	7,314	3,105
Lease liability	9,325	5,536	9,325	5,536
Provision for slow moving inventory	1,624	(3,918)	1,624	(3,918)
	9,670	(587)	9,670	(587)
Other Comprehensive Income				
Deferred tax charge/( reversal) arising from :				
Actuarial losses on retirement benefit obligations	30	(97)	30	(97)
Investment in fair value through OCI	616	(6,225)	616	(6,225)
	646	(6,322)	646	(6,322)
<b>Total</b>	<b>10,316</b>	<b>(6,909)</b>	<b>10,316</b>	<b>(6,909)</b>

## 12.2 Reconciliation of the Accounting Profit and Taxable Profit

For the year ended 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Profit before tax-continuing operations	129,720	60,605	127,803	34,621
Profit before tax-discontinued operations	-	-	14,522	4,531
	129,720	60,605	142,325	39,152
Share of loss of equity accounted investee	-	-	6,109	40,623
Disallowable expenses	24,687	36,103	20,808	21,597
Tax deductible expenses	(33,174)	(19,228)	(33,174)	(19,228)
Capital allowances	(260)	(393)	(260)	(393)
Tax exempt income	(19,068)	-	(33,538)	-
Tax loss utilised during the year	-	-	-	(4,027)
Taxable profit	101,905	77,087	102,270	77,724
Income tax @ 14%	1,280	3,225	1,280	3,225
Income tax @ 24%	21,728	12,972	21,805	13,125
Current tax expense on continued operations	23,008	16,197	23,008	16,197
Current tax expense on discontinued operations	-	-	77	153
	23,008	16,197	23,085	16,350
Accumulated tax losses				
Tax loss brought forward	-	-	-	(4,057)
Adjustment to brought forward tax losses	-	-	220	(30)
Tax loss utilised during the year	-	-	(220)	(4,027)
Tax loss carried forward	-	-	-	-
Effective tax rate	23%	21%	23%	21%

**12.3** 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 taxation are liable to income tax at 24%. Deferred tax has been computed using tax rate of 24%.

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

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

# Notes to the Financial Statements

## 13 DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR DISTRIBUTION

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

### 13.1 Profit after tax From Discontinued Operations

For the year ended 31st March	Group	
	2022	2021
	Rs.'000	Rs.'000
Other income	251	2,584
Administrative expenses	(199)	(133)
Finance income (net)	14,470	2,080
Profit before tax from a discontinued operations	14,522	4,531
Tax expense	(77)	(153)
Profit for the year from a discontinued operations	14,445	4,378

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

For the year ended 31st March	Company		Group	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Assets</b>				
Investments	47,000	47,000	3,519	3,957
Other receivables	-	-	995	1,072
Cash in hand and cash at bank	-	-	45,278	30,684
<b>Assets classified as held for distribution</b>	<b>47,000</b>	<b>47,000</b>	<b>49,792</b>	<b>35,713</b>
<b>Liabilities</b>				
Trade and other payables	-	-	950	1,582
Liabilities directly associated with assets classified as held for distribution	-	-	950	1,582
<b>Net assets directly associated with disposal group</b>	<b>47,000</b>	<b>47,000</b>	<b>48,842</b>	<b>34,131</b>

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

### 13.3 Cash Flows Generated From Discontinued Operations

For the year ended 31st March	Group	
	2022	2021
	Rs.'000	Rs.'000
Net cash from investing activities	14,594	3,110
<b>Net cash inflow</b>	<b>14,594</b>	<b>3,110</b>

### 13.4 Earnings per Share:

For the year ended 31st March	Group	
	2022	2021
	Rs.	Rs.
Basic / diluted earnings per share for the year, from discontinued operations (Rs.)	0.92	0.28

## 14 EARNINGS PER SHARE

For the year ended 31st March	Company		Group	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Profit attributable to equity holders of the Company	99,274	45,132	111,826	23,526
The share capital is as follows :				
<b>Ordinary Shares</b>				
Number of shares	15,707,312	15,707,312	15,707,312	15,707,312
Basic / Diluted earnings per share (Rs.)	6.32	2.87	7.12	1.50

### Basic Earnings per Share

The calculation of basic earnings per share is based on the profit attributable to Ordinary Shareholders and the weighted average number of shares outstanding during the year.

### Diluted Earnings per Share

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

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

## 15 GROSS DIVIDENDS

For the year ended 31st March	Group	
	2022	2021
	Rs.'000	Rs.'000
Interim Dividend	-	-
Interim dividend paid per share Rs. Nil (2020/21 -Nil)	-	-
	-	-
<b>Final Dividends</b>		
Final dividend proposed and paid Rs.1.00 (2020/21) per share Rs.2.00 (2019/20)	15,707	31,415
<b>Total</b>	<b>15,707</b>	<b>31,415</b>

During the year, Rs.1.00 dividend was paid to the shareholders (2020/21- Rs. 2.00).

Directors have recommended the payment of a final dividend of Rs.2.00 per share on Ordinary Shares for the year ended 31st March 2022. This proposed dividend has not yet been recognised as a liability as at 31.03.2022.

This would result in a total dividend per share of Rs.2.00 (2020/21 - Rs.1.00) once it is approved at the Annual General Meeting. These were distributed to shareholders out of the dividend received.

## Notes to the Financial Statements

### PROPERTY, PLANT & EQUIPMENT

	Buildings	Plant & Machinery	Equipment	Computers	Furniture & Fittings	Motor Vehicles	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Freehold</b>							
<b>Cost/Valuation</b>							
<b>At the beginning of the year</b>	459	838	5,295	12,732	173	8,491	27,988
Additions	-	-	-	894	-	-	894
Disposals/write off	(459)	(830)	(418)	(195)	-	-	(1,902)
<b>At the end of the year</b>	-	8	4,877	13,431	173	8,491	26,980
<b>Depreciation/Impairment</b>							
<b>At the beginning of the year</b>	459	838	5,255	12,732	173	8,491	27,948
Depreciation	-	-	8	224	-	-	232
Disposals/write off	(459)	(830)	(418)	(195)	-	-	(1,902)
<b>At the end of the year</b>	-	8	4,845	12,761	173	8,491	26,278
<b>Right-of use asset</b>							
<b>Cost/Valuation</b>							
<b>At the beginning of the year</b>	59,709	-	-	-	-	-	59,709
Transferred from investment in sub-lease	-	-	-	-	-	-	-
De-recognition	(32,332)	-	-	-	-	-	(32,332)
<b>At the end of the year</b>	27,377	-	-	-	-	-	27,377
<b>Depreciation/Impairment</b>							
<b>At the beginning of the year</b>	21,410	-	-	-	-	-	21,410
Amortisation	5,461	-	-	-	-	-	5,461
De-recognition	(3,484)	-	-	-	-	-	(3,484)
<b>At the end of the year</b>	23,387	-	-	-	-	-	23,387
<b>Carrying value as at 31st March 2022</b>	3,990	-	32	670	-	-	4,692
<b>Carrying value as at 31st March 2021</b>	38,299	-	40	-	-	-	38,339

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

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

**B. Leased plant & equipment**

During the year 2021/22 Company de-recognised a part of its right of use asset amounting to Rs.28.85Mn due to the modification in its lease term.

In 2020/21, Company de-recognised its investment in sub-lease of Rs.13.75Mn and recognised it as a right of use asset.

**C Carrying Value Base**

As at 31st March	Company/Group	
	2022	2021
	Rs.'000	Rs.'000
At Cost	4,692	38,339
<b>Total</b>	<b>4,692</b>	<b>38,339</b>

D. During the year, one unit of condominium property located at No 01, 1st Lane, Nelumpura, Thelawala, Moratuwa with a net carrying value of Rs.0.50Mn was sold for a net cash consideration of Rs.9.36Mn. The net gain on this disposal is recognised as part of other income in the Statement of Profit or Loss.

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

As at 31st March	Company/Group	
	2022	2021
	Rs.'000	Rs.'000
Buildings	-	459
Plant & Machinery	8	838
Equipment	4,836	5,254
Computers	12,537	12,732
Furniture & Fittings	173	173
Motor Vehicles	8,491	8,491
<b>Total</b>	<b>26,045</b>	<b>27,947</b>

**17 INVESTMENT IN SUB-LEASE**

As at 31st March	Company/Group	
	2022	2021
	Rs.'000	Rs.'000
At the beginning of the year	-	14,547
Sub lease interest income	-	125
Rent income received	-	(925)
Transferred to ROU asset	-	(13,747)
At the end of the year	-	-

Group had sub-lead office premises which was on lease term to two companies. In 2020/21, those lease agreements were renewed with new terms which lead to derecognition of the sub-lease due to the period of the agreement was short term.

**A. Amounts recognised in profit or loss**

Sub-lease interest income recognised by the Group during 2020/21 was Rs.0.13Mn and included in finance income.

# Notes to the Financial Statements

## 18 INTANGIBLE ASSETS

As at 31st March	Company/Group	
	2022	2021
	Rs.'000	Rs.'000
Software cost capitalised	1,077	1,216
Amortisation for the year	(139)	(139)
<b>Net software cost capitalised</b>	<b>938</b>	<b>1,077</b>

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

## 19 DEFERRED TAX

As at 31st March	Company/Group	
	2022	2021
	Rs.'000	Rs.'000
At the beginning of the year	26,056	19,147
Amount origination /(reversal) of temporary differences		
Recognised in profit or loss	(9,670)	587
Recognised in other comprehensive income	(646)	6,322
<b>At the end of the year</b>	<b>15,740</b>	<b>26,056</b>
Deferred tax assets	15,740	26,056

The Group recognised deferred tax asset of Rs.15.74Mn ( 2021- Rs.26.06Mn) 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

The analysis of deferred tax assets and deferred tax liabilities are as follows:

As at 31st March	Company/Group	
	2022	2021
	Rs.'000	Rs.'000
Deferred tax assets		
Deferred tax assets to be recovered within 12 months	549	153
Deferred tax assets to be recovered after 12 months	15,192	25,903
Deferred tax assets	15,740	26,056

## B. Movements in deferred tax balances

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

2022	Company/Group	Balance at 31 March					
		Net balances 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	(8)	63	-	55	54.72	-
	Intangible assets	(125)	183	-	58	58	-
	Retirement benefit obligation	480	112	(30)	562	562	-
	Right-of-use-asset	(9,192)	8,234	-	(958)	-	(958)
	Impairment of trade receivables	13,927	(7,314)	-	6,613	6,613	-
	Lease liability	10,831	(9,325)	-	1,506	1,506	-
	Investment in fair value through OCI	6,225	-	(616)	5,610	5,610	-
	Inventory provision	3,918	(1,624)	-	2,294	2,294	-
	Net tax assets/(liabilities)	26,056	(9,670)	(646)	15,740	16,698	(958)

2021	Company/Group	Balance at 31 March					
		Net balances 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	30	(38)	-	(8)	-	(8)
	Intangible assets	(107)	(18)	-	(125)	-	(125)
	Retirement benefit obligation	308	75	97	480	480	-
	Right-of-use-asset	(10,410)	1,218	-	(9,192)	-	(9,192)
	Net investment in sub-lease	(4,073)	4,073	-	-	-	-
	Impairment of trade receivables	17,032	(3,105)	-	13,927	13,927	-
	Lease liability	16,367	(5,536)	-	10,831	10,831	-
	Investment in fair value through OCI	-	-	6,225	6,225	6,225	-
	Inventory provision	-	3,918	-	3,918	3,918	-
	Net tax assets/(liabilities)	19,147	587	6,322	26,056	35,381	(9,325)

# Notes to the Financial Statements

## C. Deferred Tax Effects of Temporary Differences

Company/Group	2022		2021	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Property plant & equipment	228	55	(35)	(8)
Intangible assets	243	58	521	(125)
Retirement benefit obligation	(2,343)	562	(2,000)	480
Right-of-use-asset	3,990	(958)	38,300	(9,192)
Impairment of trade receivables	(27,553)	6,613	(58,028)	13,927
Lease liability	(6,276)	1,506	(45,129)	10,831
Investment in fair value through OCI	56,095	5,610	62,250	6,225
Inventory provision	(9,558)	2,294	(16,324)	3,918
	106,286	15,740	222,517	26,056

## D. Unrecognised Deferred Tax Assets

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

## E. Unremitted income from subsidiaries and associates.

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

## F. Unrecognised Differed Tax Liabilities

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

## 20 INVESTMENT IN SUBSIDIARIES

As at 31st March	No. of shares	Percentage of holding	2022 Rs.'000	2021 Rs.'000
<b>Unquoted - Subsidiaries</b>				
Chemanax Exports (Private) Limited	860,000	100%	47,000	47,000
Chemcel (Private) Limited	82,041	70%	172	172
			47,172	47,172
Transferred to assets classified as held for distribution (Note 13.4)			(47,172)	(47,172)
<b>Total</b>			-	-

- i) The subsidiaries of the Company are incorporated in Sri Lanka.
- ii) In 2017/18, in accordance with SLFRS 5 " Non-Current Assets Held for Sale and Discontinued Operations" Company classified it's investment in Chemanax Exports (Private) Limited and Chemcel (Private) Limited as "Assets Held For Distribution".
- iii) The main activities of the subsidiary companies are given in page 89.
- iv) The Group has assessed each subsidiary that has non-controlling interests based on contribution made to the Group revenue, Group profit, total assets and net assets and have determined that such non-controlling interests are not material to the Group.
- (v) Loss attributable to non-controlling interest of Rs.0.02Mn arise from Chemcel (Private) Limited.

**21 EQUITY ACCOUNTED INVESTEEES**

For the year ended 31st March	No. of shares	Percentage of holding	Company		Group	
			2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
<b>Unquoted</b>						
Rainforest Ecolodge (Private) Limited	9,950,968	20.89%	99,510	99,510	40,460	46,569
Provision for impairment of investment in Associate			(56,820)	(52,941)		
			42,690	46,569	40,460	46,569

As at 31st March	Group	
	2022 Rs.'000	2021 Rs.'000
At the beginning of the year	46,569	87,192
Share of loss	(6,109)	(40,623)
Disposal	-	-
<b>At the end of the year</b>	<b>40,460</b>	<b>46,569</b>

- (i) The equity accounted investee of the Company is incorporated in Sri Lanka and the registered business place is located at No 50, Nawam Mawatha, Colombo 02.
- (ii) Company has neither contingent liabilities no capital commitments in respect of the equity accounted investees.
- (iii) During the year Company impaired its investment amounting to Rs. 3.88Mn (2020/21- Rs.14.64Mn). The impairment test was carried out through the determination of the investment's value in Use. Key assumptions applied in the impairment test included the discount rate applied (19.6%) and terminal growth rate (2%).
- (iv) The main activities of the equity accounted investees are given in page 89.
- (v) Summarised financial information of equity accounted investees is as follows:

As at 31st March	2022 Rs.'000	2021 Rs.'000
Revenue	50,761	37,024
Expenses	(83,630)	(96,261)
Loss after tax	(32,869)	(59,237)
Non-current assets	347,885	368,534
Current assets	26,749	18,049
Total assets	374,634	386,583
Non-current liabilities	105,954	133,345
Current liabilities	74,998	30,312
Total liabilities	180,952	163,657
Net assets	193,682	222,926

# Notes to the Financial Statements

## 22 EQUITY INVESTMENTS AT FAIR VALUE THROUGH OCI

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

As at 31st March	Company/Group	
	2022 Rs.'000	2021 Rs.'000
Carrying value at the beginning of the year	192,089	185,660
Fair value gain	6,155	6,429
Disposal	-	-
Carrying value at the end of the year	198,244	192,089

Company/Group	2022		2021	
	No. of Shares	Fair value Rs.'000	No. of Shares	Fair value Rs.'000
<b>Unquoted</b>				
CIC Feeds (Private) Limited	500,000	198,094	500,000	191,939
Equity Investments Lanka (Private) Limited	15,000	150	15,000	150
		198,244		192,089

In 2020/21, Company disposed its investment in CIC Agri Businesses (Private) Limited to CIC Holdings PLC for a consideration of Rs.200.33Mn while generating the full amount as a disposal gain. This was fully impaired in the Company Financial Statements.

Further, based on the valuation performed, per share value of CIC Feeds (Private) Limited increased by Rs.12.31 resulting a fair value gain of Rs.6.15Mn which is recognised in other comprehensive income.

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

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

Significant unobservable input used in the fair value measurements categorised within level 3 of the fair value hierarchy, together with the quantitative sensitivity analysis as at 31 March 2022 as follows:

Financial asset	Valuation technique	Unobservable inputs Rs.'000	Range of unobservable inputs and the sensitivity
Unquoted	Market multiples derived from comparable industry peers.	Illiquidity discount applied of 12% (2020/21- 6.5%).	1% increase in the illiquidity discount would reduce investment value by Rs.2.25Mn (2021- Rs.2.05Mn) and 1% reduction in the illiquidity discount would increase the investment value by Rs.2.25Mn (2021- Rs.2.05Mn).

## 23 INVENTORIES

As at 31st March	Company/Group	
	2022	2021
	Rs.'000	Rs.'000
Raw materials and consumables	15,718	24,349
Finished goods	170,732	127,031
	186,450	151,380
Provision for obsolete and slow moving inventories (Note 23.1)	(30,423)	(37,288)
<b>Total</b>	<b>156,027</b>	<b>114,092</b>

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

As at 31st March	Company/Group	
	2022	2021
	Rs.'000	Rs.'000
At Cost	156,027	114,092
At Net Realisable Value	-	-
<b>Total</b>	<b>156,027</b>	<b>114,092</b>

### 23.1 PROVISION FOR OBSOLETE AND SLOW MOVING INVENTORIES

As at 31st March	Company/Group	
	2022	2021
	Rs.'000	Rs.'000
At the beginning of the year	37,288	42,882
Reversal made during the year	(5,867)	(3,480)
Write-off made during the year	(998)	(2,114)
Provision relating to continuing operations	30,423	37,288

During the year reversal of inventory provision is due to reduction in age-based provision. Bank facilities have been obtained on negative pledge of inventories

## 24 TRADE RECEIVABLES

As at 31st March	Company/Group	
	2022	2021
	Rs.'000	Rs.'000
Trade receivables from Group Companies (Note 24.1)	9,287	4,036
Other trade receivable	162,433	168,961
<b>Total</b>	<b>171,720</b>	<b>172,997</b>
Less: Provision for impairment for trade receivables (Note 24.2)	(62,776)	(102,905)
<b>Total</b>	<b>108,944</b>	<b>70,092</b>

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

# Notes to the Financial Statements

## 24.1 Trade Receivable from Group Companies

As at 31st March	Company/Group	
	2022	2021
	Rs.'000	Rs.'000
CIC Holdings PLC	1,253	259
CIC Dairies (Private) Limited	7,369	-
Link Natural Products (Private) Limited	665	3,655
CIC Agri Businesses (Private) Limited	-	122
	9,287	4,036

## 24.2 Provision for Impairment for Trade Receivables

As at 31st March	Company/Group	
	2022	2021
	Rs.'000	Rs.'000
At the beginning of the year	102,905	105,706
Reversal of provision made during the year	(2,334)	(767)
Write-off during the year	(37,795)	(2,034)
At the end of the year	62,776	102,905
Provision relating to continuing trade receivables	62,776	102,905

The contractual amount outstanding on trade receivables that were written off during the year ended 31st March 2022 were not subject to any enforcement activity.

## 24.3 Trade Receivables Currency-Wise

As at 31st March	Company/Group	
	2022	2021
	Rs.'000	Rs.'000
Sri Lankan Rupees	171,720	172,997
<b>Total</b>	171,720	172,997

## 25 OTHER RECEIVABLES

As at 31st March	Company		Group	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Non trade receivable from Group companies (Note 25.1)	821	457	821	457
Other non trade receivables (Net)	134,980	10,525	134,980	10,525
VAT receivable	19,291	31,207	19,291	31,207
Loans to employees	592	741	592	741
<b>Total</b>	155,684	42,930	155,684	42,930

## 25.1 Non Trade Receivable from Group Companies

As at 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Chemcel (Private) Limited	8,714	8,401	-	-
Unipower (Private) Limited	379	384	379	384
CIC Lifesciences (Private) Limited	16	11	16	11
CISCO Speciality Packaging (Private) Limited	60	4	60	4
CIC CropGuard (Private) Limited	366	58	366	58
	9,535	8,858	821	457
Less: Provision for impairment	(8,714)	(8,401)	-	-
<b>Total</b>	<b>821</b>	<b>457</b>	<b>821</b>	<b>457</b>

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

## 26 EQUITY INVESTMENTS AT FAIR VALUE THROUGH OCI

As at 31st March	Company/Group	
	2022 Rs.'000	2021 Rs.'000
Carrying value at the beginning of the year	1,945,825	743,697
Additions	193,463	1,456,915
Fair value gain/(loss)	(24,663)	490,949
Disposal	(141,364)	(745,736)
Carrying value at the end of the year	1,973,261	1,945,825

### 26.1 Company/Group

As at 31st March	Company/Group 2022			Company/Group 2021		
	No. of Shares	Market price/share	Fair value 'Rs.'000	No. of Shares	Market price/share	Fair value 'Rs.'000
Lanka Orix Leasing Company PLC	-	-	-	312,692	292.00	91,306
Hatton National Bank PLC	1,294,076	109.25	141,378	1,261,667	126.00	158,970
Dipped Products PLC	126,891	32.50	4,124	-	-	-
John Keells Holdings PLC	12,605,234	145.00	1,827,759	11,417,835	148.50	1,695,549
<b>Total</b>			<b>1,973,261</b>			<b>1,945,825</b>

During the year Company disposed 312,692 and 48,109 shares of Lanka Orix Leasing Company PLC and Dipped Products PLC respectively. Further, 2,492 shares of Kelani Cables PLC purchased and sold during the year 2021/22.

During the year there have been disposals of strategic investments and the cumulative gain or loss has been transferred within equity.

# Notes to the Financial Statements

## 27 CASH AND CASH EQUIVALENTS

### 27.1 Favourable cash and cash equivalents

As at 31st March	Company 2022		Group 2021	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and bank balances	17,109	18,166	17,109	18,166
	17,109	18,166	17,109	18,166

### 27.2 Unfavourable cash and cash equivalents

As at 31st March	Company		Group	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Bank overdrafts	(126,162)	-	(126,162)	-
	(126,162)	-	(126,162)	-
Cash and cash equivalents classified as assets held for distribution	-	-	45,278	30,684
Cash and cash equivalents for the purpose of cash flow statements	(109,053)	18,166	(63,775)	48,850

## 28 STATED CAPITAL

As at 31st March	2022		2021	
	No. of Shares	Rs. '000	No. of Shares	Rs. '000
Ordinary Shares				
As at the beginning of the year	15,707,312	126,250	15,707,312	126,250
As at the end of the year	15,707,312	126,250	15,707,312	126,250

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

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

## 29 Capital Reserves

As at 31st March	Company		Group	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
At the beginning of the year	-	-	3,000	3,000
At the end of the year	-	-	3,000	3,000

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

### 30 REVENUE RESERVES

#### Summary

As at 31st March	Company		Group	
	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Retained earnings	2,377,890	2,187,322	2,451,583	2,263,392
Fair value reserves	(49,140)	67,217	(52,914)	63,991
	2,328,750	2,254,539	2,398,669	2,327,383

Revenue reserves comprises of retained earnings and fair value reserves.

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

### 31 LOANS AND BORROWINGS

#### 31.1 Loans and Borrowings

As at 31st March	Company/Group	
	2022	2021
	Rs. '000	Rs. '000
Lease liability relating to ROU asset (Note 31.2)	6,276	45,129
Bank overdraft	126,162	-
<b>Total</b>	<b>132,438</b>	<b>45,129</b>

#### 31.2 Lease Liability Relating to ROU Asset

As at 31st March	Company/Group	
	2022	2021
	Rs. '000	Rs. '000
At the beginning of the year	45,129	58,455
Interest charge	1,071	5,681
Rent waive off received	(1,346)	(615)
De-recognition on liability	(31,198)	-
Repayments during the year	(7,380)	(18,392)
At the end of the year	6,276	45,129
Less: Repayable within one year	(6,276)	(8,241)
Repayable after one year	-	36,888

#### 31.3 Loans and Borrowings Repayable Within One Year from the Year End

As at 31st March	Company/Group	
	2022	2021
	Rs. '000	Rs. '000
Lease liabilities relating to ROU asset	6,276	8,241
Bank overdrafts	126,162	-
<b>Total</b>	<b>132,438</b>	<b>8,241</b>

#### 31.4 Loans and Borrowings Repayable After One Year from the Year End

As at 31st March	Company/Group	
	2022	2021
	Rs. '000	Rs. '000
Lease liabilities	-	36,888
	-	36,888

# Notes to the Financial Statements

## 32 RETIREMENT BENEFIT OBLIGATIONS

As at 31st March	Company/Group	
	2022	2021
	Rs.'000	Rs.'000
<b>Present value of the gratuity</b>		
At the beginning of the year	2,000	1,099
Current service cost	397	383
Past service cost	(89)	-
Interest cost	160	115
Actuarial losses	(125)	403
<b>At the end of the year</b>	<b>2,343</b>	<b>2,000</b>

32.1 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	
	2022	2021
	Rs.'000	Rs.'000
Distribution expenses	466	495
Administrative expenses	2	3
	468	498
Other comprehensive income	(125)	403
<b>Total</b>	<b>343</b>	<b>901</b>

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

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

	2022	2021
Rate of discount	15%	8%
Salary increase	13%	7%
Retirement age (Management Staff)	60 Years	55 Years
Staff turnover rate-up to age 49	N/A	2%
Staff turnover rate-after age 49	N/A	0%
Staff turnover rate-up to age 54	2%	N/A
Staff turnover rate-after age 54	0%	N/A

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

Weighted average retirement age of the Company is 12.49 Yrs.

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

### 32.3 Sensitivity of Assumptions Used

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

As at 31st March	Increase by 1%		Decrease by 1%	
	Discount Rate	Future Salary Growth	Discount	Future Salary
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Company/Group - the present value change in retirement benefit obligations	235	(285)	(278)	244

### 32.4 Below table summarises the maturity profile of the defined benefit obligation

As at 31st March	Company/Group	
	2022	2021
	Rs.'000	Rs.'000
within the next 12 months	240	194
Between 1-2years	242	58
Between 2-5 years	148	82
Between 5-10 years	226	755
Beyond 10 years	1,487	911
<b>Total</b>	<b>2,343</b>	<b>2,000</b>

32.5 During the financial Year 2021/2022, The Pension Arrangement was adjusted to reflect new legal requirement as per minimum retirement age of Workers Act No.28 of 2021 regarding the retirement age. As a result of the plan amendment, Company/Group defined benefit obligation decrease by Rs.0.09Mn. (2020/2021- nil).

### 33 TRADE PAYABLES

As at 31st March	Company/Group	
	2022	2021
	Rs.'000	Rs.'000
Bills payable	18,550	4,081
Other trade payables	5,102	6,174
<b>Total</b>	<b>23,652</b>	<b>10,255</b>

#### 33.1 Currency - Wise Trade Payables

As at 31st March	Company/Group	
	2022	2021
	Rs.'000	Rs.'000
US Dollars	18,550	3,619
Euro	-	462
Sri Lankan Rupees	5,102	6,174
	<b>23,652</b>	<b>10,255</b>

# Notes to the Financial Statements

## 34 INCOME TAX PAYABLE

As at 31st March	Company/Group	
	2022	2021
	Rs. '000	Rs. '000
At the beginning of the year	3,047	(6,270)
Provision made during the year	11,103	25,733
Payment made during the year	(11,868)	(16,416)
At the end of the year	2,282	3,047
Income tax payable	2,282	3,047

## 35 ACCRUALS AND OTHER PAYABLES

As at 31st March	Company		Group	
	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Other payables to Group Companies (Note 35.1)	81,936	74,080	11,397	3,040
Other payables	21,676	26,174	21,676	26,174
Accruals	1,002	761	1,002	761
	104,614	101,015	34,075	29,975

### 35.1 Other payables to Group Companies

As at 31st March	Company		Group	
	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
ChemaneX Exports (Private) Limited	70,539	71,040	-	-
CIC Holdings PLC	11,397	3,040	11,397	3,040
	81,936	74,080	11,397	3,040

## 36 CAPITAL COMMITMENT

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

## 37 CONTINGENT LIABILITIES

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

## 38 LEASES

See accounting policy in Note 3.10.

### 38.1 Leases as lessee (SLFRS 16)

ChemaneX PLC has entered into lease agreements with O L M Macan Macar Limited to use their office premises. Company has rented these premises to Unipower (Private) Limited, CIC CropGuard (Private) Limited and CAL Exports Lanka (Private) Limited.

#### 38.1.1 Right-of-use-assets

Right-of-use-assets related to leased properties that do not meet the definition if investment property are presented as property, plant & equipment. (See Note 16)

### 38.1.2 Amounts recognised in profit or loss

For the year ended 31st March	2022	2021
	Rs.'000	Rs.'000
Interest on lease liabilities	1,071	5,681
Income from sub-leasing right-of-use assets presented in "finance income"	-	125

### 38.1.2 AMOUNT RECOGNISED IN STATEMENT OF CASH FLOWS

For the year ended 31st March	2022	2021
	Rs.'000	Rs.'000
Settlement of lease liability	(7,380)	(18,392)

### 38.1.4 Extension options

Some property leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within the control.

### 38.1.5 Maturity analysis- Contractual undiscounted cash flows

As at 31st March	2022	2021
	Rs.'000	Rs.'000
Less than one year	6,507	12,719
Less than one year and not later than five years	-	23,403
More than five years	-	49,868
Total undiscounted lease liability	6,507	85,990

## 38.2 Leases as Lessor

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

### 38.2.1 Finance lease

During 2021, the Group recognised interest income on lease receivable of Rs.0.13Mn. This investment in sub-lease was derecognised due to the modification of lease period for a short period and hence it is being reclassified to right-of-use asset.

### 38.2.2 Operating lease

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

Rental income recognised by the Group during 2022, is Rs.11.97Mn (2021-Rs.10.03Mn).

Undiscounted lease payments to be received within less than nine months after the year end is Rs.10.13Mn.

# Notes to the Financial Statements

## 39 EVENTS AFTER THE REPORTING DATE

### Final dividend declaration

The Board of Directors has recommended a final dividend of Rs.2.00 per share amounting to Rs.31.41 Mn on the issued capital of both Ordinary shares which is payable on 22nd July 2022 if approved by the Shareholders at the Annual General Meeting.

### Subsequent decline in fair value of listed investments held by the Group

As reflected in Note 26, listed investments of the Group amounted to Rs.1,973Mn as at 31st March 2022. However, the price indices in the Colombo Stock Exchange have experienced significant volatility and deterioration due to current economic conditions with which the value of the Group's investment has also seen a decline. As at 31st May 2022, the fair value of the Group's investments had declined to Rs.1,668Mn, being a decline of Rs.306 Mn.

These subsequent changes in the fair value of the Group's investments are not reflected in the Financial Statements as of 31 March 2022.

Other than the above, no other material events have taken place as at the reporting date which require adjustment to or disclosures in the financial statements.

## 40 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.

### 40.1 Parent and Ultimate Controlling Party

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

#### Transactions with Paints and General Industries Limited

As at 31st March	Company/Group	
	2022 Rs. Mn	2021 Rs. Mn
Sale of goods	6.04	4.09
Trade receivables	-	0.9
Transactions with CIC Holdings PLC		
Dividend paid	7.94	15.88
Sale of goods	1.90	0.62
Rent paid	12.38	12.16
Staff cost paid	6.09	5.82
Staff cost received	2.13	1.78
Service charges paid	16.55	14.04
Trade receivable	1.25	0.26
Non trade payable	11.40	3.04

In 2021, Company disposed 16.92% of shares of CIC Agri Businesses (Private) Limited owned by it, to its holding company CIC Holdings PLC on 10 August 2020 for a consideration of Rs.200.33Mn.

Company has neither given or obtained corporate guarantees from its parent company or ultimate parent company.

### 40.2 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.

#### 40.3 Transactions with KMP

##### a) Loans to Directors

No loans have been granted to the Directors of the Company/ Group

##### b) Key Management Personnel Compensation

The details of compensation are given in note 11 to the Financial Statements.

##### c) Other Transactions with Key Management Personnel

The names of Directors of Chemanex PLC, who are also Directors of subsidiary and the equity accounted investee, are stated on page 89.

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 22.

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	2022 Rs.'000	2021 Rs.'000
Polypak Secco Limited	P.R Saldin	Payments to purchase of goods	771	387

There were no other transactions with Key Management Personnel other than those disclosed above.

#### 40.4 Transactions with subsidiaries and fellow subsidiaries.

- (i) Companies within the Group engage in trading transactions under normal commercial terms and conditions.
- (ii) Company provides office space to some fellow subsidiaries and charge rent. Further it pays rent to the parent company for utilising its premises.
- (iii) Company has neither given or obtained corporate guarantees from its subsidiaries or fellow subsidiaries.

Company	Relationship	Nature of the Transaction	2022 Rs.Mn	2021 Rs.Mn
Chemanex Exports (Private) Limited	Subsidiary	Reimbursement of expenses	0.50	0.69
CIC Agri Businesses (Private) Limited	Fellow	Sales	2.95	3.50
	Subsidiary	Dividend paid	0.45	0.89
CIC Dairies (Private) Limited	Fellow	Sales	-	3.48
Link Natural Products (Private) Limited	Fellow	Sales	10.54	18.68
	Subsidiary	Trade receivable	0.67	3.66
CIC CropGuard (Private) Limited	Fellow	Service charges	0.16	0.13
	Subsidiary	Rent received	2.51	1.88
CISCO Speciality Packaging (Private) Limited	Fellow	Service charges	0.05	0.04
	Subsidiary			
CIC Lifesciences Limited	Fellow	Service charges	0.16	0.13
	Subsidiary			
Unipower (Private) Limited	Fellow	Service charges	0.42	0.20
	Subsidiary	Rent income received	3.53	3.53

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31st March 2021 audited Financial Statement, which required additional disclosures in the 2021/22 Annual Report under Colombo Stock Exchange Listing Rules 9.3.2 and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.

# Notes to the Financial Statements

## 40.4.2 Non-Recurring Transactions

Other than the transaction disclosed in 40.1 & 40.4, there were no other non-recurring related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets, whichever is lower, of the Company as at 31st March 2021 audited Financial Statements, which required additional disclosures in the 2021/22 Annual Report under Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.

## 41 FINANCIAL INSTRUMENTS

### Risk Management

The Group's principal financial liabilities comprise of loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has trade and other receivables and cash and cash equivalents that derive directly from its operations. The Group also holds equity instruments as investments. Therefore, the Group is exposed to market risk, credit risk and liquidity risk.

### Risk Management Framework

The Group's senior management oversees the management of these risks. The Group's senior management is supported by the Board of Directors that advises on financial risks and appropriate financial risk governance framework for the Group. The Board of Directors review and agree on policies for managing most of these risks which are summarised below.

### Credit risk

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

As at 31st March	Company/Group	
	2022 Rs. Mn	2021 Rs. Mn
Exposure to credit risk		
Equity securities-fair value through OCI	2,171,505	2,137,914
Trade receivable	108,944	70,092
Other receivable	155,684	42,930
Cash at bank	17,109	18,066
<b>Total</b>	<b>2,453,242</b>	<b>2,269,002</b>

### Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and area in which customers operate, as these factors may have an influence on credit risk.

The senior management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Senior Management. Customers that fail to meet the Group's benchmark credit worthiness may transact with the company only on prepayment or cash basis.

A significant percentage of the Company's customers are transacting with the Company for more than four years. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are institutes, government or distributors, their geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Customers that are graded as 'high risk' are placed on a restricted customer list and monitored by the management, and future sales are made on a prepayment or cash basis.

The Company 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 a specific loss component that relates to individually significant exposures, and a collective loss component established for group of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics of those receivables and future macro economic conditions.

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

As at 31st March	Group	
	2022 Rs.'000	2021 Rs.'000
Domestic	108,944	70,092
<b>Total</b>	<b>108,944</b>	<b>70,092</b>

#### Impairment losses

All trade receivables that are past due, have been considered for impairment as at 31 March 2022.

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

The Group uses a provision matrix to calculate ECLs for loans and trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the relevant sectors, weightage on the worst case will be increased. At every reporting date, the weightages are updated and changes in the forward-looking estimates are analysed the assessment of the correlation between historical observed default rates, forecast economic conditions. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contracts assets for customers as at 31 March 2022.

As at 31st March	2022			2021		
	Gross Rs'000	Impairment Rs'000	Net receivable Rs'000	Gross Rs'000	Impairment Rs'000	Net receivable Rs'000
Corporate and Government	149,019	(49,362)	99,657	127,354	(61,298)	66,056
Distributors	13,414	(13,414)	-	41,607	(41,607)	-
Others	9,287	-	9,287	4,036	-	4,036
	171,720	(62,776)	108,944	172,997	(102,905)	70,092

## Notes to the Financial Statements

Following table includes the ageing of the trade receivable as at the reporting date

As at 31st March	2022			2021		
	Gross	Impairment	Net receivable	Gross	Impairment	Net receivable
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Not past due	115,540	(6,640)	108,900	74,932	(5,808)	69,124
Past due 0-30 days	48	(13)	35	339	(85)	254
Past due 31-120 days	19	(10)	9	1,428	(714)	714
Past due more than 120 days	56,113	(56,113)	-	96,298	(96,298)	-
	171,720	(62,776)	108,944	172,997	(102,905)	70,092

### Equity securities

The Group limits its exposure to credit risk by investing only in liquid equity securities

The Group has recognised its equity securities at its fair value.

### Cash and cash equivalents

The company held cash and cash equivalents of Rs.17.11Mn as at 31 March 2022, (2021: Rs, 18.16Mn) 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 considerably higher based on rating agency ratings.

### Liquidity risk

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

The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities.

The Company and the Group held the following short term financial liabilities as at 31st March 2022

(Refer Note 38.1.5 for the maturity analysis of undiscounted cash flows of the lease liability)

As at 31st March 2022	Company		
	On Demand	Less than 90 days	90-365 days
	Rs'000	Rs'000	Rs'000
Trade payables	-	23,652	-
Accruals and other payables	-	104,614	-
Bank overdraft	126,162	-	-
Lease liabilities	-	-	6,276

As at 31st March 2021	Company				
	On Demand	Less than 90 days	90-365 days	1-5 years	>5 years
	Rs'000	Rs'000	Rs'000		
Trade payables	-	10,255	-	-	-
Accruals and other payables	-	101,015	-	-	-
Lease liabilities	-	-	8,241	10,755	26,133

As at 31st March 2022	Group		
	On Demand	Less than 90 days	90-365 days
	Rs'000	Rs'000	Rs'000
Trade payables	-	23,652	-
Accruals and other payables	-	34,075	-
Bank overdraft	126,162	-	-
Lease liabilities	-	-	6,276

As at 31st March 2021	Group				
	On Demand	Less than 90 days	90-365 days	1-5 years	>5 years
	Rs'000	Rs'000	Rs'000		
Trade payables	-	10,255	-	-	-
Accruals and other payables	-	29,975	-	-	-
Lease liabilities	-	-	8,241	3,378	33,510

#### Market risk

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

Summary of the Group's investment in equity securities is as follows

As at 31st March	2022	2021
	Rs.'000	Rs.'000
Equity Securities - FVOCI	2,171,505	2,137,914

#### Sensitivity Analysis

The Group's investments in listed shares are sensitive to the fluctuations in the market prices quoted in the Colombo Stock Exchange. The impact to the Group, of a reasonable possible strengthening (weakening) in the market price of shares is reflected below;

As at 31st March	Equity net of tax	
	Strengthening	Weakening
	Rs.'000	Rs.'000
Market price fluctuation of 15%	295,989	(295,989)

# Notes to the Financial Statements

## Currency risk

The Group is exposed to currency risk on sales, direct sales commission, 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.

Sri Lankan Rupee has been floated and has been significantly depreciated against the foreign currencies. Therefore there will be a significant impact on the Group.

## Exposure to currency risk

The summary quantitative data about the Groups' exposure to currency risk as reported to the management of the Group is as follows:

As at 31st March in thousands	2022		2021	
	EUR	USD	EUR	USD
Trade payables	-	(62.04)	(2)	(18)

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

As at 31st March	2022		2021	
	Selling rate	Buying rate	Selling rate	Buying rate
	Rs.	Rs.	Rs.	Rs.
US Dollar	298.99	288.75	202.04	197.62
Euro	337.08	325.73	237.41	229.87

## Sensitivity Analysis

A reasonably possible strengthening (weakening) of the USD and Euro against all other currencies at reporting date would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

2022	Profit or loss		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
	Rs.000	Rs.000	Rs.000	Rs.000
US Dollar (20% movement)	3,712	(3,712)	2,821	(2,821)

2021	Profit or loss		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
	Rs.000	Rs.000	Rs.000	Rs.000
US Dollar (5% movement)	181	(181)	138	(138)
Euro (5% movement)	23	(23)	17	(17)

## Interest rate risk

### Profile

At the reporting date, the interest rate profile of the Group's interest bearing financial instruments was as follows:

As at 31st March	2022 Rs.'000	2021 Rs.'000
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	(6,276)	(45,129)
	(6,276)	(45,129)
Variable rate instruments		
Financial assets	17,109	18,166
Financial liabilities	(126,162)	-
	(109,053)	18,166

### Cash sensitivity for variable rate instruments

A reasonably change of 100 basis points in interest rate at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant:

2022	Profit or loss		Equity net of tax	
	Strengthening Rs.000	Weakening Rs.000	Strengthening Rs.000	Weakening Rs.000
Variable rate instrument				
Cash flow sensitivity (Net)	1,091	(1,091)	829	(829)

2021	Profit or loss		Equity net of tax	
	Strengthening Rs.000	Weakening Rs.000	Strengthening Rs.000	Weakening Rs.000
Variable rate instrument				
Cash flow sensitivity (Net)	182	(182)	138	(138)

### Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital Consists of total equity. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels borrowings and the advantages and security afforded by a sound capital position.

The Group monitors capital using an adjusted net debt to equity ratio, which is adjusted net debt divided by adjusted equity. For this purpose, adjusted net debt is defined as total liabilities (which includes interest bearing borrowings and obligations under finance leases excluding lease liability under SLFRS 16) plus unaccrued proposed dividends, less cash and equivalents. Adjusted equity comprises all components of equity other than amounts recognised in equity relating to cash flow hedges, less unaccrued proposed dividends.

## Notes to the Financial Statements

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	
	2022	2021
	Rs.'000	Rs.'000
Adjusted total debts	157,576	15,707
Less: Cash and cash equivalents	(17,109)	(18,166)
Net debt	140,467	(2,459)
Total equity	2,455,000	2,380,789
Adjusted equity	2,423,586	2,365,082
Net debt to adjusted equity ratio (Times)	0.06	(0.00)

As at 31st March	Group	
	2022	2021
	Rs.'000	Rs.'000
Adjusted total debts	157,576	15,707
Less: Cash and cash equivalents	(17,109)	(18,166)
Net debt	140,467	(2,459)
Total equity	2,525,151	2,438,960
Adjusted equity	2,493,737	2,423,253
Net debt to adjusted equity ratio (Times)	0.06	(0.00)

### Accounting classifications and fair value

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

Company	Fair Value through OCI	Financial assets at amortised cost	Other financial liabilities	Carrying amount	Fair Value
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
As at 31/03/2022					
Cash and cash equivalent	-	17,109	-	17,109	17,109
Trade receivable	-	108,944	-	108,944	108,944
Other receivable	-	155,684	-	155,684	155,684
Equity investments at fair value through OCI	2,171,505	-	-	2,171,505	2,171,505
	2,171,505	281,737	-	2,453,242	2,453,242
Trade payables	-	-	(23,652)	(23,652)	(23,652)
Other payables	-	-	(104,614)	(104,614)	(104,614)
Lease liabilities	-	-	(6,276)	(6,276)	(6,276)
Bank overdraft	-	-	(126,162)	(126,162)	(126,162)
	-	-	(260,704)	(260,704)	(260,704)

Company	Fair Value through OCI	Financial assets at amortised cost	Other financial liabilities	Carrying amount	Fair Value
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
As at 31/03/2021					
Cash and cash equivalent	-	18,166	-	18,166	18,166
Trade receivable	-	70,092	-	70,092	70,092
Other receivable	-	42,930	-	42,930	42,930
Equity investments at fair value through OCI	2,137,914	-	-	2,137,914	2,137,914
	2,137,914	131,188	-	2,269,102	2,269,102
Trade payables	-	-	(10,255)	(10,255)	(10,255)
Other payables	-	-	(101,015)	(101,015)	(101,015)
Lease liabilities	-	-	(45,129)	(45,129)	(45,129)
	-	-	(156,399)	(156,399)	(156,399)
Group					
Group	Fair Value through OCI	Financial assets at amortised cost	Other financial liabilities	Carrying amount	Fair Value
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
As at 31/03/2022					
Cash and cash equivalent	-	17,109	-	17,109	17,109
Trade receivable	-	108,944	-	108,944	108,944
Other receivable	-	155,684	-	155,684	155,684
Equity investments at fair value through OCI	2,171,505	-	-	2,171,505	2,171,505
	2,171,505	281,737	-	2,453,242	2,453,242
Trade payables	-	-	(23,652)	(23,652)	(23,652)
Other payables	-	-	(34,075)	(34,075)	(34,075)
Lease liabilities	-	-	(6,276)	(6,276)	(6,276)
Bank overdraft	-	-	(126,162)	(126,162)	(126,162)
	-	-	(190,165)	(190,165)	(190,165)

## Notes to the Financial Statements

Group	Fair Value through OCI	Financial assets at amortised cost	Other financial liabilities	Carrying amount	Fair Value
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
As at 31/03/2021					
Cash and cash equivalent	-	18,166	-	18,166	18,166
Trade receivable	-	70,092	-	70,092	70,092
Other receivable	-	42,930	-	42,930	42,930
Equity investments at fair value through OCI	2,137,914	-	-	2,137,914	2,137,914
	2,137,914	131,188	-	2,269,102	2,269,102
Trade payables	-	-	(10,255)	(10,255)	(10,255)
Other payables	-	-	(29,975)	(29,975)	(29,975)
Lease liabilities	-	-	(45,129)	(45,129)	(45,129)
	-	-	(85,359)	(85,359)	(85,359)

### Fair value measurement hierarchy

As at 31st March	Level 01		Level 02		Level 03	
	2022	2021	2022	2021	2022	2021
Company	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Recurring fair value measurements-						
Assets measured at fair value						
Equity Investment	1,973,261	1,945,825	-	-	198,244	192,089
	1,973,261	1,945,825	-	-	198,244	192,089
Non - recurring fair value measurements-						
<b>Net asset classified as held for sale and distribution</b>					47,000	47,000

As at 31st March	Level 01		Level 02		Level 03	
	2022	2021	2022	2021	2022	2021
Group	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Recurring fair value measurements-						
Assets measured at fair value						
Equity Investment	1,973,261	1,945,825	-	-	198,244	192,089
Equity Investment classified within Assets relating to Discontinued Operations	3,519	3,957	-	-	-	-
	1,976,780	1,949,782	-	-	198,244	192,089

**Level 3 recurring fair values**

*Reconciliation of level 3 fair values*

	Note	Equity securities
Balance as at 01 April 2020	22	185,660
Gain included in OCI		
Net change in fair value (unrealised)		6,429
<b>Balance as at 31 March 2021</b>		192,089
Balance as at 01 April 2021		192,089
Gain included in OCI		
Net change in fair value (unrealised)		6,155
<b>Balance as at 01 April 2022</b>		198,244

**Sensitivity Analysis**

For the fair values of equity securities, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

	Increase Rs.,000	OCI net of Tax Decrease Rs.,000
Adjusted market multiple by 1%	(2,251)	2,251

**Operational Risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations. The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

Group evaluates its resilience of its businesses considering the factors such as cash reserves, potential sources of financing, foreign currency receipts and profitability; if required and possibility of differing of non-essential capital expenditure. Further, since there is a possibility of default risk from the customers, Group, at each business level a disciplined approach has been adopted to optimise the collection via a rigid credit control management process. Group did not extend the credit terms other than in the normal business terms due to the current economic condition.

Further, Group has negotiated with its foreign suppliers and has negotiated better terms to reduce the negative impact of currency fluctuation. And also the Group has not determined impairment on property, plant & equipment as at the reporting date due to negative impact of the change in macro economic condition. Business operations are carrying forward under the business continuity plan, allowing operations to function through alternative working arrangements while encoring the cost saving mechanisms.

The Management will continue to monitor the situation and take required mitigating actions to minimise the impact of the country's rapidly changing macro economic factors while ensuring that the business operations are carried out without disruption while ensuring the health and safety of the employees and satisfaction of the customers of the Group.

# Ten Year Group Performance

Income Statement	2022 SLFRS Rs'000	2021 SLFRS Rs'000	2020 SLFRS Rs'000	2019 SLFRS Rs'000	2018 SLFRS Rs'000	2017 SLFRS Rs'000	2016 SLFRS Rs'000	2015 SLFRS Rs'000	2014 SLFRS Rs'000	2013 SLFRS Rs'000
Revenue	639,680	441,401	395,850	460,005	723,582	823,690	1,444,004	1,286,887	1,195,200	1,165,135
Gross profit	166,328	103,477	82,574	90,410	141,552	169,159	265,191	207,672	215,096	188,902
Financing cost	(8,788)	5,944	39,874	42,294	39,976	(6,059)	(5,463)	(12,520)	(42,594)	(44,879)
Share of profit of equity accounted investees	(6,109)	(40,623)	8,938	12,861	13,093	9,609	20,667	(18,260)	(9,399)	(2,852)
Profit before taxation	127,803	34,621	237,288	101,816	379,010	58,474	79,208	18,804	308,447	(2,818)
Income tax expense	(30,446)	(15,473)	(10,181)	(8,986)	4,951	(27,346)	(27,056)	(6,622)	(17,316)	(20,800)
Profit/(loss) for the year from discontinued operations	14,445	4,378	2,218	28,750	(154,265)	39,384	(6,229)	7,684	(25,144)	(23,604)
Profit after taxation	111,802	23,526	229,325	121,580	229,696	70,512	45,923	19,866	265,987	(47,222)
Non-controlling interest	(24)	-	(131)	2,118	(29,428)	3,719	6,042	7,927	(16,080)	(27,703)
Profit attributable to equity holders of the company	111,826	23,526	229,456	119,462	259,124	66,793	39,881	11,939	282,067	(19,519)
<b>Balance Sheet</b>										
<b>Net Assets</b>										
Property, plant & equipment	4,692	38,339	37,191	277	1,850	232,413	233,998	146,201	154,302	471,899
Investment in sub-lease	-	-	14,547	-	-	-	-	-	-	-
Investment property	-	-	-	-	-	40,247	-	-	-	707
Deposit on leasehold property	-	-	-	-	-	-	-	-	-	16,152
Intangible assets	938	1,077	1,216	1,355	-	-	-	-	-	32,686
Investments	238,704	238,658	272,852	416,944	462,605	435,618	359,475	342,618	802,894	258,849
Deferred tax assets	15,740	26,056	19,147	12,354	22,154	12,277	13,073	12,742	17,966	18,032
Net current assets	2,267,420	2,173,718	1,453,547	1,510,391	1,656,475	1,235,958	1,255,431	1,241,892	722,136	647,398
	2,527,494	2,477,848	1,798,500	1,941,321	2,143,084	1,956,513	1,861,977	1,743,453	1,697,298	1,445,723
Non- Current liabilities	(2,343)	(38,888)	(46,229)	(1,137)	(10,990)	(44,150)	(47,582)	(43,099)	(62,517)	(67,900)
	2,525,151	2,438,960	1,752,271	1,940,184	2,132,094	1,912,363	1,814,395	1,700,354	1,634,781	1,377,823
<b>Stated Capital &amp; Reserves</b>										
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	3,000	3,000	3,000	238,170	238,170	268,959	225,538	145,330
General reserves	-	-	-	-	-	-	-	232,841	232,841	232,841
Revenue reserves	2,398,669	2,327,383	1,640,694	1,828,629	1,990,975	1,505,438	1,413,363	1,037,836	1,021,415	747,875
Shareholders' funds	2,527,919	2,456,633	1,769,944	1,957,879	2,120,225	1,869,858	1,777,782	1,665,886	1,606,044	1,252,296
Non controlling interest	(2,768)	(17,673)	(17,673)	(17,695)	11,869	42,507	36,611	34,448	28,737	125,527
Total equity	2,525,151	2,438,960	1,752,271	1,940,184	2,132,094	1,912,365	1,814,393	1,700,334	1,634,781	1,377,823
<b>Ratios</b>										
Return on shareholders' equity %	4%	1%	13%	6%	12%	3%	2%	1%	18%	-2%
Annual sales growth %	44.92	11.51	(13.95)	(36.43)	(12.15)	(42.96)	12.21	7.67	2.58	25.13
Return on assets	4.11	0.93	12.38	6.03	10.17	3.36	2.16	0.42	13.29	(0.99)
Current ratio times	12.72	41.94	27.95	20.82	15.47	9.62	5.69	5.61	2.60	2.23
<b>Share Information</b>										
Market Value of a Share (Rs.)	74.80	76.90	40.00	59.00	63.50	55.00	63.00	75.00	81.90	74.00
Earning per share(Rs.)	7.12	1.50	14.58	7.58	16.45	4.24	2.93	0.76	17.91	(1.24)
Price earnings ratio(No.of times)	10.51	51.34	2.74	7.78	3.86	12.97	21.50	98.68	4.85	(59.68)
Net assets value per share(Rs.)	160.94	156.40	112.68	124.31	134.62	118.72	112.88	104.28	100.49	79.51
Earnings yield %	9.52	1.95	36.45	12.86	25.91	7.71	4.65	0.67	21.87	(1.67)
Dividend yield %	1.34	1.30	2.50	3.39	3.15	5.45	3.17	1.33	1.22	1.35
Dividend cover(No.of times)	7.12	0.75	14.58	3.79	9.79	4.15	2.93	0.50	17.91	(1.24)
Dividend per share (Rs.)	1.00	2.00	1.00	2.00	2.00	3.00	2.00	1.00	1.00	1.00

# Group Structure

Company	Percentage Holding	Principal Activity	Directors	Stated Capital
<b>Subsidiaries</b>				
Chemanex Exports (Private) Limited	100	Manufacture & export of chemicals (currently under liquidation)	M P Jayawardena S A B Ekanayake	50,000
Chemcel (Private) Limited	69.5	Manufacture & export of specialty chemicals (currently under liquidation)	B R L Fernando S A B Ekanayake	723
<b>Equity Accounted Investees</b>				
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 K G Punchihewa	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 : 15,707,312

## 2 CHEMANEX SHARES IN THE CSE

	2022		2021	
Highest Price (Rs.)	1/20/22	130.00	1/27/21	114.00
Lowest Price (Rs.)	3/30/22	51.00	5/11/20	38.00
Average Price (Rs.)		92.83		83.42
Last traded Price (Rs.)		74.80		76.90
No. of transactions		5,253		8,107
No. of shares traded		3,361,770		5,213,333
Value of shares traded (Rs. '000')		312,087		434,920
Market Capitalisation (Rs. '000')		1,174,907		1,207,892

## 3 ANALYSIS OF SHAREHOLDERS AS AT 31ST MARCH

Range of Shareholding	2022			2021		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 1000	975	207,312	1.32	1,031	235,065	1.50
1001 - 10000	258	945,355	6.02	289	1,016,941	6.47
10001 - 100000	66	2,208,983	14.06	77	2,329,011	14.83
100001 - 1000000	11	2,778,906	17.69	9	2,559,539	16.30
Over 1000000	2	9,566,756	60.91	2	9,566,756	60.91
Total	1,312	15,707,312	100.00	1,408	15,707,312	100.00

Range of Shareholding	2022			2021		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Individuals	1,267	3,946,512	25.13	1,363	4,178,438	26.60
Institutions	46	11,760,800	74.87	45	11,528,874	73.40
Total	1,313	15,707,312	100.00	1,408	15,707,312	100.00
Resident	1,307	15,673,164	99.78	1,393	15,612,994	99.40
Non-Resident	6	34,148	0.22	15	94,318	0.60
Total	1,313	15,707,312	100.00	1,408	15,707,312	100.00

## 4 DISTRIBUTION OF SHARES AS AT 31 MARCH

The following table of Distribution of Shares as of 31 March 2022, 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 shareholder	2022		2021	
	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	50.55	7,939,373	50.55
CIC Holdings PLC/Trustees for Charitable & Educational Trust Fund	1,627,383	10.36	1,627,383	10.36
CIC Agri Businesses (Pvt) Limited	446,604	2.84	446,604	2.84
Total Shareholding of Non-Public Shareholders	10,013,360	63.75	10,013,360	63.75

## Public Shareholders

Name of the public Shareholder	2022		2021	
	No. of public shareholders	public shareholding (%)	No. of public shareholders	public shareholding (%)
Public Shareholding	1,309	36.25	1,405	36.25

## 5 DIRECTORS' SHAREHOLDING AS AT 31 MARCH

Any of the Directors did not hold shares of the Company as at 31st March 2022 and 31st March 2021.

## 6 FLOAT ADJUSTED MARKET CAPITALISATION

Type	No of shares	Share price	Capitalisation
		Rs.	(Rs'000)
Shares held by public	5,693,952	74.80	425,907,610

As the float adjusted market capitalisation is below Rs. 2.5Bn, Chemanex PLC complies under option 5 with the minimum public holding requirement.

# Information to Shareholders and Investors

## 7 TWENTY LARGEST SHAREHOLDERS

Name of the Non - public Shareholder	2022		2021	
	No. of Shares	%	No. of Shares	%
1 CIC Holdings PLC	7,939,373	50.55	7,939,373	50.55
2 CIC Holdings PLC/ Charitable & Education Trust Fund	1,627,383	10.36	1,627,383	10.36
3 Sakuvi Investment Trust (Private) Limited	538,366	3.43	538,366	3.43
4 CIC Agri Businesses (Private) Limited	446,604	2.84	446,604	2.84
5 S.K. Wickremesinghe Trust (Guarantee) Limited	400,000	2.55	400,000	2.55
6 Mr. S.K. Wickremesinghe	315,245	2.01	315,245	2.01
7 Mr. S. Srikanthan & Mrs. S. Srikanthan	300,000	1.91	300,000	1.91
8 Mr. D.A. De Zoysa	184,740	1.18	184,740	1.18
9 Mr. M.J. Ismail	139,079	0.89	165,579	1.05
10 Hatton National Bank PLC/ Mr. S. Paraman	122,500	0.78	107,742	0.69
11 Bank of Ceylon Account No.01	118,179	0.75	101,263	0.64
12 J.B. Cocoshell (Private) Limited	111,833	0.71	-	-
13 Merchant Bank of Sri Lanka Finance PLC/ Mr. P.V. Kumar	102,360	0.65	18,000	0.11
14 Peoples Leasing Finance PLC/ Mr. L.P. Hapangama	99,506	0.63	20,000	0.13
15 Lotus Global Investments Limited	97,312	0.62	-	-
16 Bensons Limited	83,286	0.53	83,286	0.53
17 Mr. M.C. Abeysekera	81,546	0.52	81,546	0.52
18 Mr. H.R. Peries	72,500	0.46	69,525	0.44
19 Mr U. Amarasinghe & Mr. R. Amarasinghe	70,107	0.45	-	-
20 Dr. H.S.D. Soysa & Mrs. G Soysa	68,429	0.44	68,429	0.44
	12,918,348	82.24	12,467,081	79.37

## 8 MOVEMENT IN SHARE CAPITAL

Type of Issue	Year of Issue	Ratio	Number of Shares '000'
Initial Capital	1974	-	40
Bonus	1976	1:01	80
Bonus	1977	1:01	160
Rights	1983	1:01	320
Rights	1986	9:16	500
Rights	1989	1:02	750
Debenture	1990	1:02	1,125
Rights	1991	1:4:5	1,375
Rights	1992	1:2:75	1,875
Rights	1993	1:03	2,500
Rights	1995	1:05	3,000
Bonus	1998	1:06	3,500
Bonus/Rights	2005	1:6 / 1:5	5,250
Sub division	2008	1:03	15,750
Share re purchase	2020	1:10	15,707

# Notice of Meeting

NOTICE IS HEREBY GIVEN THAT the Forty Ninth Annual General Meeting of Chemanex PLC will be held by way of audio or audio visual means on Thursday the 30th day of June 2022 at 9.30 a.m. centered from 199, Kew Road, Colombo 2 for the following purposes;

## AGENDA

1. To receive and adopt the Statements of Accounts of the Company and of the Group for the year ended 31st March 2022 together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To re-elect Dr. S A B Ekanayake who retires in terms of Article 24(6) of the Articles of Association of the Company.
4. To re-elect Mr. E M M Boyagoda who retires in pursuant to Section 210 of the Companies Act No.7 of 2007.

Pursuant to Section 211 of the Companies Act No.7 of 2007, special notice of the following Ordinary Resolution has been received by the Company from a Member of the Company.

“That Mr. E M M Boyagoda, who reached the age of 70 years on 29th April 2021 be re-elected a Director of the Company and it is hereby declared that Section 210 of the Companies Act No.7 of 2007 shall not apply to Mr. E M M Boyagoda”

5. To vote a sum as donations.
6. To re-appoint M/s. Ernst & Young, Chartered Accountants as Auditors of the Company and to authorise the Directors to determine their remuneration.

By order of the Board of,  
**CHEMANEX PLC**

S A B P W M R R W T Wegodapola  
Company Secretary  
31st May 2022

# Notice of Meeting

## Notes:

- A Member entitled to participate and vote at the meeting is entitled to appoint a proxy to virtually participate and vote in his/her place in the manner provided for by completing the form of proxy enclosed herewith.
- A proxy need not be a Member of the Company.
- The Board of Directors having taken note of Colombo Stock Exchange guidelines to listed entities to hold Shareholder Meetings virtually, has decided to hold the Annual General Meeting (AGM) through Audio or Audio/Visual means in conformity with the regulatory provisions of the Company.
- The Chairman and members of the Board, the Company Secretary and key officials essential for the administration of formalities and conduct the meeting will be physically present at the place of meeting.
- Voting on the items listed in the Agenda will be registered via the online platform or a designated ancillary online application. All such procedures will be explained to the shareholders prior to the commencement of the meeting.
- Shareholders who wish to appoint a member of the Board of Directors as his/her proxy to represent them at the AGM may do so by completing the Form of Proxy. In such event the email address of the proxy holder will not be required.
- Shareholders may send their questions/ comments on the items listed in the Agenda of the Notice Convening the AGM by email to [agm@chemanex.lk](mailto:agm@chemanex.lk) or by post to the Company Secretary, 52, Galle Face Court 2, Colombo 3 not less than 3 days before the date of the meeting.
- The instrument appointing a proxy should be deposited at the Registered Office of the Company at 52, Galle Face Court 2, Colombo 3 or scanned and emailed to [agm@chemanex.lk](mailto:agm@chemanex.lk) not less than 48 hours before the date of the meeting.
- Only registered shareholders and registered proxy holders will be permitted to log in and participate in the AGM on-line.
- The Company is unable to provide hard copies of the Annual Report to the shareholders due to the limited availability of paper in the market and the Board of Directors having taken note of the Colombo Stock Exchange waving off the application of Rule 7.5 (b) (i) of the Listing Rules, the Annual Report is published on the Company website ([www.chemanex.lk](http://www.chemanex.lk)) and the website of Colombo Stock Exchange ([www.cse.lk](http://www.cse.lk)) for shareholders' reference.

Shareholders may contact any one of the following staff members during office hours (8.30 am to 5.00 pm) on any working day, for any queries regarding the Annual Report published on the Company website and the website of Colombo Stock Exchange;

Name	Telephone Numbers
Ms. G P S Samarakoon	+94 (0) 112359359 Ext.279
Ms. D D Wickramanayake	+94 (0) 112359359 Ext.304

- The date fixed for the AGM will not be affected even if a public holiday is declared on such a date since arrangements will be in place to proceed via online platform.

# Form of Proxy

## ANNUAL GENERAL MEETING

I/We.....  
of.....

being a member/members of Chemanex PLC hereby appoint;

Prawira Rimoe Saldin	of Colombo or failing him
Ekanayake Mudiyanseelage Mangala Boyagoda	of Colombo or failing him
Sumithra Anura Bandara Ekanayake	of Colombo or failing him

as \*my/our Proxy to \*speak and/to vote for \*me/us on \*my/our behalf at the Forty Ninth Annual General Meeting of Chemanex PLC to be held on Thursday the 30th June 2022 at 9.30 a.m. and at any adjournment thereof.

..... Date	..... Signature
---------------	--------------------

**\*Note:** Please delete the inappropriate words

### Instructions as to Completion

- Kindly perfect the Form of Proxy after filling in legibly your full name and address and by signing in the space provided. Please fill in the date of signature.
- A Shareholder entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of him/her. A shareholder who appoints a Director as his/her proxy to represent him/her need not fill the email address of the proxy holder.
- In the case of Corporate Shareholder, the Form of Proxy must be completed under the Common Seal, which should be affixed and attested in the manner prescribed by the Articles of Association.
- If the Form of Proxy is signed by an attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy.
- The completed Form of Proxy should either be;
  - addressed to the "Company Secretary" and posted or hand delivered to the registered office of the Company; No.52, Galle Face Court 2, Colombo 3;
  - or
  - scanned and emailed to the email address: agm@chemanex.lk with the email subject titled "Proxy – Chemanex PLC" not less than 48 hours before the time appointed for the holding of the AGM.

CDS Account Number of the Shareholder(s)	
Shareholder's contact number/s	
Email address to which the on-line link should be forwarded to for the proxy holder's participation at the AGM	
Proxy holder's NIC number	

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

## **Registered Address**

No.52, Galle Face Court 2, Colombo 03

## **Board of Directors**

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

## **Company Secretary**

S A B P W M R R W 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  
National Development Bank PLC  
Nations Trust Bank PLC

## **Legal Advisers**

Nithya Partners  
Attorneys-at-Law  
97A, Galle Road, Colombo 03

Heritage Partners  
Attorneys-at-Law  
04, Malalasekara Pedesa  
Colombo 07.

## **Audit Committee**

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

## **Related Party Transactions Review Committee**

S A B Ekanayake (Chairman)  
E M M Boyagoda

Designed & produced by



Printing by Gunaratne Offset (Pvt) Ltd



**CHEMANEX PLC**  
No. 52, Galle Face Court 2,  
Colombo 3.  
[www.chemanex.lk](http://www.chemanex.lk)