

# AGILITY AND ADAPTABILITY

CHEMANEX PLC | ANNUAL REPORT 2022/23





# AGILITY AND ADAPTABILITY

*“It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change.” –Charles Darwin*

At Chemanex, for the year under review, we are proud to report that we have achieved our set objectives successfully, despite facing a tumultuous business climate. Our winning formula is our agile mindset; we carry a flexible way of thinking that enables us to react and adapt to changing situations quickly and easily thus living up to expectations as a reputable and unrivalled valued added specialty entity, for the benefit of our valued stakeholders.

For 2023 and beyond, we are committed to utilising our agile strength and focused on adapting ourselves accordingly as we envision building on our innovative sustainability programmes and continue to enrich our people and our communities, our cornerstone, who give us strength and purpose.



# CONTENTS

---

## **Corporate Overview**

Chemanex at a Glance	03
Financial Highlights	04
Chairman's Review	06
Board of Directors	08
Management Discussion & Analysis	10
Corporate Governance	13
Report of the Audit Committee	16
Report of the Related Party Transactions Review Committee	17
Risk Management Report	18

## **Financial Statements**

Annual Report of the Board of Directors on the State of Affairs of Chemanex PLC	22
Board of Directors' Statement on Internal Controls	27
Directors' Responsibility for Financial Reporting	28
Chief Operating Officer & Finance Officer's Responsibility Statement	29
Independent Auditors' Report	31
Statement of Profit or Loss and Other Comprehensive Income	34
Statement of Financial Position	35
Statement of Changes In Equity	36
Statement of Cash Flow	38
Notes to the Financial Statements	40
Ten Year Group Performance	91
Group Structure	92
Information to Shareholders and Investors	93
Notice of Meeting	97
Form of Proxy	99
Corporate Information	IBC

# 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

## Chemanax 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.



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

# FINANCIAL HIGHLIGHTS

Year ended 31, March	Company			Group			
	2023	2022	Change %	2023	2022	Change %	
<b>Earnings Highlights &amp; Ratios</b>							
Revenue	Rs.'000s	1,063,645	639,680	66.28	1,063,645	639,680	66.28
Profit before Tax	Rs.'000s	253,244	129,720	95.22	255,562	127,803	99.97
Taxation	Rs.'000s	85,698	30,446	181.47	85,698	30,446	181.47
Profit attributable to Equity Holders	Rs.'000s	167,546	99,274	68.77	177,583	111,826	58.80
Total Comprehensive Income for the year	Rs.'000s	163,914	89,918	82.29	174,565	101,898	71.31
Dividends	Rs.'000s	31,414	15,707	100.00	31,414	15,707	100.00
Earnings per Share	Rs.	10.67	6.32	68.77	11.31	7.12	58.80
Dividend Cover	No. of Times	5.33	6.32	(15.61)	5.65	7.12	(20.60)
Return on Shareholder's Equity	%	6.48	4.04	60.13	6.65	4.42	50.29
Pre-tax Return on Shareholder's Equity	%	9.79	5.28	85.23	9.57	5.06	89.25
Return on Assets	%	6.00	3.65	64.52	6.34	4.11	54.21
Interest Cover	No. of Times	14.20	10.72	32.47	16.50	11.05	49.39
Working Capital Cycle	days	134	164	(18.54)	134	164	(18.54)
<b>Balance Sheet Highlights &amp; Ratios</b>							
Total Assets	Rs.'000s	2,790,690	2,720,329	2.59	2,802,010	2,720,891	2.98
Total Debts	Rs.'000s	13,762	132,438	(89.61)	13,762	132,438	(89.61)
Shareholder's Funds	Rs.'000s	2,587,500	2,455,000	5.40	2,671,103	2,527,919	5.66
No. of Shares in Issue	000s	15,707	15,707	-	15,707	15,707	-
Net Assets per Share	Rs.	164.73	156.30	5.40	170.05	160.94	5.66
Debt/Equity	%	0.53	5.39	(90.14)	0.52	5.24	(90.17)
Debt/Total Assets	%	0.49	4.87	(89.87)	0.49	4.87	(92.75)
Current Ratio	No. of Times	12.83	9.35	37.28	19.96	12.72	56.90
<b>Market/Shareholder Information</b>							
Market Price per Share	Rs.	77.50	74.80	3.61	77.50	74.80	3.61
Market Capitalisation	Rs.'000s	1,217,317	1,174,907	3.61	1,217,317	1,174,907	3.61
Price Earnings Ratio	No. of Times	7.27	11.84	(38.64)	6.85	10.51	(34.76)
Dividend per Share	Rs.	2.00	1.00	100.00	2.00	1.00	100.00
Dividend Payout	%	18.75	15.82	18.50	17.69	14.05	25.94
Dividend Yield	%	2.58	1.34	93.03	2.58	1.34	93.03
ROCE	%	10.21	5.64	80.99	11.51	5.65	103.72

	<p><b>Rs.1.06Bn</b> Revenue</p>
	<p><b>Rs.2.50 per share</b> Dividend Declared</p>
	<p><b>Rs.11.31</b> Earning Per Share</p>
	<p><b>Rs.77.50</b> Market Price per share</p>
	<p><b>Rs.177.55 Mn</b> Profit After Tax</p>

# CHAIRMAN'S REVIEW

---



“ Chemanex performed extremely well by demonstrating foresight and resilience and by seizing opportunities amidst the doom and gloom. ”

With the dawning of the new financial year, it was expected that the negative impact of the Covid pandemic would reduce and economic climate of the country would improve significantly. Instead we had to face an economic crisis that was unprecedented in breadth and scope. However, I am pleased to report that your Company performed extremely well during the period under review by being agile and adapting to the fast changing environment. We were even able to obtain some opportunity amidst the adversity.

## OPERATING ENVIRONMENT

Coming into the financial year 2022/23 there were certain signs of negative pressure on the Rupee vis-à-vis the US Dollar and the downgrading our credit rating by international credit rating agencies to name a few. However, no one was prepared for the breadth and scale of the crisis.

In the year 2022, the Sri Lankan economy registered its deepest economic contraction since independence, mainly driven by the ripple effects of the unprecedented economic crisis amidst the domestic and global headwinds that reversed the post-pandemic recovery. The Central Bank of Sri Lanka estimates the GDP to have contracted by 7.8% in 2022, compared to the growth of 3.5% in 2021. Acute fuel shortages due to the dearth of foreign exchange caused a significant drag on activities, as a result of hampered supply chains, prolonged power outages, scarcity of raw materials amidst imports compression, and a surge in the cost of production. Further, significant upward revisions in major utility prices amidst soaring global energy prices and the depreciation of the exchange rate exacerbated the situation, while accelerated inflation and tax hikes affected the disposable income of households. Against this backdrop,

the Government and the Central Bank increased policy rates which pushed up the cost of borrowings.

## PERFORMANCE AS A COMPANY

As a company that is engaged in the import and distribution of chemicals for use in a variety of applications across many sectors, these volatile conditions adversely impacted our business. The most challenging aspect was accessing foreign currency to pay for imports. The rupee weakened against the dollar sharply from Rs.200 to Rs.370, which made imports more expensive. Exacerbating the situation further, the subsequent sovereign default hampered the ability of the country and local organisations from opening letters of credit, as suppliers demanded advance payments in light of the country's heightened risk profile.

Nevertheless, Chemanex performed extremely well by demonstrating foresight and resilience and by seizing

---

opportunities amidst the doom and gloom. The Company's strong relationships with suppliers ensured an uninterrupted supply of products despite the fact that the economy was in its worst shape ever.

Our staff worked tirelessly in close coordination with our customers to fulfill their requirements and to meet their needs.

Furthermore, the company managed to secure access to foreign currency quickly and performed more efficiently in its operations. The close collaboration with the parent group CIC helped smooth out any potential logistics issues for Chemanex.

## **ENVIRONMENT, SOCIAL AND GOVERNANCE**

The Company is inspired by ESG principles to maintain ethical business practices and a sustainable performance. A high level of accountability is maintained across the Company's operations, while also determining equitable treatment of all stakeholders, including employees, thereby positioning Chemanex for long-term success based on responsible corporate management and business strategies.

## **LOOKING AHEAD**

With the signing of the Agreement with the IMF and numerous structural reforms being put in place the path towards economic revival has commenced.

However, we expect the upcoming financial year to witness lower demand due to dwindling incomes, higher prices and increased taxes which combined are driving down demand for non-essential industries.

Interest rates and inflation are now gradually declining. In line with the IMF prescription the Government has changed to a policy of pricing utilities such as fuel, electricity and other services to pass on full cost to consumers. While this appears to be rational, it results in inefficiencies, over staffing of those entities being passed on to the consumers. Furthermore, there needs to be a more concentrated effort to support the more vulnerable sections of society impacted by these changes.

The Company remained on a strong footing amidst the storm that rocked the nation in 2022/23. Due to the Company's low gearing status, cash outlay was marginal and the interest rates hikes had no major impact on the Company.

The entire team paid close attention to careful stock management with much success. I am proud to say that the Company extended empathy and care in dealing with employees who had to face the unprecedented economic crisis and cost of living increase. The company was quick to respond by making upward adjustments to the lower level of employees immediately when the crisis broke.

As a company we are committed to our longer term strategies of diversifying our portfolio, expanding our product ranges and strengthening relationships with existing suppliers.

## **ACKNOWLEDGEMENTS**

I take this opportunity to thank my colleagues on the Board for their support. The senior management and the entire team of Chemanex contributed to the Company's exceptional performance during the year under review.

I would also like to thank our suppliers for their cooperation and our customers for their unstinted loyalty.

My heartfelt appreciation goes out to our parent Group, CIC, who partnered with us through the crisis to ensure smooth operations.

Delivering a strong performance amidst perhaps the most challenging year in our history is the result of all these stakeholders placing their confidence in Chemanex PLC and for that we are grateful.



**Mr. P R Saldin**  
Chairman

26th May 2023

# BOARD OF DIRECTORS

---



**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, 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) Limited and number of companies in the CIC Group. He is chairman of CISCO Speciality Packaging (Pvt) Ltd. He is also a Director of Hatton National Bank PLC and Chairman of Sithma Development (Pvt) Ltd and serves as 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 in the areas of Finance, Human Resource Development, General Management and Operations.



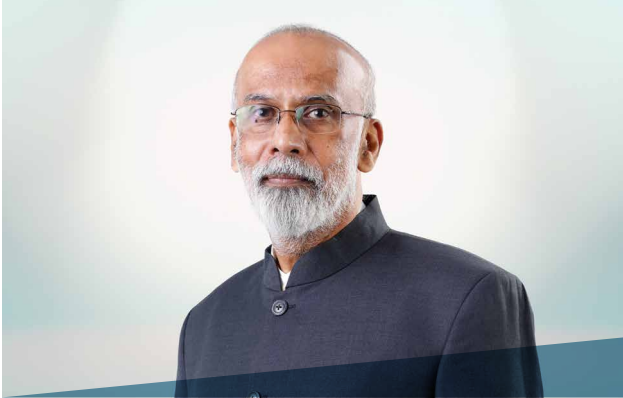
**E M M Boyagoda**

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 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 and Exchange Commission of Sri Lanka & the Securities and Exchange Commission of Bangladesh. He is a former President of the FOREX Association of Sri Lanka.

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



### S A B Ekanayake

Non-Executive Independent Director

Dr. Anura Ekanayake was appointed to the Chemanex Board on 29th August 2016. He is a former Chairman of the Ceylon Chamber of Commerce, the Industrial Association of Sri Lanka and the International Natural Rubber Council. He has had an illustrious career in public service serving as a Senior Economist of the Mahaweli Authority, Director on the Boards of the State Plantations Corporation and JEDB, Director of Planning to the Ministry of Plantation Industries and Director General of the Ministry of Public Administration. He left his two decade long public service and joined Unilever Sri Lanka and served as Director – Human Resources and Corporate Relations for 8 years. He serves at present on a number of boards of listed companies and non-listed companies. Dr. Ekanayake, holds a B.A. (Hons) and MSc (Agriculture) from the University of Peradeniya and a Ph.D in Economics from the Australian National University. He is also a Fellow Member of the Institute of Certified Professional Managers.



### 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 operation for nearly five decades, Chemanex PLC, a subsidiary of CIC Holdings PLC, is one of the leading chemical trading companies in the industry. The Company supplies high-quality Industrial Chemicals for the Paints and Coating industry; Preservatives for the wood-working industry; and Chemicals for Estates, Dry rubber, Latex, Plastics and Home and Personal Care industries.

A strategic supplier, the Company is able to leverage the strength of its holding company, CIC, in reaching various industries. Its product portfolio encompasses reputed products from globally reputed suppliers of paints and related specialty raw materials, making it one of the pre-eminent companies in Sri Lanka.

## OVERVIEW

The year under review witnessed unprecedented economic, social and political instability, which deeply impacted almost all sectors of the economy. Soaring inflation, dollar liquidity crisis, devaluation of the rupee, long power cuts and fuel and cooking gas shortage caused social and economic hardships of mammoth proportions. Despite these adversities, Chemanex was able to maintain an uninterrupted supply of products to its customers and even succeeded in expanding its market share during the period.

In view of the evolving crisis at the beginning of the year under review, distributors began piling stocks for what they surmised would be a tough year ahead, which benefitted the Company in the form of high demand for its products. This increased demand enabled the Company to enhance margins.

Amidst the prevailing uncertainty, the Company was able to foray into a new line of business - Metal Cutting tools or inserts - for the industrial sector. The necessary groundwork to commence sales and marketing efforts for this new product range in the upcoming financial year has been completed.

A new reputed supplier of food and additives was also on-board during the year and appropriate market mapping undertaken to launch the new product range in the coming financial year. Overall, astute management of the business ensured that the Company replenished its stocks to maintain a constant supply to the market.

## FINANCIAL REVIEW

The Company proved its resilience under a visionary management team by crossing the billion-rupee mark in the year under review from turnover of Rs. 639 Mn recorded in 2021/22.

Profit After Tax (PAT) soared to Rs. 167Mn in 2022/23 as compared to Rs. 99Mn in the preceding year, despite a 30% drop in volumes compared to the corresponding period in the previous year as a result of most industries contracting in line with the GDP contraction of 7.8%.

The Company's strong financial performances were a result in its ability to source products and meet customer needs in a period of product shortage and increase in prices

Recording profitability amidst the most severe economic contraction of Sri Lanka's economy in over seven decades reflects the Company's solid and well respected credentials in the market.

## Operational Review

The economic crisis that unfolded during the year under review further exacerbated the various weaknesses caused by the pandemic as the economy shrank. Nevertheless, the management of Chemanex had already noted the structural weak points in the economy at the beginning of the financial year and had taken measured steps to ensure cash flows and adequate stocks.

Moreover, Chemanex raised product prices and yet successfully maintained adequate profit margins, optimising on opportunities in the market to capture market share from competitors, some of whom exited the market temporarily. The first half of the year witnessed demand creation due to anticipated import challenges, which proved profitable for the Company.

Although the Company recorded growth in turnover and PAT, customer expansion was treated in a prudent manner and aggressive collections were ensured to maintain cash flow. The company deployed its stock management expertise to maintain a consistent supply of products. Overall, the Company performed exceptionally well, which is impressive considering the dire macroeconomic challenges facing the country.

In addition, the Company ensured a smooth access to dollars for imports such that even though the market was shrinking, Chemanex managed to carve out a greater market share, thereby delivering healthy growth and higher profitability.

The main contributors to the year's performance were the Paints, Latex and Estates segments.

## SEGMENTAL PERFORMANCE

### Estate Chemicals

The first half of the year 2022 witnesses a high global demand for rubber and in line with this trend the Company too recorded an upsurge in sales in the first six months of the year as companies in the estate segment were seeing rising exports of their products. Chemanex recorded an overall 3-4% increase in sales for this segment during the year.

### Rubber

The Dry Rubber segment, which was severely impacted by the pandemic situation due to border closures, continued its declining trend. Overall, the market fell by 25-30% during the year, which stifled the demand for chemicals supplied by Chemanex for the production of dry rubber products, such as tyres.

However, the latex business performed strongly and the demand for oleo chemicals, used in the detergent manufacturing process, strengthened during the period under consideration. Despite contractions in market and overall volume drop, Chemanex improved turnover and profit margins in 2022/23.

### Coatings

Despite a 35-40% decline in volumes in the overall industry, the Company managed to curb demand decline better than the overall industry numbers by



maintaining higher prices. The industry has still to recover from the pandemic-induced decline, further exacerbated by the shortage of paper in the country, which hindered the newspaper industry.

As a supplier of chemicals to the ink and paint industries, this drastic drop in newspaper sales impacted the company, which was anticipated by the management due to the drop in disposable income and shortage of dollars in the system.

### Home and Personal Care

The Hand Sanitizer and Detergent segment generated strong demand in the first half of the year under review. Unfortunately the effects of the economic crisis were felt in the second half of the year as disposable incomes dropped due to inflation, with operations of many SMEs coming to a standstill, and other factors such as job losses and escalating prices. Nonetheless, despite

challenges, the Company was able to meet its targets for this segment on account of consistent supply and astute management of stocks.

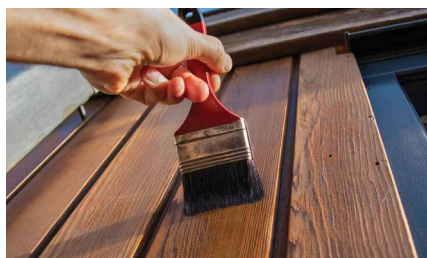
### Packaging & Food Additives

The segment performed well for the Company although the demand for wood preservatives declined due to a dip in the furniture industry. However, the Company's new products generated interest in the market and recorded strong sales. The furniture industry will be one of the first to witness rising demand as the state of the economy and the construction industry improves. The packaging industry too remained flat during the period while sales to the plastics industry too declined.

The Food additives segment saw demand drop during the year under review, however, this segment is expected to do well as the economy improves.

### Stakeholder Engagement

Maintaining stakeholder relationships became critical during the year under review as the economic crisis eroded established norms of engagement. The Company values individuals or groups that impact our actions, products and services. As a responsible corporate citizen, Chemanex continues to place value creation for stakeholders at the forefront of its strategy, thereby ensuring the needs of all its stakeholders were fulfilled. The Company's stakeholders encompass Customers, Suppliers, Employees and the Community at large.



“ Recording profitability amidst the most severe economic contraction of Sri Lanka’s economy in over seven decades reflects the Company’s solid and well respected credentials in the market. ”

### Customers

The Company’s strong reputation in the market served to boost its sustainability during the most challenging economic crisis as customer loyalty was retained successfully. Considering the soaring inflation and devaluation of the Sri Lankan rupee, the Company was forced to take on price increases.

Albeit one-on-one personal interaction with customers was a challenge due to acute fuel shortages in 2022, the Company stayed in touch regularly with its customer base. As a way of thanking its customer base for the loyalty shown during a difficult period, Chemanex has planned a mega customer event to be held in the next financial year.

### Suppliers

Chemanex offers products from some of the world’s best-known suppliers of chemicals who are highly respected across various industries. As a partner of some of the top manufacturers in the world, the Company offers high quality products to the local market.

The Company was challenged during the year as payment terms changed due to the dollar shortage in the country, which required advance payments in dollars for shipments.

In addition, there were delays in opening letter of credit further adding to logistical challenges during the period under review. The Company successfully reassured and convinced its supplier base to maintain their trust in the Company’s ability to surmount prevailing challenges.

### Employees

The impressive financial and operational performance by Chemanex in the year under review was powered by our exceptional team of employees who are always ready to face challenges. Considering the impact of the economic crisis on disposable incomes, the Company provided support to employees especially at lower salary levels. Demonstrating its commitment to offer the highest standards of service, key personnel were sent overseas for training by principals.

### Future Outlook

Chemanex PLC is focused on gearing for growth in the year 2024 by which time interest rates are expected to trend downwards and industries will commence borrowings and investments which will support markets to emerge from a period of downward growth. The year 2024 is also expected to witness a pickup in exports of latex. Global economic prospects for the year 2024 overall seem more promising while the economy will continue to feel pain in 2023.

Although the year 2023 is expected to test the resilience of the economy yet again, the support by the International Monetary Fund (IMF) will put the economy back on track and revive confidence in Sri Lanka’s economy. The Company will be closely monitoring the macroeconomic factors at play over the coming months.

The Company’s strategy is to expand its supplier base across all segments to widen its product portfolio. A concerted effort is being made to augment the latex portfolio from existing principals so as to forge ahead with a special range of chemicals that will help penetrate the market and create opportunities to capture market share.

# 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 No.7 of 2017. It also monitors risk profile of the group and the effectiveness of financial controls and compliance.

Table 01

Name	Directorate	Board Meetings	Audit Committee	RPT Review Committee
P R Saldin	NED	5/5*	4/4	-
E M M Boyagoda	NED / ID	5/5	4/4	4/4
S A B Ekanayake	NED / ID	5/5	4/4*	4/4*

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

## AUDIT COMMITTEE

Audit Committee consists of two (02) Non-Executive Independent Directors and one (01) Non-Executive Director. The Head of Finance attends 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 2022/23 and the attendance is given above in Table 01.

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

Section 7.10.3 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.

Audit Committee Report is given in page 16.

## 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 function as the Remuneration Committee of Chemanex PLC.

Remuneration Policy adopted by the holding company for the Group is given in page 24.

## DIRECTORS' REMUNERATION

Total remuneration paid to executive and non-executive directors are given in page 57.

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

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

The Board met Five (05) times during 2022/23 and the attendance is given below in Table 01.

## 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 function as the Nominations Committee of Chemanex PLC.

## RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review 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.

## CORPORATE GOVERNANCE

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

Related Party Transaction Review Committee Report is given in page 24.

### COMPLIANCE WITH THE RULES OF THE COLOMBO STOCK EXCHANGE ON CORPORATE GOVERNANCE AND RELATED PARTY TRANSACTIONS

Section	Subject	Description	Status	Details
7.10.1 (a)	Non-Executive Directors	At least two Non-Executive Directors or such number of Non-Executive Directors equivalent to one third of the total number of Directors, whichever is higher	Compliant	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 13 for Corporate Governance Report
7.10.3 (a)	Disclosure Relating to Directors	The Board shall make a determination annually as to the independence or non- independence of Non- Executive Directors.	Compliant	Regular evaluation is made against the criteria set out in section 7.10.4
7.10.3 (b)	Disclosure relating to Directors	In the event a Director does not qualify as "independent" but if the Board is of the opinion that the Director is "Independent", the Board shall specify the criteria not met and the basis for its determination.	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 8 & 9 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.
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 functioning as the remuneration committee of 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 functioning as the remuneration committee of Chemanex PLC, as decided by the Board of Directors on 19th May 2015.

Section	Subject	Description	Status	Details
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	Names of directors comprising Remuneration Committee and the remuneration policy adopted by the Remuneration Committee of the Parent Company, which is functioning as the Remuneration Committee of Chemanex PLC is given in page 24  Total remuneration paid to executive and non-executive directors are given in page 57 .
7.10.6 (a)	Composition of the Audit Committee	Minimum of two Independent Non-Executive Directors or of Non-Executive Directors a majority of whom shall be Independent, whichever shall be higher  One Non-Executive Director shall be appointed as Chairman of the Committee.  The Chief Executive Officer and the Chief Financial Officer of the Listed Entity shall attend audit committee meetings.  The Chairman or one member of the Committee should be a Member of a recognised professional accounting body.	Compliant	The Audit Committee comprises three Non-Executive Directors, two of whom are Independent.  The Chairman of the Audit Committee is a Non-Executive Director.  The Chief Executive Officer and the Finance Manager attended Audit Committee meetings by invitation.  One member of the Audit Committee is a Fellow member of the Institute of Chartered Accountants of Sri Lanka.
7.10.6 (b)	Audit Committee	Functions of the Audit Committee	Compliant	Refer page 16 for the Audit Committee Report
7.10.6 (c)	Audit Committee	Disclosure in the Annual Report	Compliant	Refer page 16 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 17 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 17 for the Related Party Transactions Review Committee Report  Refer page 17 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 17 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 13

The Audit Committee assists the Board of Directors in the oversight of the effectiveness of the internal controls over financial reporting, including the integrity of the Financial Statements of the Company and the Group. The Committee also ensures qualifications and independence of the External Auditors and monitor the performance of the Internal Auditors. Another primary task of the Committee is to ensure the Company's and the Group's compliance with legal and regulatory requirements.

The Committee is also responsible for internal audit functions of the Company as well as annual independent audit of the Company's financial statements.

The Committee reviews the future plans and activities of the Internal audit functions with the Management and the Internal Auditors and also ensures that there are no unjustified restrictions or limitations on the Internal audit functions. The Committee also reviews and approves the appointment of External Auditors. On a regular basis the Committee summons the Senior Corporate Officers to report on the Company's adherence to the relevant procedures, rules and regulations. Consequently, the Committee reports to the Board regularly regarding the effectiveness of the Company's internal controls over financial reporting. After reviewing the Internal Financial Statements, the Committee recommends the same to the Board to be published. The Committee also concentrates on the adequacy of disclosure in the Financial Statements as required by the Sri Lanka Accounting Standards, the Companies Act and other relevant financial reporting regulations.

After analysing the internal controls, the Committee is of the view that adequate controls and procedures are in place to provide reasonable assurance that the Company's investments and assets are protected. Monitoring of Compliance Reports were carried out to ensure the required compliance with statutory requirements. The Committee also

noted that the internal controls within the Company are designed to provide reasonable but not concrete assurance to the Directors, in order to monitor the Group's financial position.

The Audit Committee has recommended to the Board of Directors, that Messrs. Ernst & Young, be re-appointed as Auditors for the financial year ending 31st March 2024 subject to the approval of shareholders at the Annual General Meeting to be held on 30th June 2023.

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  
26th May 2023

# REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

## COMPOSITION OF THE COMMITTEE

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

Dr. S A B Ekanayake functions as the Chairman of the Committee.

## TERMS OF REFERENCE OF THE COMMITTEE

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

- Developing and recommending the RPT policy consistent with guidelines of CSE for adoption by the Board of Directors of the Company and its subsidiaries.
- Making immediate market disclosures on applicable RPT as required by Section 9 of the continuing listing requirement of CSE.

- Providing information to the Board of Directors on the RPT of each of the Group Companies.
- Making appropriate disclosures on RPT in the Annual Report of the Company as required by the continuing listing requirement of CSE.

The Committee 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 parties and the policy to the Board. The attendance of the Committee members is given on page 13. The Committee has reviewed the related party transactions 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 reasonably 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 and the management of the Company for their valuable contribution towards the progress of the committee.



**Dr. S A B Ekanayake**  
Chairman

Related Party Transactions Review  
Committee  
26th May 2023

# RISK MANAGEMENT

Risk management forms an integral part of business management. It focuses on identification, evaluation, and prioritisation of risks, followed by coordinated and economical application of resources to minimise, monitor, and control the probability or impact of those risks. The company acknowledges the necessity for risk recognition and a proactive risk management strategy given the competitive and dynamic business climate that it operates within Sri Lanka and globally.

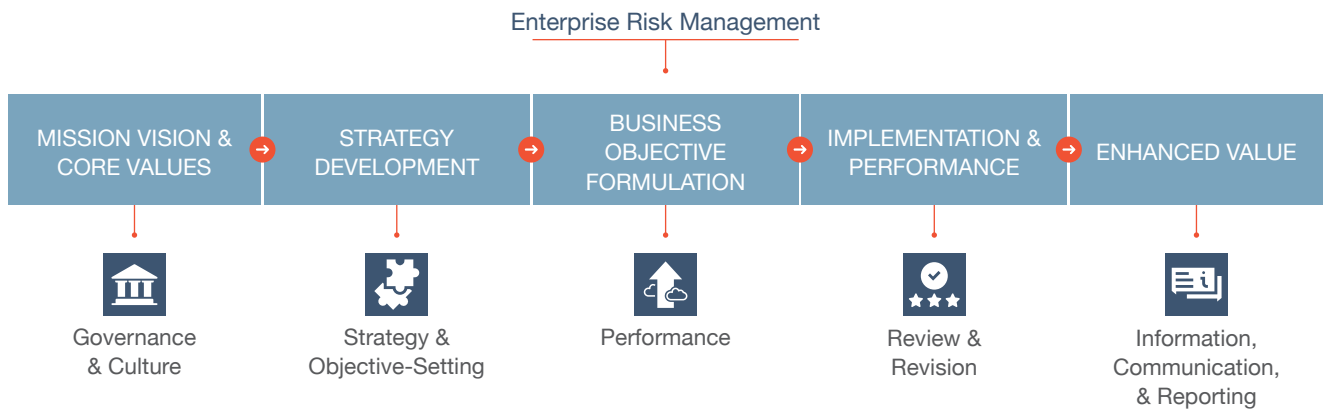
The Chemanex Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has deployed best practices in its endeavours to manage risks. The Company's system of internal controls covers all policies and procedures and facilitates the timely identification and effective management of significant areas of strategic and operational risk as may arise. Effective systems and procedures have also been designed to deal with fraud and encourage employees to promptly report any irregularity or fraud.

The Board has established a robust Risk Management

Framework as per the guidelines set out under the CIC Group Risk Management Policy. The main purpose of the CIC Group Risk Management Policy is to ensure sound and effective management of all key risks faced by the Group in line with the Board approved risk appetite limits. To that end, the Policy establishes the main principles and minimum process requirement to identify, measure, manage, control and report all current and emerging risks that could arise from the activities performed by Chemanex PLC also.

The Risk Management Framework revolves around the following four process ;

- Risk Identification
- Risk Measurement
- Risk Management and Control
- Risk reporting



## RISK CONTEXT

Amidst the challenging environment prevailed in the global and national context, company was facing numerous challenges. Country risk rating downgrade, forex liquidity shortage, abnormal inflation, increasing of overnight market interest rates, shortage of raw material, higher global prices, energy crisis and power outage are few of challenges which had severe impact on the Company. Chemanex was resilient and ahead of the curve of managing the above risks which are beyond the control of the Company. Chemanex was able to capitalise synergies of the parent company and related parties to face these challenges successfully, Implementation of successful risk management strategies enable the Company to ensure continuous supply of stocks, obtain forex and continues communication with suppliers and stay ahead of peers.

## COMPANY GENERAL RISK REGISTER

An overview of the key risks faced by the organisation and the management strategies to manage the potential risks to minimise the negative impact on the organisational goals are given below. Risk owner of the business is Chief Operating Officer who is directly responsible to the Board on risk management process and business continuity plan.

Risk NO	Headline Risk	Related Risk	Risk	Response of the Company
01	External Environment	Political	Impact of political instability / regulatory changes	Being vigilant on the situation to take appropriate action as needed
02		Macroeconomic Conditions (GDP, inflation, economic growth, unemployment etc.)	Lower disposable incomes / reduced purchasing power of the customer / increasing cost of production and expenditure	Optimal working capital management by streamlining resource utilisation
03		Exchange Rate	Volatility in the exchange rate causes increase of cost of production and overall cost	Focus on supplier credit management and strengthening the B2B customer base with special emphasis on export-oriented customers in order to receive settlements directly in USD
04		Possible outbreaks of Diseases	Pandemic situations could disrupt both production and logistics operations.  Employees using public transport are considerably exposed to an elevated risk of infection.	Protocols have been designed and communicated to employees on good hygiene practices.  Number of days operations are tied up to the demand and when possible, the number of working days to be limited.  Responsibilities have been assigned to senior staff and the management to provide heads up on a frequent basis.
05		Interest Rate	Rising cost of funds	Improve cash flows to reduce the dependence on borrowings
06	Business Strategies and Policies	Credit Risk	Risk of customer defaults due to adverse economic conditions	Tightening credit controls and convert credit customers to cash customers
07		Distributor channel effectiveness	Non availability of products	Maintaining of goods relationships with suppliers and keeping a buffer stock.
08	Business process	Global raw material shortages and freight delays	Non availability of products	Foresight supply pattern and maintain optimum buffer stock.
09		Accidents during the distribution	Products damages	Insurance and TRIM card mechanism for the transporters
10		Risk of fraud	Increasing economic challenges lead to potential risk of fraud	Tightening Internal control and frequent internal audit assignments
11		Fire and natural disaster	Damage to the business process	Maintaining of continuous inspection of fire system and adequate insurance coverage

## RISK MANAGEMENT

Risk NO	Headline Risk	Related Risk	Risk	Response of the Company
12	Organisation and People	Employee Retention	Retaining key employees	High performers are recognised and rewarded, and appropriate training provided to support career growth
13	Systems and Technology	External security threats & vulnerabilities	Damage to data, systems and business continuity  Information loss, connectivity loss systems corruption, business loss	Enforce IT security policy across the Company
14		IT Governance risk	Performance impact  Poor IT governance are increased costs due to the inefficiencies of short-term; tactical IT deployments; risk of breaching data security and regulatory compliance requirements; and unproductive use of people and IT assets	Implemented IT governance framework & ensure the right investments are made in technology to drive business value, protect the organisation, and legally operate
15		Business continuity planning	Losses of the business  Damage to the business process	Implemented Proper BCP

# PROGRESSION AND PURPOSE

## FINANCIAL STATEMENTS

Annual Report of the Board of Directors on the State of Affairs of Chemanex PLC /	22
Board of Directors' Statement on Internal Controls /	27
Directors' Responsibility for Financial Reporting /	28
Chief Operating Officer & Finance Officer's Responsibility Statement /	29
Independent Auditors' Report /	31
Statement of Profit or Loss and Other Comprehensive Income /	34
Statement of Financial Position /	35
Statement of Changes In Equity /	36
Statement of Cash Flow /	38
Notes to the Financial Statements /	40
Ten Year Group Performance /	91
Group Structure /	92
Information to Shareholders and Investors /	93
Notice of Meeting /	95
Form of Proxy /	97
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 50th Annual Report together with the Audited Financial Statements for the year ended 31st March 2023 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.

The principal place of business of the Company is at No.199, Kew Road, Colombo 2

## REVIEW OF THE YEAR

The Statement of Accounts was approved by the Board of Directors on 26th May 2023. The Chairman's Review (pages 6 to 7) 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

As at 31st March 2023

	Company Rs.'000	Group Rs.'000
<b>Profit for the year after depreciation</b>	253,244	255,562
From which a deduction is made for taxation and For discontinued operations	(85,698)	(85,698)
<b>From which a deduction is made for Non- Controlling Interest</b>	-	7,686
Added de-recognition of financial assets due to disposal	-	33
To which must be deducted other comprehensive income	(5,599)	(5,599)
<b>Total comprehensive income</b>	161,892	171,929
To which must be added the unappropriated profit brought forward from the previous years and	(55)	(55)
<b>Making available for appropriation amount of</b>	2,377,890	2,451,583
out of which a dividend of Rs.2.00 per share was paid	2,539,782	2,623,512
so that the unappropriated profit carried forward will be	(31,414)	(31,414)
	2,508,368	2,592,098

## 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 92.

## 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 INVESTEEES

The Equity Accounted Investees within the Group and their business activities are described in the Group structure on page 92 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 34 to 90 of the Annual Report.

## **DIVIDENDS**

For the year ended 31st March 2023 the Directors have recommended the payment of a final dividend of Rs. 2.50 per share amounting to Rs. 39,268,280/-

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. 2.50 per share for the year ended 31st March 2023 which it has to be approved by the shareholders at the Annual General Meeting to be held on 30th June 2023.

## **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 2023 and the Independent Auditor's Report on the Financial Statements is given on page 31 to 33 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 40 to 53 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 93 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 78 and 79 of this Annual Report.

## **DIRECTORS**

The qualifications and experience of the Directors are provided on pages 8 & 9. 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**

There were no appointments or resignations during the year under review.

## **RETIREMENT BY ROTATION AND RE-ELECTION**

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 shareholder 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”.

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

## **DIRECTORS' REMUNERATION**

Directors' remuneration in respect of the Company and the Group, for the financial year ended 31 March 2023 are given in Note 11 of the Financial Statements on page 57 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 92 of this Annual Report.

## **RELATED PARTY TRANSACTIONS**

Related party transactions have been declared at meetings of the Directors and are detailed in Note 39 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	2023	2022
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	-	-

## 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 28

## 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 16

## HUMAN CAPITAL & COMPENSATION COMMITTEE (REMUNERATION COMMITTEE) AND THE NOMINATIONS COMMITTEE

At the Board meeting of Chemanex PLC held on 19th May 2015, as permitted under Section 7.10.5.a of the Rules of the Colombo Stock Exchange on Corporate Governance, it was resolved that Remuneration Committee and the Nominations Committee of CIC Holdings PLC (Parent Company of Chemanex PLC) will function as the remuneration committee and nominations committee of 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

The Human Capital & Compensation Committee is responsible for developing the Group's remuneration policy and determining the remuneration packages of executive employees of the Group. The Committee recommends to the Board and its subsidiaries the remuneration to be paid to Key Management Personnel. The Committee reviews HR policies and the policies pertaining to remuneration and perquisites of the Executives of the Company annually. The Committee will also review the Human Resource Strategies of the Group.

The Committee believes that the Group's remuneration strategy is paramount to differentiate us from the competitors and to retain top performers. Therefore, the remuneration policy is based on a total reward approach. The remuneration strategy has been designed to enable the Group to develop, motivate and retain our internal talent pipeline; and when necessary to attract key talent externally to sustain the performance of the Group.

Succession planning within the Group is an ongoing process for responding to change, so that Group operations would go on with little disruption as possible. The Committee review the succession planning process in place to ensure that Group's best talent is in line with for future leadership and critical roles and to mitigate the risk of future talent shortages and also to retain and develop critical knowledge capital.

## 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 OF COLOMBO STOCK EXCHANGE

The Directors confirm compliance with Section 9 of the Listing Rules of Colombo Stock Exchange 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 13 to 15

## 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 1,063.64 Mn. (2021/22 - Rs.639.68Mn). 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 62

## INVESTMENTS

Details of investments and their movements during the year are listed in Notes 19, 20, 21 and 25 to the Financial Statements.

## RESERVES

Total reserves of the Group stood at Rs 2.54 Bn as at 31st March 2023 (Rs. 2.40Bn as at 31st March 2022) 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 2023. A list of top 20 shareholders is given on page 94 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 26th May 2023. 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 2023.

# ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE STATE OF AFFAIRS OF CHEMANEX PLC

---

## GOING CONCERN

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

## EVENTS AFTER THE REPORTING DATE

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

## 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. 0.75 Mn was paid to them as consolidated audit fees during the year under review (Company- Rs. 0.75 Mn) and a sum of Rs. 0.75 Mn 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 Fiftieth 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

26th May 2023

# 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 the 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 noncompliance. 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

26th May 2023

# 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.

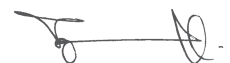
The Directors are required to prepare the Financial Statements and to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspections they may consider to be appropriate to enable them to give their Audit Opinion. The Directors are of the view that they have discharged 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 36 to the Financial Statements covering contingent liabilities. Further, as required by Section 56 (2) of the Companies Act No. 7 of 2007, the Board of Directors confirms that the Company, based on the information available as at present, satisfies the solvency test immediately after the distribution and in accordance with Section 57 of the Companies Act No. 7 of 2007, have obtained a certificate from the Auditors, prior to recommending the final dividend of Rs. 2.50 per share for this year, which is to be approved by the shareholders at the Annual General Meeting to be held on 30th June 2023.

By Order of the Board,



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

26th May 2023

# CHIEF OPERATING OFFICER & FINANCE OFFICER'S RESPONSIBILITY STATEMENT

---

The Financial Statements are prepared in conformity with the requirements of the Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka, Companies Act No. 7 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and 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**  
Chief Operating Officer



**Ms. D D Wickramanayake**  
General Manager – Finance  
26th May 2023

# FINANCIAL CALENDAR

---

1st Quarter Financial Results	Released on 20/07/2022
2nd Quarter Financial Results	Released on 19/10/2022
3rd Quarter Financial Results	Released on 17/01/2023
4th Quarter Financial Results	Released on 24/05/2023
2021/22 Final Dividend Paid	22/07/2022
2022/23 Final Dividend Payment Date if approved at AGM	24/07/2023
50th Annual General Meeting	30/06/2023

# 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 2023, 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 2023, 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
<b>Revenue from contracts with customers</b> The Group derived its revenue of Rs. 1.06 Bn from the sales of goods as disclosed in Notes 6 and 6.1 to the financial statements.  Revenue was a key audit matter due to: <ul style="list-style-type: none"><li>The significance of the reported revenue coupled with the significant increase (66%) in revenue recorded by the Group during the year due to price revisions in different products.</li></ul>	<b>Our audit procedures included the following;</b> <ul style="list-style-type: none"><li>Evaluated the design of internal controls and tested the operating effectiveness of relevant key controls relating to the sale of goods. Our procedures included testing the general IT control environment and the key IT application controls relating to the most significant IT systems relevant to revenue.</li><li>Performed appropriate analytical procedures to understand and assess the reasonableness of the reported revenues</li><li>Tested revenue transactions by reviewing sales orders, sales invoices, delivery notes and other relevant supporting documents.</li><li>Our procedures included testing revenue cut-off at the period-end date to determine whether transactions are recorded in the proper period and to the proper accounts</li></ul>

We also assessed the adequacy of the disclosures in respect of revenue in Notes 6 and 6.1 to the financial statements.

# INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How our audit addressed the key audit matter
<p><b>Valuation of Unquoted &amp; Quoted Equity Instruments Designated 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. 2,237 Mn as at the reporting date. These investments, which constitute 90% of the Group's total assets include quoted shares of Rs. 2,005.3 Mn and unquoted shares of Rs. 231.7 Mn, as reflected in Notes 21 and 25 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 and the significant exposure to market risk given the measurement of these investments at fair value, and</li> <li>• the degree of management's judgements and assumptions used in the valuation method of unquoted shares as disclosed in Note 21, particularly relating to the identification of comparable industry peers and the application of an illiquidity discount.</li> </ul>	<p>Our audit procedures to address this area of focus included the following;</p> <ul style="list-style-type: none"> <li>• Obtained 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>• Checked the valuation of quoted shares based on the closing prices published on the Colombo Stock Exchange.</li> <li>• We assessed the reasonableness of management's judgements and assumptions applied in the valuation of unquoted shares, particularly in relation to the identification of industry peers and the determination of the illiquidity discount</li> </ul> <p>We also assessed the adequacy of the disclosures in respect of in Notes 21 and 25 to the financial statements.</p>

## OTHER INFORMATION INCLUDED IN THE 2023 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.

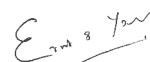
We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and 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 4169.



26 May 2023

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 FCMA, D K Hulangamuwa FCA FCMA LLB (London), 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: W S J De Silva BSc (Hons)-MIS MSc-IT, G B Goudian ACMA, D L B Karunathilaka ACMA, Ms. P S Paranavitane ACA 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	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Continuing operations</b>					
Revenue	6	1,063,645	639,680	1,063,645	639,680
Cost of sales		(665,828)	(473,352)	(665,828)	(473,352)
<b>Gross profit</b>		<b>397,817</b>	<b>166,328</b>	<b>397,817</b>	<b>166,328</b>
Other income	7	64,006	63,534	64,006	63,534
Distribution expenses		(106,289)	(49,853)	(106,289)	(49,853)
Impairment reversal on trade receivables		685	2,334	685	2,334
Administrative expenses		(49,225)	(39,643)	(49,225)	(39,643)
Other expenses	8	(42,778)	(4,192)	-	-
<b>Results from operating activities</b>		<b>264,216</b>	<b>138,508</b>	<b>306,994</b>	<b>142,700</b>
Finance income	9.1	7,632	4,131	7,632	4,131
Finance costs	9.2	(18,604)	(12,919)	(18,604)	(12,919)
Net finance expense	9	(10,972)	(8,788)	(10,972)	(8,788)
Share of loss of equity accounted investees (net of tax)	10	-	-	(40,460)	(6,109)
<b>Profit before tax</b>	11	<b>253,244</b>	<b>129,720</b>	<b>255,562</b>	<b>127,803</b>
Income tax expense	12	(85,698)	(30,446)	(85,698)	(30,446)
<b>Profit from continuing operations</b>		<b>167,546</b>	<b>99,274</b>	<b>169,864</b>	<b>97,357</b>
<b>Discontinued operations</b>					
Profit from discontinued operations (net of tax)	13.1	-	-	7,686	14,445
<b>Profit for the year</b>		<b>167,546</b>	<b>99,274</b>	<b>177,550</b>	<b>111,802</b>
<b>Other comprehensive income</b>					
<b>Items that will never be reclassified to profit or loss</b>					
Actuarial gain/(losses) on retirement benefit obligations	31.1	(79)	125	(79)	125
Income tax on other comprehensive income		1,200	9,027	1,200	9,027
Net losses from fair value change in financial assets		(4,753)	(18,508)	(4,106)	(19,056)
<b>Other comprehensive income for the year</b>		<b>(3,632)</b>	<b>(9,356)</b>	<b>(2,985)</b>	<b>(9,904)</b>
<b>Total comprehensive income for the year</b>		<b>163,914</b>	<b>89,918</b>	<b>174,565</b>	<b>101,898</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		167,546	99,274	177,583	111,826
Non - controlling interests		-	-	(33)	(24)
<b>Profit for the year</b>		<b>167,546</b>	<b>99,274</b>	<b>177,550</b>	<b>111,802</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		163,914	89,918	174,598	101,922
Non - controlling interests		-	-	(33)	(24)
<b>Total comprehensive income for the year</b>		<b>163,914</b>	<b>89,918</b>	<b>174,565</b>	<b>101,898</b>
<b>Earnings per share</b>					
Basic / Diluted earnings per share (Rs.)	14	10.67	6.32	11.31	7.12
<b>Earnings per share-continuing operations</b>					
Basic / Diluted earnings per share (Rs.)		10.67	6.32	10.81	6.20

Notes from pages 40 to 90 from an integral part of the Financial Statements.

Figures in brackets indicate deductions.

# STATEMENT OF FINANCIAL POSITION

As at 31st March	Notes	Company		Group	
		2023	2022	2023	2022
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant & equipment	16	28,399	4,692	28,399	4,692
Intangible assets	17	799	938	799	938
Deferred tax assets	18	14,217	15,740	14,217	15,740
Investment in subsidiaries	19	-	-	-	-
Equity accounted investees	20	-	42,690	-	40,460
Equity investment at fair value through OCI	21	231,719	198,244	231,719	198,244
		275,134	262,304	275,134	260,074
<b>Current assets</b>					
Inventories	22	194,018	156,027	194,018	156,027
Trade receivables	23	91,677	108,944	91,677	108,944
Other receivables	24	31,478	155,684	31,478	155,684
Equity investment at fair value through OCI	25	2,005,369	1,973,261	2,005,369	1,973,261
Deposits with banks		7,589	-	7,589	-
Cash in hand and at bank	26	138,425	17,109	138,425	17,109
		2,468,556	2,411,025	2,468,556	2,411,025
Assets relating to Discontinued operations	13.2	47,000	47,000	58,320	49,792
		2,515,556	2,458,025	2,526,876	2,460,817
<b>Total assets</b>		<b>2,790,690</b>	<b>2,720,329</b>	<b>2,802,010</b>	<b>2,720,891</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the company</b>					
Stated capital	27	126,250	126,250	126,250	126,250
Capital reserves	28	-	-	3,000	3,000
Revenue reserves	29	2,461,250	2,328,750	2,541,853	2,398,669
		2,587,500	2,455,000	2,671,103	2,527,919
<b>Non-controlling interests</b>				(2,801)	(2,768)
<b>Total Equity</b>		<b>2,587,500</b>	<b>2,455,000</b>	<b>2,668,302</b>	<b>2,525,151</b>
<b>Non-current liabilities</b>					
Loans and borrowings	30	3,880	-	3,880	-
Retirement benefit obligations	31	3,259	2,343	3,259	2,343
		7,139	2,343	7,139	2,343
<b>Current liabilities</b>					
Trade payables	32	7,342	23,652	7,342	23,652
Income tax payable	33	53,524	2,282	53,524	2,282
Accruals and other payables	34	125,303	104,614	54,871	34,075
Loans and borrowings	30.3	9,882	132,438	9,882	132,438
		196,051	262,986	125,619	192,447
Liabilities classified as held for distribution	13.2	-	-	950	950
		196,051	262,986	126,569	193,397
<b>Total liabilities</b>		<b>203,190</b>	<b>265,329</b>	<b>133,708</b>	<b>195,740</b>
<b>Total equity and liabilities</b>		<b>2,790,690</b>	<b>2,720,329</b>	<b>2,802,010</b>	<b>2,720,891</b>
Net assets per share (Rs)		164.73	156.30	170.05	160.94

Notes from pages 40 to 90 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.



**D D Wickramanayake**

General Manager Finance

The Board of Directors is responsible for these Financial Statements.

Signed for and on behalf of the Board by;



**P R Saldin**

Chairman



**Dr. S A B Ekanayake**

Director



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

Company Secretary

26th May 2023

# STATEMENTS OF CHANGES IN EQUITY

## Company

As at 31st March	Stated Capital Rs.'000	Fair Value Reserve Rs.'000	Retained Earnings Rs.'000	Total Rs.'000
As at 31st March 2021	126,250	67,217	2,187,322	2,380,789
Profit for the year	-	-	99,274	99,274
Other comprehensive loss	-	(19,124)	9,768	(9,356)
Transfers	-	-	-	-
De-recognition 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 contributions by and distributions 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
As at 01st April 2022	126,250	(49,140)	2,377,890	2,455,000
Profit for the year	-	-	167,546	167,546
Other comprehensive income	-	(3,577)	(55)	(3,632)
Derecognition of financial assets due to disposal	-	5,599	(5,599)	-
<b>Total comprehensive income</b>	-	2,022	161,892	163,914
Dividends (Note 15)	-	-	(31,414)	(31,414)
<b>Total comprehensive income to the owners of the company</b>	-	2,022	130,478	132,500
As at 31st March 2023	126,250	(47,118)	2,508,368	2,587,500

## Group

As at 31st March	Stated Capital Rs.'000	Reserve on Script issue Rs.'000	Fair Value Reserve Rs.'000	Retained Earnings Rs.'000
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)	203,898
Dividends (Note 15)	-	-	-	(15,707)
<b>Total contributions by and distributions to the owners of the company</b>	-	-	(116,905)	188,191
As at 31st March 2022	126,250	3,000	(52,914)	2,451,583
As at 01st April 2022	126,250	3,000	(52,914)	2,451,583
Profit/(loss) for the year	-	-	-	177,583
Other comprehensive income	-	-	(2,930)	(55)
Derecognition of financial assets due to disposal	-	-	5,599	(5,599)
<b>Total comprehensive income</b>	-	-	2,669	171,929
Dividends (Note 15)	-	-	-	(31,414)
<b>Total contributions by and distributions to the owners of the company</b>	-	-	2,669	140,515
As at 31st March 2023	126,250	3,000	(50,245)	2,592,098

Notes from pages 40 to 90 form an integral part of the Financial Statements.

Figures in brackets indicate deductions.

Total	Non-Controlling Interest	Total
Rs.'000	Rs.'000	Rs.'000
2,456,633	(17,673)	2,438,960
111,826	(24)	111,802
(9,904)	-	(9,904)
(14,929)	14,929.00	-
-	-	-
86,993	14,905	101,898
(15,707)	-	(15,707)
71,286	14,905	86,191
2,527,919	(2,768)	2,525,151
2,527,919	(2,768)	2,525,151
177,583	(33)	177,550
(2,985)	-	(2,985)
-	-	-
174,598	(33)	174,565
(31,414)	-	(31,414)
143,184	(33)	143,151
2,671,103	(2,801)	2,668,302

# STATEMENT OF CASH FLOW

For the year ended 31st March	Notes	Company		Group	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Cash flow from operating activities</b>					
Cash generated from operations (Note A)		384,352	(69,126)	388,738	(68,892)
Interest paid		(17,363)	(11,848)	(17,363)	(11,848)
Income tax paid	33	(31,733)	(11,868)	(31,733)	(11,868)
Net cash flow (used for)/generated from operating activities		335,256	(92,842)	339,642	(92,608)
<b>Cash flow from investing activities</b>					
Proceeds from disposal of investments		3,152	141,364	3,152	141,364
Proceeds from disposal of property, plant & equipment		-	9,363	-	9,363
Dividend received from other companies	7	36,979	28,209	36,979	28,209
Acquisition of investments	25	(73,488)	(193,463)	(73,567)	(193,573)
Addition to property, plant & equipment	16	(15,056)	(894)	(15,056)	(894)
Interest income received		7,632	4,131	15,390	4,131
Investment in bank deposits		(7,589)	-	(7,589)	-
Net cash outflow from investing activities		(48,370)	(11,290)	(40,691)	3,070
Net cash inflow/(outflow) before financing activities		286,886	(104,132)	298,951	(89,538)
<b>Cash flow from financing activities</b>					
Settlement of lease liability	30.2	(8,979)	(7,380)	(8,979)	(7,380)
Dividends paid to equity holders of the parent		(31,414)	(15,707)	(31,414)	(15,707)
Net cash outflow from financing activities		(40,393)	(23,087)	(40,393)	(23,087)
Net decrease in cash & cash equivalents during the period		246,493	(127,219)	258,558	(112,625)
Cash & cash equivalents at the beginning of the period		(109,053)	18,166	(63,775)	48,850
Unrealised exchange loss/(gain) on cash & cash equivalent		985	-	(3,147)	-
Cash & cash equivalents at the end of the period (Note B)		138,425	(109,053)	191,636	(63,775)

For the year ended 31st March	Notes	Company		Group	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Note A - Cash (used for)/ generated from operations</b>					
Profit before tax from continued operations		253,244	129,720	255,562	127,803
Profit before tax from discontinued operations		-	-	7,817	14,522
<b>Adjustments for:</b>					
Depreciation on property, plant & equipment	16	679	232	679	232
Impairment of investment in Rainforest Ecolodge (Private) Limited	8	42,690	3,879	-	-
Amortisation of right of use asset	16	5,894	5,461	5,894	5,461
Amortisation of intangible assets	17	139	139	139	139
Gain on disposal of property, plant & equipment	7	-	(9,363)	-	(9,363)
Provision for retirement benefit	31	837	468	837	468
Provision for intercompany receivable	8	88	313	-	-
Reversal provision for impairment of trade receivable	23.2	(685)	(2,334)	(685)	(2,334)
Reversal provision for write down of inventories	22.1	47,189	(5,867)	47,189	(5,867)
Rent payment waive off received	7	-	(1,346)	-	(1,346)
Dividend income	7	(36,979)	(28,209)	(36,979)	(28,209)
Interest income		(7,632)	(4,131)	(11,258)	(18,601)
Interest expense		17,619	12,919	17,619	12,919
Adjustment for de-recognition of right of use asset		-	(2,350)	-	(2,350)
Share of loss of equity accounted investees		-	-	40,460	6,109
Operating profit before working capital changes		323,083	99,531	327,274	99,583
(Increase)/decrease in trade and other receivables		142,070	(149,585)	142,158	(149,272)
Increase in inventories		(85,180)	(36,068)	(85,180)	(36,068)
Increase in trade and other payables		4,379	16,996	4,486	16,865
Cash generated / (used for) from operations		384,352	(69,126)	388,738	(68,892)
<b>Note B - Analysis of cash &amp; cash equivalents at the end of the year</b>					
Cash in hand and at bank		138,425	17,109	191,636	62,387
Interest bearing short-term borrowings		-	(126,162)	-	(126,162)
		138,425	(109,053)	191,636	(63,775)

Notes from pages 40 to 90 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 is located at No.52, Galle Face Court 2, Colombo 03 and principal place of business is located No.199, Kew Road, Colombo 02.

### 1.2 Principal Activities and Nature of Operations

The principal activities of the Company, subsidiaries and equity accounted investees are provided in the Annual Report of the Board of Directors on the State of Affairs of ChemaneX PLC (Page 22).

### 1.3 Parent and Ultimate Parent Enterprise

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

### 1.4 Authorisation for Issue

The Board of Directors is responsible for these Financial Statements. The Financial Statements were authorised for issue in accordance with a resolution of the Board of Directors on 26th May 2023.

### 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 Judgement, 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 Judgement

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. Refer Note 20 for further disclosure.

### 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 2023 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 18 - recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences can be utilised;
- Note 20 - determination of fair value of the equity accounted investees in carrying our impairment test
- Note 23 - 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 19 and 20 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 2023, 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.

Chemanex 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 Chemanex Exports (Private) Limited by way of sale or winding up. Company also ceased its' paints business in a managed manner.

## NOTES TO THE FINANCIAL STATEMENTS

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

### 3.2.1 Subsidiaries

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

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

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

from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

### 3.2.2 Non-Controlling Interests

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

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

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

### 3.2.3 Loss of Control

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

### 3.2.4 Equity Accounted Investees

An associate is an entity in which the Group has significant influence, but no control over the financial and operating

policies. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but does not have the control over those policies.

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

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

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

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

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

At each reporting date, the Group determines whether there is an 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 20 to the Financial Statements.

### 3.2.5 Intra-Group Transactions

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

### 3.2.6 Transactions Eliminated on Consolidation

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

### 3.3 Measurement of Fair Values

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

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

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

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

- Notes 21 & 25 – 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

## NOTES TO THE FINANCIAL STATEMENTS

to the profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed, at which time, the cumulative amount is reclassified to the Income Statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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

### 3.5 Revenue

#### 3.5.1 Revenue Streams

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

#### 3.5.2 Disaggregation of Revenue from Contract with Customers

Revenue from contract with customers (including revenue related to a discontinuing operation) is disaggregated by primary geographical market, major products and timing of revenue recognition under Note 6.

#### 3.5.3 Performance Obligations and Revenue Recognition Policies

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

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

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

#### 3.5.4 Rendering of Services

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

#### 3.5.5 Interest Income

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

#### 3.5.6 Dividend Income

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

#### 3.5.7 Rental Income

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

### 3.5.8 Commissions

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

### 3.5.9 Others

Other income is recognised on an accrual basis.

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

## 3.6 Finance income and finance costs

The Group's finance income and finance costs include

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

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

- The gross carrying amount of the financial assets; or
- The amortised cost of the financial liability.

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

## 3.7 Tax

### 3.7.1 Current Income Tax

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

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

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

Management has used its judgement 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 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

## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

#### 3.8.1 Assets and Liabilities relating to Discontinued Operations

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

### 3.9 Property, Plant & Equipment

#### 3.9.1 Initial Recognition and Measurement

Items of property, plant & equipment are measured at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes expenditure that is directly

attributable to the acquisition of the asset and includes the cost of replacing part of the property, plant & equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

The cost of self-constructed assets includes the following:

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

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

#### 3.9.2 Subsequent Costs

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

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

#### 3.9.3 Depreciation

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

Items of property, plant & equipment are depreciated from the month

that they are installed and are ready for use, or in respect of internally constructed assets, from the month that the asset is completed and ready for use.

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

- Buildings 10 - 20 years
- Plant and machinery 20 - 22 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 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 30).

## 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

## NOTES TO THE FINANCIAL STATEMENTS

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

The following asset has specific characteristics for impairment testing:

#### 3.13.1 Intangible Assets

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

### 3.14 Financial Instruments

#### 3.14.1 Financial Assets

##### (A) Initial Recognition and Measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is trade receivable without a significant financing component) or financial

liabilities initially measured at fair value plus for an item not at FVTPL, transaction costs that are directly attributable to its acquisitions or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**(B) Classification and Subsequent Measurement**

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

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

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

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

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

All financial assets not classified as measured at 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 managers of business are compensated – eg: whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reason for such sales are expectations about future sales activity.

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

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

**(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:

## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

Financial assets at FVTPL These assets are subsequently measured at fair value. Net gain and losses including any interest or dividend income, are recognised in profit or loss.

Financial assets at 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 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 lifetime ECLs, except for the following which are measured at 12 months ECLs:

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

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

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

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

The Group considers financial asset to be in default when:

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

## NOTES TO THE FINANCIAL STATEMENTS

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 arises only on completion of five years of continued service.

#### Gratuity was calculated based on the below basis.

Period of service( Years)	Basis
5-9 inclusive	1/2 month salary for each completed year
10-14 inclusive	3/4 month salary for each completed year
15-16 inclusive	15 months salary in total
17-18 inclusive	16 months salary in total
19-20 inclusive	17 months salary in total
21-22 inclusive	18 months salary in total
23-24 inclusive	19 months salary in total
25-40 inclusive	20 months salary in total
41 years and over	1/2 month salary for each completed year

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.

### 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 54 and 55.

Segment results that are reported to the COO (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 AMENDMENTS ISSUED BUT NOT EFFECTIVE AS AT THE REPORTING DATE

The Institute of Chartered Accountants of Sri Lanka has issued this new Sri Lanka Accounting Standard which will become applicable for financial periods beginning on or after 1st April 2023 or at a later date. Accordingly, this Standard have not been applied in preparing these Financial Statements.

### 4.1 Amendments to “Accounting Policies, Changes in Accounting Estimates and Errors” (LKAS 8): Definition of Accounting Estimates

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual reporting periods beginning on or after April 01, 2023. The Group does not expect this will result in a material impact on its Financial Statements.

### 4.2 Amendments to “Income Taxes” (LKAS 12): Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements or to the related asset component. This judgement is

important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

The amendments are effective for annual reporting periods beginning on or after January 01, 2023. The Group does not expect this will result in a material impact on its Financial Statements.

### 4.3 Amendments to “Presentation of Financial Statements” (LKAS 1) and “Making Materiality Judgements” (IFRS Practice Statement 2): Disclosure of Accounting Policies

Amendments to LKAS 1 and IFRS Practice Statement 2, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities

provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their “significant” accounting policies with a requirement to disclose their “material” accounting policies.
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments are effective for annual reporting periods beginning on or after April 01, 2023. The Group is in the process of revisiting its accounting policy information disclosures to ensure consistency with the amended requirements.

## NOTES TO THE FINANCIAL STATEMENTS

### 5. INDUSTRY SEGMENT INFORMATION

#### (a) Segmental Revenue

For the year ended 31st March	Group	
	2023	2022
	Rs.'000	Rs.'000
Rubber and plastic	602,824	338,121
Coating and packaging	277,799	174,478
Home and personal care	183,022	127,081
Total revenue from external customers	1,063,645	639,680

#### (b) Segmental Results.

For the year ended 31st March	Group	
	2023	2022
	Rs.'000	Rs.'000
Rubber and plastic	168,978	62,771
Coating and packaging	44,150	6,383
Home and personal care	35,754	15,333
Segmental Result	248,882	84,487
Other income	64,006	63,534
Un allocated expenses	(5,894)	(5,321)
Finance income (net)	(10,972)	(8,788)
Share of loss of equity accounted investees	(40,460)	(6,109)
<b>Profit before tax</b>	<b>255,562</b>	<b>127,803</b>
Income tax expense	(85,698)	(30,446)
Profit from continued operations	169,864	97,357
Profit from discontinued operations	7,686	14,445
<b>Profit for the year</b>	<b>177,550</b>	<b>111,802</b>
<b>Profit attributable to :</b>		
Equity holders of the Company	177,583	111,826
Non-controlling interest	(33)	(24)
	<b>177,550</b>	<b>111,802</b>

Assets	Capital Expenditure		Depreciation		Total Assets	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
31st March						
Rubber and plastic	13,496	-	409	186	154,574	192,672
Coating and packaging	1,560	894	273	124	12,766	13,126
Home and personal care	-	-	136	61	26,054	104,869
Investments/other	-	-	-	-	2,608,616	2,410,224
	15,056	894	818	371	2,802,010	2,720,891

Liabilities	Retirement Benefit Obligations		Trade and Other Payables	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
31st March				
Rubber and plastic	1239	719	5,186	21,101
Coating and packaging	1,788	1,397	1,045	1,701
Home and personal care	232	227	150	850
Investments/other	-	-	54,871	34,075
	3,259	2,343	61,252	57,727

## 6 REVENUE

For the year ended 31st March	Company/Group	
	2023 Rs.'000	2022 Rs.'000
Revenue	1,063,645	639,680

### 6.1 Disaggregation of Revenue from contracts with customers

For the year ended 31st March	Company/Group	
	2023 Rs.'000	2022 Rs.'000
Rubber and plastic	602,824	338,121
Coating and packaging	277,799	174,478
Home and personal care	183,022	127,081
Timing of revenue recognition		
Products transferred at a point in time	1,063,645	639,680

\* There is no inter segment sales made during both financial periods

## NOTES TO THE FINANCIAL STATEMENTS

### 7 OTHER INCOME

For the year ended 31st March	Company/Group	
	2023	2022
	Rs.'000	Rs.'000
Dividend income -quoted	36,979	28,209
Net gain on disposal of property, plant & equipment	-	9,363
Direct sales commission	12,784	12,571
Rent income	13,863	11,970
Sundry income	380	1,421
<b>Total</b>	<b>64,006</b>	<b>63,534</b>

### 8 OTHER EXPENSES

For the year ended 31st March	Company	
	2023	2022
	Rs.'000	Rs.'000
Impairment of investment in Rainforest Ecolodge (Private) Limited	42,690	3,879
Provision for intercompany receivable	88	313
<b>Total</b>	<b>42,778</b>	<b>4,192</b>

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

#### 9.1 Finance Income

For the year ended 31st March	Company/Group	
	2023	2022
	Rs.'000	Rs.'000
Staff loans	100	63
Interest on treasury bills	2,761	3,617
Deposits	4,771	451
	7,632	4,131

#### 9.2 Finance Cost

For the year ended 31st March	Company/Group	
	2023	2022
	Rs.'000	Rs.'000
Short-term loans and overdrafts	12,629	261
Interest on leasing	1,241	1,071
Foreign exchange loss	4,734	11,587
	18,604	12,919
<b>Finance Cost (Net)</b>	<b>(10,972)</b>	<b>(8,788)</b>

**10 SHARE OF PROFIT OF EQUITY ACCOUNTED INVESTEES (NET OF TAX)**

For the year ended 31st March	Group	
	2023	2022
	Rs.'000	Rs.'000
Rainforest Ecologde (Private) Limited	(40,460)	(6,109)
<b>Total</b>	<b>(40,460)</b>	<b>(6,109)</b>

**11 PROFIT/(LOSS) BEFORE TAX IS STATED AFTER CHARGING ALL EXPENSES INCLUDING THE FOLLOWING:**

For the year ended 31st March	Company/Group	
	2023	2022
	Rs.'000	Rs.'000
Directors' emoluments and retirement benefits	-	-
Depreciation of property, plant & equipment	6,573	5,693
Directors' fees	6,006	4,800
Staff training and development	22	-
Legal fees	508	627
Auditors' remuneration		
Statutory audit fees	757	570
Audit related fees	344	280
Professional fees	445	337
Provision for inventories/(reversal of provision for inventories)	47,189	(5,867)
Personnel costs * (Note11.1 )	16,945	14,471

**11.1 Personnel Costs**

For the year ended 31st March	Company/Group	
	2023	2022
	Rs.'000	Rs.'000
Salaries	10,803	9,427
EPF/MSPS - Defined contribution plan	1,420	1,128
ETF- defined contribution plan	355	282
Bonus	3,530	3,166
Provision for retirement benefits	837	468
<b>Total</b>	<b>16,945</b>	<b>14,471</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	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Current tax expenses on ordinary activities for the year				
Current tax expenses on profit for the year ( Note 12.2)	82,825	23,008	82,825	23,008
Under/(over) provision in respect of previous years	150	(11,905)	150	(11,905)
Transferred to other comprehensive income	-	9,673	-	9,673
	82,975	20,776	82,975	20,776
Deferred tax charge				
Origination of temporary differences (Note 12.1)	2,723	9,670	2,723	9,670
<b>Total</b>	<b>85,698</b>	<b>30,446</b>	<b>85,698</b>	<b>30,446</b>

#### 12.1 Deferred Tax Expense

For the year ended 31st March	Company		Group	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Income Statements</b>				
Deferred tax expense arising from :				
Property, plant & equipment	(161)	(63)	(161)	(63)
Intangible assets	(36)	(183)	(36)	(183)
Retirement benefit obligations	(392)	(112)	(392)	(112)
Right-of-use-asset	3,038	(8,234)	3,038	(8,234)
Provision for impairment of trade receivables	603	7,314	603	7,314
Lease liability	(2,623)	9,325	(2,623)	9,325
Provision for slow moving inventory	2,294	1,624	2,294	1,624
	2,723	9,670	2,723	9,670
<b>Other Comprehensive Income</b>				
Deferred tax charge/(reversal) arising from :				
Actuarial losses on retirement benefit obligations	(24)	30	(24)	30
Investment in fair value through OCI	(1,176)	616	(1,176)	616
	(1,200)	646	(1,200)	646
<b>Total</b>	<b>1,523</b>	<b>10,316</b>	<b>1,523</b>	<b>10,316</b>

#### 12.1.1 Deferred tax charge /(reversal) recognised through

For the year ended 31st March	Company		Group	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Statement of Profit or Loss</b>				
Charge arising on during the year movement	5,255	9,670	5,255	9,670
Charge due to change in tax rates	(2,532)	-	(2,532)	-
	2,723	9,670	2,723	9,670

For the year ended 31st March	Company		Group	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Other Comprehensive income				
Charge arising on during the year movement	10,019	646	10,019	646
Charge due to change in tax rates	(11,219)	-	(11,219)	-
	(1,200)	646	(1,200)	646
	1,523	10,316	1,523	10,316

## 12.2 Reconciliation of the Accounting Profit and Taxable Profit

For the year ended 31st March	Company		Group	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Profit before tax-continuing operations	253,244	129,720	255,562	127,803
Profit before tax-discontinued operations	-	-	7,817	14,522
	253,244	129,720	263,379	142,325
Share of loss of equity accounted investee	-	-	40,460	6,109
Disallowable expenses	100,513	24,687	57,823	20,808
Tax deductible expenses	(13,440)	(33,174)	(13,440)	(33,174)
Capital allowances	(1,766)	(260)	(1,766)	(260)
Tax exempt income	(20,155)	(19,068)	(27,838)	(33,538)
Taxable profit	318,396	101,905	318,618	102,270
Income tax @ 14%	2,358	1,280	2,358	1,280
Income tax @ 24%	48,601	21,728	48,601	21,859
Income tax @ 30%	31,866	-	31,997	-
Current tax expense on continued operations	82,825	23,008	82,825	23,008
Current tax expense on discontinued operations	-	-	131	77
	82,825	23,008	82,956	77
Accumulated tax losses				
Adjustment to brought forward tax losses	-	-	-	220
Tax loss utilised during the year	-	-	-	(220)
Tax loss carried forward	-	-	-	-
Effective tax rate	26%	23%	26%	23%

## 12.3 As per the Inland Revenue Act No.24 of 2017 and amendments thereto, all Group companies which are resident in Sri Lanka are liable to Income Tax at 30% w.e.f 01 October 2022, upto 30 September 2022 - 24% (2021/22 - 24%) on taxable profit during the period

Current and deferred tax have been provided as per the Inland Revenue Act No. 24 of 2017 and any subsequent amendments thereto, including any amendments legislated by Inland Revenue (Amendment) Act No. 45 of 2022.

## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

Chemmanex 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	
	2023 Rs.'000	2022 Rs.'000
Other income	290	251
Administrative expenses	(231)	(199)
Finance income (net)	7,758	14,470
Profit before tax from a discontinued operations	7,817	14,522
Tax expense	(131)	(77)
Profit for the year from a discontinued operations	7,686	14,445

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

For the year ended 31st March	Company		Group	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Assets</b>				
Investments	47,000	47,000	4,245	3,519
Other receivables	-	-	864	995
Cash in hand and cash at bank	-	-	53,211	45,278
Assets classified as held for distribution	47,000	47,000	58,320	49,792
<b>Liabilities</b>				
Trade and other payables	-	-	950	950
Liabilities directly associated with assets classified as held for distribution	-	-	950	950
Net assets directly associated with disposal group	47,000	47,000	57,370	48,842

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	
	2023 Rs.'000	2022 Rs.'000
Net cash from investing activities	7,933	14,594
Net cash inflow	7,933	14,594

### 13.4 Earnings per Share

For the year ended 31st March	Group	
	2023	2022
Basic / diluted earnings per share for the year, from discontinued operations (Rs.)	0.50	0.92

### 14 EARNINGS PER SHARE

For the year ended 31st March	Company		Group	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Profit attributable to equity holders of the Company	167,546	99,274	177,583	111,826
The share capital is as follows :				
Ordinary Shares				
Number of shares	15,707,312	15,707,312	15,707,312	15,707,312
Basic / Diluted earnings per share (Rs.)	10.67	6.32	11.31	7.12

#### 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	2023	2022
	Rs.'000	Rs.'000
Interim Dividend		
Interim dividend paid per share Rs. Nil (2021/22 -Nil)	-	-
Final Dividends		
Final dividend proposed and paid Rs.2.00 (2021/22) per share Rs.1.00 (2020/21)	31,414	15,707
Total	31,414	15,707

During the year, Rs.2.00 dividend was paid to the shareholders (2021/22- Rs. 1.00).

Directors have recommended the payment of a final dividend of Rs 2.50 per share on Ordinary Shares for the year ended 31st March 2023. This proposed dividend has not yet been recognised as a liability as at 31.03.2023.

This would result in a total dividend per share of Rs. 2.50 (2021/22 - Rs.2.00) once it is approved at the Annual General Meeting. These were distributed to shareholders out of the dividend received.

# NOTES TO THE FINANCIAL STATEMENTS

## 16 PROPERTY, PLANT & EQUIPMENT

A. Company/Group

	Buildings		Plant & Equipment Machinery		Computers	Furniture & Fittings	Motor Vehicles	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Freehold								
Cost/Valuation								
At the beginning of the year	-	8	4,877	13,431	173	8,491	26,980	27,988
Additions	-	13,496	435	1,125	-	-	15,056	894
Disposals/write off	-	-	-	-	-	-	-	(1,902)
At the end of the year	-	13,504	5,312	14,556	173	8,491	42,036	26,980
Depreciation/Impairment								
At the beginning of the year	-	8	4,845	12,761	173	8,491	26,278	27,948
Depreciation	-	87	44	548	-	-	679	232
Disposals/write off	-	-	-	-	-	-	-	(1,902)
At the end of the year	-	95	4,889	13,309	173	8,491	26,957	26,278
Right-of use asset								
Cost/Valuation								
At the beginning of the year	27,377	-	-	-	-	-	27,377	59,709
Additions to right-of-use-assets	15,224	-	-	-	-	-	15,224	-
De-recognition	-	-	-	-	-	-	-	(32,332)
At the end of the year	42,601	-	-	-	-	-	42,601	27,377
Depreciation/Impairment								
At the beginning of the year	23,387	-	-	-	-	-	23,387	21,410
Amortisation	5,894	-	-	-	-	-	5,894	5,461
De-recognition	-	-	-	-	-	-	-	(3,484)
At the end of the year	29,281	-	-	-	-	-	29,281	23,387
Carrying value as at								
31st March 2023	13,320	13,409	423	1,247	-	-	28,399	
Carrying value as at								
31st March 2022	3,990	-	32	670	-	-	4,692	

(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 Company entered into a new lease agreement for its registered office for a period of two years.

**C Carrying Value Base**

As at 31st March	Company/Group	
	2023	2022
	Rs.'000	Rs.'000
At Cost	15,079	702
On Finance Lease Term	13,320	3,990
<b>Total</b>	<b>28,399</b>	<b>4,692</b>

D During the year 2021/22, 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	
	2023	2022
	Rs.'000	Rs.'000
Plant & Machinery	8	8
Equipment	4,836	4,836
Computers	12,537	12,537
Furniture & Fittings	173	173
Motor Vehicles	8,491	8,491
<b>Total</b>	<b>26,045</b>	<b>26,045</b>

**17 INTANGIBLE ASSETS**

As at 31st March	Company/Group	
	2023	2022
	Rs.'000	Rs.'000
Software cost capitalised	938	1,077
Amortisation for the year	(139)	(139)
<b>Net software cost capitalised</b>	<b>799</b>	<b>938</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

### 18 DEFERRED TAX

As at 31st March	Company/Group	
	2023	2022
	Rs.'000	Rs.'000
At the beginning of the year	15,740	26,056
Amount origination /(reversal) of temporary differences		
Recognised in profit or loss	(2,723)	(9,670)
Recognised in other comprehensive income	1,200	(646)
At the end of the year	14,217	15,740

The Group recognised deferred tax asset of Rs.14.22Mn ( 2022- Rs.15.74Mn) 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	
	2023	2022
	Rs.'000	Rs.'000
Deferred tax assets		
Deferred tax assets to be recovered within 12 months	108	549
Deferred tax assets to be recovered after 12 months	14,109	15,191
Deferred tax assets	14,217	15,740

## (B) Movements in deferred tax balances

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

2023 Company/Group	Balance at 31 March					
	Net	Recognised	Recognised	Net	Deferred	Deferred
	balances	in Profit	in OCI	Net	tax assets	tax
	at 1-Apr	or loss			liabilities	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Property plant & equipment	55	161	-	216	216	-
Intangible assets	58	36	-	94	94	-
Retirement benefit obligation	562	392	24	978	978	-
Right-of-use-asset	(958)	(3,038)	-	(3,996)	-	(3,996)
Impairment of trade receivables	6,613	(603)	-	6,011	6,011	-
Lease liability	1,506	2,623	-	4,129	4,129	-
Investment in fair value through OCI	5,610	-	1,176	6,786	6,786	-
Inventory provision	2,294	(2,294)	-	-	-	-
<b>Net tax assets/(liabilities)</b>	<b>15,740</b>	<b>(2,723)</b>	<b>1,200</b>	<b>14,217</b>	<b>18,213</b>	<b>(3,996)</b>

2022 Company/Group	Balance at 31 March					
	Net	Recognised	Recognised	Net	Deferred	Deferred
	balances	in Profit	in OCI	Net	tax assets	tax
	at 1-Apr	or loss			liabilities	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Property plant & equipment	(8)	63	-	55	54	-
Intangible assets	(125)	183	-	58	58	-
Retirement benefit obligation	480	112	(30)	562	563	-
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	-
<b>Net tax assets/(liabilities)</b>	<b>26,056</b>	<b>9,670</b>	<b>(646)</b>	<b>15,740</b>	<b>16,698</b>	<b>(958)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### (C) Deferred Tax Effects of Temporary Differences

Company/Group	2023		2022	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Property plant & equipment	719	216	228	55
Intangible assets	313	94	243	58
Retirement benefit obligation	(3,259)	978	(2,343)	562
Right-of-use-asset	13,321	(3,996)	3,990	(958)
Impairment of trade receivables	20,035	6,011	(27,553)	6,613
Lease liability	13,762	4,129	(6,276)	1,506
Investment in fair value through OCI	22,621	6,786	56,095	5,610
Inventory provision	-	-	(9,558)	2,294
	67,513	14,217	14,826	15,740

### (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 Deferred Tax Liabilities

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

## 19 INVESTMENT IN SUBSIDIARIES

As at 31st March	No. of shares	Percentage of holding	2023 Rs.'000	2022 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 92
- 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.

## 20 EQUITY ACCOUNTED INVESTEEES

For the year ended 31st March	No. of shares	Percentage of holding	Company		Group	
			2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Unquoted						
Rainforest Ecolodge (Private) Limited	9,950,968	20.89%	99,510	99,510	-	40,460
Provision for impairment of investment in Associate			(99,510)	(56,820)	-	-
			-	42,690	-	40,460

For the year ended 31st March	Group	
	2023 Rs.'000	2022 Rs.'000
At the beginning of the year	40,460	46,569
Share of loss	(40,460)	(6,109)
Disposal	-	-
At the end of the year	-	40,460

(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 not capital commitments in respect of the equity accounted investees.

(iii) During the year Company impaired its investment amounting to Rs.42.69 Mn (2021/22-Rs.3.88Mn) due to the decrease of net assets of Rainforest Ecolodge (Private) Limited. Key assumptions applied in the impairment test included discount rate of 28% and terminal growth rate of 1%.

(iv) The main activities of the equity accounted investees are given in page 92.

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

	2023 Rs.'000	2022 Rs.'000
Revenue	59,802	50,761
Expenses	(90,530)	(83,630)
Loss after tax	(30,728)	(32,869)
Non-current assets	328,394	347,885
Current assets	33,343	26,749
Total assets	361,737	374,634
Non-current liabilities	140,444	105,954
Current liabilities	59,677	74,998
Total liabilities	200,121	180,952
Net assets	161,616	193,682

## NOTES TO THE FINANCIAL STATEMENTS

### 21 EQUITY INVESTMENT 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	
	2023 Rs.'000	2022 Rs.'000
Carrying value at the beginning of the year	198,244	192,089
Fair value gain	33,475	6,155
Carrying value at the end of the year	231,719	198,244

As at 31st March	2023		2022	
	No. of Shares	Fair value Rs.'000	No. of Shares	Fair value Rs.'000
<b>Company/Group</b>				
<b>Unquoted</b>				
CIC Feeds (Private) Limited	500,000	231,569	500,000	198,094
Equity Investments Lanka (Private) Limited	15,000	150	15,000	150
		231,719		198,244

Based on the valuation performed, per share value of CIC Feeds (Private) Limited increased by Rs.66.95 resulting a fair value gain of Rs.33.47Mn which is recognised in other comprehensive income.

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

#### 21.1 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 2023 as follows:

Financial asset	Valuation technique	Unobservable inputs	Range of unobservable inputs and the sensitivity
Unquoted Non listed equity investment:	Market multiples derived from comparable industry peers.	Illiquidity discount applied of 12%.	1% increase in the illiquidity discount would reduce investment value by Rs.2.61Mn (2022- Rs.2.25Mn) and 1% reduction in the illiquidity discount would increase the investment value by Rs.2.61Mn (2022- Rs.2.25Mn).

## 22 INVENTORIES

As at 31st March	Company/Group	
	2023	2022
	Rs.'000	Rs.'000
Raw materials and consumables	34,841	15,718
Finished goods	235,409	170,732
	270,250	186,450
Provision for obsolete and slow moving inventories (Note 22.1)	(76,232)	(30,423)
<b>Total</b>	<b>194,018</b>	<b>156,027</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	
	2023	2022
	Rs.'000	Rs.'000
At Cost	194,018	156,027
At Net Realisable Value	-	-
<b>Total</b>	<b>194,018</b>	<b>156,027</b>

### 22.1 Provision for Obsolete and Slow Moving Inventories

As at 31st March	Company/Group	
	2023	2022
	Rs.'000	Rs.'000
At the beginning of the year	30,423	37,288
Provision/(Reversal) made during the year	47,189	(5,867)
Write-off made during the year	(1,380)	(998)
Provision relating to continuing operations	76,232	30,423

\* Bank facilities have been obtained on negative pledge of inventories

## 23 TRADE RECEIVABLES

As at 31st March	Company/Group	
	2023	2022
	Rs.'000	Rs.'000
Trade receivables from Group Companies (Note 23.1)	7,312	9,287
Other trade receivable	112,100	162,433
<b>Total</b>	<b>119,412</b>	<b>171,720</b>
Less: Provision for impairment for trade receivables (Note 23.2)	(27,735)	(62,776)
<b>Total</b>	<b>91,677</b>	<b>108,944</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

### 23.1 Trade Receivable from Group Companies

As at 31st March	Company/Group	
	2023	2022
	Rs.'000	Rs.'000
CIC Holdings PLC	63	1,253
CIC Dairies (Private) Limited	5,800	7,369
Link Natural Products (Private) Limited	-	665
CIC Agri Businesses (Private) Limited	1,449	-
	7,312	9,287

### 23.2 Provision for Impairment for Trade Receivables

As at 31st March	Company/Group	
	2023	2022
	Rs.'000	Rs.'000
At the beginning of the year	62,776	102,905
Provision reversal made during the year	(685)	(2,334)
Write-off during the year	(34,356)	(37,795)
At the end of the year	27,735	62,776
Provision relating to continuing trade receivables	27,735	62,776

### 23.3 Trade Receivables Currency-Wise

As at 31st March	Company/Group	
	2023	2022
	Rs.'000	Rs.'000
Sri Lankan Rupees	119,412	171,720
Total	119,412	171,720

## 24 OTHER RECEIVABLES

As at 31st March	Company		Group	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Non Trade Receivable from Group companies (Note 24.1)	142	821	142	821
Other non trade receivables (Net)	17,576	134,980	17,576	134,980
VAT receivable	13,189	19,291	13,189	19,291
Loans to employees	571	592	571	592
Total	31,478	155,684	31,478	155,684

## 24.1 Non Trade Receivable from Group Companies

As at 31st March	Company		Group	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Chemcel (Private) Limited	8,802	8,714	-	-
Unipower (Private) Limited	48	379	48	379
CIC Lifesciences (Private) Limited	16	16	16	16
CISCO Specialty Packaging (Private) Limited	5	60	5	60
CIC CropGuard (Private) Limited	73	366	73	366
	8,944	9,535	142	821
Less: Provision for impairment	(8,802)	(8,714)	-	-
<b>Total</b>	<b>142</b>	<b>821</b>	<b>142</b>	<b>821</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.

## 25 EQUITY INVESTMENT AT FAIR VALUE THROUGH OCI

As at 31st March	Company/Group	
	2023 Rs.'000	2022 Rs.'000
Carrying value at the beginning of the year	1,973,261	1,945,825
Additions	73,488	193,463
Fair value loss	(38,228)	(24,663)
Disposal	(3,152)	(141,364)
Carrying value at the end of the year	2,005,369	1,973,261

### 25.1 Company/Group - detailed wise

As at	Company/Group 2023			Company/Group 2022		
	No. of Shares	Market price/share	Fair value 'Rs. '000	No. of Shares	Market price/share	Fair value 'Rs. '000
Hatton National Bank PLC	1,317,392	129.50	170,602	1,294,076	109.25	141,378
Dipped Products PLC	-	-	-	126,891	32.50	4,124
John Keells Holdings PLC	13,105,475	140.00	1,834,767	12,605,234	145.00	1,827,759
<b>Total</b>			<b>2,005,369</b>			<b>1,973,261</b>

During the year Company disposed 126,891 shares of Dipped Products PLC and purchased 500,241 shares of John Keells Holdings PLC.

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

### 26 CASH AND CASH EQUIVALENTS

#### 26.1 Favourable cash and cash equivalents

As at 31st March	Company		Group	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash and bank balances	25,889	17,109	25,889	17,109
REPO investments	112,536	-	112,536	-
	138,425	17,109	138,425	17,109

#### 26.2 Unfavourable cash and cash equivalents

As at 31st March	Company		Group	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Bank overdrafts	-	(126,162)	-	(126,162)
	-	(126,162)	-	(126,162)
Cash and cash equivalents classified as assets held for distribution	-	-	53,211	45,278
Cash and cash equivalents for the purpose of cash flow statements	138,425	(109,053)	191,636	(63,775)

### 27 STATED CAPITAL

As at 31st March	2023		2022	
	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.

### 28 CAPITAL RESERVES

As at 31st March	Company		Group	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	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.

## 29 REVENUE RESERVES

As at 31st March	Company		Group	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Summary				
Retained earnings	2,508,368	2,377,890	2,592,098	2,451,583
Fair value reserves	(47,118)	(49,140)	(50,245)	(52,914)
	2,461,250	2,328,750	2,541,853	2,398,669

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.

## 30 LOANS AND BORROWINGS

### 30.1 Loans and Borrowings

As at 31st March	Company/Group	
	2023 Rs.'000	2022 Rs.'000
Lease liability relating to ROU asset (Note 30.2)	13,762	6,276
Bank overdraft	-	126,162
	13,762	132,438

### 30.2 Lease Liability Relating to ROU Asset

As at 31st March	Company/Group	
	2023 Rs.'000	2022 Rs.'000
At the beginning of the year	6,276	45,129
Addition during the year	15,224	-
Interest charge	1,241	1,071
Rent waive off received	-	(1,346)
De-recognition on liability	-	(31,198)
Repayments during the year	(8,979)	(7,380)
At the end of the year	13,762	6,276
Less: Repayable within one year	(9,882)	(6,276)
Repayable after one year	3,880	-

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

As at 31st March	Company/Group	
	2023 Rs.'000	2022 Rs.'000
Lease liabilities relating to ROU asset	9,882	6,276
Bank overdrafts	-	126,162
Total	9,882	132,438

## NOTES TO THE FINANCIAL STATEMENTS

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

As at 31st March	Company/Group	
	2023	2022
	Rs.'000	Rs.'000
Lease liabilities	3,880	-
	3,880	-

### 31 RETIREMENT BENEFIT OBLIGATIONS

As at 31st March	Company/Group	
	2023	2022
	Rs.'000	Rs.'000
Present value of the gratuity		
At the beginning of the year	2,343	2,000
Current service cost	486	397
Past service cost	-	(89)
Interest cost	351	160
Actuarial (gain)/losses	79	(125)
At the end of the year	3,259	2,343

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

As at 31st March	Company/Group	
	2023	2022
	Rs.'000	Rs.'000
Distribution expenses	834	466
Administrative expenses	3	2
	837	468
Other comprehensive income	79	(125)
<b>Total</b>	<b>916</b>	<b>343</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.

31.2 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.

	2023	2022
Rate of discount	18%	15%
Salary increase	15%	13%
Retirement age (Management Staff)	60 Years	60 Years
Staff turnover rate-up to age 54	6%	2%
Staff turnover rate-after age 54	0%	0%

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

Weighted average retirement age of the Company is 8.4 years.

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

### 31.3 Sensitivity of Assumptions Used

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

As at 31st March	Increase by 1%		Decrease by 1%	
	Discount Rate	Future Salary Growth	Discount Rate	Future Salary Growth
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Company/Group - the present value change in retirement benefit obligations	(219)	268	248	(239)

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

As at 31st March	Company/Group	
	2023	2022
	Rs.'000	Rs.'000
Within the next 12 months	377	240
Between 1-2 years	471	242
Between 2-5 years	645	148
Between 5-10 years	703	226
Beyond 10 years	1,063	1,487
	3,259	2,343

## NOTES TO THE FINANCIAL STATEMENTS

31.5 During the financial year 2021/22, 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.

### 32 TRADE PAYABLES

As at 31st March	Company/Group	
	2023 Rs.'000	2022 Rs.'000
Bills payable	744	18,550
Other trade payables	6,598	5,102
<b>Total</b>	<b>7,342</b>	<b>23,652</b>

#### 32.1 Currency - Wise Trade Payables

As at 31st March	Company/Group	
	2023 Rs.'000	2022 Rs.'000
US Dollars	744	18,550
Sri Lankan Rupees	6,598	5,102
<b>Total</b>	<b>7,342</b>	<b>23,652</b>

### 33 INCOME TAX PAYABLE

As at 31st March	Company/Group	
	2023 Rs.'000	2022 Rs.'000
At the beginning of the year	2,282	3,047
Provision made during the year	82,975	11,103
Payment made during the year	(31,733)	(11,868)
At the end of the year	<b>53,524</b>	<b>2,282</b>

### 34 ACCRUALS AND OTHER PAYABLES

As at 31st March	Company		Group	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Other payables to Group Companies (Note 34.1)	81,402	81,936	10,970	11,397
Other payables	42,860	21,676	42,860	21,676
Accruals	1,041	1,002	1,041	1,002
<b>Total</b>	<b>125,303</b>	<b>104,614</b>	<b>54,871</b>	<b>34,075</b>

#### 34.1 Other payables to Group Companies

As at 31st March	Company		Group	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Chemanex Exports (Private) Limited	70,432	70,539	-	-
CIC Holdings PLC	10,970	11,397	10,970	11,397
<b>Total</b>	<b>81,402</b>	<b>81,936</b>	<b>10,970</b>	<b>11,397</b>

### 35 CAPITAL COMMITMENT

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

### 36 CONTINGENT LIABILITIES

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

### 37 LEASES

See accounting policy in Note 3.10

#### 37.1 Leases as lessee (SLFRS 16)

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

##### 37.1.1 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 and equipment. (See Note 16)

##### 37.1.2 Amounts recognised in profit or loss

As at 31st March	2023 Rs.'000	2022 Rs.'000
Interest on lease liabilities	1,241	1,071

##### 37.1.3 Amount recognised in statement of cash flows

As at 31st March	2023 Rs.'000	2022 Rs.'000
Settlement of lease liability	(8,979)	(7,380)

##### 37.1.4 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 reasonable certain to exercise the options if there is a significant event or significant changes in circumstances within the control.

##### 37.1.5 Maturity analysis- Contractual undiscounted cash flows

As at 31st March	Company/Group	
	2023 Rs.'000	2022 Rs.'000
Less than one year	9,882	6,507
Less than one year and not later than five years	7,411	-
Total undiscounted lease liability	17,293	6,507

## NOTES TO THE FINANCIAL STATEMENTS

### 37.2 Leases as Lessor

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

#### 37.2.1 Operating lease

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

Rental income recognised by the Group during 2023, is Rs.13.86Mn (2022-Rs.11.97Mn).

Undiscounted lease payments to be received within less than nine months after the year end is Rs.11,151 thousand.

### 38 EVENTS AFTER THE REPORTING DATE

#### Final dividend deceleration

The Board of Directors has recommended a final dividend of Rs.2.50 per share amounting to Rs.39.27 Mn on the issued capital of Ordinary shares which is payable on 24th July 2023 if approved by the Shareholders at the Annual General Meeting. This dividend will be paid out of the dividend received.

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

### 39 RELATED PARTY DISCLOSURE

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

#### 39.1 Parent and Ultimate Controlling Party

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

#### Transactions with Paints and General Industries Limited

As at 31st March	2023 Rs. Mn	2022 Rs. Mn
Sale of goods	5.64	6.04

#### Transactions with CIC Holdings PLC

As at 31st March	2023 Rs. Mn	2022 Rs. Mn
Dividend paid	15.88	7.94
Sale of goods	8.93	1.90
Rent paid	12.98	12.38
Staff cost paid	9.08	6.09
Staff cost received	2.57	2.13
Service charges paid	17.08	16.55
Trade receivable	0.06	1.25
Non trade payable	10.97	11.40

Company has neither given nor obtained corporate guarantees from its parent company or ultimate parent company.

### 39.2 Key Management Personnel (KMP)

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly.

#### KMP of the Company

The Board of Directors (including Executive and Non-Executive) of the Company have been classified as KMP of the Company.

#### KMP of the Group

The Board of Directors (including Executive and Non-Executive) of the Company and the Board of Directors of the holding company have been classified as KMP of the Group. The officers who are only Directors of subsidiaries and not of the company have been classified as KMP for that subsidiary.

### 39.3 Transactions with KMP

#### a) Loans to Directors

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

#### b) Key Management Personnel Compensation

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

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

The names of Directors of Chemanex PLC, who are also Directors of subsidiary and the equity accounted investees are stated on page 92.

#### d) Details of Directors and their spouses' shareholdings are given in the Annual Report of the Board of Directors on the State of Affairs of the Company on page 24.

#### e) Transactions in the ordinary course of the business with the entities where Board of Directors of the Company and the Holding Company and their close family members have substantial holdings/influence.

#### As at 31st March

	2023	2022
	Rs.,000	Rs.,000
Polypak Secco Limited	1,889	771

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

### 39.4 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 39.4.1 Recurring transactions

As at 31st March	Relationship	Nature of the Transaction	2023	2022
			Rs. Mn	Rs. Mn
Chemanex Exports (Private) Limited	Subsidiary	Reimbursement of expenses	0.10	0.50
CIC Agri Businesses (Private) Limited	Fellow	Sales	4.43	2.95
	Subsidiary	Dividend paid	0.89	0.45
CIC Dairies (Private) Limited	Fellow	Sales	20.81	
Link Natural Products (Private) Limited	Fellow	Sales	43.61	10.54
	Subsidiary			
CIC CropGuard (Private) Limited	Fellow	Service charges	0.18	0.16
	Subsidiary	Rent received	3.01	2.51
CISCO Specialty Packaging (Private) Limited	Fellow	Service charges	0.06	0.05
	Subsidiary			
CIC Lifesciences Limited	Fellow	Service charges	0.19	0.16
	Subsidiary			
Unipower (Private) Limited	Fellow	Service charges	0.62	0.42
	Subsidiary	Rent income received	4.22	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 2022 audited Financial Statement, which required additional disclosures in the 2022/23 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.

### 39.4.2 Non-Recurring Transactions

There were no other non-recurring related party transactions which in aggregate value exceeds 10% of the equity (Rs.266.83 Mn) or 5% of the total assets (Rs.140.10 Mn), whichever is lower, of the Company as at 31st March 2022 audited Financial Statements, which required additional disclosures in the 2022/23 Annual Report under Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.

## 40 FINANCIAL INSTRUMENTS

### Risk Management

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

### Risk Management Framework

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

### Credit risk

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

As at 31st March	Company/Group	
	2023 Rs.'000	2022 Rs.'000
Exposure to credit risk		
Equity securities-fair value through OCI	2,237,088	2,171,505
Trade receivable	119,412	176,720
Other receivable	31,478	155,684
<b>Total</b>	<b>2,387,978</b>	<b>2,498,909</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.

## NOTES TO THE FINANCIAL STATEMENTS

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	
	2023 Rs.'000	2022 Rs.'000
Domestic	91,677	108,944
<b>Total</b>	<b>91,677</b>	<b>108,944</b>

### Impairment losses

All trade receivables that are past due, have been considered for impairment as at 31st March 2023.

The movement in the allowance for impairment of trade receivables is disclosed in Note No. 23.2.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contracts assets for customers as at 31st March 2023.

As at 31st March	2023			2022		
	Gross Rs'000	Impairment Rs'000	Net receivable Rs'000	Gross Rs'000	Impairment Rs'000	Net receivable Rs'000
Corporate and Government	105,122	(20,757)	84,365	149,019	(49,362)	99,657
Distributors	6,978	(6,978)	-	13,414	(13,414)	-
Others	7,312	-	7,312	9,287	-	9,287
	<b>119,412</b>	<b>(27,735)</b>	<b>91,677</b>	<b>171,720</b>	<b>(62,776)</b>	<b>108,944</b>

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

As at 31st March	2023			2022		
	Gross Rs.'000	Impairment Rs.'000	Net receivable Rs.'000	Gross Rs.'000	Impairment Rs.'000	Net receivable Rs.'000
Not past due	100,048	(8,491)	91,557	115,540	(6,640)	108,900
Past due 0-30 days	-	-	-	48	(13)	35
Past due 31-120 days	200	(80)	120	19	10	29
Past due more than 120 days	19,164	(19,164)	-	56,113	(56,113)	-
	<b>119,412</b>	<b>(27,735)</b>	<b>91,677</b>	<b>171,720</b>	<b>(62,756)</b>	<b>108,964</b>

### 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.138.42Mn as at 31 March 2023, (2022: Rs, 17.11Mn) which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counter parties, which are rated considerably higher based on rating agency ratings. Following table depicts the credit ratings of the financial institutions where the Group holds deposits.

Bank	Rating
Commercial Bank PLC	A
Hatton National Bank PLC	A

### 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 2023

(Refer Note 37.1.5 for the maturity analysis of undiscounted cash flows of the lease liability)

#### As at 31st March 2023

	Company			
	On Demand Rs'000	Less than 90 days Rs'000	90-365 days Rs'000	1-5 years
Trade payables	-	7,342	-	-
Accruals and other payables	-	125,303	-	-
Lease liabilities	-	-	9,882	3,880

#### As at 31st March 2023

	Group			
	On Demand Rs'000	Less than 90 days Rs'000	90-365 days Rs'000	1-5 years
Trade payables	-	7,342	-	-
Accruals and other payables	-	54,871	-	-
Lease liabilities	-	-	9,882	3,880

#### As at 31st March 2022

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

## NOTES TO THE FINANCIAL STATEMENTS

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

### Market risk

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

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

As at 31st march	2023	2022
	Rs.'000	Rs.'000
Equity Securities - FVOCI	2,237,088	2,171,505

### 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 fluctuations of 10%	200,539	(200,539)

### Currency risk

The Group is exposed to currency risk on sales, purchases that are denominated in a currency other than the respective functional currencies of entities. The currencies in which these transactions primarily are denominated are Euro, USD and Sterling Pound.

Effects of currency rate fluctuations of imported materials and finished goods are transferred in a reasonable manner keeping in line with the prices in the market.

### Exposure to currency risk

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

As at 31st March	2023	2022
	USD	USD
in thousands		
Trade payables	(2)	(62)

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

	2023			2022		
	Selling rate	Buying rate	Average rate	Selling rate	Buying rate	Average rate
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
US Dollar	336.01	318.28	327.29	298.99	288.75	293.87

### 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.

2023	Profit or loss		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
US Dollar (5% movement)	37	(37)	37	(37)

2022	Profit or loss		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
US Dollar (5% movement)	3,712	(3,712)	2,821	(2,821)

### 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	2023	2022
	Rs.'000	Rs.'000
Fixed rate instruments		
Financial assets	112,536	-
Financial liabilities	(13,762)	(6,276)
	98,774	(6,276)
Variable rate instruments		
Financial assets	25,889	17,109
Financial liabilities	-	(126,162)
	25,889	(109,053)

### 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:

## NOTES TO THE FINANCIAL STATEMENTS

	Profit or loss		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
	Rs.000	Rs.000	Rs.000	Rs.000
2023				
Variable rate instrument				
Cash flow sensitivity (Net)	259	(259)	259	(259)
2022				
Variable rate instrument				
Cash flow sensitivity (Net)	1,091	(1,091)	829	(829)

### Capital Management

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

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

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

The Company's and Group's adjusted net debt to equity ratio at the end of the reporting period was as follows;

As at 31st March	Company	
	2023	2022
	Rs.'000	Rs.'000
Total debts	-	157,576
Less: Cash and cash equivalents	(99,157)	(17,109)
Net debt	(99,157)	140,467
Total equity	2,587,500	2,455,000
Adjusted equity	2,548,233	2,423,586
Net debt to adjusted equity ratio (times)	(0.04)	0.06

As at 31st March	Group	
	2023	2022
	Rs.'000	Rs.'000
Total debts	-	157,576
Less: Cash and cash equivalents	(99,157)	(17,109)
Net debt	(99,157)	140,467
Total equity	2,668,302	2,525,151
Adjusted equity	2,629,034	2,493,737
Net debt to adjusted equity ratio (Times)	(0.04)	0.06

### Accounting classifications and fair value

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

#### Company

##### As at 31/03/2023

	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
Cash and cash equivalent	-	138,425	-	138,425	138,425
Trade receivable	-	91,677	-	91,677	91,677
Other receivable	-	31,478	-	31,478	31,478
Equity investments at fair value through OCI	2,237,088	-	-	2,237,088	2,237,088
	2,237,088	261,850	-	2,498,668	2,498,668
Trade payables	-	-	(7,342)	(7,342)	(7,342)
Other payables	-	-	(125,303)	(125,303)	(125,303)
Lease liabilities	-	-	(13,762)	(13,762)	(13,762)
	-	-	(146,407)	(146,407)	(146,407)

##### As at 31/03/2022

	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
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)

## NOTES TO THE FINANCIAL STATEMENTS

### Group

As at 31/03/2023

	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
Cash and cash equivalent	-	138,425	-	138,425	138,425
Trade receivable	-	91,677	-	91,677	91,677
Other receivable	-	31,478	-	31,478	31,478
Equity investments at fair value through OCI	2,237,088	-	-	2,237,088	2,237,088
	2,237,088	261,580	-	2,498,668	2,498,668
Trade payables	-	-	(7,342)	(7,342)	(7,342)
Other payables	-	-	(54,871)	(54,871)	(54,871)
Lease liabilities	-	-	(13,762)	(13,762)	(13,762)
	-	-	(75,975)	(75,975)	(75,975)

### Group

As at 31/03/2022

	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
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)

## Fair value measurement hierarchy

### Company

As at 31st March	Level 01		Level 02		Level 03	
	2023 Rs'000	2022 Rs'000	2023 Rs'000	2022 Rs'000	2023 Rs'000	2022 Rs'000
Recurring fair value measurements-						
Assets measured at fair value						
Equity Investment	2,005,369	1,973,261	-	-	231,719	198,244
	2,005,369	1,973,261	-	-	231,719	198,244
Non - recurring fair value measurements-						
Net asset classified as held for sale and distribution					47,000	47,000

### Group

As at 31st March	Level 01		Level 02		Level 03	
	2023 Rs'000	2022 Rs'000	2023 Rs'000	2022 Rs'000	2023 Rs'000	2022 Rs'000
Recurring fair value measurements-						
Assets measured at fair value						
Equity Investment	2,005,369	1,973,261	-	-	231,719	198,244
Equity Investment classified within Assets relating to Discontinued Operations	4,245	3,519	-	-	-	-
	2,009,614	1,976,780	-	-	231,719	198,244

### Level 3 recurring fair values

#### Reconciliation of level 3 fair values

	Note	Equity securities
Balance as at 01 April 2021	21	192,089
Gain included in OCI		
Net change in fair value (unrealised)		6,155
Balance as at 31 March 2022		198,244
Balance as at 01 April 2022		198,244
Gain included in OCI		
Net change in fair value (unrealised)		33,475
Balance as at 01 April 2023		231,719

## NOTES TO THE FINANCIAL STATEMENTS

### Sensitivity Analysis

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

As at 31st March 23	OCI net of Tax	
	Increase Rs.'000	Decrease Rs.'000
Adjusted market multiple by 1%	(1,842)	1,842

### Operational Risk

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

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

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

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

# TEN YEAR GROUP PERFORMANCE

Income Statement	2023 SLFRS Rs'000	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
Revenue	1,063,645	639,680	441,401	395,850	460,005	723,582	823,690	1,444,004	1,286,887	1,195,200
Gross profit	397,817	166,328	103,477	82,574	90,410	141,552	169,159	265,191	207,672	215,096
Financing cost	(10,972)	(8,788)	5,944	39,874	42,294	39,976	(6,059)	(5,463)	(12,520)	(42,594)
Share of profit of equity accounted investees	(40,460)	(6,109)	(40,623)	8,938	12,861	13,093	9,609	20,667	(18,260)	(9,399)
Profit before taxation	255,562	127,803	34,621	237,288	101,816	379,010	58,474	79,208	18,804	308,447
Income tax expense	(85,698)	(30,446)	(15,473)	(10,181)	(8,986)	4,951	(27,346)	(27,056)	(6,622)	(17,316)
Profit/(loss) for the year from discontinued operations	7,686	14,445	4,378	2,218	28,750	(154,265)	39,384	(6,229)	7,684	(25,144)
Profit after taxation	177,550	111,802	23,526	229,325	121,580	229,696	70,512	45,923	19,866	265,987
Non-controlling interest	(33)	(24)	-	(131)	2,118	(29,428)	3,719	6,042	7,927	(16,080)
Profit attributable to equity holders of the company	177,583	111,826	23,526	229,456	119,462	259,124	66,793	39,881	11,939	282,067
<b>Balance Sheet</b>										
<b>Net Assets</b>										
Property, plant & equipment	28,399	4,692	38,339	37,191	277	1,850	232,413	233,998	146,201	154,302
Investment in sub-lease	-	-	-	14,547	-	-	-	-	-	-
Investment property	-	-	-	-	-	-	40,247	-	-	-
Intangible assets	799	938	1,077	1,216	1,355	-	-	-	-	-
Investments	231,719	238,704	238,658	272,852	416,944	462,605	435,618	359,475	342,618	802,894
Deferred tax assets	14,217	15,740	26,056	19,147	12,354	22,154	12,277	13,073	12,742	17,966
Net current assets	2,400,307	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
	2,675,441	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
Non- Current liabilities	(7,139)	(2,343)	(38,888)	(46,229)	(1,137)	(10,990)	(44,150)	(47,582)	(43,099)	(62,517)
	2,668,302	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
<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	3,000	238,170	238,170	268,959	225,538
General reserves	-	-	-	-	-	-	-	-	232,841	232,841
Revenue reserves	2,541,853	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
Shareholders' funds	2,671,103	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
Non controlling interest	(2,801)	(2,768)	(17,673)	(17,673)	(17,695)	11,869	42,507	36,611	34,448	28,737
Total equity	2,668,302	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
<b>Ratios</b>										
Return on shareholders' equity %	7%	4%	1%	13%	6%	12%	3%	2%	1%	18%
Annual sales growth %	66.28	44.92	11.51	(13.95)	(36.43)	(12.15)	(42.96)	12.21	7.67	2.58
Return on assets	6.53	4.11	0.93	12.38	6.03	10.17	3.36	2.16	0.42	13.29
Current ratio times	19.96	12.72	41.94	27.95	20.82	15.47	9.62	5.69	5.61	2.60
<b>Share Information</b>										
Market Value of a Share (Rs.)	77.50	74.80	76.9	40	59.00	63.50	55.00	63.00	75.00	81.90
Earning per share(Rs.)	11.31	7.12	1.50	14.58	7.58	16.45	4.24	2.93	0.76	17.91
Price earnings ratio(No.of times)	6.85	10.51	51.34	2.74	7.78	3.86	12.97	21.50	98.68	4.85
Net assets value per share(Rs.)	170.05	160.94	156.40	112.68	124.31	134.62	118.72	112.88	104.28	100.49
Earnings yield %	14.59	9.52	1.95	36.45	12.86	25.91	7.71	4.65	0.67	21.87
Dividend yield %	2.58	1.34	1.30	2.50	3.39	3.15	5.45	3.17	1.33	1.22
Dividend cover(No.of times)	5.66	7.12	0.75	14.58	3.79	9.79	4.15	2.93	0.50	17.91
Dividend per share (Rs.)	2.00	1.00	2.00	1.00	2.00	2.00	3.00	2.00	1.00	1.00

# GROUP STRUCTURE

Company	Percentage Holding	Principal Activity	Directors	Stated Capital Rs'000
<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

	2023		2022	
Highest Price (Rs.)	9/15/22	98.00	1/20/22	130.00
Lowest Price (Rs.)	7/12/22	47.00	3/30/22	51.00
Average Price (Rs.)		73.86		92.83
Last traded Price (Rs.)		77.50		74.80
No. of transactions		1,904		5,253
No. of shares traded		1,538,780		3,361,770
Value of shares traded (Rs. '000')		113,647		312,087
Market Capitalisation (Rs. '000')		1,217,317		1,174,907

## 3 ANALYSIS OF SHAREHOLDERS AS AT 31ST MARCH

Range of Shareholding	2023			2022		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 1000	953	195,635	1.25	975	207,312	1.32
1001 - 10000	232	839,225	5.34	258	945,355	6.02
10001 - 100000	60	1,873,430	11.93	66	2,208,983	14.06
100001 - 1000000	12	3,232,266	20.58	11	2,778,906	17.69
Over 1000000	2	9,566,756	60.91	2	9,566,756	60.91
Total	1,259	15,707,312	100.00	1,312	15,707,312	100.00

Range of Shareholding	2023			2022		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Individuals	1,219	4,032,629	25.53	1,267	3,946,512	25.13
Institutions	40	11,764,683	74.47	46	11,760,800	74.87
Total	1,259	15,797,312	100.00	1,313	15,707,312	100.00
Resident	1,238	15,491,100	98.62	1,307	15,673,164	99.78
Non-Resident	21	216,212	1.38	6	34,148	0.22
Total	1,259	15,707,312	100.00	1,408	15,707,312	100.00

## INFORMATION TO SHAREHOLDERS AND INVESTORS

### 4 DISTRIBUTION OF SHARES AS AT 31 MARCH

The following table of Distribution of Shares as of 31 March 2023, has been furnished to Colombo Stock Exchange (CSE) and Securities & Exchange Commission (SEC) in accordance with CSE Listing Rule 7.13.

Non - Public Shareholders	2023		2022	
	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 (Private) 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	2023		2022	
	No. of public shareholders	public shareholding (%)	No. of public shareholders	public shareholding (%)
Public Shareholding	1,256	36.25	1,309	36.25

### 5 DIRECTORS' SHAREHOLDING AS AT 31 MARCH

Any of the Directors did not hold shares of the Company as at 31st March 2023 and 31st March 2022.

### 6 FLOAT ADJUSTED MARKET CAPITALISATION

Type	No of shares	Share price	Capitalisation
		Rs.	(Rs'000)
Shares held by public	5,693,952	77.50	441,281,280

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

## 7 TWENTY LARGEST SHAREHOLDERS

Name of the Non - public Shareholder	2023		2022	
	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 & Educational 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 Mr. U. Amarasinghe & Mr. R. Amarasinghe	425,000	2.71	125,107	0.80
6 S.K. Wickremesinghe Trust (Guarantee) Limited	400,000	2.55	400,000	2.55
7 Mr. S.K. Wickremesinghe	315,245	2.01	315,245	2.01
8 Mr. S. Srikanthan & Mrs. S. Srikanthan	300,000	1.91	300,000	1.91
9 Mr. D.A. De Zoysa	184,740	1.18	184,740	1.18
10 J.B. Cocoshell (Private) Limited	153,274	0.98	111,833	0.71
11 Mr. M.J. Ismail	139,079	0.89	139,079	0.89
12 Bank of Ceylon Account No.01	118,179	0.75	118,179	0.75
13 Peoples Leasing Finance PLC/ Mr. L.P. Hapangama	109,419	0.70	99,506	0.63
14 Merchant Bank of Sri Lanka Finance PLC/ Mr. P.V. Kuma	102,360	0.65	102,360	0.65
15 Lotus Global Investments Limited	98,617	0.63	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	72,500	0.46
19 Dr. H.S.D Soysa & Mrs. G. Soysa	68,429	0.44	68,429	0.44
20 Mr. Z.G. Carimjee	66,568	0.42	66,568	0.42
	13,269,968	84.48	12,917,416	82.24

## 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 Fiftieth Annual General Meeting of Chemanex PLC will be held on Friday the 30th day of June 2023 at 9.30 a.m. at the 9th Floor, Auditorium of Commercial Bank of Ceylon PLC, No.01, Union Place, Colombo 02 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 2023 together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend as recommended by the Directors.
3. To re-appoint Mr. E M M Boyagoda, who attained the age of 70 years on 29th April 2021, by passing the following Resolution of Directors in terms of Section 211 of the Companies Act No. 7 of 2007;  

“IT IS HEREBY RESOLVED that Mr. E M M Boyagoda, who reached the age of 70 years on 29th April 2021 be re-appointed a Director in terms of Section 211 of the Companies Act No. 7 of 2007 and it is specially declared that the age limit referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Mr. E M M Boyagoda.”
4. To re-appoint M/s. Ernst & Young, Chartered Accountants as Auditors of the Company and to authorise the Directors to determine their remuneration.
5. To vote a sum as donations.

By order of the Board of,  
CHEMANEX PLC



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

26th May 2023

## NOTICE OF MEETING

---

### Notes:

- A shareholder entitled to attend and/or vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to participate and/or vote on his/her behalf (as applicable) and Forms of Proxy are enclosed for this purpose.
- A proxy need not be a shareholder of the Company.
- Shareholders who wish to appoint a member of the Board of Directors as his/ her proxy to represent them at the AGM may do so by completing the Form of Proxy.
- The instrument appointing a proxy should be deposited at the Registered Office of the Company at 52, Galle Face Court 2, Colombo 03 or scanned and emailed to [agm@chemanex.lk](mailto:agm@chemanex.lk) not less than 48 hours before the time appointed for the holding of the meeting.
- Any Shareholder or Proxy holder attending the meeting is kindly requested to bring this report along with his/her National Identity Card or Passport for identification purposes.
- Health screening measures will be carried out and maximum safety precautions will be taken at the aforesaid venue and the Company will not be responsible for any negligence on the part of the Shareholders / Proxy holders.
- All the Shareholders or Proxy holders are kindly requested to wear a suitable face mask.
- Persons with respiratory infections of any type including a cough, cold, sore throat or exhibiting any other similar symptoms will not be permitted to enter to the Meeting.
- Any person not adhering to basic health and safety guidelines and standards, including wearing a mask and maintaining the minimum social distance required, will be requested to leave the Meeting.

# FORM OF PROXY

---

## ANNUAL GENERAL MEETING

I/We.....

of.....

being a shareholder/shareholders 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 represent me/us and speak on my/our behalf at the Annual General Meeting of the Company to be held at 9.30 a.m on 30th June 2023 at the 9th Floor, Commercial Bank, No.1, Union Place, Colombo 2 and at any adjournment thereof..

Signed this ..... day of ..... Two Thousand and Twenty Three.

.....  
Signature

### Instructions as to Completion

1. Perfect the Form of Proxy, after filling in legibly your full name and address, by signing in the space provided and filling in the date of signature.
2. The completed Form of Proxy should be deposited at the Registered Office of the Company at the undermentioned address or scanned and emailed to [agm@chemanex.lk](mailto:agm@chemanex.lk) not less than 48 hours before the time appointed for the holding of the meeting.

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



# CORPORATE INFORMATION

## **Name of the Company**

Chemanex PLC

## **Company Registration Number**

PQ 64

## **Legal Form**

A Public Quoted Company with limited liability incorporated in Sri Lanka on 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



Printed by Softwave Printing & Packaging (Pvt) Ltd



[www.chemanex.lk](http://www.chemanex.lk)