



SHIFTING THE  
**BALANCE**



# SHIFTING THE BALANCE

*"Shifting the balance isn't about tipping the scales –  
it's about resetting them for lasting impact."*

At Chemanex PLC, we embrace the power of shifting the balance, where new equilibrium is gained through every challenge overcome and every innovation actualised. In an industry with shifting landscapes, we remain determined to tip the scales, embracing change and remaining agile in exploring new avenues for progress.

During the year under review, we have mastered the art of maintaining balance in the face of diversification and strategic growth. Our transition towards specialised chemicals marked a significant transformation in our business operations while opening doors to emerging markets and unlocking business opportunities.

Guided by consistent performance, high-quality operations, and future-focused strategies, we continue to deliver sustainable success - shifting the balance ever further in our favour.



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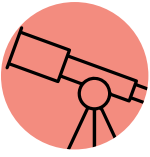
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<https://chemanex.lk/investor-desk/annual-report/>  
Scan the QR Code with your smart device to read  
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## Our Vision

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



## Our Values

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

## Chemmanex at a Glance

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

# Financial Highlights

Year ended 31, March		Company			Group		
		2025	2024	Change	2025	2024	Change
		Rs. '000	Rs. '000	%	Rs. '000	Rs. '000	%
<b>Earnings Highlights &amp; Ratios</b>							
Revenue	Rs. '000s	873,516	788,965	10.72	873,516	788,965	10.72
Profit before Tax	Rs. '000s	155,953	141,049	10.57	156,101	141,172	10.58
Taxation	Rs. '000s	38,527	29,340	31.31	38,527	29,340	31.31
Profit attributable to Equity Holders	Rs. '000s	117,426	111,709	5.12	118,651	111,379	6.53
Total Comprehensive Income for the year	Rs. '000s	495,434	995,010	(50.21)	499,424	996,555	(49.88)
Dividend paid	Rs. '000s	39,268	39,268	-	39,268	39,268	-
Earnings per Share	Rs.	7.48	7.11	5.12	7.55	7.09	6.53
Dividend Cover	No. of Times	2.99	2.85	5.12	3.02	2.85	6.53
Return on Shareholder's Equity	%	2.94	3.15	(6.87)	2.90	3.07	(5.46)
Pre-tax Return on Shareholder's Equity	%	3.90	3.98	(2.04)	3.82	3.89	(1.87)
Return on Assets	%	2.64	2.88	(8.09)	2.66	2.86	(6.91)
Interest Cover	No. of Times	8.24	8.78	(6.21)	8.25	8.79	(6.21)
Working Capital Cycle	days	146	134	8.49	146	134	8.49
<b>Balance Sheet Highlights &amp; Ratios</b>							
Total Assets	Rs. '000s	4,440,972	3,882,907	14.37	4,458,188	3,895,887	14.43
Total Debts	Rs. '000s	208,719	172,871	20.74	208,719	172,871	20.74
Shareholder's Funds	Rs. '000s	3,999,408	3,543,242	12.87	4,088,615	3,628,421	12.68
No. of Shares in Issue	000s	15,707	15,707	(0.00)	15,707	15,707	(0.00)
Net Assets per Share	Rs.	254.62	225.58	12.87	260.30	231.00	12.68
Debt/Equity	%	5.22	4.88	6.97	5.11	4.77	7.14
Debt/Total Assets	%	4.70	4.45	5.56	4.68	4.44	5.51
Current Ratio	No. of Times	10.17	10.94	(7.03)	12.37	13.95	(11.36)
<b>Market/Shareholder Information</b>							
Market Price per Share	Rs.	154.00	72.00	113.89	154.00	72.00	113.89
Market Capitalisation	Rs. '000s	2,418,926	1,130,926	113.88	2,418,926	1,130,926	113.88
Price Earnings Ratio	No. of Times	20.60	10.12	103.48	20.39	10.15	100.78
Dividend per share proposed	Rs.	7.50	2.50	200.00	7.50	2.50	200.00
Dividend Payout	%	33.44	35.15	(4.87)	33.10	35.26	(6.13)
ROCE	%	4.40	4.32	2.00	4.31	4.22	2.17

# Performance Highlights

Dividend Per Share Proposed

**Rs.7.50**

Market Price Per Share

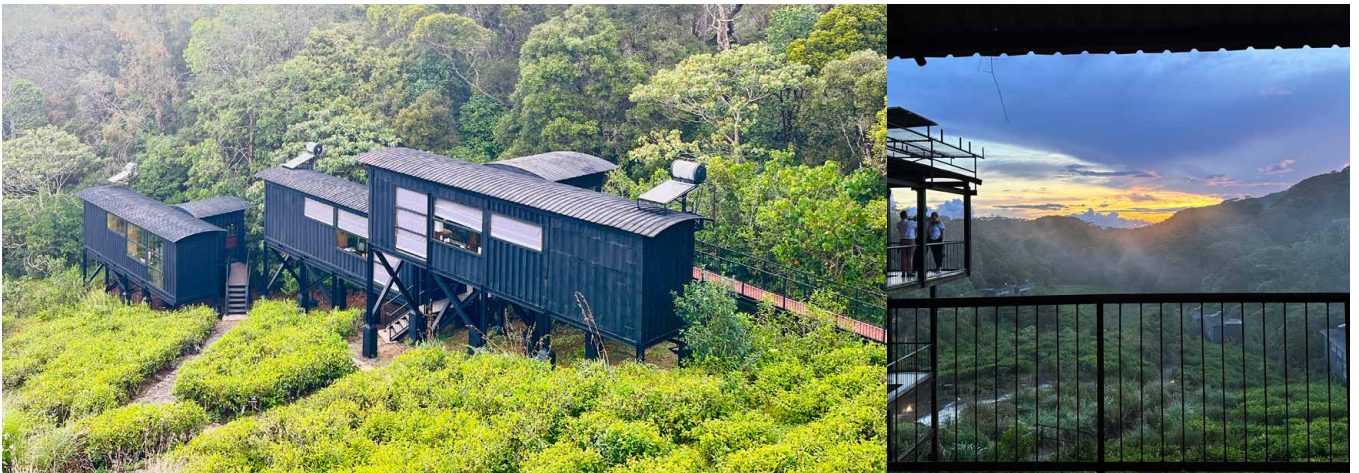
**Rs.154.00**

Net Asset Per Share

**Rs.260.30**

Earnings Per Share

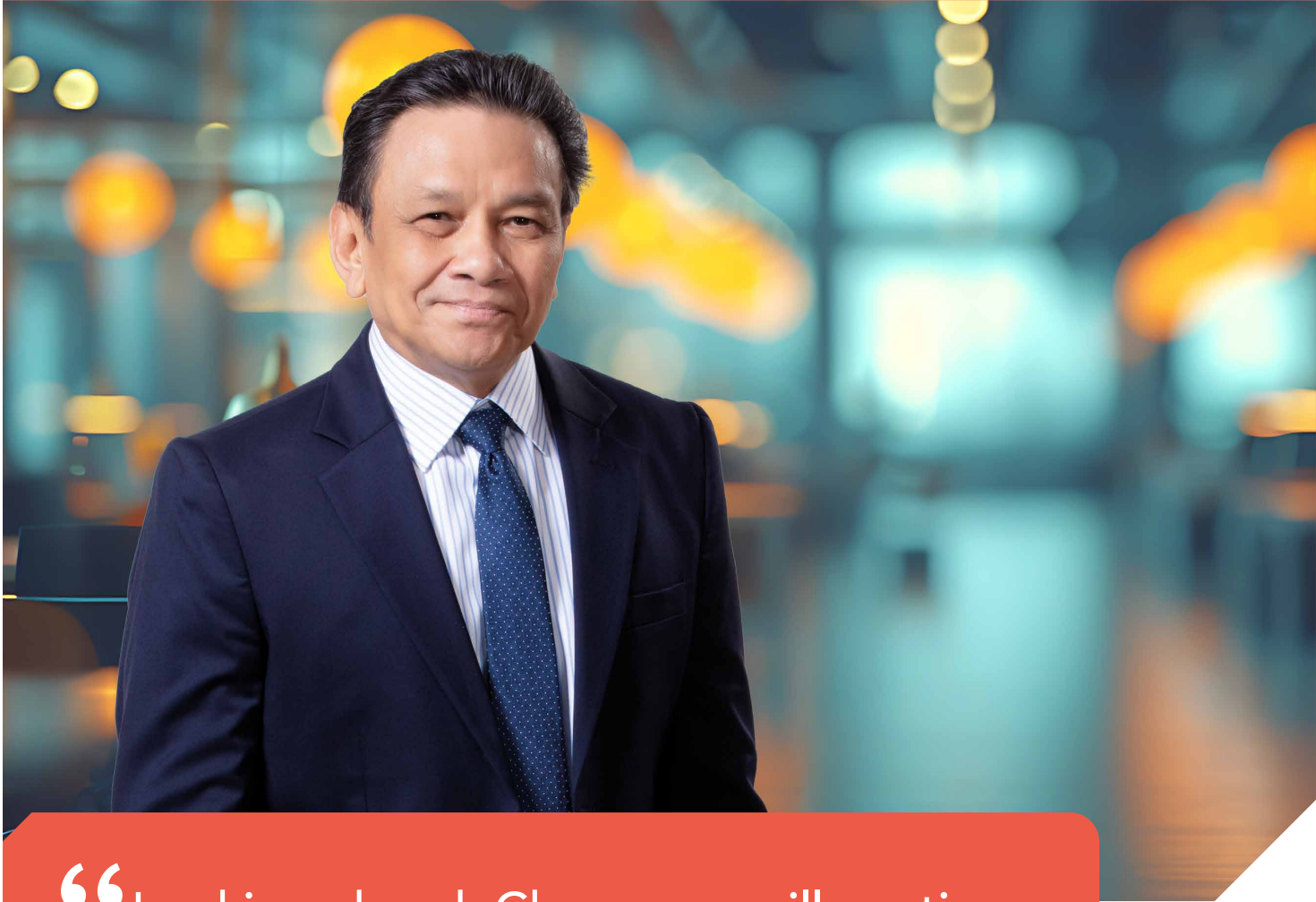
**Rs.7.55**



Rainforest Ecolodge (Private) Limited



## Chairman's Review



“Looking ahead, Chemanex will continue to pursue its core strategy of shifting further into speciality chemicals while gradually reducing reliance on general-purpose chemical products.”

P R Saldin  
Chairman

*Dear Shareholders,*

It is my pleasure to welcome you to the 52nd Annual General Meeting of Chemanex PLC and to present the Audited Financial Statements of the Company for the financial year ended 31st March 2025. The year under review marked a period of cautious optimism, as Sri Lanka began to emerge from the intense socio-economic and political challenges of recent years. Against this backdrop, Chemanex remained focused and resilient, navigating a rapidly shifting landscape with agility and discipline, while maintaining our commitment to long-term value creation.

### MACROECONOMIC ENVIRONMENT

The financial year under review marked a notable turning point for Sri Lanka as the nation continued its recovery from one of the most severe economic crises in its post-independence history. Encouragingly, the macroeconomic landscape demonstrated signs of stabilisation and improvement across multiple indicators, suggesting that the path of recovery remains largely aligned with the reform roadmap outlined in collaboration with the International Monetary Fund (IMF) and other international partners.

One of the most significant developments was the dramatic reduction in inflation. Average inflation fell to approximately 1% in 2024, a marked improvement from the double-digit levels seen in preceding years and a remarkable contrast to the peak of 69% experienced during the height of the crisis. This disinflationary trend provided much-needed relief to consumers and businesses alike and created a more predictable economic environment. With inflation down, interest rates too were reduced. The exchange rate also exhibited strong performance, with the Sri Lankan rupee appreciating significantly over the course of the year - from around Rs. 300-305 per USD to Rs. 296 by year-end. This strengthening of the currency was driven by improved

remittances, continued IMF support and some increase in tourism.

Politically, 2024 was a watershed year with both presidential and general elections held. The election of the National People's Power (NPP) government marked a significant political shift. Yet, markets responded positively to the new administration's decision to remain committed to the existing IMF reform framework and maintain an open market economy. This continuity reassured both domestic and international stakeholders, evidenced by a substantial rally in the stock market, the All Share Price Index (ASPI) rising from approximately 10,000 in September 2024 to over 16,000 by January 2025. Investor sentiment - both foreign and local - clearly reflected optimism over Sri Lanka's macroeconomic trajectory and policy stability.

The successful continuation of the IMF programme, with tranche disbursements arriving as scheduled, further reinforced confidence. On the domestic front, electricity tariffs saw three consecutive reductions in March, July, and at the end of the year - each by approximately 20% - driven by favourable weather conditions that boosted hydropower generation and the easing of global oil prices. These reductions offered significant cost savings to both households and industrial users, stimulating consumption and easing pressure on production margins.

On the global front, the macroeconomic climate remained complex. The conflict in Ukraine and ongoing disruptions in the Red Sea due to Houthi aggression continued to pose logistical challenges. However, global inflation began to cool, prompting central banks to ease monetary policy. The US Federal Reserve reduced its benchmark interest rate from 5.25% to 4.25%, a 100-basis point drop that helped ease capital market conditions globally. Brent crude prices also softened, further supporting Sri Lanka's import-dependent economy.

## Chairman's Review

### COMPANY PERFORMANCE

Within this evolving backdrop, domestic competition intensified. The lower interest rate environment enabled competitors to access funding more freely and re-enter the market with improved supply chains. While this increased pressure in segments where our product offerings were more generic, we remained relatively resilient, thanks in part to our longstanding access to capital and raw materials. As input costs began to decline and liquidity improved, we also observed the beginnings of a recovery in demand, creating a more conducive environment for growth.

ChemaneX closed the financial year on a positive note, recording an 11% year-on-year growth in turnover in rupee terms. However, the actual volume growth was higher, largely driven by price reductions across key product segments. Despite these gains, Profit Before Tax (PBT) remained relatively flat, posting a modest increase of 11%, as margin pressures and uneven sectoral recovery weighed on bottom-line performance.

The macroeconomic recovery, particularly the sharp decline in inflation from its 2022 peak of 69% to just 1–2% did not fully translate into increased consumer purchasing power. It was apparent that wages lagged behind inflation, limiting household spending capacity. As a result, while certain industries began to show signs of revival, others continued to face subdued demand conditions. Although borrowing costs declined with interest rate cuts, many industries remained cautious in their capital spending, contributing to mixed outcomes across our customer base.

Segment-wise performance reflected this divergence. The rubber and plastics, as well as personal care segments, experienced improved demand, while coatings and plastics posted a decline. The company's strategy of shifting towards speciality chemicals and reducing reliance on generic offerings continued to gain traction. Strategic partnerships with

“The company's strategy of shifting towards speciality chemicals and reducing reliance on generic offerings continued to gain traction.”

Principals KAO, Sudarshan, BYK, and the introduction of Kenametal engineering tools further strengthened our product portfolio. Our core value proposition remains anchored in technical service excellence, product reliability and a focus on high-value applications. While lower inflation helped us maintain cost controls, the reduction in interest rates offered limited benefits as ChemaneX remains largely non-reliant on debt financing. Looking ahead, our focus will remain on deepening our footprint in speciality chemicals, while expanding our customer base and product reach.

However, global headwinds persist. Geopolitical tensions, tariff-related uncertainties and continued freight disruptions, especially in the Red Sea corridor, present external risks. Though our direct exposure to the US is limited, a significant portion of our clients export to the US market, making us vulnerable to shifts in global trade policy, including the current 10% tariffs, which remain under review. We also remain mindful of the competitive threat from more agile regional players such as Bangladesh and Vietnam, who have gained efficiency and cost advantages in recent years. In response, ChemaneX is actively exploring opportunities to diversify its customer portfolio and build resilience through value-added offerings. Our collaboration with our parent company, CIC Holdings PLC, continues to yield operational synergies. The two entities complement each other across the chemical value

chain, ChemaneX with a broader speciality and generalist product range, and CIC focusing on high-end specialities. The use of CIC's back-office infrastructure to support ChemaneX's sales operations has enhanced efficiency and will remain a cornerstone of our shared strategy going forward.

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

At ChemaneX, we remain firmly committed to upholding the highest standards of governance, ethics and accountability. As a listed entity on the Colombo Stock Exchange (CSE), we fully complied with the latest regulatory updates introduced during the year, including changes relating to board composition, the appointment of Non-Executive Directors, and the reconstitution of key board committees. These enhancements are designed to strengthen transparency, oversight and independence—and we welcome such measures as part of our responsibility to stakeholders.

In addition to adhering to the CSE's listing requirements, we are guided by the Best Practices Code of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), as well as the Code of Ethics of our parent company, CIC Group. In all cases, we uphold the stricter standard, ensuring our governance framework is aligned with both regulatory expectations and stakeholder trust.

From the Governors perspective we continue to operate an independent grievance redressal mechanism via the Group's Ombudsman Office, which allows any employee to raise concerns or report grievances in a confidential and secure manner. Whether through a dedicated phone line or written communication, all reports are handled sensitively and with due protection for the individual, reinforcing our culture of openness and accountability.

During the year, we also saw changes in our Board of Directors, with Mr. Mangala Boyagoda resigning from the Board of Directors and Mr. Rajinder Bandaranayake and Dr. Prasad Samarasinghe being appointed. We extend our sincere appreciation to Mr. Mangala Boyagoda for his valuable contributions and warmly welcome Mr. Bandaranayake and Dr. Samarasinghe the new members, whose expertise and perspectives will further enrich our governance and strategic direction.

### FUTURE OUTLOOK AND STRATEGIC DIRECTION

Looking ahead, Chemanex will continue to pursue its core strategy of shifting further into speciality chemicals while gradually reducing reliance on general-purpose chemical products. This approach is designed to strengthen our market position, enhance margins, and build long-term resilience. In the current macroeconomic context, both domestic and global challenges persist. While Sri Lanka has successfully navigated the first phase of debt restructuring and some macroeconomic indicators have stabilised, fundamental imbalances such as the budget and trade deficits remain unresolved. Therefore, we are maintaining a cautious stance. As such, no large-scale capital investments are planned unless exceptional opportunities arise.

Our focus remains on being lean, agile, and customer-oriented, supported by our core strengths in technical service, product reliability, and value-added

solutions. With a compact team, we efficiently leverage the shared services and back-office infrastructure of the CIC Group, enabling us to operate with minimal overheads while maintaining high performance standards. Chemanex will continue to support educational and poverty alleviation causes through our Chemanex Charitable Trust and CIC's broader CSR framework, which focus on long-term social impact.

On the global front, we are closely monitoring geopolitical developments and tariff-related uncertainties, particularly those that could impact our export-oriented customers. While oil prices have remained moderate, which supports raw material costs, any slowdown in global demand or escalation of trade tensions could have ripple effects across supply chains.

### APPRECIATION

On behalf of the Board, I extend my sincere gratitude to all our employees whose dedication, professionalism and resilience have been vital to navigating another challenging yet progressive year. I also thank our shareholders for their continued trust and confidence in Chemanex and its strategic direction. A special note of appreciation goes to our holding company, CIC Holdings PLC, for its invaluable support across back-office functions and shared services, which has enabled us to operate efficiently and focus on delivering value to our stakeholders. We look forward to building on this momentum together in the year ahead.



**P R Saldin**  
Chairman

27th May 2025

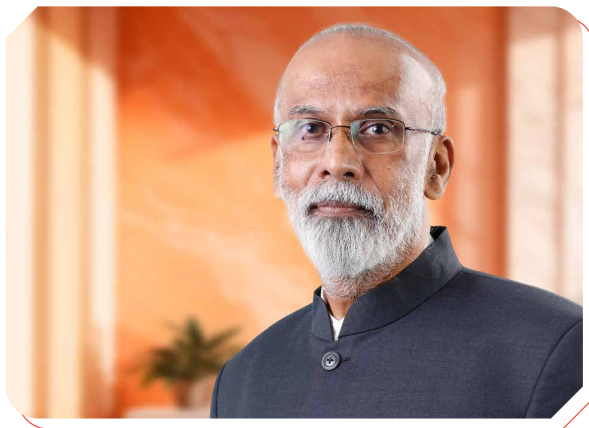
## Board of Directors



**P R SALDIN**  
*Non-Executive Chairman*



**R P BANDARANAYAKE**  
*Non-Executive Independent Director*



**S A B EKANAYAKE**  
*Non-Executive Director*



**T K D A P SAMARASINGHE**  
*Non-Executive Independent Director*



**P A SERESINHE**  
*Non-Executive Director*



**S A B P W M R R W T WEGODAPOLA**  
*Company Secretary*

**P R SALDIN***Non-Executive Chairman*

Mr. Rimoe Saldin is a Fellow of the Institute of Chartered Accountants of Sri Lanka and an Associate of Institute of Chartered Accountants of England and Wales. He is also a Fellow of the Chartered Institute of Management Accountants in UK and a Certified Management Accountant, Australia. He is an alumni of the Asian Institute of Management Manila. He has over 30 years of top management level experience in the areas of Finance, Human Resource Development, General Management and Operations as well as in the role of Chief Executive Officer.

He is currently employed as Director of Paints & General Industries Limited and Director/Chief Executive Officer of Polypak Secco Limited. He serves as a Director of CIC Holdings PLC and also serves on the Board of Directors of Akzo Nobel Paints Lanka (Private) Limited, Link Natural Products (Private) Limited, CIC Agri Businesses (Private) Limited. He is the Chairman of CISCO Speciality Packaging (Private) Limited. Additionally he serves on the Board of Directors of Hatton National Bank PLC, HNB Assurance PLC and also is Chairman of Sithma Development (Private) Limited and serves as a Trustee of the HNB Sustainability Foundation.

Mr. Saldin previously served as a Director of Chemanex PLC from 1999 to 2005 as a Non Executive Director. He was reappointed to the Board in February 2017 and appointed as Chairman in April 2018. Mr. Saldin served as the Commercial Director and Group Finance Director of CIC Holdings PLC for the period 1995-2002. He was the Country Controller & Group Finance Director for Shell Sri Lanka for the period 2005-2010 and also the Group Chief Operating Officer, Browns Group of Companies and the Managing Director of Browns Investments PLC from 2010-2014.

**R P BANDARANAYAKE***Non-Executive Independent Director*

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

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

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

Mr. Bandaranayake was appointed to the Board of Directors of Chemanex PLC on 25th September 2024.

**S A B EKANAYAKE***Non-Executive 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.

## Board of Directors

### T K D A P SAMARASINGHE

*Non-Executive Independent Director*

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

Dr. Samarasinghe is the Managing Director of Lanka Bell Ltd. In addition, he holds the position of Managing Director of Bell Solutions (Pvt) Ltd & Bell Vantage (Pvt) Ltd, Director of Hatton National Bank PLC, HNB Finance PLC, Hayleys Fiber PLC and Lanka Number Portability Services (Guarantee) Limited. In the past, Dr. Samarasinghe held the posts of Chief Operating Officer at Sri Lanka Insurance Corporation and Head of Information Technology at Commercial Bank of Ceylon PLC.

Dr. Samarasinghe was appointed to the Board of Directors of Chemanex PLC on 25th September 2024.

### P A SERESINHE

*Non-Executive Director*

Mr. Aroshan Seresinhe, with over 25 years of industry experience, currently holds the position of Group Chief Executive Officer at CIC Holdings PLC and is a member of the Boards of Directors of Unipower (Private) Limited, CIC Cropguard (Private) Limited, CIC Dairies (Private) Limited, CIC Grains (Private) Limited, CIC Seeds (Private) Limited and Asiavet Lifesence (Private) Limited.

Mr. Seresinhe's professional journey commenced at Ernst & Young Sri Lanka in the mid-1990s, after which he transitioned to the Venture Capital Industry as an Analyst. Subsequently, he assumed commercial roles with Sri Lankan conglomerates, specializing in finance, investment management, and corporate planning for a regional mobile company. Over the last decade, he was involved with a regional oil palm plantation company, overseeing projects for setting up palm oil processing mills in Kalimantan, Indonesia.

Prior to his tenure at CIC Holdings PLC, Mr. Seresinhe was associated with a leading diversified conglomerate, where he spearheaded the renewable energy business portfolio and gained experience in project management for establishing and operating a TMR Dairy project. He has held various management positions in prominent Sri Lankan corporates. Additionally, he is a member of the Sri Lanka-Singapore Business Council of the Ceylon Chamber of Commerce and has previously served as President of GS1 Lanka.

Mr. Aroshan Seresinhe holds the designation of an Associate Member of the Chartered Institute of Management Accountants United Kingdom (ACMA UK) and also carries the status of an Associate member of the Chartered Global Management Accountants (CGMA).

Mr. Seresinhe was appointed to the Board of Directors of Chemanex PLC on 17th January 2024.

### S A B P W M R R W T WEGODAPOLA

*Company Secretary*

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



**MANAGEMENT  
DISCUSSION & ANALYSIS**

# Management Discussion & Analysis

## OPERATING ENVIRONMENT

The financial year 2024/25 unfolded under relatively stable macroeconomic conditions, with lower inflation and improved market sentiment compared to the previous year. However, despite this improvement, most sectors Chemanex PLC is present in did not perform to expectations. Key domestic industries such as construction, food and furniture experienced minimal or flat growth. While a recovery in consumer confidence was anticipated, the anticipated momentum across industrial sectors remained subdued. The export sector, particularly rubber and latex, performed comparatively better and was the main contributor to growth during the year. Chemanex leveraged its strong agency partnerships and diversified product portfolio to navigate challenging market conditions and meet budgeted performance targets. Although overall sales volumes were in line with expectations, selling prices were lower than budgeted, driven by lower-than-anticipated global demand. However, this was mitigated through increased volumes and strong supplier support. The company's cash flow was moderately impacted due to capital investments during the year, necessitating some short-term financing, including overdrafts and loans.

## STRATEGIC INITIATIVES AND MARKET EXPANSION

Chemanex continued its strategy of expanding its agency network and product portfolio during the year. The objective here is to continue the evolution from being a supplier of generic chemicals and additives to a provider of more speciality industrial inputs. Three new agencies were secured in the segments of cutting tools, home care and personal care, laying the foundation for future revenue growth. These partnerships are currently in early-stage development, with commercialisation expected to take 12–18 months. In line with this expansion, Chemanex also secured a new customer account and targeting other large-scale industrial clients. These efforts reflect the long-term strategy to deepen its presence in industrial tools and diversified chemical solutions.

“The objective here is to continue the evolution from being a supplier of generic chemicals and additives to a provider of more speciality industrial inputs.”

## SECTOR AND SEGMENTAL PERFORMANCE

### Rubber and Latex

This segment was a key driver of growth during the year. Chemanex capitalised on the strength of the export-oriented rubber and latex industry by expanding its product line, especially with the successful introduction of dispersions and additives. While latex performed well, the conventional rubber segment serving local industries, such as tyre retreading and related manufacturing, witnessed weaker demand.

### Paints and Coatings

Despite a stagnant performance in the broader paints and coatings industry, Chemanex posted growth in this segment. This was attributed to aggressive sales efforts and the introduction of new additives, which helped increase market share despite overall market stagnation.

### Food Additives and Packaging

The food additive sector remained highly competitive, with excess supply driving intense price wars. Though Chemanex has now established itself as a recognised player in the sector, the anticipated market growth did not materialize and prices remained challenging. Suppliers and competitors brought in significant volumes, saturating the market. This impacted margins, restricted the company from penetrating the market for volume growth. Packaging and wood preservative chemicals for the furniture industry also faced headwinds, with the related construction sector experiencing flat growth. As a result, demand from these segments remained muted.

### Estate Sector

The estate sector was one of the stronger performers. Benefiting from favourable prices in plantation outputs, this segment saw higher demand for chemical inputs. Chemanex's ability to respond with the right product mix and technical support strengthened its position in this sector. The company maintained its leadership in key segments hence commands leading position in this chosen market segment.

While there was some improvement over the previous year, prawn farming has not yet returned to expected levels. Water purification additives used in aquaculture remained underutilised, although the trend showed slight recovery.

### Home and Personal Care

This segment performed better than in the previous year, particularly in personal care, where earlier disruptions had weighed on performance. Increased demand and a more stable operating environment allowed the company to meet budgeted targets, though fierce competition on price remained a challenge.

## STAKEHOLDER ENGAGEMENT

At Chemanex PLC, stakeholder engagement remains central to our operational strategy, helping us build resilience, trust, and value across the supply chain and broader ecosystem. The company continues to engage meaningfully with our key stakeholders to ensure sustainable growth and shared success.

**Suppliers**

Chemanex has strengthened relationships with global and regional suppliers, with a focus on technology transfer, reliability and product innovation. During the year, three new suppliers were onboarded, with. These collaborations are critical to enhancing product portfolio in home and personal care, and cutting tools. Transparent communication and long-term partnerships are maintained with suppliers, allowing for timely access to high-quality raw materials and solutions.

**Customers**

Our customer base, predominantly B2B, remains at the heart of our growth strategy. The company’s strategy consists of deepening customer relationships through enhanced service delivery, regular site visits and product development support. Despite intense price competition in segments such as food additives and general chemicals, proactive customer engagement enabled Chemanex to maintain budgeted volumes and high satisfaction levels. A new customer service initiative was introduced during the year under review, with senior management participating in regular customer visits to gather direct market feedback. The company is poised to benefit from a major supplier merger, which could result in additional product lines being transferred to Chemanex based on its reputation for service excellence.

**Employees**

The company’s sales team forms the front line of its customer interface and it continually invests in capacity building through both technical and soft skills training, including sessions conducted by its principals. Chemanex focuses on fostering a culture of accountability, learning and customer focus, which aligns with broader business goals.

**Community**

Chemanex remains committed to positively impacting communities in the areas where it operates, with a focus on education, digital access and health. As part of its CSR efforts, the company contributed to the upliftment of a village near its manufacturing plant. Key initiatives included the distribution



of school supplies to underprivileged children and utility pack for pregnant ladies and the donation of desktop computers and a book rack to the village library.

**OUTLOOK**

Looking ahead, the year 2025/26 is expected to present new challenges. The global economic outlook remains uncertain, with potential impacts on indirect exports due to geopolitical tensions and pending trade tariff revisions in key markets such as the USA. Since nearly 30% of Sri Lanka’s latex exports are directed to the US, the final tariff decision

expected in June 2025 could have significant implications.

Despite these headwinds, Chemanex is optimistic about its long-term prospects. The company will continue to pursue new agency partnerships, expand its presence in industrial tools and personal care, and deepen relationships with large-scale clients thereby continuing its journey to be more focused on supplying speciality products. Efforts will also be made to grow market share in the food additive segment through enhanced supplier collaboration and customer-focused service differentiation.

# Corporate Governance

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

## BOARD OF DIRECTORS

Board is responsible for setting the financial and operational policies, reviewing and approving the strategic plans and annual budgets, monitoring of performance, approving financial statements and major transactions other than the transactions specified in section 185 (1) of the Companies Act. It also monitors risk profile of the Group and the effectiveness of financial controls and compliance.

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

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

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

Directors and the Chief Operating Officer satisfy the Fit and Proper Assessment

Criteria stipulated in Section 9.7.3 of the Listing Rules of the Colombo Stock Exchange.

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

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

The Board met six (06) times during 2024/25 and the attendance is given below in Table 01.

Name	Directorate	Board Meetings	Audit Committee	RPT Review Committee	Remuneration Committee	Nominations & Governance Committee
P R Saldin	NED	6/6*	4/4	-	1/1	1/1
R P Bandaranayake (appointed w.e.f 25/09/2024)	NED / ID	3/6	2/4	2/4*	1/1	0/1
S A B Ekanayake	NED	6/6	2/4	2/4	1/1	1/1
T K D A P Samarasinghe (appointed w.e.f 25/09/2024)	NED/ID	3/6	2/4	2/4	1/1*	0/1*
P A Seresinhe	NED	6/6	-	4/4	-	-
E M M Boyagoda (Resigned w.e.f 31/12/2024)	NED / ID	5/6	2/4	2/4	-	-

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

## AUDIT COMMITTEE

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

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

The Audit Committee met four (04) times during 2024/25 and the attendance is given above in Table 01.

Audit Committee Report is given in page 23.

## REMUNERATION COMMITTEE

The Remuneration Committee was established on 25th September 2024.

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

Chief Operating Officer attends Committee meetings by invitation.

The Remuneration Committee met once during 2024/25 and the attendance is given above in Table 01.

## DIRECTORS' REMUNERATION

Total remuneration paid to the directors are given in page 68.

Remuneration Committee Report is given in page 25.

## NOMINATIONS & GOVERNANCE COMMITTEE

The Nominations & Governance Committee was established on 25th September 2024.

The Committee consists of two (02) Independent Non-Executive Directors and two (02) Non-Independent Non-Executive Directors.

Chief Operating Officer attends Committee meetings by invitation.

The Nominations & Governance Committee met once during 2024/25 and the attendance is given above in Table 01.

Nominations & Governance Committee Report is given in page 26.

### RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

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

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

Related Party Transaction Review Committee Report is given in page 28.

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

Section	Subject	Description	Status	Details
7.5	Circulation of Annual Report	A Listed Entity shall ensure that the Annual report is sent to all shareholders and submitted to the CSE within the stipulated time period	Complied	The Company has made arrangements to publish the Annual Report on the Company website (www.chemanex.lk) and the website of Colombo Stock Exchange (www.cse.lk) for shareholders' reference. Arrangements are made to send a printed copy of the Annual Report to shareholders those who have requested for a printed copy within eight (08) market days of the request.
7.6	Contents of Annual Report	Information that should contain in the Annual Report of a Listed Entity	Complied	Provided in respective Reports of the Annual Report
7.6 (i)	Contents of the Annual Report	Names of persons who during the financial year were Directors of the Entity	Complied	Refer page 10 for the Board of Directors of the Company as at 31st March 2025
7.6.(ii)		Principal activities of the Entity and its subsidiaries during the year and any changes therein		Refer Annual Report of the Board of Directors
7.6.(iii)		The names and the number of shares held by the 20 largest shareholders of the Company		Refer Page 103 for 20 largest shareholders of the Company
7.6.(iv)		The float adjusted market capitalization, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement.		Refer Page 102
7.6.(v)		A statement of each Director's holding in shares of the Entity at the beginning and end of each financial year		Refer Annual Report of the Board of Directors on Page 37 for Directors' holding in shares
7.6 (vi)		Information pertaining to material foreseeable risk factors of the Entity		Refer Risk Management report on page 30
7.6 (vii)		Details of material issues pertaining to employees and industrial relations of the Entity		Refer Management Discussion and Analysis on page 14
7.6 (viii)		Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	N/A	N/A
7.6 (ix)		Number of shares representing the Entity's stated capital	Complied	Refer page 101 for Share Information

# Corporate Governance

Section	Subject	Description	Status	Details
7.6 (x)		A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Complied	Refer page 101 for Share Information
7.6 (xi)		Financial ratios and market price information		Refer Financial Highlights on page 4 and Share Information on page 101
7.6 (xii)		Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year.		Refer Notes to the Financial Statements on pages 51 to 98
7.6 (xiii)		Details of funds raised through a public issue, rights issue and a private placement during the year.	N/A	N/A
7.6 (xiv)		Information in respect of Employee Share Ownership or Stock Option Schemes	Not applicable for the FY under review	N/A
7.6 (xv)		Disclosures pertaining to Corporate Governance practices in terms of Rule 9 of the Listing Rules	Complied	Refer Corporate Governance on Page 16
7.6 (xvi)		Related Party transactions exceeding 10% of the equity or 5% of the total assets of the Entity as per audited financial statements, whichever is lower		Refer Notes to the Financial Statements on pages 51 to 98
9.1.1	Corporate Governance Rules	A statement confirming compliance with Corporate Governance Rules	Complied	Company is in compliance with the Corporate Governance Rules to the extent where applicable
9.2		Policies		Policies listed under Section 9.2.1 are in place and published in the Company website <a href="http://www.chemanex.lk">www.chemanex.lk</a>
9.3		Board Committees		Four (04) Board committees namely, the Audit Committee, Related Party Transactions Review Committee, Nominations and Governance Committee and Remuneration Committee are established, maintained and functioning effectively (refer Board Committee Reports on Pages 23, 25, 26 and 28)
9.4		Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders		The Company maintains all records and information regarding resolutions considered at General Meetings  Important decisions taken by the Board of Directors are effectively communicated to the Shareholders and Investors through CSE and Company website
9.5	Corporate Governance Rules	Policy on matters relating to the Board of Directors	Complied	Policy on matters relating to the Board of Directors is in place and applied effectively
9.6	Chairperson and CEO	The Chairperson of every Listed Entity shall be a Non-Executive Director	Complied	Chairperson of the Company is a Non-Executive Director
9.7	Fitness of Directors and CEO	Requirement to meet the fit and proper criteria stipulated by the CSE and related disclosures	Complied	Directors have provided general disclosures and declarations on fitness and propriety as at 31st March 2025

Section	Subject	Description	Status	Details
9.7.5(a)		Requirement to provide a statement that the Directors and CEO of the Listed Entity satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange	Complied	The Directors and the Chief Operating Officer of the Company satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules
9.8.1	Minimum number of Directors	Five (05) Directors	Complied	Five (05) Non-Executive Directors
9.8.2	Board Composition/ Independent Directors	At least two (02) Independent Directors or such number equivalent to one third of the total number of Directors, whichever is higher	Complied	Two (02) Independent Directors
9.8.3	Board Composition/ Determination of Independence	Requirement for meeting the criteria to be an Independent Director	Complied	Details of the independence criteria are explained in page 16 of this Report
9.8.5	Board Composition	The Board shall annually determine the independence or otherwise of ID's and name the Directors who are determined to be "independent"	Complied	All Independent Non-Executive Directors have submitted declarations as to their independence and a determination of their independence is evaluated by the Board of Directors and determined that Mr. R P Bandaranayake and Dr. T K D A P Samarasinghe are independent
9.8.5 (a)	Independent Directors	Each Independent Director to submit a signed and dated declaration annually of his/her independence or Non-Independence	Complied	The Board of Directors have submitted signed and dated declarations as at 31st March 2025 on their independence/non-independence
9.8.5 (b)	Disclosure Relating to Directors	The Board shall make a determination annually as to the independence or non-independence of Directors	Complied	Based on the declarations provided by the Directors, the Board of Directors have determined that Mr. R P Bandaranayake and Dr. T K D A P Samarasinghe are independent
9.10.1	Maximum number of directorships held by a director	Listed Entities shall disclose its policy on the maximum number of directorships it's Board members shall be permitted to hold	Complied	Company Policy on Matters relating to the Board of Directors stipulates that a Director can hold maximum of five (05) directorships in listed entities
9.10.2	Disclosure relating to Directors	Upon the appointment of new Directors, the entity shall forthwith provide the Colombo Stock Exchange a brief resume of such Director	Complied	Provided information to the Colombo Stock Exchange upon appointment of new Directors
9.10.3	Disclosures relating to Directors	Market announcements regarding any changes to the Board composition/ Board Committee compositions	Complied	Timely market announcement regarding change of composition of the Board of Directors/Board Committees are made through the CSE
9.10.4	Disclosure relating to Directors	The Board shall publish in its Annual Report a brief resume of each Director	Compliant	Refer Page 11 for the profile of Board Members
9.11.2	Nominations and Governance Committee	Establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee.	Complied	Adopted a procedure for appointment of new Directors and re-election of Directors to the Board in terms of the Articles of Association and Policy on matters relating to the Board of Directors
9.11.3		Requirement to have a written terms of reference with a scope, quorum, authority, duties and matters		Written terms of reference is in place

## Corporate Governance

Section	Subject	Description	Status	Details
9.11.4		Composition of the Nominations and Governance Committee	Complied	The Nominations and Governance Committee comprised of three (03) Directors of which a minimum of two (02) are Independent Directors.  An Independent Director is appointed as the Chairperson  Refer Page 26 for the Nominations and Governance Committee Report
9.11.5		Functions of the Nominations and Governance Committee		Refer Page 26 for the Nominations and Governance Committee Report
9.11.6		The Annual Report should contain a report of the Nominations and Governance Committee signed by its Chairperson		Refer Page 26 for the Nominations and Governance Committee Report.
9.12.2	Remuneration Committee	Listed Entities shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of these Rules.	Complied	Remuneration Committee is established and functioning effectively
9.12.3		The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors.		Refer Report of the Remuneration Committee on page 25 for details
9.12.4		Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired.		Refer Report of the Remuneration Committee on page 25 for details
9.12.5		Remuneration Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings		Remuneration Committee has a written terms of reference
9.12.6	Composition of Remuneration Committee	The Remuneration Committee shall comprise of a minimum of three Directors of which minimum of two shall be independent	Complied	Remuneration Committee is comprised of four (04) Directors of which two are independent
9.12.7	Remuneration Committee	Functions of the Remuneration Committee	Complied	Refer Page 25 for the Remuneration Committee Report
9.12.8	Remuneration Committee	Disclosure in the Annual Report about the name of Directors comprising the Remuneration Committee, contain a statement of the remuneration policy and set out the aggregate remuneration paid to Executive and Non-Executive Directors	Complied	Refer Page 25 for the Remuneration Committee Report.  Total remuneration paid to Executive and Non-Executive Directors are given in page 68
9.13.2	Audit Committee	The Audit Committee Shall have written Terms of Reference clearly defining its scope, authority and duties	Complied	The Audit Committee is governed by written term of reference adopted by the Committee

Section	Subject	Description	Status	Details
9.13.3	Composition of the Audit Committee	<p>The Audit Committee shall comprise of a minimum of three (03) Directors of whom minimum of two (02) or a majority of the members, whichever higher shall be independent.</p> <p>An Independent Director shall be appointed as the Chairman of the Committee.</p> <p>The Chief Executive Officer and the Chief Financial Officer of the Listed Entity shall attend Audit Committee meetings.</p> <p>The Chairman of the Audit Committee shall be a Member of a recognised professional accounting body.</p>	Complied	<p>The Audit Committee comprises three Non-Executive Directors, two (02) of whom are Independent.</p> <p>The Chairman of the Audit Committee is an Independent Non-Executive Director.</p> <p>The Chief Operating Officer and the Chief Financial Officer attended Audit Committee meetings by invitation.</p> <p>Chairman of the Audit Committee is a Fellow Member of the Chartered Institute of Management Accountants, UK (FCMA)</p>
9.13.4	Audit Committee	Functions of the Audit Committee	Complied	Refer page 23 for the Audit Committee Report
9.13.5		Disclosures in the Annual Report		
9.14	Related Party Transactions Review Committee	Composition, functions, general requirements and review of related party transactions by the Related Party Transactions Review Committee	Complied	Refer page 28 for the Related Party Transactions Review Committee Report and its composition, functions and general requirements.
9.14.2	Composition of the Related Party Transactions Review Committee	The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of whom minimum of two (02) shall be independent	Complied	The Related Party Transactions Review Committee comprises three Non-Executive Directors, two of whom are Independent.
9.14.3	Related Party Transactions Review Committee	Functions of the Related Party Transactions Review	Complied	Refer page 28 for the Related Party Transactions Review Committee Report
9.17	Additional Disclosures	<p>Directors to disclose all material interests in contracts and to refrain from voting when materially involved</p> <p>Directors to conduct a review of the internal controls and obtained reasonable assurance of their effectiveness and adherence</p> <p>Directors to aware of laws, rules and regulations and their changes particularly to Listing Rules and applicable capital market provisions</p>	Complied	<p>Directors make a disclosure of interests at appointment and at the end of the financial year.</p> <p>Board takes steps to ensure the integrity of internal control systems remain effective via the review and monitoring of such systems on a periodic basis</p> <p>Directors are regularly briefed and are aware of laws, rules and regulations and their changes particularly to Listing Rules and applicable capital market provisions</p>

# Corporate Governance

The following table presents the details of the Company's compliance pertaining to Companies Act No. 7 of 2007 on Annual Report Disclosure as at 31st March 2025:

Section	Applicable requirement	Date of Compliance	Compliance
168 (1) (a)	The nature of the business of the Group and the Company together with any change thereof during the accounting period	Notes to the Financial Statements on pages 51 to 98	Complied
168 (1) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed	Financial Statements on pages 46 to 50	Complied
168 (1) (c)	Auditors' Report on Financial Statements of the Group and the Company	Independent Auditors' Report on page 43	Complied
168 (1) (d)	Accounting Policies and any changes therein	Notes to the Financial Statements on pages 51 to 98	Complied
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period	Annual Report of the Board of Directors on the Affairs of the Company on pages 34 to 39	Complied
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period.	Notes to the Financial Statements on pages 51 to 98	Complied
168 (1) (g)	Corporate donations made by the Company during the accounting period.	Notes to the Financial Statements on pages 51 to 98	Complied
168 (1) (h)	Information on the Directorate of the Company and its Subsidiaries during and at the end of the accounting period.	Annual Report of the Board of Directors on the State of Affairs of the Company on pages 34 to 39	Complied
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period.	Notes to the Financial Statements on pages 51 to 98	Complied
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries.	Annual Report of the Board of Directors on the Affairs of the Company on pages 34 to 39	Complied
168 (1) (k)	Acknowledgement of the contents of this Report and Signatures on behalf of the Board.	Annual Report of the Board of Directors on the State of Affairs of the Company on pages 34 to 39	Complied

# Report of The Audit Committee

## COMPOSITION OF THE COMMITTEE

Audit Committee is comprised of Mr. R P Bandaranayake, Dr. T K D A P Samarasinghe, Non-Executive Independent Directors and Mr. P R Saldin, Non-Executive Director.

Mr. R P Bandaranayake functions as the Chairman of the Committee.

The Company Secretary functions as the secretary to the Audit Committee. Chief Operating Officer and Chief Financial Officer attend meetings by invitation.

## ACTIVITIES DURING THE YEAR

Four (04) Audit Committee meetings were held during the year. The attendance of the Committee members is given on Page 16.

The Audit Committee is governed by the terms of the Audit Committee Charter.

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

The Committee is also responsible for internal audit functions of the Company as well as annual independent audit of the Company's financial statements. The Committee reviews the future plans and activities of the Internal audit functions with the Management and the Internal Auditors and also ensures that there are no unjustified restrictions or limitations on the Internal audit functions. The Committee also reviews and approves the appointment of External Auditors. On a regular basis the Committee summons the Senior Corporate Officers to report on the Company's adherence to the relevant procedures, rules and regulations.

Consequently, the Committee reports to the Board regularly regarding the effectiveness of the Company's internal controls over financial reporting. After reviewing the Internal Financial Statements, the Committee recommends the same to the Board to be published. The Committee also concentrates on the adequacy of disclosure in the Financial Statements as required by the Sri Lanka Accounting Standards, the Companies Act No.7 of 2007 and other relevant financial reporting regulations.

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

After analysing the risk management and internal controls, the Committee is of the view that adequate controls and procedures are in place to provide reasonable assurance that the Company's investments and assets are protected. Monitoring of Compliance Reports were carried out to ensure the required compliance with statutory requirements. The Committee also noted that the internal controls within the Company are designed to provide reasonable but not concrete assurance to the Directors, in order to monitor the Group's financial position. The Audit Committee is satisfied that it has discharged its duties effectively during the Financial Year ended 31st March 2025.

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

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

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

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

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

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

The Audit Committee has made a determination that the external auditors of the Company, Messrs. Ernst & Young, Chartered Accountants, has acted independently relating to their audit of the Financial Statements of the Company as of 31st March 2025. This determination is based on the Declaration of Independence issued by Messrs. Ernst & Young under Section 163(3)(a) & (B) of the Companies Act No.7 of 2007 and the confirmations given by M/s. Ernst & Young in their Audit Results of Chemanex PLC & Group for the FY ended 31st March 2025 presented to the Audit Committee. The Committee further confirms that Messrs. Ernst & Young are independent chartered accountants in terms of the Sri

## Report of The Audit Committee

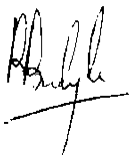
Lanka Auditing Standards and the code of ethics issued by the Institute of Chartered Accountants of Sri Lanka.

The Company has engaged the services of M/s. Ernst & Young for a period of 11 years and the Audit Partner is engaged with the Company since 2023. The Company has not obtained any non-audit services from M/s. Ernst & Young during the FY 2024/25.

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

The Audit Committee has recommended to the Board of Directors, that Messrs. Ernst & Young, be re-appointed as Auditors for the financial year ending 31st March 2026 subject to the approval of shareholders at the Annual General Meeting to be held on 30th June 2025.

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



**R P Bandaranayake**  
*Chairman - Audit Committee*

27th May 2025

# Report of the Remuneration Committee

## FORMATION & COMPOSITION

The Remuneration Committee of Chemanex PLC was formed on 25th September 2024 in accordance with the Section 9 of Corporate Governance Rules of the Colombo Stock Exchange.

The Remuneration Committee consists of two independent non-executive Directors and two non-executive Directors as of the end of the reporting period, 31st March 2025. The Committee is headed by an independent non-executive Director.

The following Directors serve on the Committee:

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

R P Bandaranayake *Independent Non-Executive Director*

S A B Ekanayake *Non-Independent Non-Executive Director*

P R Saldin *Non-Independent, Non-Executive Director*

The Company Secretary functions as the Secretary to the Remuneration Committee

Chief Operating Officer of the Company attends meetings by invitation.

## FUNCTIONS

The Remuneration Committee is responsible for developing the Company's remuneration policy and determining the remuneration packages of executive employees of the Company. The Committee recommends to the Board the remuneration to be paid to Key Management Personnel including executive directors and the Chief Operating Officer of the Company. The Board of Directors then make the final determination upon consideration of such recommendation. The Committee

engage external consultants or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to directors and CEO/COO.

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

## MEETINGS

The Committee meets on a need basis and convened one meeting during the year ended 31st March 2025, subsequent to its formation on 25th September 2024.

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

## REMUNERATION

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

## PERFORMANCE CULTURE

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

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

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

The aggregate remuneration paid to the Board of Directors is given in Note 11 to the Financial Statements in page 68.

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



T K D A P Samarasinghe  
*Chairman - Remuneration Committee*

27th May 2025

# Report of the Nominations and Governance Committee

## FORMATION & COMPOSITION OF THE COMMITTEE

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

The Committee consists of two independent non-executive Directors and two non-independent non-executive Directors as at the end of the reporting period, 31st March 2025. The Committee members, who were appointed to the Committee on 25th September 2024, are as follows;

T K D A P Samarasinghe - *Independent, Non-Executive Director/Committee Chairman*

R P Bandaranayake - *Independent, Non-Executive Director*

S A B Ekanayake - *Non-Independent Non-Executive Director*

P. R. Saldin - *Non-Independent Non-Executive Director*

The Company Secretary functions as the secretary of the Nominations & Governance Committee.

The Nominations & Governance Committee is governed by the Nominations & Governance Committee Charter.

The Committee follows a documented policy and processes which are in place when nominating directors to the Board and provide advice and recommendations to the Board on any such appointments.

In terms of Articles 24(6) of the Articles of Association of the Company, at each Annual General Meeting, one third of the Directors for the time being subject to retirement by rotation shall retire from office. The directors to retire at each annual general meeting shall be those who, being subject to retirement by rotation, have been longest in office since their last election or appointment, but as between directors who became

or were last re-elected directors on the same day, the directors to retire shall be determined by lot. Further, any director appointed to fill a casual vacancy, shall hold office until the next following Annual General Meeting and shall be eligible for re-election.

The Committee when nominating directors to the Board of Directors, ensure to maintain the Board diversity in the range of experience, skills, age and gender as an essential factor for effective board performance.

## FUNCTIONS OF THE COMMITTEE

- ⊙ Evaluation of appointment of new directors to the Board of Directors and/or re-electing current Directors.
- ⊙ Provide advice and recommendations to the Board on any such appointment.
- ⊙ Review criteria such as qualifications, experience and key attributes required for eligibility to be considered for appointment to the Board and Key Management Personnel in the Company.
- ⊙ Consider if a director is able to and has been adequately carrying out his or her duties as a Director taking into consideration the Director's number of listed Company Boards on which the Director is represented and other principal commitments.
- ⊙ Review the structure, size, compensation and competencies of the Board and make recommendations to the Board with regard to any changes.
- ⊙ Recommend the requirements of new expertise and succession arrangements for retiring Directors.
- ⊙ Evaluation of appointments to the Board Committees of the Company

- ⊙ Recommend on any other matter referred to it by the Board of Directors.
- ⊙ Conducting periodic evaluations on the performance of the Board of Directors and Chief Operating Officer of the Company
- ⊙ Review and recommend the overall corporate governance framework of the Company taking into account the Listing Rules of the Colombo Stock Exchange, other applicable regulatory requirements and industry best practices

## MEETINGS OF THE COMMITTEE

The Nominations & Governance Committee meets on need basis and met two (2) times during the period under review, subsequent to its formation on 25th September 2024.

## NEW APPOINTMENTS TO THE COMMITTEE

Dr. T K D A P Samarasinghe and Mr. R P Bandaranayake were nominated and appointed to the Board of Directors of the Company on 25th September 2024. Company Policy on matters relating to the Board of Directors, Policy on Corporate Governance, Nominations and Re-election and other relevant Company policies and procedures were taken into consideration when the above-mentioned appointments were proposed and approved.

## RE-ELECTION & RE-APPOINTMENT OF DIRECTORS AT THE ANNUAL GENERAL MEETING

### Re-election of Directors

The Committee recommended that Messrs. T K D A P Samarasinghe and R P Bandaranayake who retire in terms of Article 24(2) of the Articles of Association of the Company be re-elected to the Board at the Annual General Meeting to be held on 30th June 2025.

Messrs. T K D A P Samarasinghe and R P Bandaranayake were first appointed to the Board of Directors of the Company on 25th September 2024.

### Re-appointment of Directors

The Committee recommended to re-appoint Dr. S A B Ekanayake a Director, who attained the age of 70 years on 7th November 2024, in terms of the resolution passed by the Directors pursuant to Section 211 of the Companies Act No.7 of 2007 that the age limit referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to Dr. Ekanayake.

Dr. S A B Ekanayake was first appointed to the Board of Directors of the Company on 29th August 2016. Dr. Ekanayake's last re-election to the Board was on 30th June 2022.

Dr. S A B Ekanayake functioned as the Chairperson of the Audit Committee and Related Party Transactions Committee from 15th December 2016 to 24th September 2024.

Brief profile of each of these Directors including directorships, chairmanships and other principal commitments both present and in preceding years in other listed entities, are given on page 11.

The Directors who are proposed to be re-elected and re-appointed to the Board of Directors as above mentioned, have disclosed that there are no relationships including close family relationships between the Directors, the listed entity or its shareholders holding more than 10 per-centem (10%) of the shares of the Company.

The Committee confirms that the Independent Directors of the Company, who are also the members of the

Committee, are aware of major issues relating to the entity.

A process is in place in the Company to conduct induction programs/orientation programs for newly appointed Directors on corporate governance, listing rules of the Colombo Stock Exchange, securities market regulations and other applicable laws and regulations. Further, Board of Directors of the Company is regularly updated on Corporate Governance, listing rules of the Colombo Stock Exchange, securities market regulations and other applicable laws and regulations. Periodic evaluations are conducted on the performance of the Board of Directors and the COO of the Company as required by Rule 9.11.5 of the Listing Rules of CSE.

The Board Directors of the Company meet the criteria set out in the Section 9.8.3 of Corporate Governance of the CSE in determining independence of the Directors.

The Company is in compliance with the Corporate Governance requirements stipulated under the Listing Rules of the CSE.

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



**T K D A P Samarasinghe**  
Chairman  
Nominations & Governance Committee  
27th May 2025

# Report of the Related Party Transactions Review Committee

## COMPOSITION OF THE COMMITTEE

Related Party Transactions Review Committee is comprised of Mr. R P Bandaranayake and Dr. T K D A P Samarasinghe, Independent Non-Executive Directors and Mr. P A Seresinhe, Non-Executive Director.

Mr. R P Bandaranayake functions as the Chairman of the Committee.

The Company Secretary functions as the secretary to the Related Party Transactions Review Committee. Chief Operating Officer and Chief Financial Officer attend meetings by invitation.

## TERMS OF REFERENCE OF THE COMMITTEE

The mandate of the Related Party Transactions Review Committee (RPTRC) is derived from the Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka (the "Code") and Section 9 of the Listing Rules of the Colombo Stock Exchange (the "Rules") which are as follows:

- ⊙ To review in advance all proposed related party transactions of the Group either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- ⊙ Seek any information the Committee requires from Management, employees or external parties with regard to any transaction entered into with a related party.
- ⊙ Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary including obtaining appropriate professional and expert advice from suitably qualified persons.
- ⊙ To recommend, where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.
- ⊙ To monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.
- ⊙ To review the transfer of resources, services or obligations between related parties regardless of whether a price is charged.
- ⊙ To review the economic and commercial substance of both recurrent/non-recurrent related party transactions
- ⊙ To monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining "competent independent advice" from independent professional experts with regard to the value of the substantial assets of the related party transaction.

Policies and procedures adopted by the RPTRC for reviewing Related Party Transactions (RPTs)

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

7. Data is shared with the Chief Financial Officer and the Company Secretaries to meet the regulatory requirements if required.

## ACTIVITIES DURING THE YEAR

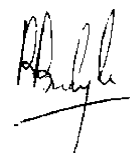
Four (04) committee meetings were held during the year to identify, review and recommend the related party transactions and the policy to the Board. The attendance of the Committee members is given on page 16.

Related party transactions are disclosed in the Note 39 to the Financial Statement.

## REPORTING TO THE BOARD

The Committee has reviewed the related party transactions during the financial year and has communicated comments/ observations to the Board of Directors. The Committee in its review process recognised the adequacy of the content and quality of the information forwarded to its members by the Management and in compliance with Section 9 of the CSE Listing Rules. In addition, the Board of Directors was updated on the related party transactions of the Group companies on a quarterly basis. The Minutes of RPTRC meetings are tabled at the Board meetings enabling the Board members to have access to same.

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



**R P Bandaranayake**  
Chairman  
Related Party Transactions Review Committee

27th May 2025

# 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.

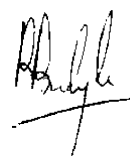
## CONFIRMATION STATEMENT

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,



**P R Saldin**  
Chairman



**R P Bandaranayake**  
Chairman - Audit Committee

27th May 2025

# 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, abnormal inflation, increasing of overnight market interest rates, declining global prices, 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		Interest Rate	Rising cost of funds	Improve cash flows to reduce the dependence on borrowings
05		Climate Changes	Turnover reduction	Company closely track and monitor the climate changes and maintain the inventories accordingly

Risk No.	Headline Risk	Related Risk	Risk	Response of the Company
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
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	Enforce IT security policy across the Company
			Information loss, connectivity loss systems corruption, business loss	
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

# Financial Calender

1st Quarter Financial Results	Released on 31/07/2024
2nd Quarter Financial Results	Released on 24/10/2024
3rd Quarter Financial Results	Released on 20/01/2025
4th Quarter Financial Results	Released on 23/05/2025
2023/24 Final Dividend Paid	18/07/2024
2024/25 Final Dividend Payment Date if approved at AGM	21/07/2025
52nd Annual General Meeting	30/06/2025



**FINANCIAL  
STATEMENTS**

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

The Board of Directors of Chemanex PLC has pleasure in presenting to the members the 52nd Annual Report on the Affairs of the Company together with the Audited Financial Statements for the year ended 31st March 2025 of Chemanex PLC.

## GENERAL

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

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

## REVIEW OF THE YEAR

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. Financial results of the Company/Group are elaborated on pages 46 to 50 Notes to the Financial Statements incorporate events subsequent to the date of the Statement of Financial Position. These reports together with the Audited Financial Statements reflect the state of affairs of the Company/Group.

## 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 100.

## Chemcel (Private) Limited

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

## Chemanex Exports (Private) Limited

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

## EQUITY ACCOUNTED INVESTEEES

The Equity Accounted Investees within the Group and their business activities are described in the Group structure on page 100 of this Report.

## FUTURE DEVELOPMENTS

Chemanex PLC continues to focus on its core business of chemical trading while pursuing to change the balance of the product portfolio to have

## PROFITS & APPROPRIATIONS

For the year ended 31st March 2025

As at 31st March 2025	Company Rs. 000	Group Rs . 000
Profit for the year after depreciation	155,953	156,101
From which a deduction is made for taxation and For discontinued operations	(38,527)	(38,527)
	-	1,039
From which a deduction is made for Non- Controlling Interest	-	38
To which must be added other comprehensive income	16,812	16,812
Total comprehensive income	134,238	135,463
To which must be added the unappropriated profit brought forward from the previous years and	2,579,442	2,662,842
Making available for appropriation amount of	2,713,680	2,798,305
out of which a dividend of Rs.2.50 per share was paid	(39,268)	(39,268)
so that the unappropriated profit carried forward will be	2,674,412	2,759,037

## DIVIDENDS

### (I) Cash Dividend

In terms of Article 37 of the Articles of Association of the Company, the Directors have recommended the payment of a final dividend of Rs. 2.50 per share amounting to Rs. 39.27 Mn for the financial year ended 31st March 2025.

more specialised chemicals for the manufacturing industry.

## FINANCIAL STATEMENTS

The Financial Statements for the 12 months ended 31st March 2025 are in accordance with the Sri Lanka Accounting Standards, SLFRSs/LKASs, issued by the Institute of Chartered Accountants of Sri Lanka and the requirements of Section 151 (and Section 153 for consolidated entity) of the Companies Act No. 07 of 2007. The Financial Statements duly signed by the Directors are provided on pages 46 to 98 in this Annual Report.

## ACCOUNTING POLICIES

The accounting policies adopted in preparation of the Financial Statements are provided in detail in the Notes to the Financial Statements on pages 51 to 64. The Company/Group has consistently applied the accounting policies as set out in Note 3 to all periods presented in these Consolidated Financial Statements.

### (II) Scrip Dividend

In terms of Article 37 of the Articles of Association of the Company, the Board of Directors have recommended the payment of a final dividend of Rs.5.00 per share in the form of scrip dividend, on the ordinary shares of the Company for the year ended 31st March 2025

As required by Section 56(2) and 56(3) of the Companies Act No. 7 of 2007, the

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

The Board of Directors will obtain a Certificate of Solvency from the Auditors prior to recommending the final dividend of Rs.2.50 per share and a scrip dividend of Rs.5.00 per share for the year ended 31st March 2025, which has to be approved by the shareholders at the Annual General Meeting to be held on 30th June 2025.

#### 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 2025 and the Independent Auditor's Report on the Financial Statements is given on page 43 to 45 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 51 to 64 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 Interest Register is maintained by the Company as per the Companies Act No.7 of 2007. All Directors have made declarations as provided for in Section 192(2) of the said Act. The related entries were made in the Interest Register during the year under review.

The share ownership of the Directors is indicated on page 37 of the Annual Report.

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

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

#### DIRECTORS

The following persons were Directors of the Company as at 31st March 2025 and their brief profiles are provided on page 11.

Mr. P R Saldin – Chairman, Non-Independent, Non-Executive Director

Mr. R P Bandaranayake (appointed w.e.f. 25/09/2024) – Independent, Non-Executive Director

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

Dr. T K D A P Samarasinghe (appointed w.e.f. 25/09/2024) - Independent, Non-Executive Director

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

#### APPOINTMENTS & RESIGNATIONS

Mr. R P Bandaranayake and Dr. T K D A P Samarasinghe were appointed to the Board of Directors of the Company effective 25th September 2024.

Mr. E M M Boyagoda resigned from the Board of Directors of the Company with effect from 31st December 2024.

#### RETIREMENT BY ROTATION AND RE-ELECTION

(i) Mr. R P Bandaranayake retires in pursuant to Article 24(2) of the Articles of Association of the Company and being eligible, offers himself for re-election with the unanimous support of the Board.

To resolve that Mr. R P Bandaranayake being eligible be recommended for re-election.

(ii) Dr. T K D A P Samarasinghe retires in pursuant to Article 24(2) of the Articles of Association of the Company and being eligible, offers himself for re-election with the unanimous support of the Board.

To resolve that Dr. T K D A P Samarasinghe being eligible be recommended for re-election.

(iii) Dr. S A B Ekanayake retires in pursuant to Section 211 of the Companies Act No.7 of 2007.

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

"That Dr. S A B Ekanayake who reached the age of 70 years on 7th November 2024 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 Dr. S A B Ekanayake".

Mr. S A B Ekanayake being eligible offers himself for re-election with the unanimous support of the Board.

#### INDEPENDENCE OF DIRECTORS

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

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

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

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

specified in Rule 9.8.3 and in the Format in Appendix 9A.

The Board of Directors, as required under Rule 9.8.5 (b), has made and a determination based on the Directors' declarations and other available information, that Mr. R P Bandaranayake and Dr. T K D A P Samarasinghe are independent.

## CHANGE OF STATUS

The Board resolved that Dr. S A B Ekanayake, who previously served as an Independent Non-Executive Director, will be considered Non-Independent, Non-Executive Director with effect from 1st January 2025.

## FIT AND PROPER ASSESSMENT OF DIRECTORS

In terms of Rule 9.7.4 of the Listing Rules of the Colombo Stock Exchange, Declarations were obtained from the Directors who confirmed that they have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the financial year under review and as at the date of such Declarations.

Based on the declarations given by each Director of the Board of Directors of the Company, as required by Rule 9.7.5(a) of the Listing Rules of the CSE, it has been determined that the Directors of the Company satisfy the Fit and Proper Assessment Criteria stipulated under Rule 9.7.3 of the Listing Rules of the CSE.

## BOARD COMMITTEES

### Audit Committee

The Directors comprising the Audit Committee are;

Mr. R P Bandaranayake – *Independent, Non-Executive Director – Chairman of the Committee*

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

Mr. P R Saldin – *Non-Independent, Non-Executive Director*

The Report of the Audit Committee on page 23 sets out the manner of compliance by the Company of the requirements of the Section 09 of the Listing Rules of the Colombo Stock Exchange on Corporate Governance.

### Remuneration Committee

Remuneration Committee of the Company is comprised of following Directors;

Dr. T K D A P Samarasinghe – *Independent, Non-Executive Director – Chairman of the Committee*

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

Mr. P R Saldin – *Non-Independent, Non-Executive Director*

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

The Report of the Remuneration Committee on page 25 contains a statement on the remuneration policy. The details of the aggregate remuneration paid to the Executive and Non-Executive Directors during the year under review are given in Note 11 to the Financial Statements on page 68.

### Related Party Transactions Review Committee

Related Party Transactions Review Committee of the Company is comprised of following Directors;

Mr. R P Bandaranayake – *Independent, Non-Executive Director – Chairman of the Committee*

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

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

The Board of Directors has declared that the related party transactions of the Company that require review by the Committee during the financial year have been reviewed by the Related Party Transactions Review Committee of the Company and that the Company is in compliance with Section 9 of the Listing Rules of the CSE.

The Report of the Related Party Transactions Review Committee on page 28 sets out the manner of compliance by the Company.

### Nominations & Governance Committee

Nominations and Governance Committee of the Company is comprised of following Directors;

Dr. T K D A P Samarasinghe – *Independent, Non-Executive Director – Chairman of the Committee*

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

Mr. P R Saldin – *Non-Independent, Non-Executive Director*

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

The Report of the Nominations & Governance Committee on page 26 sets out the manner of compliance by the Company with the requirements of the Section 09 of the Listing Rules on Corporate Governance.

## DIRECTORS' REMUNERATION

Directors remuneration is structured within an established framework by the Board's Remuneration Committee to whom this task has been entrusted. The Directors are of the opinion that the framework assures appropriateness of remuneration and fairness for the Company. The total remuneration of the Directors for the year ended 31st March 2025 is given in Note 11 includes the value of perquisites (if any) granted to them as part of their terms of service.

The Directors' fees of Non-Executive Directors for the reporting year ended 31st March 2025 given in Note 11 is determined according to the scales of payment decided upon by the Board. The Board is satisfied that the payment of remuneration is fair to the Company.

## 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 100 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.

## DIRECTORS' SHAREHOLDING

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

As at 31st March		2025	2024
Name of Director	Type		
Mr. P R Saldin	Non-Executive Chairman	-	-
Mr. R P Bandaranayake (appointed w.e.f 25/09/2024)	Non-Executive Independent Director	-	-
Dr. S A B Ekanayake	Non-Executive Non-Independent Director	-	-
Dr. T K D A P Samarasinghe (appointed w.e.f 25/09/2024)	Non-Executive Independent Director	-	-
Mr. P A Seresinhe	Non-Executive Non-Independent Director	-	-
Mr. E M M Boyagoda (resigned w.e.f 31/12/2024)	Non-Executive Independent Director	-	-

## ADDITIONAL DISCLOSURES PERTAINING TO DIRECTORS

### (i) Material Business relationships

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

### (ii) Other directorships held by the Directors

Other directorships held by Directors are disclosed on pages 11 and 12.

## Independence of Non-Executive Directors

Based on the declarations submitted by the Directors, the Board has determined that Mr. R P Bandaranayake and Dr. T K D A P Samarasinghe are 'Independent' in terms of Rule 9.8.5 (b) of the Listing Rules.

## Share Information and Substantial Shareholdings

The distribution of shareholdings, public holding percentage, market value of shares and 20 largest shareholders are given on pages 101 to 103.

## Directorates of Subsidiaries and their Shareholding

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

Company	Directors	Number of shares held as at 31st March 2025 in the respective companies	Number of shares held as at 31st March 2024 in the respective companies
Chemnex Exports (Private) Limited	M P Jayawardena S A B Ekanayake	NIL	NIL
Chemcel (Private) Limited	S A B Ekanayake P A Seresinhe	NIL	NIL

## Directors' Responsibility for financial reporting

The Directors are responsible for the preparation of Financial Statements of the Company and the Group, which

reflect a true and fair view of the state of the Company affairs. The Directors' Responsibility in relation to the Financial Statements is detailed on page 40.

## Compliance with Section 9.14 of Listing Rules

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

## CORPORATE GOVERNANCE

The Company has complied Section 09 on Corporate Governance Rules of the Colombo Stock Exchange. The Corporate Governance Section on pages 16 to 22 describes the Corporate Governance Principles adopted by the Company.

## Material Foreseeable risk factors

Financial Risks Management objectives and policies are set out in Note 40 on pages 90 to 98.

Risks that Company and its subsidiaries are exposed to are set out in the Report on Risk Management on page 30.

## VISION & CORPORATE CONDUCT

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

## EQUITABLE TREATMENT TO SHAREHOLDERS

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

## SYSTEMS AND INTERNAL CONTROLS

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

The Board having reviewed the system of internal control, is satisfied with the

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

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. 873.52 Mn. (2023/24 - Rs. 788.96 Mn). A detailed analysis of the Group revenue that identifies the contributions from different segments of the Group businesses is given in Note 06 to the Financial Statements.

## CAPITAL EXPENDITURE

Details of Property, Plant and Equipment and their movements during the year are listed in Note 16 to the Financial Statements. Capital Expenditure approved and contracted for are given in page 73.

## INVESTMENTS

Details of investments and their movements during the year are listed in Notes 18,19,20 and 24 to the Financial Statements.

## RESERVES

Total reserves of the Group stood at Rs 3.96 Bn as at 31st March 2025 (Rs. 3.50 Bn as at 31st March 2024) 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 1,372 registered shareholders holding 15,707,312 ordinary shares of the Company as at 31st March 2025. A list of top 20 shareholders is given on page 103 of this Report.

## ENVIRONMENT PROTECTION

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

## ANNUAL REPORT

The Board of Directors approved the Consolidated Financial Statements on 27th May 2025. 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 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 number of persons employed by the Company as at 31st March 2025 was 14 (14 in 2024).

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

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

## DONATIONS

During the year, donations amounting to Rs. 0.3 Mn (2023/24 – Rs. 0.3 Mn) were made by the Company. Donations made by the Company are given in Note 11.

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

## GOING CONCERN

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

## EVENTS AFTER THE REPORTING DATE

The Board of Directors by a resolution passed on 26th May 2025 recommended a final dividend of Rs.7.50 per share which consist of a cash dividend of Rs.2.50 and a scrip dividend of Rs.5.00 on Ordinary Shares to be paid to the shareholders on 18th July 2025.

No material events have taken place after the reporting date which require

an adjustment to or a disclosure other than those disclosed in Note 38 to the Financial Statements on page 88.

### AUDITORS' REMUNERATION AND INTEREST IN CONTRACTS WITH THE COMPANY

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

The Company's auditors during the period under review were Messrs. Ernst & Young, Chartered Accountants. A sum of Rs. 1.09 Mn was paid to them as consolidated audit fees during the year under review (Company - Rs. 0.96 Mn) and a sum of Rs. 0.1 Mn was paid by the Company for other related services.

### RE-APPOINTMENT OF AUDITORS

The Financial Statements for the period under review were audited by Messrs Ernst & Young, Chartered Accountants who offer themselves for reappointment for the ensuing year. The Directors propose the re-appointment of Messrs Ernst & Young, Chartered Accountants as Auditors of the Company for the year 2025/26 subject to the approval of the shareholders at the Annual General Meeting.

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

### SPECIAL BUSINESS TO BE TRANSACTED AT THE ANNUAL GENERAL MEETING

#### Amendment to Articles of Association

The Directors in the Notice of Meeting have placed before the shareholders under "Special Business" amendments

to certain Articles of the Articles of Association of the Company.

- (a) Article 13 is introduced to facilitate meetings of shareholders to be held in addition to physical meetings as per the present Article ; by means of audio or audio and visual communication ; thereby providing the Board to have the option to determine whether a General Meeting of shareholders would be held as a physical meeting, electronic meeting or as a hybrid meeting.
- (b) Due to the introduction of a new Article 13, the current Article 13 to 46 required to be re-numbered as 14 to 47.
- (c) Currently, the minimum number of Directors shall not be less than two (02). The recent amendments to Listing Rules required the minimum number to be increased to five (05). The amendment is to be in line with the new rule.
- (d) The Listing Rules recently amended the circumstances under which / the period for which an Alternate Director may be appointed. The amendment is in line with the Rule.
- (e) Additional methods were brought in to serve notice on shareholders by electronic mail.
- (f) Further to the provision in terms of the Rules that publication by advertisement must be done in all three languages in a national newspaper, publication of Notice was further enhanced, if permitted by law, to be made via the official website of the Company and/or the official website of the Colombo Stock Exchange so long as the Company is listed on the Colombo Stock Exchange.

### NOTICE OF MEETING

The 52nd Annual General Meeting will be held on 30th June 2025 at 9th Floor, Commercial Bank Building, No.1, Union Place, Colombo 02 at 9.30 am

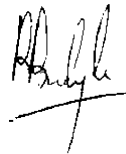
The Notice of the Annual General Meeting to the shareholders is given on page 106.

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

By Order of the Board



Mr. P R Saldin  
Chairman



Mr. R P Bandaranayake  
Director

27th May 2025

# Directors' Responsibility for Financial Reporting

The responsibility of the Directors in relation to the Financial Statements of the Company, is set out in the following statement. The Report of the Auditors sets out their responsibility in relation to the Financial Statements.

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, which reflect a true and fair view of the state of the state of affairs of the Company and the Group as at the end of the financial year and the profit/loss for that financial year 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.

In preparation of above Financial Statements, the Directors are required to ensure that,

1. Appropriate accounting policies have been selected and applied based on the new financial reporting framework on a consistent basis while reasonable and prudent judgements have been made so that the form and substance of transactions are properly reflected. Material departures, if any, are disclosed and explained. The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report.
2. Financial Statements prepared and presented in this Annual Report have been prepared based on Sri Lanka Accounting Standards (SLFRS/LKAS) which came to effect from 1st January 2012 and are in agreement with the underlying books of account and in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No.15 of 1995, the

Listing Rules of the Colombo Stock Exchange and the Code on Corporate Governance issued by the Securities and Exchange Commission (SEC) of Sri Lanka.

3. The Company keeps sufficient accounting records to disclose, with reasonable accuracy, the financial position of the Company and that of the Group and to enable them to ensure that the Financial Statements comply with the Companies Act No. 07 of 2007. Also, reasonable steps are taken to safeguard the assets of the Company and to establish appropriate systems of internal controls, which provide reasonable though not absolute assurance to the Directors that assets are safeguarded and internal controls are in place with a view to the prevention and detection of frauds and errors.
4. The Directors are required to prepare the Financial Statements and the Company's External Auditors, Messrs. Ernst & Young who were appointed in terms of Section 158 of the Companies Act No. 7 of 2007 and in accordance with a resolution passed at the last Annual General Meeting, were provided with every opportunity to undertake the inspections they considered appropriate. They carried out reviews and sample checks on the system of internal controls as they considered appropriate and necessary for expressing their opinion on the Financial Statements and maintaining accounting records. They have examined the Financial Statements made available to them by the Board of Directors of the Company together with all the financial records, related data and Minutes of shareholders' and Directors' meetings and expressed their opinion which appears as reported by them on page 16.
5. As required by Sections 166 (1) and 167 (1) of the Companies Act, they have prepared this Annual Report in time and ensured that a copy required by the Rule No. 7.5 (a) and (b) on Continuing Listing Requirements of the Listing Rules of the Colombo Stock Exchange. The Directors also wish to confirm that all shareholders in each category have been treated equitably

in accordance with the original terms of issue.

6. The Company has met all the requirements under Section 7 on the Continuing Listing Requirements of the Listing Rules of the Colombo Stock Exchange, wherever applicable.

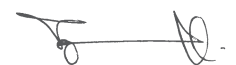
The Directors are of the view that they have discharged their responsibilities as set out in this statement.

## 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.

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 and scrip dividend of Rs.5.00 per share for this year, which is to be approved by the shareholders at the Annual General Meeting to be held on 30th June 2025.

By Order of the Board,



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

27th May 2025

# Chief Operating Officer & Chief 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.



**T M A T J Yatigammana**  
Chief Operating Officer



**D D Wickramanayake**  
Chief Financial Officer

27th May 2025

# Transitioning to SLFRS S1 and S2

## GOVERNANCE of sustainability- related risks and opportunities

### Board Oversight

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

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

### Role of Management

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

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

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

### Analysis

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

### Outcome

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

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

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

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

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

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

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

- ⊙ A centrifugal exhaust blower
- ⊙ An ozone (O<sub>3</sub>) generator,
- ⊙ A custom-designed wet scrubber using ceramic/PVC media,
- ⊙ Discharge chimney to ensure safe dispersion of treated air.
- ⊙ Following internal & external measures being taken in manufacturing ;
- ⊙ The project is monitored in coordination with the Industrial Technology Institute (ITI) to ensure environmental compliance.
- ⊙ SOPs are documented and updated as needed.
- ⊙ Regular internal audits and annual third-party testing of TVOC emissions ensure transparency and compliance.

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

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

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

### Next Steps

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

# Independent Auditor's Report



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

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

## TO THE SHAREHOLDERS OF THE CHEMANEX PLC

### 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 2025, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2025, and of their financial performance and cash flows for

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

#### Basis for opinion

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

#### Key audit matters

Key audit matters are those matters that, in our professional judgment,

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

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

Key Audit Matter	How our audit addressed the key audit matter
<p>Revenue from contract with customers</p> <p>The Group derived its revenue of Rs. 873.5 Mn from the sales of goods as disclosed in Notes 6 and 6.1 to the financial statement.</p> <p>Revenue was a key audit matter due to:</p> <ul style="list-style-type: none"> <li>The reported revenue increase by (11%) recorded by the Group during the year, due to the price revisions in different products.</li> </ul>	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> <li>Tested relevant key controls relating to the sales of goods. Our procedures included testing the general IT control environment and the relevant key IT application controls relating to the most significant IT systems relevant to revenue.</li> <li>Performed 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. Our procedures included testing revenue cut-off at the period-end date to determine whether transactions are recorded in the proper period and to the proper accounts and testing journal entries recognized to revenue.</li> </ul> <p>We also assessed the adequacy of the disclosures in respect of revenue in Notes 6 and 6.1 to the financial statements.</p>

# Independent Auditor's Report

Key Audit Matter	How our audit addressed the key audit matter
<p><b>Assessment of fair value of Unquoted Equity Investment made at Fair Value Through OCI (FVTOCI)</b></p> <p>Non-current financial assets of the Group consist of an unquoted equity investment in CIC Feeds (Pvt) Ltd in accordance with the accounting policy disclosed in note 20 and notes 20.1 to the financial statements.</p> <p>The fair value is determined by management based on the Price to earnings ratio approach, which is derived based on market multiples derived from comparable industry peers.</p>	<p>Our audit procedures focused on the valuation of the investment performed by the management, and included the following key procedures:</p> <ul style="list-style-type: none"> <li>assessed the appropriateness of the valuation technique and reasonableness of significant assumptions, judgements and estimates such as Illiquidity discount used by the management to ascertain the fair value of the unquoted equity investments. Our evaluation involved the use of comparable market data considering the impacts of the economic conditions prevailing in the country</li> </ul>
<p>This was a Key Audit Matter due to:</p> <ul style="list-style-type: none"> <li>The materiality of the reported unquoted equity investment balance which amounted to Rs. 386.4 million and represented 9% of the Group's total assets as of the reporting date; and</li> <li>The degree of assumptions, judgements and estimates associated in assessing the fair value of the unquoted equity investment.</li> </ul> <p>Key areas of significant management judgements, estimates and assumptions used in the valuation of unquoted equity investment include Illiquidity and marketability discount as further disclosed in note 20.1 to the Financial Statements.</p>	<ul style="list-style-type: none"> <li>Evaluated the appropriateness and completeness of the information and checked the relevant calculations.</li> </ul> <p>Further, we evaluated the adequacy of the related disclosures in note 20 and 20.1 to the Financial Statements.</p>

## Other Information included in the 2025 Annual Report

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information,

we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the management and those charged with governance

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

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

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

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

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

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

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

statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on other legal and regulatory requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 4169.



27th May 2025  
Colombo

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

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

# Statement of Profit or Loss and Other Comprehensive Income

As at 31st March	Notes	Company		Group	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
<b>Continuing operations</b>					
Revenue	6	873,516	788,965	873,516	788,965
Cost of sales		(621,461)	(600,404)	(621,461)	(600,404)
<b>Gross profit</b>		<b>252,055</b>	<b>188,561</b>	<b>252,055</b>	<b>188,561</b>
Other income	7	55,381	55,808	55,381	55,808
Distribution expenses		(77,955)	(39,040)	(77,955)	(39,040)
Impairment reversal on trade receivables		8,592	4,420	8,592	4,420
Administrative expenses		(56,811)	(56,703)	(56,811)	(56,703)
Other expenses	8	(5,199)	(123)	(5,051)	-
<b>Results from operating activities</b>		<b>176,063</b>	<b>152,923</b>	<b>176,211</b>	<b>153,046</b>
Finance income	9.1	1,261	5,535	1,261	5,535
Finance costs	9.2	(21,371)	(17,409)	(21,371)	(17,409)
Net finance expense	9	(20,110)	(11,874)	(20,110)	(11,874)
Share of loss of equity accounted investees (net of tax)	10	-	-	-	-
<b>Profit before tax</b>	11	<b>155,953</b>	<b>141,049</b>	<b>156,101</b>	<b>141,172</b>
Income tax expense	12	(38,527)	(29,340)	(38,527)	(29,340)
<b>Profit from continuing operations</b>		<b>117,426</b>	<b>111,709</b>	<b>117,574</b>	<b>111,832</b>
<b>Discontinued operations</b>					
Profit / (loss) discontinued operations (net of tax)	13.1	-	-	1,039	(484)
<b>Profit for the year</b>		<b>117,426</b>	<b>111,709</b>	<b>118,613</b>	<b>111,348</b>
<b>Other comprehensive income</b>					
<b>Items that will never be reclassified to profit or loss</b>					
Actuarial (gain)/ loss on retirement benefit obligations	29.1	26	(1,953)	26	(1,953)
Income tax on other comprehensive income		(26,296)	(19,551)	(26,296)	(19,551)
Net gain from fair value change in financial assets		387,484	904,805	390,287	906,711
Gain on disposal of rights		16,794	-	16,794	-
Other comprehensive income for the year		378,008	883,301	380,811	885,207
<b>Total comprehensive income for the year</b>		<b>495,434</b>	<b>995,010</b>	<b>499,424</b>	<b>996,555</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		117,426	111,709	118,651	111,379
Non - controlling interests		-	-	(38)	(31)
<b>Profit for the year</b>		<b>117,426</b>	<b>111,709</b>	<b>118,613</b>	<b>111,348</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		495,434	995,010	499,462	996,586
Non - controlling interests		-	-	(38)	(31)
<b>Total comprehensive income for the year</b>		<b>495,434</b>	<b>995,010</b>	<b>499,424</b>	<b>996,555</b>
<b>Earnings per share</b>					
Basic / Diluted earnings per share (Rs.)	14	7.48	7.11	7.55	7.09
<b>Earnings per share-continuing operations</b>					
Basic / Diluted earnings per share (Rs.)		7.48	7.11	7.49	7.12

Notes from pages 51 to 98 from an integral part of the Financial Statements.

Figures in brackets indicate deductions.

# Statement of Financial Position

As at 31st March	Notes	Company		Group	
		2025	2024	2025	2024
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant & equipment	16	13,034	19,999	13,034	19,999
Intangible assets	17	521	660	521	660
Investment in subsidiaries	18	-	-	-	-
Equity accounted investees	19	-	-	-	-
Equity investment at fair value through OCI	20	386,469	298,844	386,469	298,844
		400,024	319,503	400,024	319,503
<b>Current assets</b>					
Inventories	21	192,514	140,046	192,514	140,046
Trade receivables	22	154,309	141,882	154,309	141,882
Other receivables	23	71,197	56,216	71,197	56,216
Equity investment at fair value through OCI	24	3,526,299	3,170,694	3,526,299	3,170,694
Deposits with banks		24,473	7,466	24,473	7,466
Cash in hand and at bank	25	25,156	100	25,156	100
		3,993,948	3,516,404	3,993,948	3,516,404
Assets relating to Discontinued operations	13.2	47,000	47,000	64,216	59,980
		4,040,948	3,563,404	4,058,164	3,576,384
<b>Total assets</b>		<b>4,440,972</b>	<b>3,882,907</b>	<b>4,458,188</b>	<b>3,895,887</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the company</b>					
Stated capital	26	126,250	126,250	126,250	126,250
Capital reserves	27	-	-	3,000	3,000
Revenue reserves	28	3,873,158	3,416,992	3,959,365	3,499,171
		3,999,408	3,543,242	4,088,615	3,628,421
<b>Non-controlling interests</b>		-	-	(2,870)	(2,832)
<b>Total Equity</b>		<b>3,999,408</b>	<b>3,543,242</b>	<b>4,085,745</b>	<b>3,625,589</b>
<b>Non-current liabilities</b>					
Retirement benefit obligations	29	6,775	5,815	6,775	5,815
Deferred tax liabilities	30	37,487	8,114	37,487	8,114
		44,262	13,929	44,262	13,929
<b>Current liabilities</b>					
Trade payables	31	54,489	27,336	54,489	27,336
Income tax payable	32	22,431	7,803	22,431	7,803
Accruals and other payables	33	111,663	117,726	41,525	47,418
Loans and borrowings	34	208,719	172,871	208,719	172,871
		397,302	325,736	327,164	255,428
Liabilities classified as held for distribution	13.2	-	-	1,017	941
		397,302	325,736	328,181	256,369
<b>Total liabilities</b>		<b>441,564</b>	<b>339,665</b>	<b>372,443</b>	<b>270,298</b>
<b>Total equity and liabilities</b>		<b>4,440,972</b>	<b>3,882,907</b>	<b>4,458,188</b>	<b>3,895,887</b>
Net assets per share (Rs)		254.62	225.58	260.30	231.00

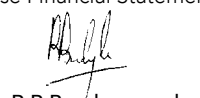
Notes from pages 51 to 98 from an integral part of the Financial Statements.

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**  
 Chief Financial Officer

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

  
**P R Saldin**  
 Chairman  
 27th May 2025

  
**R P Bandaranayake**  
 Director

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

# Statements of Changes in Equity

## Company

As at 31st March	Stated Capital	Fair Value Reserve	Retained Earnings	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31st March 2023	126,250	(47,118)	2,508,368	2,587,500
Profit for the year	-	-	111,709	111,709
Other comprehensive loss	-	884,668	(1,367)	883,301
<b>Total comprehensive income</b>	-	884,668	110,342	995,010
Dividends (Note 15)	-	-	(39,268)	(39,268)
<b>Total comprehensive income to the owners of the company</b>	-	884,668	71,074	955,742
As at 31st March 2024	126,250	837,550	2,579,442	3,543,242
As at 01st April 2024	126,250	837,550	2,579,442	3,543,242
Profit for the year	-	-	117,426	117,426
Other comprehensive income	-	361,196	16,812	378,008
<b>Total comprehensive income</b>	-	361,196	134,238	495,434
Dividends (Note 15)	-	-	(39,268)	(39,268)
<b>Total comprehensive income to the owners of the company</b>	-	361,196	94,970	456,166
As at 31st March 2025	126,250	1,198,746	2,674,412	3,999,408

## Group

As at 31st March	Stated Capital	Reserve on Script issue	Fair Value Reserve	Retained Earnings	Total	Non-Controlling Interest	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 01st April 2023	126,250	3,000	(50,245)	2,592,098	2,671,103	(2,801)	2,668,302
Profit/(loss) for the year	-	-	-	111,379	111,379	(31)	111,348
Other comprehensive income	-	-	886,574	(1,367)	885,207	-	885,207
<b>Total comprehensive income</b>	-	-	886,574	110,012	996,586	(31)	996,555
Dividends (Note 15)	-	-	-	(39,268)	(39,268)	-	(39,268)
<b>Total contributions by and distributions to the owners of the company</b>	-	-	886,574	70,744	957,318	(31)	957,287
As at 31st March 2024	126,250	3,000	836,329	2,662,842	3,628,421	(2,832)	3,625,589
As at 01st April 2024	126,250	3,000	836,329	2,662,842	3,628,421	(2,832)	3,625,589
Profit/(loss) for the year	-	-	-	118,651	118,651	(38)	118,613
Other comprehensive income	-	-	363,999	16,812	380,811	-	380,811
<b>Total comprehensive income</b>	-	-	363,999	135,463	499,462	(38)	499,424
Dividends (Note 15)	-	-	-	(39,268)	(39,268)	-	(39,268)
<b>Total contributions by and distributions to the owners of the company</b>	-	-	363,999	96,195	460,194	(38)	460,156
As at 31st March 2025	126,250	3,000	1,200,328	2,759,037	4,088,615	(2,870)	4,085,745

Notes from pages 51 to 98 from an integral part of the Financial Statements.

Figures in brackets indicate deductions.

# Statement of Cash Flow

As at 31st March	Notes	Company		Group	
		2025	2024	2025	2024
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Cash flow from operating activities</b>					
Cash generated from operations (Note A)		92,891	127,634	92,422	124,060
Interest paid		(20,709)	(14,541)	(21,272)	(18,248)
Retirement benefit costs paid		(521)	(635)	(521)	(635)
Income tax paid	32	(20,822)	(72,282)	(20,822)	(72,282)
<b>Net cash flow generated from operating activities</b>		<b>50,839</b>	<b>40,176</b>	<b>49,807</b>	<b>32,895</b>
<b>Cash flow from investing activities</b>					
Proceeds from disposal of rights		16,794	-	16,794	-
Proceeds from disposal of property, plant & equipment		1,221	-	1,221	-
Dividend received from other companies	7	32,398	27,169	32,398	27,169
Acquisition of investments	24	(55,746)	(327,645)	(55,746)	(327,785)
Addition to property, plant & equipment	16	(727)	(1,245)	(727)	(1,245)
Interest income received		1,261	5,535	3,962	8,950
Investment in bank deposits		(17,007)	123	(17,007)	123
<b>Net cash outflow from investing activities</b>		<b>(21,806)</b>	<b>(296,063)</b>	<b>(19,105)</b>	<b>(292,788)</b>
<b>Net cash inflow/(outflow) before financing activities</b>		<b>29,033</b>	<b>(255,887)</b>	<b>30,702</b>	<b>(259,893)</b>
<b>Cash flow from financing activities</b>					
Settlement of lease liability	34.2	(7,410)	(9,882)	(7,410)	(9,882)
Dividends paid to equity holders of the parent		(39,268)	(39,268)	(39,268)	(39,268)
<b>Net cash outflow from financing activities</b>		<b>(46,678)</b>	<b>(49,150)</b>	<b>(46,678)</b>	<b>(49,150)</b>
<b>Net decrease in cash &amp; cash equivalents during the period</b>		<b>(17,645)</b>	<b>(305,037)</b>	<b>(15,976)</b>	<b>(309,043)</b>
Cash & cash equivalents at the beginning of the period		(166,023)	138,425	(113,111)	191,636
Unrealised exchange loss on cash & cash equivalent		105	589	668	4,296
<b>Cash &amp; cash equivalents at the end of the period (Note B)</b>		<b>(183,563)</b>	<b>(166,023)</b>	<b>(128,419)</b>	<b>(113,111)</b>

# Statement of Cash Flows

As at 31st March	Notes	Company		Group	
		2025	2024	2025	2024
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Note A - Cash generated from operations</b>					
Profit before tax from continued operations		155,953	141,049	156,101	141,172
Profit/(loss) before tax from discontinued operations		-	-	1,827	(374)
<b>Adjustments for:</b>					
Depreciation on property, plant & equipment	16	1,984	2,033	1,984	2,033
Amortisation of right of use asset	16	5,708	7,612	5,708	7,612
Amortisation of intangible assets	17	139	139	139	139
Provision for retirement benefit	29	1,507	1,238	1,507	1,238
Provision for intercompany receivable	8	148	123	-	-
Gain on disposal of property, plant & equipment	7	(1,221)	-	(1,221)	-
Reversal of provision for impairment of trade receivable	22.2	(8,592)	(4,420)	(8,592)	(4,420)
Reversal of provision for write down of inventories	21.1	(2,461)	(24,633)	(2,461)	(24,633)
Provision against the advance provided to Rainforest Ecolodge (Private) limited	8	5,051	-	5,051	-
Dividend income	7	(32,398)	(27,169)	(32,398)	(27,169)
Interest income		(1,261)	(5,535)	(3,962)	(8,950)
Interest expense		21,266	16,820	21,266	16,820
Operating profit before working capital changes		145,823	107,257	144,949	103,468
Increase in trade and other receivables		(24,015)	(70,646)	(23,856)	(70,546)
Decrease /(increase) in inventories		(50,007)	78,605	(50,007)	78,605
Increase in trade and other payables		21,090	12,418	21,336	12,533
<b>Cash generated from operations</b>		<b>92,891</b>	<b>127,634</b>	<b>92,422</b>	<b>124,060</b>
<b>Note B - Analysis of cash &amp; cash equivalents at the end of the year</b>					
Cash in hand and at bank		25,156	100	80,300	53,012
Interest bearing short-term borrowings		(208,719)	(166,123)	(208,719)	(166,123)
		(183,563)	(166,023)	(128,419)	(113,111)

Notes from pages 51 to 98 form an integral part of the Financial Statements.

Figures in brackets indicate deductions.

# Notes to the Financial Statements

## 1. REPORTING ENTITY

### 1.1 Domicile and Legal Form

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

### 1.2 Principal Activities and Nature of Operations

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

### 1.3 Parent and Ultimate Parent Enterprise

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

### 1.4 Authorisation for Issue

The Board of Directors is responsible for these Financial Statements. The Financial Statements were authorised for issue in accordance with a resolution of the Board of Directors on 27th May 2025.

### 1.5 Comparative Information

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

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

### 1.6 Materiality, aggregation, offsetting and rounding

#### Materiality and aggregation

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

Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. Notes to

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

#### Offsetting

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

#### Rounding

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

## 2. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised in any future periods effected.

### 2.1 Judgments

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

#### 2.1.1 Fair Value Measurement of Financial Instruments

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

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

### 2.2 Estimation and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year ended 31st March 2025 is included in the following notes.

# Notes to the Financial Statements

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

### 3.1 Basis of Preparation

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

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

#### 3.1.1 Statement of Compliance

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

#### 3.1.2 Basis of Measurement

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

#### 3.1.3 Functional and Presentation Currency

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

## 3.2 Basis of Consolidation

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

In determining the basis of preparing the financial statements for the year ended 31 March 2025, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the Company and the appropriateness of the use of the going concern basis.

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

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

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

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

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

### 3.2.1 Subsidiaries

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

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

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

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

### 3.2.2 Non-Controlling Interests

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

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

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

### 3.2.3 Loss of Control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains

any interest in the previous subsidiary, then such interest is measured at fair value as at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as a FVOCI depending on the level of influence retained.

### 3.2.4 Equity Accounted Investees

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

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

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

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

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

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

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

When the Group's share of losses exceeds its interest in the associate, the carrying amount of that interest, including any long term investments, is reduced to nil

# Notes to the Financial Statements

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 categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows,

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

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

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

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

### 3.4 Foreign Currency Transactions

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

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

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

### 3.5 Revenue

#### 3.5.1 Revenue Streams

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

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

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

#### 3.5.3 Performance Obligations and Revenue Recognition Policies

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

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

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

#### 3.5.4 Rendering of Services

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

#### 3.5.5 Interest Income

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

#### 3.5.6 Dividend Income

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

#### 3.5.7 Rental Income

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

#### 3.5.8 Commissions

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

#### 3.5.9 Others

Other income is recognised on an accrual basis.

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

### 3.6 Finance income and finance costs

The Group's finance income and finance costs include

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

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

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

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

# Notes to the Financial Statements

## 3.7 Tax

### 3.7.1 Current Income Tax

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

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

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

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

### 3.7.2 Deferred Tax

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

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

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

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

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

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

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

### 3.7.3 Social Security Contribution Levy (SSCL)

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

## 3.8 Discontinued Operations

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

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

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

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

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

### 3.8.1 Assets and Liabilities relating to Discontinued Operations

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

## 3.9 Property, Plant & Equipment

### 3.9.1 Initial Recognition and Measurement

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

The cost of self-constructed assets includes the following:

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

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

### 3.9.2 Subsequent Costs

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

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

### 3.9.3 Depreciation

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

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

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

- ⊙ Buildings 10 - 20 years
- ⊙ Plant and machinery 10-22 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 of or when no future economic benefits are expected from its use or disposal. Gains and losses arising on de-recognition of assets are determined by comparing the proceeds from the disposal with the carrying amount of property, plant & equipment and are recognised net within "Other Income" in profit or loss.

### 3.10 Leases

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

#### 3.10.1 Group as a lessee

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

##### l) Right-of-use assets

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

- ⊙ Buildings 02 to 03 years.

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

# Notes to the Financial Statements

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 34.1).

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

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

### 3.10.2 Group as a lessor

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

lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### 3.11 Borrowing Costs

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

### 3.12 Intangible Assets

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

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

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

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the

asset and are recognised in profit or loss when the asset is derecognised.

### 3.12.1 ERP Implementation Cost

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

### 3.13 Impairment of Non-Financial Assets

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

For assets excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets or CGUs recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its

recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The following asset has specific characteristics for impairment testing:

#### 3.13.1 Intangible Assets

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

### 3.14 Financial Instruments

#### 3.14.1 Financial Assets

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

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

##### (B) Classification and Subsequent Measurement

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

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

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

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

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

## Notes to the Financial Statements

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

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

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

### (C) Financial 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 realizing cash flows through the sale of the asset;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risk that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How 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:

- 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:

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

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

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

## 3.14.3 De recognition

## (A) Financial asset

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

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

## (B) Financial liabilities

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

a new financial liability based on the modified terms is recognised at fair value.

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

## 3.14.4 Offsetting

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

## 3.14.5 Impairment

## (A) Non- Derivative Financial Assets

Financial instruments and contract assets

The Group recognises a loss allowance for ECLs on:

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

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

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

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

# Notes to the Financial Statements

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

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

The Group considers financial asset to be in default when:

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

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

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

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

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

## Measurement of ECLs

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

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

## (B) Credit-Impaired Financial Assets

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

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

- ⊙ Significant financial difficulty of the borrower or the issuer

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

Presentation of allowance for ECL in the Statement of Financial Position

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

## 3.14.6 Write off

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

## 3.15 Inventories

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

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

Provision for obsolete and slow moving inventory

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

## 3.16 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that

an outflow of economic benefits will be required to settle the obligations.

### 3.17 Employment benefits

#### Defined Benefit Plans

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

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

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

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

Gratuity was calculated based on the below basis.

Period of service (Years)	Basis
5-9 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 services provided by the employee and the obligation can be measured reliably.

### 3.18 Expenditure Recognition

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

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

### 3.19 Earnings Per Share

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

# Notes to the Financial Statements

## 3.20 Cash Flow Statement

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

## 3.21 Segment Reporting

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

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

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

## 4. AMENDMENTS TO EXISTING ACCOUNTING STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued up to the date of issuance of the Group's Financial Statements but are not effective for the current annual reporting period, are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

### SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of SLFRS 17 is the general model, supplemented by:

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

SLFRS 17 is effective for annual reporting periods beginning on or after 1 April 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

The amendments are not expected to have a material impact on the Group's Financial Statement.

### Lack of exchangeability – Amendments to LKAS 21

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 April 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group's Financial Statement.

## 5. INDUSTRY SEGMENT INFORMATION

### (a) Segmental Revenue

For the year ended 31st March	Group	
	2025	2024
	Rs. '000	Rs. '000
Rubber and plastic	440,806	379,161
Coating and packaging	293,025	307,863
Home and personal care	139,685	101,941
<b>Total revenue from external customers</b>	<b>873,516</b>	<b>788,965</b>

### (b) Segmental Results

For the year ended 31st March	Group	
	2025	2024
	Rs. '000	Rs. '000
Rubber and plastic	98,792	62,198
Coating and packaging	22,854	41,655
Home and personal care	6,613	997
Segmental Result	128,259	104,850
Other income	55,381	55,808
Un-allocated expenses	(7,429)	(7,612)
Finance expense (net)	(20,110)	(11,874)
<b>Profit before tax</b>	<b>156,101</b>	<b>141,172</b>
Income tax expense	(38,527)	(29,340)
Profit from continued operations	117,574	111,832
Profit/(loss) from discontinued operations	1,039	(484)
<b>Profit for the year</b>	<b>118,613</b>	<b>111,348</b>
<b>Profit /(loss) attributable to :</b>		
Equity holders of the Company	118,651	111,379
Non-controlling interest	(38)	(31)
	<b>118,613</b>	<b>111,348</b>

31st March	Capital Expenditure		Depreciation		Total Assets	
	2025	2024	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets						
Rubber and plastic	242	566	1,062	1,086	151,599	132,152
Coating and packaging	413	490	708	724	2,573	20,561
Home and personal care	72	189	353	362	52,491	52,146
Investments/other	-	-	-	-	4,251,525	3,691,028
	<b>727</b>	<b>1,245</b>	<b>2,123</b>	<b>2,172</b>	<b>4,458,188</b>	<b>3,895,887</b>

## Notes to the Financial Statements

31st March	Retirement Benefit Obligations		Trade and Other Payables	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Liabilities				
Rubber and plastic	2,410	2,006	46,584	21,583
Coating and packaging	3,966	3,146	5,270	3,835
Home and personal care	399	663	2,635	1,918
Investments/other	-	-	41,525	47,418
	<b>6,775</b>	<b>5,815</b>	<b>96,014</b>	<b>74,754</b>

### 6 REVENUE

For the year ended 31st March	Company/Group	
	2025	2024
	Rs. '000	Rs. '000
Revenue	873,516	788,965

#### 6.1 Disaggregation of Revenue from contracts with customers

For the year ended 31st March	Company/Group	
	2025	2024
	Rs. '000	Rs. '000
Rubber and plastic	440,806	379,161
Coating and packaging	293,025	307,863
Home and personal care	139,685	101,941
Timing of revenue recognition		
Products transferred at a point in time	873,516	788,965

### 7 OTHER INCOME

For the year ended 31st March	Company/Group	
	2025	2024
	Rs. '000	Rs. '000
Dividend income -quoted	32,398	27,169
Direct sales commission	14,027	13,224
Rent income	7,696	15,249
Gain on disposal of property, plant & equipment	1,221	-
Sundry income	39	166
<b>Total</b>	<b>55,381</b>	<b>55,808</b>

## 8 OTHER EXPENSES

For the year ended 31st March	Company		Group	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Provision for the advance given to Rainforest Ecolodge (Private) Limited	5,051	-	5,051	-
Provision for intercompany receivable	148	123	-	-
<b>Total</b>	<b>5,199</b>	<b>123</b>	<b>5,051</b>	<b>-</b>

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

### 9.1 Interest income arising from financial assets

For the year ended 31st March	Company/ Group	
	2025	2024
	Rs. '000	Rs. '000
Staff loans	119	214
Interest on REPO investments	-	4,834
Deposits	833	487
Foreign exchange gain	309	-
	<b>1,261</b>	<b>5,535</b>

### 9.2 Finance Cost - Impairment loss on debt securities

For the year ended 31st March	Company/ Group	
	2025	2024
	Rs. '000	Rs. '000
Short-term loans and overdrafts	20,709	14,317
Interest on leasing	662	2,868
Foreign exchange loss	-	224
	<b>21,371</b>	<b>17,409</b>
<b>Finance Cost (Net)</b>	<b>(20,110)</b>	<b>(11,874)</b>

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

For the year ended 31st March	Group	
	2025	2024
	Rs. '000	Rs. '000
Rainforest Ecolodge (Private) Limited	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

# Notes to the Financial Statements

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

For the year ended 31st March	Company/ Group	
	2025	2024
	Rs. '000	Rs. '000
Directors' emoluments and retirement benefits	-	-
Depreciation of property, plant & equipment	7,692	9,645
Directors' fees	8,510	6,600
Staff training and development	104	54
Legal fees	-	-
Auditors' remuneration		
Statutory audit fees	957	871
Audit related fees	527	437
Professional fees	834	560
Reversal of provision for inventories	(2,461)	(24,633)
Donation	300	300
Personnel costs (Note 11.1)	26,074	19,908

### 11.1 Personnel costs

For the year ended 31st March	Company/ Group	
	2025	2024
	Rs. '000	Rs. '000
Salaries	15,873	13,551
EPF/MSPS - Defined contribution plan	2,047	1,767
ETF- defined contribution plan	512	442
Bonus	6,135	2,910
Provision for retirement benefits	1,507	1,238
<b>Total</b>	<b>26,074</b>	<b>19,908</b>
Number of employees at the end of the year	14	14

### 11.2 Reconciliation of adjusted EBITDA to profit from continuing operation

For the year ended 31st March	Group	
	2025	2024
	Rs. '000	Rs. '000
Profit from continuing operations	117,574	111,832
Income tax expense	38,527	29,340
Profit before tax	156,101	141,172
Adjustments for :		
Net finance expense	20,110	11,874
Depreciation	7,692	9,645
Amortisation	139	139
<b>Adjusted EBITDA</b>	<b>184,042</b>	<b>162,830</b>

## 12 INCOME TAX EXPENSES

For the year ended 31st March	Company		Group	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Current tax expenses on ordinary activities for the year				
Current tax expenses on profit for the year ( Note 12.2)	37,548	27,609	37,548	27,609
Over provision in respect of previous years	(2,098)	(1,048)	(2,098)	(1,048)
	35,450	26,561	35,450	26,561
Deferred tax charge				
Origination of temporary differences (Note 12.1)	3,077	2,779	3,077	2,779
<b>Total</b>	<b>38,527</b>	<b>29,340</b>	<b>38,527</b>	<b>29,340</b>

### 12.1 Deferred Tax Expense

For the year ended 31st March	Company		Group	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Income Statements				
Deferred tax expense arising from :				
Property, plant & equipment	549	1,385	549	1,385
Intangible assets	(21)	-	(21)	-
Retirement benefit obligations	(822)	345	(822)	345
Right-of-use-asset	(1,713)	(2,283)	(1,713)	(2,283)
Provision for impairment of trade receivables	3,059	1,228	3,059	1,228
Lease liability	2,025	2,104	2,025	2,104
	3,077	2,779	3,077	2,779
Other Comprehensive Income				
Deferred tax charge /(reversal) arising from :				
Actuarial losses/(gain) on retirement benefit obligations	8	(586)	8	(586)
Investment in fair value through OCI	26,288	20,137	26,288	20,137
	26,296	19,551	26,296	19,551
<b>Total</b>	<b>29,373</b>	<b>22,331</b>	<b>29,373</b>	<b>22,331</b>

#### 12.1.1 Deferred tax charge recognised through

For the year ended 31st March	Company		Group	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Statement of Profit or Loss				
Charge arising on during the year movement	3,077	2,779	3,077	2,779
	3,077	2,779	3,077	2,779
Other Comprehensive income				
Charge arising on during the year movement	26,296	19,551	26,296	19,551
	26,296	19,551	26,296	19,551
	29,373	22,331	29,373	22,331

## Notes to the Financial Statements

### 12.2 Reconciliation of the Accounting Profit and Taxable Profit

	Company		Group		Company		Group	
	2025	2024	2025	2024	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
For the year ended 31st March								
Profit before tax-continuing operations							155,953	141,049
Profit before tax-discontinued operations							-	-
							155,953	141,049
Tax using the Company's domestic tax rate	30%	46,786	30%	42,315	30%	47,378	42,239	-
Share of loss of equity accounted investee							-	-
Disallowable expenses	2%	3,767	4%	5,651	2%	3,842	5,836	11,368
Tax deductible expenses	-1%	(2,223)	-8%	(11,753)	-1%	(2,223)	(11,753)	(7,411)
Capital allowances	-1%	(1,099)	0%	(453)	-1%	(1,099)	(453)	(3,662)
Tax exempt income	-6%	(9,719)	-6%	(8,151)	-6%	(9,719)	(8,151)	(32,398)
Taxable profit	24%	37,512	20%	27,609	24%	38,179	27,718	123,850
Income tax @ 14%								
Income tax @ 24%								
Income tax @ 30%								
Current tax expense on continued operations							37,548	27,609
Current tax expense on discontinued operations							37,548	27,609
							-	788
							37,548	27,609
Effective tax rate							30%	30%
Effective tax rate as a percentage of profit before tax							24%	20%

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, up to 30 September 2022 - 24% on taxable profit during the period current and deferred tax have been provided as per the Inland Revenue Act No. 24 of 2017 and any subsequent amendments thereto, including any amendments legislated by Inland Revenue (Amendment) Act No. 45 of 2022.

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

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

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

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

#### 13.1 Profit after tax From Discontinued Operations

For the year ended 31st March	Group	
	2025	2024
	Rs. '000	Rs. '000
Other income	97	139
Administrative expenses	(408)	(221)
Finance income /(expenses) (net)	2,138	(292)
Profit /(loss) before tax from a discontinued operations	1,827	(374)
Tax expense	(788)	(110)
Profit / (loss) for the year from a discontinued operations	1,039	(484)

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

For the year ended 31st March	Company		Group	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Assets</b>				
Investments	47,000	47,000	9,072	6,291
Other receivables	-	-	-	777
Cash in hand and cash at bank	-	-	55,144	52,912
Assets classified as held for distribution	47,000	47,000	64,216	59,980
<b>Liabilities</b>				
Trade and other payables	-	-	1,017	941
Liabilities directly associated with assets classified as held for distribution	-	-	1,017	941
Net assets directly associated with disposal group	47,000	47,000	63,199	59,039

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	
	2025	2024
	Rs. '000	Rs. '000
Net cash from investing activities	2,232	(299)
Net cash inflow / (outflow)	2,232	(299)

#### 13.4 Earnings /(deficit) per Share:

For the year ended 31st March	Group	
	2025	2024
	Rs. '000	Rs. '000
Basic/diluted earnings /(deficit) per share for the year, from discontinued operations	0.07	(0.03)

## Notes to the Financial Statements

### 14 Earnings per Share

For the year ended 31st March	Company		Group	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Profit attributable to equity holders of the Company	117,426	111,709	118,651	111,379
<b>The share capital is as follows :</b>				
<b>Ordinary Shares</b>				
Number of shares	15,707,312	15,707,312	15,707,312	15,707,312
Basic / Diluted earnings per share (Rs.)	7.48	7.11	7.55	7.09

#### Basic Earnings per Share

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

#### Diluted Earnings per Share

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

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

### 15 GROSS DIVIDENDS

For the year ended 31st March	Group	
	2025	2024
	Rs. '000	Rs. '000
<b>Interim Dividend</b>		
Interim dividend paid per share Rs. Nil (2023/24 - Nil)	-	-
	-	-
<b>Final Dividends</b>		
Final dividend proposed and paid Rs.2.50 (2023/24) per share Rs.2.50 (2022/23)	39,268	39,268
<b>Total</b>	<b>39,268</b>	<b>39,268</b>

During the year, Rs.2.50 dividend was paid to the shareholders (2023/24- Rs. 2.50). Directors have recommended a final dividend of Rs. 7.50 per share which consist of a cash dividend of Rs.2.50 and a scrip dividend of Rs.5.00 on Ordinary Shares for the year ended 31st March 2025. This proposed dividend has not yet been recognised as a liability as at 31.03.2025.

This would result in a total dividend per share of Rs. 7.50 (2023/24 - Rs.2.50) once it is approved at the Annual General Meeting. 2023/24 Dividend was distributed to shareholders out of the dividend received."

## 16 PROPERTY, PLANT &amp; EQUIPMENT

For the year ended 31st March	Buildings		Plant & Machinery		Equipment		Computers		Furniture & Fittings		Motor Vehicles		Total	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Freehold</b>														
Cost/Valuation														
<b>At the beginning of the year</b>	-	13,543	5,387	15,233	627	8,491					43,281			42,036
<b>Additions</b>	-	-	270	433	24	-					727			1,245
<b>Disposals/write off</b>	-	-	(4,189)	-	(19)	-					(4,208)			-
<b>At the end of the year</b>	-	13,543	1,468	15,666	632	8,491					39,800			43,281
<b>Depreciation/Impairment</b>														
<b>At the beginning of the year</b>	-	1,129	4989	14133	248	8491					28,990			26,957
<b>Depreciation</b>	-	1,038	139	687	120	-					1,984			2,033
<b>Disposal/write off</b>	-	-	(4,189)	-	(19)	-					(4,208)			-
<b>At the end of the year</b>	-	2,167	939	14,820	349	8,491					26,766			28,990
<b>Right-of use asset</b>														
Cost/Valuation														
<b>At the beginning of the year</b>	42,601	-	-	-	-	-					42,601			42,601
<b>At the end of the year</b>	42,601	-	-	-	-	-					42,601			42,601
<b>Depreciation/Impairment</b>														
<b>At the beginning of the year</b>	36,893	-	-	-	-	-					36,893			29,281
<b>Amortisation</b>	5,708	-	-	-	-	-					5,708			7,612
<b>At the end of the year</b>	42,601	-	-	-	-	-					42,601			36,893
<b>Carrying value as at 31st March 2025</b>	-	11,376	529	846	283	-					13,034			19,999
<b>Carrying value as at 31st March 2024</b>	5,708	12,414	398	1,100	379	-					-			-

(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 2022/23 Company entered into a new lease agreement for its registered office for a period of two years and it was lapsed in December 2024.

# Notes to the Financial Statements

## C. Carrying Value Base

As at 31st March	Company/ Group	
	2025	2024
	Rs. '000	Rs. '000
At Cost	13,034	14,291
On Finance Lease Term	-	5,708
<b>Total</b>	<b>13,034</b>	<b>19,999</b>

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

As at 31st March	Company/ Group	
	2025	2024
	Rs. '000	Rs. '000
Plant & Machinery	8	8
Equipment	647	4,836
Computers	12,537	12,537
Furniture & Fittings	154	173
Motor Vehicles	8,491	8,491
<b>Total</b>	<b>21,837</b>	<b>26,045</b>

## 17 INTANGIBLE ASSETS

As at 31st March	Company/ Group	
	2025	2024
	Rs. '000	Rs. '000
Software cost capitalised	660	799
Amortisation for the year	(139)	(139)
<b>Net software cost capitalised</b>	<b>521</b>	<b>660</b>

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

## 18 INVESTMENT IN SUBSIDIARIES

As at 31st March	No. of shares	Percentage of holding	2025	2024
			Rs. '000	Rs. '000
<b>Unquoted - Subsidiaries</b>				
Chemanex Exports (Private) Limited	860,000	100%	47,000	47,000
Chemcel (Private) Limited	82,041	70%	172	172
			<b>47,172</b>	<b>47,172</b>
Transferred to assets classified as held for distribution (Note 13.2)			(47,172)	(47,172)
<b>Total</b>			<b>-</b>	<b>-</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 Chemanex Exports (Private) Limited and Chemcel (Private) Limited as "Assets Held For Distribution".
- iii) The main activities of the subsidiary companies are given in page 100.
- iv) The Group has assessed each subsidiary that has non-controlling interests based on contribution made to the Group revenue, Group profit, total assets and net assets and have determined that such non-controlling interests are not material to the Group.

## 19 EQUITY ACCOUNTED INVESTEEES

As at 31st March	No. of shares	Percentage of holding	Company		Group	
			2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Unquoted						
Rainforest Ecolodge (Private) Limited	9,950,968	20.89%	99,510	99,510	-	-
Provision for impairment of investment in Associate			(99,510)	(99,510)	-	-

For the year ended 31st March	Group	
	2025 Rs. '000	2024 Rs. '000
At the beginning of the year	-	-
Share of loss	-	-
<b>At the end of the year</b>	<b>-</b>	<b>-</b>

- (i) The equity accounted investee of the Company is incorporated in Sri Lanka and the registered business place is located at Aitken Spence Hotel Management (Private) Limited, Aitken Spence Tower 02, No 315, Vauxhall street, Colombo 02
- (ii) Company has neither contingent liabilities nor capital commitments in respect of the equity accounted investees.
- (iii) Company fully impaired its investment in Rainforest Ecolodge (Private) Limited due to the decrease of net assets of Rainforest Ecolodge (Private) Limited. Key assumptions applied in the impairment test included discount rate of 28% and terminal growth rate of 1%.
- (iv) The main activities of the equity accounted investees are given in page 100.

## Notes to the Financial Statements

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

As at 31st March	2025	2024
	Rs. '000	Rs. '000
Revenue	104,551	108,333
Expenses	(115,437)	(115,785)
<b>Loss after tax</b>	<b>(10,886)</b>	<b>(7,452)</b>
Non-current assets	299,435	306,207
Current assets	43,729	44,229
<b>Total assets</b>	<b>343,164</b>	<b>350,436</b>
Non-current liabilities	192,429	177,525
Current liabilities	84,409	61,979
<b>Total liabilities</b>	<b>276,838</b>	<b>239,504</b>
<b>Net assets</b>	<b>66,326</b>	<b>110,932</b>

### 20 EQUITY INVESTMENTS AT FAIR VALUE THROUGH OCI

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

As at 31st March	Company/ Group	
	2025	2024
	Rs. '000	Rs. '000
Carrying value at the beginning of the year	298,844	231,719
Fair value gain	87,625	67,125
<b>Carrying value at the end of the year</b>	<b>386,469</b>	<b>298,844</b>

Company/Group	2025		2024	
	No. of Shares	Fair value	No. of Shares	Fair value
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Unquoted				
CIC Feeds (Private) Limited	500,000	386,319	500,000	298,694
Equity Investments Lanka (Private) Limited	15,000	150	15,000	150
		386,469		298,844

Based on the valuation performed, per share value of CIC Feeds (Private) Limited increased by Rs.175.25 resulting a fair value gain of Rs.87.62Mn which is recognised in other comprehensive income.

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

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

Significant unobservable input used in the fair value measurements categorised within level 3 of the fair value hierarchy, together with the quantitative sensitivity analysis as at 31 March 2025 as follows:

Financial asset	Valuation technique	Unobservable inputs	Range of unobservable inputs and the sensitivity
Unquoted	Market multiples derived from comparable industry peers.	Illiquidity discount applied of 20%.	1% increase in the illiquidity discount would reduce investment value by Rs.6.44Mn (2024 - Rs.3.73Mn) and 1% reduction in the illiquidity discount would increase the investment value by Rs.6.44Mn (2024-Rs.3.73Mn).
Unquoted			

#### Observable inputs

Company has used the average Price to earnings ratios which ranged from 4.6 to 4.9 for the above Non quoted investment valuation purpose from the market reflective of its peer Companies.

## 21 INVENTORIES

As at 31st March	Company/Group	
	2025	2024
	Rs. '000	Rs. '000
Raw materials and consumables	12,166	34,099
Finished goods	206,657	141,828
	218,823	175,927
Provision for obsolete and slow moving inventories (Note 21.1)	(26,309)	(35,881)
<b>Total</b>	<b>192,514</b>	<b>140,046</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	
	2025	2024
	Rs. '000	Rs. '000
At Cost	192,514	140,046
At Net Realisable Value	-	-
<b>Total</b>	<b>192,514</b>	<b>140,046</b>

### 21.1 Provision for Obsolete and Slow Moving Inventories

As at 31st March	Company/Group	
	2025	2024
	Rs. '000	Rs. '000
At the beginning of the year	35,881	76,232
Reversal made during the year	(2,461)	(24,633)
Write-off made during the year	(7,111)	(15,718)
Provision relating to continuing operations	26,309	35,881

# Notes to the Financial Statements

## 22 TRADE RECEIVABLES

As at 31st March	Company/Group	
	2025	2024
	Rs. '000	Rs. '000
Trade receivables from Group Companies (Note 22.1)	11,875	19,856
Other trade receivable	153,473	142,527
<b>Total</b>	<b>165,348</b>	<b>162,383</b>
Less: Provision for impairment for trade receivables (Note 22.2)	(11,039)	(20,501)
<b>Total</b>	<b>154,309</b>	<b>141,882</b>

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

### 22.1 Trade Receivable from Group Companies

As at 31st March	Company/Group	
	2025	2024
	Rs. '000	Rs. '000
CIC Holdings PLC	790	2,549
CIC Dairies (Private) Limited	11,085	4,817
CIC Agri Businesses (Private) Limited	-	5,717
Link Natural Products (Private) Limited	-	6,773
<b>Total</b>	<b>11,875</b>	<b>19,856</b>

### 22.2 Provision for Impairment for Trade Receivables

As at 31st March	Company/Group	
	2025	2024
	Rs. '000	Rs. '000
At the beginning of the year	20,501	27,735
Reversal of provision made during the year	(8,592)	(4,420)
Write-off during the year	(870)	(2,814)
At the end of the year	11,039	20,501
Provision relating to continuing trade receivables	11,039	20,501

### 22.3 Trade Receivables Currency-Wise

As at 31st March	Company/Group	
	2025	2024
	Rs. '000	Rs. '000
Sri Lankan Rupees	165,348	162,383
<b>Total</b>	<b>165,348</b>	<b>162,383</b>

## 23 OTHER RECEIVABLES

As at 31st March	Company		Group	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Non Trade Receivable from Group companies (Note 23.1)	-	122	-	122
Other non trade receivables (Net)	11,970	28,143	11,970	28,143
VAT receivable	58,750	27,474	58,750	27,474
Loans to employees	477	477	477	477
<b>Total</b>	<b>71,197</b>	<b>56,216</b>	<b>71,197</b>	<b>56,216</b>

### 23.1 Non Trade Receivable from Group Companies

As at 31st March	Company		Group	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Chemcel (Private) Limited	9,073	8,925	-	-
Unipower (Private) Limited	-	61	-	61
CIC CropGuard (Private) Limited	-	61	-	61
	9,073	9,047	-	122
Less: Provision for impairment	(9,073)	(8,925)	-	-
<b>Total</b>	<b>-</b>	<b>122</b>	<b>-</b>	<b>122</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 were security deposits received from customers whom the Company rent out its leased premises, including related companies.

## 24 EQUITY INVESTMENTS AT FAIR VALUE THROUGH OCI

As at 31st March	Company/Group	
	2025	2024
	Rs. '000	Rs. '000
Carrying value at the beginning of the year	3,170,694	2,005,369
Additions	55,746	327,645
Fair value gain	299,859	837,680
<b>Carrying value at the end of the year</b>	<b>3,526,299</b>	<b>3,170,694</b>

### 24.1 Company/Group - detailed wise

As at 31st March	Company/Group					
	2025			2024		
	No. of Shares	Market Price/share	Fair value 'Rs. '000	No. of Shares	Market Price/share	Fair value 'Rs. '000
Hatton National Bank PLC	1,402,028	305.00	427,619	1,373,381	180.00	247,209
John Keells Holdings PLC	153,400,000	20.20	3,098,680	15,069,515	194.00	2,923,486
<b>Total</b>			<b>3,526,299</b>			<b>3,170,694</b>

During the year Company purchased 630,485 shares of John Keells Holdings PLC and received 137,700,000 shares from this share split. Further, Company realised a profit of LKR 16.79Mn by sale of its right to John Keells Holdings PLC shares.

# Notes to the Financial Statements

## 25 CASH AND CASH EQUIVALENTS

### 25.1 Favourable cash and cash equivalents

As at 31st March	Company		Group	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and bank balances	25,156	100	25,156	100
	25,156	100	25,156	100

### 25.2 Unfavourable cash and cash equivalents

As at 31st March	Company		Group	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Bank overdrafts	16,139	60,923	16,139	60,923
Money market borrowings	192,580	105,200	192,580	105,200
	208,719	166,123	208,719	166,123
Cash and cash equivalents classified as assets held for distribution	-	-	55,144	52,912
Cash and cash equivalents for the purpose of cash flow statements	(183,563)	(166,023)	(128,419)	(113,111)

## 26 STATED CAPITAL

As at 31st March	2025		2024	
	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.

## 27 CAPITAL RESERVES

As at 31st March	Company		Group	
	2025	2024	2025	2024
	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.

## 28 REVENUE RESERVES

As at 31st March	Company		Group	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Retained earnings	2,674,412	2,579,442	2,759,037	2,662,842
Fair value reserves	1,198,746	837,550	1,200,328	836,329
	<b>3,873,158</b>	<b>3,416,992</b>	<b>3,959,365</b>	<b>3,499,171</b>

Revenue reserves comprises of retained earnings and fair value reserves.

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

## 29 RETIREMENT BENEFIT OBLIGATIONS

As at 31st March	Company/Group	
	2025 Rs. '000	2024 Rs. '000
Present value of the gratuity		
At the beginning of the year	5,815	3,259
Current service cost	751	652
Benefits paid	(521)	(635)
Interest cost	756	586
Actuarial (gain)/losses	(26)	1,953
At the end of the year	<b>6,775</b>	<b>5,815</b>

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

As at 31st March	Company/Group	
	2025 Rs. '000	2024 Rs. '000
Distribution expenses	1,497	1,228
Administrative expenses	10	10
	<b>1,507</b>	<b>1,238</b>
Other comprehensive income	(26)	1,953
<b>Total</b>	<b>1,481</b>	<b>3,191</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."

## Notes to the Financial Statements

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

As at 31st March	2025	2024
Rate of discount	11%	13%
Salary increase	10%	12%
Retirement age (Management Staff)	60 Years	60 Years
Staff turnover rate-up to age 54	10%	6%
Staff turnover rate-after age 54	0%	0%

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

Weighted average retirement age of the Company is 8.9 years.

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

### 29.3 Sensitivity of Assumptions Used

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

As at 31st March	Increase by 1%		Decrease by 1%	
	Discount Rate	Future Salary Growth	Discount Rate	Future Salary Growth
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31st March 2025				
Company/Group - the present value change in retirement benefit obligations	(413)	494	462	(449)
As at 31st March 2024				
Company/Group - the present value change in retirement benefit obligations	(430)	520	492	(461)

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

As at 31st March	Company/Group	
	2025	2024
	Rs. '000	Rs. '000
Within the next 12 months	578	505
Between 1-2 years	-	340
Between 2-5 years	2,397	-
Between 5-10 years	2,499	1,634
Beyond 10 years	1,301	3,336
<b>Total</b>	<b>6,775</b>	<b>5,815</b>

## 29.5 Employee benefit expenses

As at 31st March	Company/Group	
	2025	2024
	Rs. '000	Rs. '000
Wages and salaries	15,873	13,551
Expenses related to post-employment defined benefit plans	1,507	1,238
<b>Total</b>	<b>17,380</b>	<b>14,789</b>

## 30 DEFERRED TAX

As at 31st March	Company/ Group	
	2025	2024
	Rs. '000	Rs. '000
At the beginning of the year	(8,114)	14,216
Amount origination /(reversal) of temporary differences		
Recognised in profit or loss	(3,077)	(2,779)
Recognised in other comprehensive income	(26,296)	(19,551)
<b>At the end of the year</b>	<b>(37,487)</b>	<b>(8,114)</b>

The Group recognised deferred tax liability of Rs.37.49Mn ( 2024 deferred tax liability- Rs.8.11Mn) as at the reporting date.

## A. Movements in deferred tax balances

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

Company/Group	Balance at 31 March 2025					
	Net balances at 1-Apr	Recognised in Profit or loss	Recognised in OCI	Net	Deferred Tax assets	Deferred Tax liabilities
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Property plant & equipment	(1,169)	(549)	-	(1,718)	-	(1,718)
Intangible assets	94	21	-	115	115	-
Retirement benefit obligation	1,219	822	(8)	2,033	2,033	-
Right-of-use-asset	(1,713)	1,713	-	-	-	-
Impairment of trade receivables	4,783	(3,059)	-	1,724	1,724	-
Lease liability	2,025	(2,025)	-	-	-	-
Investment in fair value through OCI	(13,353)	-	(26,288)	(39,641)	-	(39,641)
<b>Net tax assets/(liabilities)</b>	<b>(8,114)</b>	<b>(3,077)</b>	<b>(26,296)</b>	<b>(37,487)</b>	<b>3,872</b>	<b>(41,359)</b>

## Notes to the Financial Statements

Company/Group	Balance at 31 March 2024					
	Net balances at 1-Apr	Recognised in Profit or loss	Recognised in OCI	Net	Deferred Tax assets	Deferred Liabilities
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Property plant & equipment	216	(1,385)	-	(1,169)	-	(1,169)
Intangible assets	94	(0)	-	94	94	-
Retirement benefit obligation	978	(345)	586	1,219	1,219	-
Right-of-use-asset	(3,996)	2,283	-	(1,713)	-	(1,713)
Impairment of trade receivables	6,011	(1,228)	-	4,783	4,783	-
Lease liability	4,129	(2,104)	-	2,025	2,025	-
Investment in fair value through OCI	6,786	-	(20,137)	(13,353)	-	(13,353)
<b>Net tax assets/(liabilities)</b>	<b>14,216</b>	<b>(2,779)</b>	<b>(19,551)</b>	<b>(8,114)</b>	<b>8,121</b>	<b>(16,235)</b>

### B. Deferred Tax Effects of Temporary Differences

Company/Group	2025		2024	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Property plant & equipment	5,725	(1,718)	3,896	(1,169)
Intangible assets	382	115	313	94
Retirement benefit obligation	6,775	2,033	4,063	1,219
Right-of-use-asset	-	-	5,709	(1,713)
Impairment of trade receivables	5,748	1,724	15,942	4,783
Lease liability	-	-	6,749	2,025
Investment in fair value through OCI	(132,129)	(39,641)	(44,504)	(13,353)
	<b>(113,499)</b>	<b>(37,487)</b>	<b>(7,832)</b>	<b>(8,114)</b>

### C. Unrecognised Deferred Tax Assets

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

### D. Unremitted income from subsidiaries and associates

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

### E. Unrecognised Deferred Tax Liabilities

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

## 31 TRADE PAYABLES

As at 31st March	Company/Group	
	2025	2024
	Rs. '000	Rs. '000
Bills payable	38,639	15,830
Other trade payables	15,850	11,506
<b>Total</b>	<b>54,489</b>	<b>27,336</b>

## 31.1 Currency - Wise Trade Payables

As at 31st March	Company/Group	
	2025	2024
	Rs. '000	Rs. '000
US Dollars	38,639	15,830
Sri Lankan Rupees	15,850	11,506
	54,489	27,336

## 32 INCOME TAX PAYABLE

As at 31st March	Company/Group	
	2025	2024
	Rs. '000	Rs. '000
At the beginning of the year	7,803	53,524
Provision made during the year	35,450	26,561
Payment made during the year	(20,822)	(72,282)
At the end of the year	22,431	7,803

## 33 ACCRUALS AND OTHER PAYABLES

As at 31st March	Company		Group	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Other payables to Group Companies (Note 33.1)	80,771	89,993	10,633	19,685
Other payables	28,990	26,101	28,990	26,101
Accruals	1,902	1,632	1,902	1,632
	111,663	117,726	41,525	47,418

## 33.1 Other payables to Group Companies

As at 31st March	Company		Group	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
ChemaneX Exports (Private) Limited	70,138	70,308	-	-
CIC Holdings PLC	10,613	19,685	10,613	19,685
CIC Seeds (Private) Limited	20	-	20	-
	80,771	89,993	10,633	19,685

# Notes to the Financial Statements

## 34 LOANS AND BORROWINGS

### 34.1 Loans and Borrowings

As at 31st March	Company/Group	
	2025	2024
	Rs. '000	Rs. '000
Lease liability relating to ROU asset (Note 34.2)	-	6,748
Bank overdraft	16,139	60,923
Money market borrowings	192,580	105,200
	208,719	172,871

### 34.2 Lease Liability Relating to ROU Asset

As at 31st March	Company/Group	
	2025	2024
	Rs. '000	Rs. '000
At the beginning of the year	6,748	13,762
Interest charge	662	2,868
Repayments during the year	(7,410)	(9,882)
At the end of the year	-	6,748
Less: Repayable within one year	-	(6,748)
Repayable after one year	-	-

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

As at 31st March	Company/Group	
	2025	2024
	Rs. '000	Rs. '000
Lease liabilities relating to ROU asset	-	6,748
Bank overdrafts	16,139	60,923
Money market borrowings	192,580	105,200
<b>Total</b>	<b>208,719</b>	<b>172,871</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 had entered into a lease agreement with O L M Macan Macar Limited for the purpose of operating the registered office of the Company. Company has sub - leased this office premises to Unipower (Private) Limited, CIC CropGuard (Private) Limited and CAL Exports Lanka (Private) Limited.

All these agreements were expired by December 2024.

#### 37.1.1 Right-of-use-assets

Right-of-use-assets related to leased properties that do not meet the definition of 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	Company/Group	
	2025 Rs. '000	2024 Rs. '000
Interest on lease liabilities	662	2,868

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

As at 31st March	Company/Group	
	2025 Rs. '000	2024 Rs. '000
Settlement of lease liability	(7,410)	(9,882)

#### 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 reasonably 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	
	2025 Rs. '000	2024 Rs. '000
Less than one year	-	7,411
Less than one year and not later than five years	-	-
<b>Total undiscounted lease liability</b>	<b>-</b>	<b>7,411</b>

### 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 2025, is Rs.7.70Mn (2024-Rs.15.25Mn).

# Notes to the Financial Statements

## 38 EVENTS AFTER THE REPORTING DATE

### Final dividend deceleration

The Board of Directors has recommended a final dividend of Rs.7.50 per share which consist of a cash dividend of Rs.2.50 and a scrip dividend of Rs.5.00 on Ordinary Shares amounting to cash dividend Rs.39.27Mn and scrip dividend of Rs.78.53Mn on the issued capital of Ordinary shares which is payable on 18th July 2025 if approved by the Shareholders at the Annual General Meeting. This dividend will be paid out of the profits generated.

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	2025	2024
	Rs. Mn	Rs. Mn
Sale of goods	3.04	5.35
Trade receivable	0.85	1.14

#### Transactions with CIC Holdings PLC

As at 31st March	2025	2024
	Rs. Mn	Rs. Mn
Dividend paid	19.84	19.84
Sale of goods	9.42	11.36
Rent paid	22.88	13.15
Staff cost paid	9.52	13.57
Staff cost received	-	1.00
Service charges paid	27.61	21.01
Trade receivable	0.79	2.55
Non trade payable	10.61	19.68

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 100.
- 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 34.
- 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 Company	Name of the Director	Relationship	Nature of the transaction	2025 Rs. Mn	2024 Rs. Mn
Polypak Secco Limited	P.R.Saldin	Director	Purchase of goods	706	744
Hatton National Bank PLC	P.R Saldin, Dr.T.K.A.D.P Samarasinghe	Directors	Short term loan	150	105

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.

#### 39.4.1 Recurring transactions

As at 31st March	Relationship	Nature of the Transaction	2025 Rs. Mn	2024 Rs. Mn
Chemanex Exports (Private) Limited	Subsidiary	Reimbursement of expenses	0.17	0.12
CIC Agri Businesses (Private) Limited	Fellow Subsidiary	Sales	24.90	14.37
		Dividend paid	1.11	1.11
CIC Dairies (Private) Limited	Fellow Subsidiary	Sales	23.61	25.20
Link Natural Products (Private) Limited	Fellow Subsidiary	Sales	19.24	33.75
CIC CropGuard (Private) Limited	Fellow Subsidiary	Service charges	0.14	0.07
		Rent received	0.75	3.22
CISCO Specialty Packaging (Private) Limited	Fellow Subsidiary	Service charges	-	0.02
CIC Lifesciences (Private) Limited	Fellow Subsidiary	Service charges	-	0.07
Unipower (Private) Limited	Fellow Subsidiary	Service charges	0.14	0.59
		Rent income received	1.06	4.64
CIC Seeds (Private) Limited	Fellow Subsidiary	Reimbursement of Expenses	0.05	-

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31st March 2024 audited Financial Statement, which required additional disclosures in the 2024/25 Annual Report under Colombo Stock Exchange Listing Rules 9.14.8(2) and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.

# Notes to the Financial Statements

## 39.4.2 Non-Recurring Transactions

There were no non-recurring related party transactions which in aggregate value exceeds 10% of the equity (Rs.362.56 Mn) or 5% of the total assets (Rs.194.79 Mn), whichever is lower, of the Company as at 31st March 2024 audited Financial Statements, which required additional disclosures in the 2024/25 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	
	2025 Rs. '000	2024 Rs. '000
<b>Exposure to credit risk</b>		
Equity securities-fair value through OCI	3,912,768	3,469,538
Trade receivable	154,309	141,882
Other receivable	71,197	56,216
<b>Total</b>	<b>4,138,274</b>	<b>3,667,636</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 creditworthiness may transact with the company only on prepayment or cash basis.

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

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for group of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics of those receivables and future macro economic conditions.

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

As at 31st March	Group	
	2025 Rs. '000	2024 Rs. '000
Domestic	154,309	141,882
<b>Total</b>	<b>154,309</b>	<b>141,882</b>

#### Impairment losses

All trade receivables that are past due, have been considered for impairment as at 31st March 2025.

The movement in the allowance for impairment of trade receivables is disclosed in Note No. 22.2.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contracts assets for customers as at 31st March 2025.

As at 31st March	2025			2024		
	Gross Rs'000	Impairment Rs'000	Net Receivable Rs'000	Gross Rs'000	Impairment Rs'000	Net Receivable Rs'000
Corporate and Government	153,473	(11,039)	142,434	155,071	(20,501)	134,570
Others	11,875	-	11,875	7,312	-	7,312
<b>Total</b>	<b>165,348</b>	<b>(11,039)</b>	<b>154,309</b>	<b>162,383</b>	<b>(20,501)</b>	<b>141,882</b>

Following table includes the ageing of the trade receivables as at the reporting date.

As at 31st March	2025			2024		
	Gross Rs'000	Impairment Rs'000	Net Receivable Rs'000	Gross Rs'000	Impairment Rs'000	Net Receivable Rs'000
Not past due	158,726	(4,417)	154,309	144,724	(3,202)	141,522
Past due 31-120 days	-	-	-	532	(172)	360
Past due more than 120 days	6,622	(6,622)	-	17,127	(17,127)	-
<b>Total</b>	<b>165,348</b>	<b>(11,039)</b>	<b>154,309</b>	<b>162,383</b>	<b>(20,501)</b>	<b>141,882</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.25.16Mn as at 31 March 2025, (2024: Rs.0.1Mn) which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counter parties, which are rated considerably higher based on rating agency ratings.

## Notes to the Financial Statements

### Liquidity risk

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

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

The Company and the Group held the following short term financial liabilities as at 31st March 2025.

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

As at 31st March 2025	Company			
	On Demand	Less than 90 days	90-365 days	1-5 years
	Rs'000	Rs'000	Rs'000	Rs'000
Trade payables	-	54,489	-	-
Accruals and other payables	-	111,663	-	-
Bank overdraft	16,139	-	-	-
Money market borrowings	192,580	-	-	-

As at 31st March 2025	Group			
	On Demand	Less than 90 days	90-365 days	1-5 years
	Rs'000	Rs'000	Rs'000	Rs'000
Trade payables	-	54,489	-	-
Accruals and other payables	-	41,525	-	-
Bank overdraft	16,139	-	-	-
Money market borrowings	192,580	-	-	-

As at 31st March 2024	Company			
	On Demand	Less than 90 days	90-365 days	1-5 years
	Rs'000	Rs'000	Rs'000	Rs'000
Trade payables	-	27,336	-	-
Accruals and other payables	-	117,727	-	-
Bank overdraft	60,923	-	-	-
Money market borrowings	105,200	-	-	-
Lease liabilities	-	-	6,748	-

As at 31st March 2024	Group			
	On Demand	Less than 90 days	90-365 days	1-5 years
	Rs'000	Rs'000	Rs'000	Rs'000
Trade payables	-	27,336	-	-
Accruals and other payables	-	47,419	-	-
Bank overdraft	60,923	-	-	-
Money market borrowings	105,200	-	-	-
Lease liabilities	-	-	6,748	-

### 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	2025	2024
	Rs. '000	Rs. '000
Equity Securities - FVOCI	3,912,768	3,469,538

### 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%	352,630	(352,630)

### Currency risk

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

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

### Exposure to currency risk

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

As at 31st March	2025	2024
	Rs.000	USD
Trade payables	(129)	(52)

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

As at 31st March	2025			2024		
	Selling rate	Buying rate	Average rate	Selling rate	Buying rate	Average rate
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
US Dollar	300.58	292.07	296.33	305.33	295.54	301.18

### Sensitivity Analysis

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

2025	Profit or loss		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
	Rs.	Rs.	Rs.	Rs.
US Dollar (5% movement)	1,932	(1,932)	1,932	(1,932)

## Notes to the Financial Statements

2024	Profit or loss		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
	Rs.	Rs.	Rs.	Rs.
US Dollar (5% movement)	792	(792)	792	(792)

### 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	2025	2024
	Rs.'000	Rs.'000
<b>Fixed rate instruments</b>		
Financial assets	-	-
Financial liabilities	-	(6,748)
		(6,748)
<b>Variable rate instruments</b>		
Financial assets	25,156	100
Financial liabilities	(208,719)	(166,123)
	(183,563)	(166,023)

### 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:

2025	Profit or loss		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
	Rs.000	Rs.000	Rs.000	Rs.000
<b>Variable rate instrument</b>				
Cash flow sensitivity (Net)	(1,836)	1,836	(1,836)	1,836

2024	Profit or loss		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
	Rs.000	Rs.000	Rs.000	Rs.000
<b>Variable rate instrument</b>				
Cash flow sensitivity (Net)	(1,660)	1,660	(1,660)	1,660

### 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	
	2025	2024
	Rs. '000	Rs. '000
Total debts	247,986	205,390
Less: Cash and cash equivalents	(25,156)	(100)
Net debt	222,830	205,290
Total equity	3,999,408	3,543,242
Adjusted equity	3,960,141	3,503,975
Net debt to adjusted equity ratio (times)	0.06	0.06

As at 31st March	Group	
	2025	2024
	Rs. '000	Rs. '000
Total debts	247,986	205,390
Less: Cash and cash equivalents	(25,156)	(100)
Net debt	222,830	205,290
Total equity	4,085,745	3,625,589
Adjusted equity	4,046,478	3,586,322
Net debt to adjusted equity ratio (times)	0.06	0.06

#### Accounting classifications and fair value

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

Company	Fair Value through OCI	Financial assets at amortised cost	Other financial liabilities	Carrying amount	Fair Value
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<b>As at 31/03/2025</b>					
Cash and cash equivalent	-	25,156	-	25,156	25,156
Trade receivable	-	154,309	-	154,309	154,309
Other receivable	-	71,197	-	71,197	71,197
Equity investments at fair value through OCI	3,912,768	-	-	3,912,768	3,912,768
	3,912,768	250,662	-	4,163,430	4,163,430
Trade payables	-	-	(54,489)	(54,489)	(54,489)
Other payables	-	-	(111,664)	(111,664)	(111,664)
Bank overdrafts	-	-	(16,139)	(16,139)	(16,139)
Money Market Borrowings	-	-	(192,580)	(192,580)	(192,580)
	-	-	(374,872)	(374,872)	(374,872)

## Notes to the Financial Statements

Company	Fair Value through OCI	Financial assets at amortised cost	Other financial liabilities	Carrying amount	Fair Value
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<b>As at 31/03/2024</b>					
Cash and cash equivalent	-	100	-	100	100
Trade receivable	-	141,882	-	141,882	141,882
Other receivable	-	56,216	-	56,216	56,216
Equity investments at fair value through OCI	3,469,538	-	-	3,469,538	3,469,538
	3,469,538	198,198	-	3,667,736	3,667,736
Trade payables	-	-	(27,336)	(27,336)	(27,336)
Other payables	-	-	(117,726)	(117,726)	(117,726)
Lease liabilities	-	-	(6,748)	(6,748)	(6,748)
Bank overdrafts	-	-	(60,923)	(60,923)	(60,923)
Money Market Borrowings	-	-	(105,200)	(105,200)	(105,200)
	-	-	(317,933)	(317,933)	(317,933)

Group	Fair Value through OCI	Financial assets at amortised cost	Other financial liabilities	Carrying amount	Fair Value
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<b>As at 31/03/2025</b>					
Cash and cash equivalent	-	25,156	-	25,156	25,156
Trade receivable	-	154,309	-	154,309	154,309
Other receivable	-	71,197	-	71,197	71,197
Equity investments at fair value through OCI	3,912,768	-	-	3,912,768	3,912,768
	3,912,768	250,662	-	4,163,430	4,163,430
Trade payables	-	-	(54,489)	(54,489)	(54,489)
Other payables	-	-	(41,526)	(41,526)	(41,526)
Bank overdrafts	-	-	(16,139)	(16,139)	(16,139)
Money Market Borrowings	-	-	(192,580)	(192,580)	(192,580)
	-	-	(304,734)	(304,734)	(304,734)

Group	Fair Value through OCI	Financial assets at amortised cost	Other financial liabilities	Carrying amount	Fair Value
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<b>As at 31/03/2024</b>					
Cash and cash equivalent	-	100	-	100	100
Trade receivable	-	141,882	-	141,882	141,882
Other receivable	-	56,216	-	56,216	56,216
Equity investments at fair value through OCI	3,469,538	-	-	3,469,538	3,469,538
	3,469,538	198,198	-	3,667,736	3,667,736
Trade payables	-	-	(27,336)	(27,336)	(27,336)
Other payables	-	-	(47,418)	(47,418)	(47,418)
Lease liabilities	-	-	(6,748)	(6,748)	(6,748)
Bank overdrafts	-	-	(60,923)	(60,923)	(60,923)
Money Market Borrowings	-	-	(105,200)	(105,200)	(105,200)
	-	-	(247,625)	(247,625)	(247,625)

## Fair value measurement hierarchy

As at 31st March Company	Level 01		Level 02		Level 03	
	2025	2024	2025	2024	2025	2024
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<b>Recurring fair value measurements</b>						
Assets measured at fair value						
Equity Investment	3,526,299	3,170,694	-	-	386,469	298,844
	3,526,299	3,170,694	-	-	386,469	298,844
<b>Non - recurring fair value measurements</b>						
Net asset classified as held for sale and distribution	-	-	-	-	47,000	47,000

As at 31st March Group	Level 01		Level 02		Level 03	
	2025	2024	2025	2024	2025	2024
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<b>Recurring fair value measurements-</b>						
Assets measured at fair value						
Equity Investment	3,526,299	3,170,694	-	-	386,469	298,844
Equity Investment classified within Assets relating to Discontinued Operations	9,072	6,291	-	-	-	-
	3,535,371	3,176,985	-	-	386,469	298,844

# Notes to the Financial Statements

## Level 3 recurring fair values

### Reconciliation of level 3 fair values

Group	Note	Equity securities Rs'000
Balance as at 01 April 2023	20	231,719
Gain included in OCI		
Net change in fair value (unrealised)		67,125
Balance as at 31 March 2024		298,844
Balance as at 01 April 2024		298,844
Gain included in OCI		
Net change in fair value (unrealised)		87,625
Balance as at 01 April 2025		386,469

### Sensitivity Analysis

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

As at 31st March 25	OCI net of Tax	
	Increase Rs.'000	Decrease Rs.'000
Adjusted market multiple by 1%	(2,706)	2,706

### Operational Risk

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

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

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

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

# Ten Year Group Performance

Year ended 31, March	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
	SLFRS	SLFRS	SLFRS	SLFRS	SLFRS	SLFRS	SLFRS	SLFRS	SLFRS	SLFRS
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<b>Income Statement</b>										
Revenue	873,516	788,965	1,063,645	639,680	441,401	395,850	460,005	723,582	823,690	1,444,004
Gross profit	252,055	188,561	397,817	166,328	103,477	82,574	90,410	141,552	169,159	265,191
Financing cost	(20,110)	(11,874)	(10,972)	(8,788)	5,944	39,874	42,294	39,976	(6,059)	(5,463)
Share of profit of equity accounted investees	-	-	(40,460)	(6,109)	(40,623)	8,938	12,861	13,093	9,609	20,667
Profit before taxation	156,101	141,172	255,562	127,803	34,621	237,288	101,816	379,010	58,474	79,208
Income tax expense	(38,527)	(29,340)	(85,698)	(30,446)	(15,473)	(10,181)	(8,986)	4,951	(27,346)	(27,056)
Profit/(loss) for the year from discontinued operations	1,039	(484)	7,686	14,445	4,378	2,218	28,750	(154,265)	39,384	(6,229)
Profit after taxation	118,613	111,348	177,550	111,802	23,526	229,325	121,580	229,696	70,512	45,923
Non-controlling interest	(38)	(31)	(33)	(24)	-	(131)	2,118	(29,428)	3,719	6,042
Profit attributable to equity holders of the company	118,651	111,379	177,583	111,826	23,526	229,456	119,462	259,124	66,793	39,881
<b>Balance Sheet</b>										
<b>Net Assets</b>										
Property, plant & equipment	13,034	19,999	28,399	4,692	38,339	37,191	277	1,850	232,413	233,998
Investment in sub-lease	-	-	-	-	-	14,547	-	-	-	-
Investment property	-	-	-	-	-	-	-	-	40,247	-
Intangible assets	521	660	799	938	1,077	1,216	1,355	-	-	-
Investments	386,469	298,844	231,719	238,704	238,658	272,852	416,944	462,605	435,618	359,475
Deferred tax assets	-	-	14,217	15,740	26,056	19,147	12,354	22,154	12,277	13,073
Net current assets	3,729,983	3,320,015	2,400,307	2,267,420	2,173,718	1,453,547	1,510,391	1,656,475	1,235,958	1,255,431
	4,130,007	3,639,518	2,675,441	2,527,494	2,477,848	1,798,500	1,941,321	2,143,084	1,956,513	1,861,977
<b>Non- Current liabilities</b>										
	(44,262)	(13,929)	(7,139)	(2,343)	(38,888)	(46,229)	(1,137)	(10,990)	(44,150)	(47,582)
	4,085,745	3,625,589	2,668,302	2,525,151	2,438,960	1,752,271	1,940,184	2,132,094	1,912,363	1,814,395
<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	3,000	3,000	238,170	238,170
Revenue reserves	3,959,365	3,499,171	2,541,853	2,398,669	2,327,383	1,640,694	1,828,629	1,990,975	1,505,438	1,413,363
Shareholders' funds	4,088,615	3,628,421	2,671,103	2,527,919	2,456,633	1,769,944	1,957,879	2,120,225	1,869,858	1,777,782
Non controlling interest	(2,870)	(2,832)	(2,801)	(2,768)	(17,673)	(17,673)	(17,695)	11,869	42,507	36,611
<b>Total equity</b>	<b>4,085,745</b>	<b>3,625,589</b>	<b>2,668,302</b>	<b>2,525,151</b>	<b>2,438,960</b>	<b>1,752,271</b>	<b>1,940,184</b>	<b>2,132,094</b>	<b>1,912,365</b>	<b>1,814,393</b>
<b>Ratios</b>										
Return on shareholders' equity %	3%	3%	7%	4%	1%	13%	6%	12%	3%	2%
Annual sales growth %	10.71	(34.82)	66.28	44.92	11.51	(13.95)	(36.43)	(12.15)	(42.96)	12.21
Return on assets	2.66	2.86	6.53	4.11	0.93	12.38	6.03	10.17	3.36	2.16
Current ratio times	12.37	13.95	19.96	12.72	41.94	27.95	20.82	15.47	9.62	5.69
<b>Share Information</b>										
Market Value of a Share (Rs.)	154.00	72.00	77.50	74.80	76.90	40.00	59.00	63.50	55.00	63.00
Earning per share(Rs.)	7.55	7.09	11.31	7.12	1.50	14.58	7.58	16.45	4.24	2.93
Price earnings ratio(No.of times)	20.40	10.16	6.85	10.51	51.34	2.74	7.78	3.86	12.97	21.50
Net assets value per share(Rs.)	260.30	231.00	170.05	160.94	156.40	112.68	124.31	134.62	118.72	112.88
Earnings yield %	4.90	9.85	14.59	9.52	1.95	36.45	12.86	25.91	7.71	4.65
Dividend yield %	1.62	3.47	2.58	1.34	1.30	2.50	3.39	3.15	5.45	3.17
Dividend cover(No.of times)	3.02	2.84	5.65	7.12	0.75	14.58	3.79	9.79	4.15	2.93
Dividend paid per share (Rs.)	2.50	2.50	2.00	1.00	2.00	1.00	2.00	2.00	3.00	2.00

# 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)	P A Seresinhe S A B Ekanayake	723
<b>EQUITY ACCOUNTED INVESTEEES</b>				
Rainforest Ecolodge (Private) Limited	20.89	Eco Tourism	N J H M Cooray G D V Perera B D P Dharmasena S M Hapugoda P A Seresinhe S Amalean N A N Jayasundara D C Fernando	476,247

# Information to Shareholders and Investors

## 1 STOCK EXCHANGE LISTING

Date of Listing in Colombo Stock Exchange (CSE) : 16-Dec-74  
 Abbreviation in Colombo Stock Exchange : "CHMX.N"  
 Stated Capital - No. of Ordinary Shares : 15,707,312"

## 2 CHEMANEX SHARES IN THE CSE

	2025		2024	
Highest Price (Rs.)	01/03/2025	189.00	08/08/2023	95.00
Lowest Price (Rs.)	04/01/2024	70.10	05/11/2023	63.00
Average Price (Rs.)		134.36		74.50
Last traded Price (Rs.)		154.00		72.00
No. of transactions		5,392		1,402
No. of shares traded		3,941,115		755,656
Value of shares traded (Rs. '000')		529,512		56,296
Market Capitalisation (Rs. '000')		2,418,926		1,130,926

## 3 ANALYSIS OF SHAREHOLDERS AS AT 31ST MARCH

Range of Shareholding	2025			2024		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 1,000	1047	192,074	1.22	924	189,482	1.20
1,001 - 10,000	247	884,472	5.63	221	778,438	4.96
10,001 - 100,000	67	2,272,449	14.47	54	1,676,301	10.67
100,001 - 1,000,000	9	2,791,561	17.77	14	3,496,335	22.26
Over 1,000,000	2	9,566,756	60.91	2	9,566,756	60.91
<b>Total</b>	<b>1,372</b>	<b>15,707,312</b>	<b>100.00</b>	<b>1,215</b>	<b>15,707,312</b>	<b>100.00</b>

Range of Shareholding	2025			2024		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Individuals	1,287	3,222,630	20.52	1,148	3,713,038	23.64
Institutions	85	12,484,682	79.48	67	11,994,274	76.36
<b>Total</b>	<b>1,372</b>	<b>15,707,312</b>	<b>100.00</b>	<b>1,215</b>	<b>15,707,312</b>	<b>100.00</b>
Resident	1,355	15,563,212	99.08	1,197	15,567,441	99.11
Non-Resident	17	144,100	0.92	18	139,871	0.89
<b>Total</b>	<b>1,372</b>	<b>15,707,312</b>	<b>100.00</b>	<b>1,215</b>	<b>15,707,312</b>	<b>100.00</b>

## Information to Shareholders and Investors

### 4 DISTRIBUTION OF SHARES AS AT 31 MARCH

The following table of Distribution of Shares as of 31st March 2025, has been furnished to Colombo Stock Exchange (CSE) and Securities & Exchange Commission (SEC) in accordance with CSE Listing Rule 7.13.

Non - Public Shareholders	2025		2024	
	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
<b>Total Shareholding of Non-Public Shareholders</b>	<b>10,013,360</b>	<b>63.75</b>	<b>10,013,360</b>	<b>63.75</b>

Public Shareholders	2025		2024	
	No. of public shareholders	public shareholding (%)	No. of public shareholders	public shareholding (%)
Public Shareholding	1,369	36.25	1,212	36.25

### 5 DIRECTORS' SHAREHOLDING AS AT 31 MARCH

Non of the Directors held shares of the Company as at 31st March 2025 and 31st March 2024.

### 6 FLOAT ADJUSTED MARKET CAPITALISATION

Type	No of shares	Share price	Capitalisation
		Rs.	(Rs'000)
Shares held by public	5,693,952	154.00	876,868,608

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	2025		2024	
	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 Hatton National Bank PLC/ Mr. W. Jinadasa	456,467	2.91	-	-
5 CIC Agri Businesses (Private) Limited	446,604	2.84	446,604	2.84
6 S.K. Wickremesinghe Trust (Guarantee) Limited	400,000	2.55	400,000	2.55
7 Estate of Late Mr. S.K. Wickremasinghe (Deceased)	315,245	2.01	315,245	2.01
8 Mr. S. Srikanthan & Mrs. S. Srikanthan	300,000	1.91	300,000	1.91
9 Senkadagala Finance PLC/ Mr. L.A.J.F. Morais	124,051	0.79	-	-
10 Senkadagala Finance PLC/ Mr. M. Siridaran	109,773	0.70	-	-
11 Mr. B.T. De S. Weerasooria	101,055	0.64	-	-
12 Mr. D.A. De Zoysa	100,000	0.64	184,740	1.18
13 DFCC Bank PLC/ Mr. P. Pranavan	100,000	0.64	110,000	0.70
14 Mr. M.J. Ismail	97,148	0.62	139,079	0.89
15 Senkadagala Finance PLC/ Mr. L.L. Fernando & D.S. Fernando	85,000	0.54	-	-
16 Bensons Limited	83,286	0.53	83,286	0.53
17 Mrs. M.C. Abeysekera (Deceased)	81,546	0.52	81,546	0.52
18 Mr. R.C.D. De Silva	75,000	0.48	-	-
19 Mrs. T.T.A. De Silva Weerasooria	75,000	0.48	-	-
20 Mr. H.R. Peries	72,500	0.46	72,500	0.46
	<b>13,127,797</b>	<b>83.58</b>	<b>12,238,122</b>	<b>77.91</b>

## 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 Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 52nd Annual General Meeting of Chemanex PLC will be held on Monday, 30th June 2025 at 9.30 a.m. at the Auditorium of Commercial Bank of Ceylon PLC, No.1, Union Place, Colombo 02 for the following purposes;

## AGENDA

### 1. ORDINARY BUSINESS

- 1.1 To receive and adopt the Statements of Accounts of the Company and of the Group for the year ended 31st March 2025 together with the Reports of the Directors and Auditors thereon.
- 1.2 To declare a final cash dividend of Rs. 2.50 as recommended by the Board of Directors.
- 1.3 To declare a scrip dividend as recommended by the Board of Directors and if thought fit, to pass the following ordinary resolution;
  - (a) IT IS HEREBY RESOLVED that a final dividend of Rupees Five (Rs.5/-) in the form of a scrip dividend be paid on the shares of the Company for the year ended 31st March 2025;
  - (b) That the shareholders entitled to such dividend ("Entitled Shareholders") would be those shareholders whose names have been duly registered in the Register of Shareholders and those shareholders whose names appear on the Central Depository Systems (Pvt) Ltd ("CDS") as at end of trading on the third (3rd) Market Day from and excluding the date of the Annual General Meeting ("Record Date");
  - (c) THAT the said final dividend of Rupees Five (Rs.5/-) be distributed and satisfied by the allotment and issue of new shares (the "distribution scheme") in the following manner, subject however to any necessary revision being made to the amount of dividends to be distributed and the number of shares to be issued pursuant to any changes to the applicable law;
 

A sum of Rupees Sixty Six Million Seven Hundred and Fifty Six Thousand Seventy Six (Rs.66,756,076/-) be distributed to the existing shareholders in the form of scrip dividend, by the issue of a total of 445,041 shares on the basis of One (01) share for every 35.2941176471 shares currently in issue, which computation is based on the consideration of Rupees One Hundred and Fifty (Rs.150/-) per each share being the share price of shares as at the commencement of trading on 26th May 2025.
  - (d) THAT the new shares to be issued in pursuance of the distribution scheme shall, immediately consequent to the allotment and issue thereof to the entitled shareholders, rank equal and *pari passu* in all respects with the existing issued and fully paid shares of the Company and shall be listed on the Colombo Stock Exchange;
  - (e) That residual fractions arising upon the scrip dividend will be aggregated and subject to receiving the approval

of the shareholders, fractional shares/entitlement arising therefrom, will be allotted to trustees to be nominated by the Board, who will hold the said shares in trust until they are sold in the market and the sale proceeds shall be distributed to charities approved by the Board. The sale of such shares will be effected within a reasonable period of time, following the date on which the aforesaid approval of the shareholders has been obtained.

Fractional shares/entitlements referred to herein will mean the fractions arising after applying the following formula;

$$\frac{\text{Number of shares held by a shareholder as at end of trading on the Record Date X 1}}{35.2941176471}$$

35.2941176471

(f) THAT accordingly, the Company's management be and is hereby authorised to take all necessary steps to give effect to the aforesaid proposed issue of new shares of the Company;

- 1.4 To re-elect as a Director Mr. R P Bandaranayake who retires in pursuant to Article 24(2) of the Articles of Association of the Company
- 1.5 To re-elect as a Director Dr. T K D A P Samarasinghe who retires in pursuant to Article 24(2) of the Articles of Association of the Company
- 1.6 To re-appoint Dr. S A B Ekanayake as a Director, who reached the age of 70 years on 7th November 2024 by passing the following resolution;
 

"IT IS HEREBY RESLOVED that Dr. S A B Ekanayake, who reached the age of 70 years on 7th November 2024 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 Dr. S A B Ekanayake"
- 1.7 To re-appoint M/s. Ernst & Young, Chartered Accountants as Auditors of the Company and to authorise the Directors to determine their remuneration.
- 1.8 To vote a sum as donations.

### 2. SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Special Resolution to amend the Articles of Association of the Company:

"IT IS HEREBY RESOLVED THAT

- (a) the following new Article be inserted as Article 13, immediately prior to the existing Article 13;

#### MEETINGS OF SHAREHOLDERS

13. (1) A General Meeting of shareholders may be held either—
  - (i) by a number of shareholders who constitute a quorum, being assembled together at the place, date, and time

- appointed for the meeting; (hereinafter sometimes referred to as the physical meeting); or
- (ii) by means of audio, or audio and visual communication by which all shareholders participating and constituting a quorum can simultaneously hear each other throughout the meeting (hereinafter sometimes referred to as Electronic Meeting); or
  - (iii) by a meeting held both physically and electronically (called Hybrid Meetings); or
  - (iv) by means of a resolution in writing signed by not less than Eighty-Five per centum (85%) of the Shareholders who would be entitled to vote on a resolution at a meeting of Shareholders, who together hold not less than Eighty-Five per centum (85%) of the votes entitled to be cast on that resolution, shall be valid as if it had been passed at a General Meeting of those Shareholders.
- (2) The Board shall determine whether a General Meeting is to be held as a physical General Meeting as referred to in 13. (1)(i) or held as an electronic General Meeting as referred to in 13. (1) (ii) or held as a Hybrid General Meeting, both physically and electronically, as referred to in 13. (1)(iii) or by a Resolution in writing as referred to in 13. (1)(iv).
- (3) The Board shall specify in the notice calling the General Meeting whether the meeting will be physical or electronic or hybrid or by a Resolution in writing. Such notice shall also specify the time, date, and place and/or electronic platform(s) of the General Meeting, as it is determined.
- (4) (i) When conducting an Electronic General Meeting, the Board shall enable persons to simultaneously attend by electronic means, with no member necessarily in physical attendance at the Electronic General Meeting. The members or their proxies present shall be counted in the quorum for, and entitled to vote at the general meeting in question.
- (ii) If it appears to the Chairman of the General Meeting that the electronic platform(s), facilities or security at the Electronic General Meeting have become inadequate for the purposes referred to herein then the Chairman may, without the consent of the meeting, interrupt to resolve such inadequacy where possible or adjourn the General Meeting. All business conducted at that General Meeting up to the time of that adjournment shall be valid and the provisions of Article 13 shall apply to that adjournment.
- (iii) In relation to an Electronic General Meeting, the right of a member to participate in the business of any General Meeting shall include, without limitation, the right to speak, vote on a poll, be represented by a proxy, and have access (including electronic access) to all documents which are required by the Act or these Articles to be made available for/at the meeting.
- (b) to renumber the existing Article 13 to Article 46 as Article 14 to Article 47, respectively; and any cross references

in the said Article 13 to Article 46 to be accordingly re-numbered based on the re-numbering of Article 13 to Article 46 as Article 14 to Article 47.

## DIRECTORS

- (c) the re-numbered Article 25 (1) be amended by the deletion of the word and figure "Two (2)" and the substitution therefore of the word and figure "Five (5), to read as follows:

"25. (1) The Directors shall not be less than five (5) nor more than eight (8) in number."

- (d) the re-numbered Article 36 (7)(i) to (v) be deleted in its entirety and replaced with the following new Article 36 (7):

"36. (7) (i) (a) Subject to the Statutes and other laws applicable in respect of the composition of the Board, a Director may, due to exceptional circumstances, by notice in writing under his hand delivered to the Secretary, nominate an individual to be appointed as an Alternate Director of the Company for a maximum period of one (1) year from the date of appointment to attend to the duties of the Director in his absence.


- (b) Such Alternate Director shall be entitled to receive notices of all meetings of Directors and to attend and vote as Director at any such meeting at which the Director appointing him is not personally present and to exercise the rights of the appointer at meetings of the Board.
- (c) The attendance of any Alternate Director at any meeting, including a Board committee meeting, at which the appointer is absent, shall be counted for the purpose of quorum at such meeting.
- (ii) The appointment of an Alternate Director shall be subject to the approval of the Board.
- (iii) An alternate Director shall not in respect of such appointment be entitled to receive any remuneration from the Company, nor be required to hold any Share qualification. However, the Board may reimburse an Alternate Director such reasonable expenses as he may incur in attending and returning from meetings of the Board which he is entitled to attend, or as he may otherwise properly incur in or about the business of the Company. Alternatively, the Board may pay such allowances as it considers proper in respect of such expenses.
- (iv) An alternate Director shall (on his giving an address for such notice to be served on him) be entitled to receive notices of all meetings of the Board and to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present, and generally to perform all the functions of his appointer

# Notice of Annual General Meeting

as a Director in the absence of such appointer, due to the reasons stated in Article 36(7)(i) hereof, including the signing of resolutions in writing to be passed by circulation under Article 35(1) hereof.

- (v) Subject to Article 36(7)(i) hereof, an Alternate Director shall ipso facto cease to be an alternate Director on the occurrence of any of the following events:
- (a) If his appointer ceases for any reason to be a Director. Provided that if any Director retires by rotation but is re-elected at the meeting at which such retirement took effect, any appointment made by him pursuant to this Article which was in force immediately prior to his retirement shall continue to operate after his re-election as if he had not so retired;
- (b) If the appointment of the Alternate Director is revoked by his appointer by a notice in writing delivered to the Secretary;
- (c) If the Board resolves that the appointment of the Alternate Director be terminated on a date determined by it prior to the completion of the period of one (1) year.
- (vi) A Director shall not vote on the question of the approval of an Alternate Director to act for him, or on the question of the termination of the appointment of such an Alternate Director under Article 36 (7)(v)(c). He shall also not be counted to determine the quorum at meetings when such matters are voted on.
- (vii) If an Alternate Director is appointed for a Non-Executive Director, such Alternate Director shall not be an executive of the Company.
- (viii) If an Alternate Director is appointed to represent an Independent Non-Executive Director, such Alternate Director shall meet the criteria for independence specified in the Listing Rules of the Colombo Stock Exchange."
- (f) to delete the re-numbered Article 45 (1) and substitute therefore the following :
- "45. (1) Where the Company is required to send any document to a shareholder or to give notice of any matter to a shareholder, it shall be sufficient for the Company to send the document of notice to the registered address of the shareholder by ordinary post. The Company may serve notice by electronic mail to an electronic mail account notified by the shareholder in writing or any other acceptable means, to the Company or to the Central Depository System (Pvt) Ltd. Where electronic mail is used, the document or notice shall be deemed to have been received by the shareholder upon the dispatch of same by the Company through electronic mail."
- (g) to delete the re-numbered Article 45 (7) and substitute therefore the following :
45. (7) Any notice required to be or which may be given by advertisement shall unless otherwise require by statute be published in Sinhala, Tamil and English national daily newspapers. The Company may if so permitted by statute, publish any notice required to be given to the shareholders on the official website of the Company and/or on the official website of the Colombo Stock Exchange (if the company is listed on the Colombo Stock Exchange).

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



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

27th May 2025

## Notes:

- ⊙ A Shareholder is entitled to attend and/or vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to participate and/or vote in his/her behalf (as applicable) and the Form of Proxy is 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 199, Kew Road, Colombo 02 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 his/her National Identity Card or Passport for identification purposes.

# Form of Proxy

## ANNUAL GENERAL MEETING

I/We .....

of .....

being a shareholder/shareholders of Chemanex PLC hereby appoint;

Prawira Rimoe Saldin	or failing him
Rajinder Priya Bandaranayake	or failing him
Sumitha Anura Bandara Ekanayake	or failing him
Talpawila Kankanange Don Aruna Prasad Samarasinghe	or failing him
Prashantha Aroshan Seresinhe	or failing him

as my/our Proxy to represent me/us and speak and vote on my/our behalf at the Annual General Meeting of the Company to be held at 9.30 a.m. on 30th June 2025 and at any adjournment thereof.

I/We\* the undersigned, hereby authorize my/our\* proxy to speak and vote for me/us\* and on my/our\* behalf in accordance with the preference as indicated below:

	FOR	AGAINST
<b>1. Ordinary Business</b>		
1.1 To receive and adopt the Statements of Accounts of the Company and of the Group for the year ended 31st March 2025 together with the Reports of the Directors and Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
1.2 To declare a final cash dividend of Rs.2/50 as recommended by the Directors	<input type="checkbox"/>	<input type="checkbox"/>
1.3 To declare a scrip dividend of Rs.5/- as recommended by the Directors	<input type="checkbox"/>	<input type="checkbox"/>
1.4 To re-elect as a Director, Mr. R P Bandaranayake who retires in pursuant to Article 24(2) of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>
1.5 To re-elect as a Director Dr. T K D A P Samarasinghe who retires in pursuant to Article 24(2) of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>
1.6 To pass the ordinary resolution set out in the Notice of Meeting to re-appoint Dr. S A B Ekanayake as a Directors, who attained the age of 70 years on 07th November 2024.	<input type="checkbox"/>	<input type="checkbox"/>
1.7 To re-appoint Messers. Ernst & Young, Chartered Accountants, as the Auditors of the Company and to authorize the Directors to determine their remuneration	<input type="checkbox"/>	<input type="checkbox"/>
1.8 To vote a sum as donations	<input type="checkbox"/>	<input type="checkbox"/>
<b>2. Special Business</b>		
2.1 To consider and if thought fit, to pass the Special Resolution set out under item 2 of the Notice of Meeting to amend the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>

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

.....  
Signature

*\*Please delete as appropriate*

- Notes
1. A proxy need not be a shareholder of the Company
  2. Instructions as to completion are noted on the reverse hereof

## INSTRUCTIONS AS TO COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The Proxy shall;
  - (a) In the case of an individual, be signed by the shareholder or by his/her attorney, and if signed by an Attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
  - (b) In the case of a company or corporate/statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the company or corporate/statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).
3. Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.
4. The completed Form of Proxy should be deposited at the Registered Office of the Company at the undermentioned address or scanned and emailed to [agm@chemanex.lk](mailto:agm@chemanex.lk) by 9.00 a.m. on 26th June 2025.

Chemanex PLC  
No.199, Kew Road  
Colombo 02.

# Corporate Information

## NAME OF THE COMPANY

Chemanex PLC

## COMPANY REGISTRATION NUMBER

PQ 64

## LEGAL FORM

A Public Quoted Company with limited liability incorporated in Sri Lanka on 28th August 1974.

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

## REGISTERED ADDRESS

No.199, Kew Road, Colombo 02

## BOARD OF DIRECTORS

P R Saldin (*Chairman*)

R P Bandaranayake  
(*appointed w.e.f 25/09/2024*)

S A B Ekanayake

T K D A P Samarasinghe  
(*appointed w.e.f 25/09/2024*)

P A Seresinhe

E M M Boyagoda  
(*resigned w.e.f 31/12/2024*)

## COMPANY SECRETARY

S A B P W M R R W T Wegodapola

## AUDITORS

Ernst & Young

Chartered Accountants

Rotunda Towers,

109 Galle Rd,

Colombo 03.

## BANKERS

Commercial Bank of Ceylon PLC

Standard Chartered Bank PLC

Hatton National Bank PLC

National Development Bank PLC

Nations Trust Bank PLC

## LEGAL ADVISERS

### Heritage Partners

Attorneys-at-Law

04, Malalasekara Pedesa

Colombo 07.

### Nithya Partners

Attorneys-at-Law

97A, Galle Road, Colombo 03

## AUDIT COMMITTEE

R P Bandaranayake (*Chairman*)

P R Saldin

T K D A P Samarasinghe

## RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

R P Bandaranayake (*Chairman*)

T K D A P Samarasinghe

P A Seresinhe

## NOMINATIONS & GOVERNANCE COMMITTEE

T K D A P Samarasinghe (*Chairman*)

R P Bandaranayake

S A B Ekanayake

P R Saldin

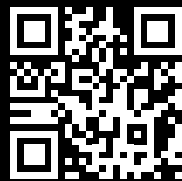
## REMUNERATION COMMITTEE

T K D A P Samarasinghe (*Chairman*)

R P Bandaranayake

S A B Ekanayake

P R Saldin



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

**Chemanex PLC**

No -199, Kew Road, Colombo 02, Sri Lanka

[info@chemanex.lk](mailto:info@chemanex.lk)

Tel: 011 – 2359359 (Ext.304)