



கர்மாண் ஸா வஸ்து கப்யஸு அஸாஸாஸ
கைத்தொழில் மற்றும் வணிகம் பற்றிய அமைச்சு
Ministry of Industry and Commerce



பரந்தன் கெமிகல்ஸ் கம்பனி லிமிடெட்
பரந்தன் கெமிக்கல்ஸ் கம்பனி லிமிடெட்
Paranthan Chemicals Company Limited

வார்கிக வாஸா
வருடாந்த அறிக்கை
Annual Report

2017



Ministry of Industry and Commerce



Paranthan Chemicals Company Limited

Annual Report

2017

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THE ORGANIZATION

Paranthan Chemicals Company Limited is a State owned Company performing its activities under the purview of Ministry of State Resources and Enterprise Development. The Company operates under the provisions of the Companies Act No 7 of 2007. The Company is also required to adhere to Good Governance, Accountability and other Policy decisions imposed by the Government.

The Company's main function is to import and supply liquid Chlorine, Caustic Soda, and Hydrochloric Acid as main chemical component needed by the local industry. The Company is the main supplier of liquid Chlorine in the market and acquires a reasonable segment of market share in other chemical requirements.

Among the initial Factories set up in the 1950 decade, Paranthan Chemicals Factory was established in 1954 as Government Chemicals Factory at Paranthan in Kilinochchi District in the Northern Province. This factory had been brought under the name of Paranthan Chemicals Corporation in 1957 by the State Industrial Corporation Act no 49 of 1957.

This Factory manufactured Caustic Soda, Liquid Chlorine as main products and Hydrochloric Acid, Zinc Chloride and Table salt as by-products, using local raw materials. At present, the Company imports liquid Chlorine in 900 Kg cylinders and refill in to 68 Kg cylinders at the refilling unit of the Company and Supply to certain sites of Water Supply and Drainage Board and some small scale industrialist whose requirements are fulfilled by the Company.

Due to the terrorist activities started in 1983, the operations of the Paranthan Factory could not be carried out from the year 1985 onwards and as a result of that the company had to import Caustic Soda and Chlorine for the various applications in manufacturing soap, paper, and textiles & for purifying water. Presently, country's requirement of chemicals is met by imports. A large sum of foreign exchange has to be incurred for this purpose. This has resulted in non-utilization of local raw materials and skilled labour, mostly due to inactivation of the Chemical Factory.

After the destruction of the Factory at Paranthan, the employees attached to Paranthan factory had been awarded compensation. Accordingly, Paranthan Chemicals Company was incorporated on 17th January 1991 as a Public Limited Liability Company under the Conversion of Public Corporations or Government owned Business Undertakings into Public Companies Act No.23 of 1987. Main activities of the Corporation at present are import and sale of liquid Chlorine, Caustic Soda Flakes and Hydrochloric Acid.

Paranthan Chemicals Company Limited is a profit making institution and in addition to the trading, the company is involved in refilling of Liquid Chlorine in to the lower capacity cylinders. The Company maintains a quality control and quality assurance scheme especially in respect of importation of cylinders and refilling. The Company has the best expertise in respect of Chlorine sector and the Company is enriched with experts and knowledgeable staff in this concern.

The Company's Head Office and stores is situated at No. 100/25, Sri Ramanathan Mawatha, Colombo 13. Land extending to 227 acres at Paranthan is reserved for construction of the new chemical factory. The land at Kalutara industrial zone extending 2 acres which had been used for refilling Chlorine and related activities is now expected to use for some new Industrial application. The total employment of the Company as at 31st December 2014 was 64. The Company has been making regular tax payments over the past several years and continued to earned profits and ensured steady expansion.

CHEMICAL INDUSTRY IN SRI LANKA AND MAJOR CHALLENGES

The chemical industry of Sri Lanka consists of major sectors namely,

- Agro chemicals,
- Industrial chemicals.
- Rubber Chemicals,
- Coating chemicals,
- Plastic related Chemicals,
- Food and Seeds Chemicals and
- Personal Chemicals.

As a country Sri Lanka consumes a larger quantity of chemicals and almost the entire requirement is being imported annually.

Paranthan Chemicals Company Ltd is mainly engaged in the supply of liquid Chlorine for water purification and input chemicals for various industries such as rubber and cold room applications.

The size of the total market perceptions relevant to Paranthan Chemicals Company Limited is estimated to Rs.1.6 Billion per annum. Presently the total contribution of the Company to the overall chemical Industry is expected to be increased enabling the Paranthan Chemicals Company Limited to become a major player during the period of next five years.

The Paranthan Chemicals Company Limited being a statutory body with 100% Government ownership and regulatory powers are expected to achieve the envisaged goals and objectives within the period set out in the Corporate Plan which is operational for 2017 - 2020.

CORPORATE INFORMATION

Legal Form	: Public Limited Liability Company incorporated in 1991, in terms of the Companies Act 17 of 1982 and later reregistered under the Companies Act No. 7 of 2007. This has been carried out in keeping with the provisions of Public Companies Act No. 23 of 1987 for conversion of public corporations or Government Owned business undertakings into public companies. The powers and functions vested in the Paranthan Chemicals Corporation statute were re-assigned to the Paranthan Chemicals Company Limited by the Memorandum and Articles of Association.	
Date of Incorporation	: Established in 1957. Re-incorporated in 17 th January 1991.	
Address Head Office	: 100/25, Sri Ramanathan Mawatha, Colombo 13, Sri Lanka	
Industrial Unit	: BOI Zone, Wagawatta, Horana	
Telephone - Head Office	: +94 11 2437555-6-7; +94 11 2437831; +94 11 2387109; +94 11 2324464; +94 11 2324465; +94 11 2437829	
Telephone – Kalutara Unit	: +94 34 2289976	
Telephone – Horana Unit	: +94 34 3442924	
Fax	: +94 11 2437555	
Email	: pccltd@sltnet.lk	
Website	: www.paranthanchemicals.gov.lk	
Principal Bankers	: People's Bank, Bank of Ceylon and Sampath Bank	
Statutory Auditors	: Auditor General Department	
Competent Authority	: Mr. Eric Illayaparachchi	
Executive Director	:	
Board of Directors	:	
Secretary to the Board	: Mr. H.L. Vipula Silva	
Principal Officers	: General Manager - Mrs. W.D. Keerthilatha : Deputy General Manager (Marketing) - Mr. D.M.T.S. Dissanayake : Deputy General Manager (Engineering) - Mr. Tissa Liyanage	
Internal Auditor	: Thilak Jayathilaka & Co. Chartered Accountants (Appointed on 01 st January 2016)	

VISION & MISSION STATEMENTS AND GOALS AND OBJECTIVES

Vision

To be the leader of chemical manufacturing and trading industry in the Country with the state sponsorship enabling to impose and ensure role of market leader and regulatory powers in the future.

Mission

To facilitate to improve the standard of local manufacturing industries by providing quality locally manufactured or imported chemical based process inputs.

Goals

- To become the major market player in the chemical market in Sri Lanka.
- Recommencing of Caustic Soda / Chlorine plant in Paranthan, Setting up of Bleaching powder and Sulphuric Acid manufacturing plants.
- To Improve and ensure employee satisfaction and obtain dedicated service to the company.
- To overcome the shortage of physical resources of the company.

Organizational Objectives

In terms of the Articles of Association of the Company, the primary objectives of the Company are as follows;

Primary Objectives

“To succeed to and carry on the business now carried on by the Paranthan Chemicals Corporation established by the order made under section 2 of the Government Sponsored Corporation Act No. 19 of 1955 and published in Gazette Extraordinary No. 10898 of March 1, 1956, and subsequently amended by the order under section 2 of the State Industrial Corporation Act. No. 49 of 1957, and published in Gazette No. 11, 632 of January 1, 1959, and in particular,

- a. To succeed to the ownership of all property movable and immovable owned and used by the said Paranthan Chemicals Corporation.
- b. To succeed to all rights including patent rights, powers, privileges and interests arising in or out of such property of the said Paranthan Chemicals Corporation.
- c. To succeed to all the liabilities of the said Paranthan Chemicals corporation.
- d. To receive and maintain all books, accounts and documents relating or pertaining to the business of the said Paranthan Chemicals Corporation.
- e. To succeed to all contracts and agreements entered into for the purposes of the business of the said Paranthan Chemicals Corporation.
- f. To succeed to all actions and proceedings instituted by or against the said Paranthan Chemicals Corporation.
- g. To promote and establish a share trust under the laws of Sri Lanka enabling the employees of the Company to apply for and purchase, or otherwise acquire shares issued by the Company.

To carry on the business of:

- i. manufacture and sale of Caustic Soda, Chlorine, Sulphuric acid, Fatty alcohols, Fertilizers, Insecticides, Fungicides, Pesticides, Agricultural chemicals and Detergents of every description, and other chemicals.
- ii. Development, manufacture and sale of any by-products such as Hydrochloric Acid, Zinc chloride, Ferric Chloride, and Table salt which may be produced in the process of manufacturing of any of the articles specified above.
- iii. Import and sale of any of the products specified above.
- iv. Chemical manufactures and wholesale and retail chemists and druggists, analytical chemists, dry salters, importers, exporters and manufactures of and dealers in plastics, synthetic and other fibres, heavy and light chemicals, drugs, essences, cordials, acids, alkalis, pharmaceutical, medicinal, chemical, industrial and other preparations and articles of any kind whatsoever, mineral and other waters, explosives, ammunition and other explosive products and accessories of all kinds of fertilizers, vermifuges, fungicides, cements,

oils, paints, pigments and varnishes, drug, paint and colour grinders, makers of and dealers in proprietary articles, of all kinds and of electrical, chemical, photographic, surgical and scientific apparatus and materials and in any similar or allied businesses and either in connection with the said business or as distinct or separate businesses.

Main Activities at Present

Main activities of Paranthan Chemicals Company Ltd are import and sale of liquid Chlorine, Caustic Soda Flakes and Hydrochloric Acid.

COMPETENT AUTHORITY'S REVIEW

Paranthan Chemicals Company Limited is State-owned profit making Company functioning under the Ministry of Industry and Commerce. As a professionally managed enterprise involved in Chemical production, import and distribution, the company plays an important role in ensuring availability of Chemicals needed for water purification and local manufacturing industries. The national goals of the Company includes fostering a safe and healthy national, ensuring active presence of the government in primary chemicals sector and identifying best practices in chemicals handling.

At present the company is the main supplier of Liquid Chlorine in the national market and has acquired a reasonable segment of market share in other chemicals as well. As a Company with a history of producing Caustic Soda, Chlorine and other related chemicals adding value to domestic salt production, Paranthan Chemicals Company is expected to re-establish the factory in Paranthan.

In recommending the factory it does need to ensure that it will be sustainable within the current policy environment. Overall management and engineering experience gained and the goodwill acquired for its brand name, will be the foundation for future expansion. It has a will and capacity for such development within the current enabling environment.

It is very worthy to mention that the Company is running with a profit and all expenditures including salaries and other allowances are being paid by its own funds. Annual contribution is also paid to the General Treasury as dividends. Further a comprehensive medical health insurance scheme is being implemented for the benefit of the staff.

This Annual Report including vital information on important tasks carried out by the Company during the year 2015. It also sheds light on the capacities of the Company and existing challenges so as to meet them in an attempt to achieve further development.

ACKNOWLEDGEMENT

I wish to express my deep gratitude to the His Excellency the President, Hon. Prime Minister, Hon. Minister, Hon. Deputy Chairman, Secretary to the Ministry and the staff of the Ministry of Industry and Commerce and Secretary to the General Treasury for their cooperation and the assistance extended to the Company and to me in order to discharge duties and responsibilities.

My gratitude is also extended to the External Auditor General Department & Co. and Internal Auditor Thilak Jayathilaka & Co. for their services. My gratitude also due to, my Senior Management, Staff and all employees of the Company for their hard work and devoted service, which enabled the Company to ensure uninterrupted continuity in the process and the positive trend leads towards success.

It should be noted that Company would not have survived without the exemplary support of our valued customers. My appreciation goes to them as well and all the others who support directly and indirectly looking forward for their undivided support and services in the year 2016 as well.

Eric Ilayapparachchi
Competent Authority
Paranthan Chemicals Company Limited.
17th May 2017

GENERAL MANAGER'S REVIEW

The main activities of the Company and revenue sources during the year 2017 are confined to sale of liquid Chlorine, Caustic Soda and Hydrochloric Acid. The turnover of the year under review is Rs.337 Million which is 7.47% Increase than the previous year. But the Company could reach only profit before taxes of Rs.74 Million which is slightly lower than the previous year due to low interest rates received on Deposits during the year under review.

This year also the Company's total income has received from the trading activities mainly from liquid Chlorine and the expected result of Caustic soda and Hydrochloric acid, could not be achieved. The market competition due to lower prices competition has been the main reason for the said back.

After the Chlorine leak in the Kalutara site on 20th April 2012, the Company could not settle down the manufacturing of new products and refilling of Chlorine operations in a Company owned land with adequate space. Due to the limited space, the planned new products such as Bleaching liquid, Bleaching powder could not be achieved in the year 2014. A limited quantities of bleaching liquid were manufactured at a contractor's location at Horana and expansion was difficult due to the limited space in the location.

ACTION TAKEN ON SAFE USAGE OF CHLORINE

After the incident, the Company has made an in depth analysis on the risk factors of Chlorine handling from the importation up to end user. The steps of safety measures have been identified including precautionary steps. In the latter part of the year 2013, company was able to obtain 2 1/2 acres land in the Board of Investment industrial Zone Wagawatta, Horana and were able to construct warehouse buildings with the Latest scrubber system. It is also expected to complete the construction work of our chlorine refilling plant at Wagawatta, Horana with the latest accepted systems and fulfill the Country's requirement of Liquid chlorine and related Chemicals with Bleaching Liquid and Bleaching Powder and as a result to increase the production and sales volumes.

All 900 Kg cylinders are properly examined by the suppliers and tested in compliance with International Standards and certified by the authorities of the respective countries. 68 Kg cylinders are tested locally for this purpose. The Company has obtained the public liability insurance cover for Rs.100.00 Million to cover the Public from any probable hazards due to the entire Chlorine operation. In addition, training programmes have been conducted on usage of Chlorine for Company employees and employees of Water Board sites and other chlorine users and introduced new safety Kits to mitigate the risk involved.

FINANCE DIVISION

The Finance Division of the Company consists of one executive and five management assistant grade employees. During the year under review the Finance Division assisted in formulating strategies in terms of the short term and the loan term investments and corporate planning. Reporting of the information relevant to the up to date progress of the Company to the Board of Directors and the line ministry and the Treasury were some of key functions carried out by the Division on time. In order to achieve the expected level of the profitability, the finance Division assisted and guided the other divisions whenever it was required. Adhering to the internal controls of the Company, meeting statutory requirements on time, proper relationship with the external entities also contributed the overall achievement of the company in the financial year 2014.

MARKETING DIVISION

The sales and the distribution activities of the Company are handled by the marketing division. The division is headed by the Assistant General Manager (Marketing) and assisted by three management assistant grade employees. The Division mainly markets liquid Chlorine, Caustic Soda, Hydrochloric Acid and Bleaching liquid to the local market. The products demand with the customers is properly analysed and maintain the stocks levels adequately. Competitive prices are checked periodically and adjust Company prices accordingly.

SUPPLIES DIVISION

The Supplies Division is mainly involved in the procurement process of the Company. The division consists of One executive Officer and five management assistants. During the year under review, the division has been able to negotiate with the suppliers and got lower prices for the imports. This has positively contributed the profitability of the Company.

ADMINISTRATIVE DIVISION

The Administrative Division of the Company is one of the largest divisions of the Company which consist of Twenty seven Employees. The division is Consists of Three Senior Executives, Four Middle Executives and assisted by Three Management Assistant and Seventeen Manual and Operational grade employees. The division manages the overall administration functions of the company which includes maintenance of up to date records relevant to the statutory payments of the employees, day to day attendance records, preparation and coordination of correspondences with stake holders, handling transport activities, and maintenance of building and premises.

REFILLING UNIT AT HORANA & KALUTARA

Refilling unit Horana and Kaluthara consist of Two Executives, Six Management Assistants One foreman and twelve Manual and operational grade employees and maintain under the supervision of Deputy General Manager (Engineering). The division managers the overall maintenance work of 68Kg capacity cylinders, conduct training programmes, assembling of safety equipment's. During the year 2014, the unit performed very satisfactorily.

ACKNOWLEDGEMENT

As the Acting General Manager of the Company I know first hand how much of our success is due to the Capability and the commitment of our staff.

I take this opportunity to express my gratitude and sincere thanks to the Chairman & Board Directors for their unstinted support given to the Company and thank to all my Company Staff for their hard work, talents, their creativity and discipline delivered in a challenging environment.

Mrs. W.D. Keerthilatha
General Manager
Paranthan Chemicals Company Limited

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER 2017

The Board of Directors of Paranthan Chemicals Company Limited hereby presents Annual Report and Accounts together with the Audited Financial Statements for the year ended 31st December 2017.

INTRODUCTION

Paranthan Chemicals Company Limited was incorporated on 17th January 1991 as a Public Limited Liability Company under the Conversion of Public Corporations or Government Owned Business Undertakings into Public Companies Act No. 23 of 1987, to carry on the business that was carried out by Paranthan Chemicals Corporation.

PRINCIPAL ACTIVITIES

The principal activities of the Company are import and sale of Liquid Chlorine, Caustic Soda and Hydrochloric Acid and refilling of Liquid Chlorine from 900 kg. Cylinders to 68 kg. Capacity Cylinders at Chlorine Refilling Unit at Horana.

REVIEW OF BUSINESS

The Chairman's statement describes in detail the year's operation of the Company. This report forms an integral part of the Report of the Directors.

BOARD OF DIRECTORS

BOARD MEETINGS

The company conducts monthly board meetings and, where necessary special board meetings are convened in order to transact special business. During the year ended 31st December 2017.

Name of Competent Authority	Number of Meeting Attended
Mr.Eric Illayapparachchi	

DIRECTORS INTERESTS IN CONTRACTS

Competent Authority confirmed that the he did not have any interest in contracts with the Company

STATEMENT ON DIRECTORS' RESPONSIBILITY

The Directors of the Company are responsible to ensure compliance with the provisions of the Companies Act No. 07 of 2007 and applicable laws and other regulations in preparing the Company's Financial Statements.

The Directors are equally responsible for maintaining accounting records of the Company with reasonable accuracy to disclose the financial position.

The Directors accept the responsibility for the integrity and objectivity of the Financial Statements presented and also confirms compliance in preparing Company's Financial Statements, which are based on:

- Sri Lanka Accounting Standards and Sri Lanka Financial Reporting Standards issued by the Institute of Chartered Accountants of Sri Lanka.
- Appropriate Accounting policies are selected and applied consistently.
- Estimates and judgments relating to the Financial Statements made on a prudent and reasonable basis to reflect the true and fair view of the Financial Statements.

Company has taken proper and sufficient internal controls measures and check systems. This is to ensure maintaining proper accounting records and for safeguarding assets. The Company's External Auditors M/S Auditor General Department, are appointed in accordance with the Resolution passed at the last Annual General Meeting. The auditors were provided with free access to undertake required inspections which they consider appropriate and necessary enabling them to form their opinion on the Financial Statements. The report of the Auditors on financial statements for the year 2015 sets out their responsibilities in relation to the Financial Statements.

INTERESTS REGISTER

The Interests Register was introduced during the year 2011 and continued in 2017 as per the Companies Act No. 07 of 2007.

REMUNERATION OF DIRECTORS

Directors' remuneration in respect of the Company for the year ended 31st December 2017 is given in Note 4 to the Financial Statements.

STATUTORY PAYMENTS

The Directors of the Company to the best of their knowledge and belief are satisfied that all statutory payments by way of taxes, duty on imports etc. due to Government and statutory payments relating to employees have been duly honoured by the Company.

PROPERTY, PLANT & EQUIPMENT

Significant changes in Property, Plant and Equipment during the period under review are given in Note 8 to the accounts on page 32.

PAYMENT OF DIVIDEND

The Company paid dividend of Rs.7 Million for the year 2016.

PROPOSED FINAL DIVIDEND

The Dividend proposed for the accounting year for 2017 is Rs.11 Million.

AUDITOR

The Auditor of the Company during the year under review was Auditor General Department. A provision of Rs.1600,000.00 has been made in the Accounts as audit fees for the year. The Auditor did not have any relationship or any other interests with the Company that would impair their independence.

SOLVENCY TEST

Directors have made an assessment of the solvency of the Company immediately after proposed dividend and confirmed that the Company has satisfied the Solvency Test, as required by the Companies Act No. 07 of 2007.

SIGNIFICANT ACCOUNTING POLICIES

The Accounting Policies adopted in the preparation of Financial Statements are given on pages 30 to 35.

FUTURE FORECAST

The immediate plan of the company is to recommencing our chlorine factory at Paranthan.

AUDIT COMMITTEE

The Audit Committee comprised of three non-executive members of the Board of Directors. During its sittings, the Audit Committee regularly reviewed the effectiveness of internal control systems, statutory compliances, financial statements and Management accounts.

APPRECIATION

We wish to place on record our appreciation to all of our customers for their continued patronage, and the members of the staff for their co-operation, commitment and hard work which helped the Company to reach and maintain its profitable status prevailing at present.

By order of the Board,

Refilling activities, Cleaning and Industrial Safety at the Centre of Activities of the Company 2014



CURRENT PERFORMANCE, MID-TERM STRATEGIES AND PROPOSED ACTIVITY PLAN FOR ENHANCING OPERATIONS IN 2017

The Company has planned for a sales target of Rs.337 Million and estimated profit after tax of Rs.99 Million for 2017. It is planned to increase annual sales of Chlorine, Caustic Soda and Hydrochloric acid through a low cost operation based on a proper plan which is competitive with other players in the market.

The requirement of bleaching powder hitherto, is imported. It is planned to fulfill the national demand for bleaching powder through local production, hence a factory for manufacturing bleaching powder is to be commenced in 2018.

The Company wishes that this process will be carried out as a part of Company's operation.

Company has been operating its Head Office in a Land belongs to the Ports Authority from the year 1976. This building is in dilapidated condition and need essential repairs or to construct new Head Office building. As the Port Authority has taken Legal action against the Company, It is planned to renovate existing building or put up a new office building in the same premises in the year 2017, after the Court Case is over.



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය } IMU/A/PCCL/1/17/04
எனது இல. }
My No. }

ඔබේ අංකය }
உமது இல. }
Your No. }

දිනය } 10 May 2018
திகதி }
Date }

To the Shareholders of the
Paranthan Chemicals Company Limited.

Report of the Auditor General on the Financial Statements of the Paranthan Chemicals Company Limited for the year ended 31 December 2017

The audit of the financial statements of the Paranthan Chemicals Company Limited ("the Company") for the year ended 31 December 2017 comprising the statement of financial position as at 31 December 2017 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the Auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of



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Auditor General's Department

accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements give a true and fair view of the financial position as at 31 December 2017 of the Company and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

As required by Section 163(2) of the Companies Act, No. 07 of 2007, I state the followings:

- (a) The basis of opinion and scope and limitations of the audit are as stated above.
- (b) In my opinion:
 - I have obtained all the information and explanations that were required for audit and as far as appears from my examination, proper accounting records have been kept by the Company.
 - The financial statements of the Company comply with the requirements of the Section 151 of the Companies Act No 07 of 2007.

Report to Parliament

My report to Parliament in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka will be tabled in due course.

H.M. Gamini Wijesinghe
Auditor General

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2017

	Notes	2017 Rs.	2016 Rs.
Revenue	1	334,330,049	257,567,095
Less: Cost of Sales	2	(164,351,617)	(121,547,124)
Gross Profit		169,978,432	136,019,971
Other Operating Income	3	28,576,511	19,875,572
		198,554,944	155,895,543
Expenses			
Selling & Distribution Expenses		(1,379,430)	(747,207)
Administrative & Establishment Expenses		(97,143,590)	(93,983,932)
		(98,523,020)	(94,731,139)
Profit from Operating Activities	4	100,031,923	61,164,404
Less: Finance Costs		(132,586)	(134,915)
Net Profit Before Taxation		99,899,337	61,029,489
Less: Taxation	5	(25,405,403)	(11,242,218)
Net Profit after Taxation		74,493,934	49,787,271
Other Comprehensive Income			
Actuarial Loss		1,273,192	2,752,790
Tax on other comprehensive income		(307,359)	(641,774)
Total Comprehensive Income for the year		75,459,767	51,898,287
Earnings per Share	6	18.86	12.97
Dividend per Share	7	2.75	1.75

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2017

	Notes	2017 Rs.	2016 Rs.
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	8	295,358,631	291,162,747
Capital Work-in-Progress		7,705,010	6,006,192
		303,063,641	297,168,939
Current Assets			
Inventories	9	42,098,023	13,756,355
Trade & Other Receivables		43,209,446	37,629,646
Staff & Other Debtors		23,075,296	23,557,337
Deposits, Prepayments & Advances		8,948,945	5,627,785
Short Term Investments	10	220,020,374	197,523,906
Cash and Cash Equivalents		40,696,865	20,088,220
Total Current Assets		378,048,948	298,183,249
Total Assets		681,112,590	595,352,188
EQUITY & LIABILITIES			
Capital & Reserves			
Stated Capital	11	40,000,000	40,000,000
Retained Earnings		308,901,589	175,603,828
Capital Reserves	11.1		68,500,000
Other Component of Equity	12	220,795,490	220,795,490
		569,697,079	504,899,318
Non Current Liabilities			
Retirement Benefit Obligations	13	11,529,723	10,506,794
Differed Tax	14	39,675,384	34,934,168
		51,205,107	45,440,962
Current Liabilities			
Trade & Other Payables		43,238,857	37,673,139
Current Tax Liability		16,971,547	7,338,769
Bank Overdrafts		-	-
Total Current Liabilities		60,120,404	45,011,908
Total Equity & Liabilities		681,112,590	595,352,188

I certify that these Financial Statements are in compliance with the requirements of the Companies Act. No. 7 of 2007.

Head of Finance

The Board of Directors, is responsible for the preparation of these Financial Statements.

These Financial Statements were approved by the Board of Directors.



Chairman



Director

The Significant Accounting Policies and Notes on Pages 23 to 35, form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2017

	Stated Capital	Capital Reserves	Other Components of Equity	Accumulated Profit	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01 st January 2016	40,000,000	68,500,000	220,795,490	125,816,557	455,112,047
Dividend Paid	-	-	-		
Adjustment in respect year					
Net Profit for the Year	-	-	-	49,787,271	49,787,271
Other Comprehensive Income					
Balance as at 31 st December 2016	40,000,000	68,500,000	220,795,490	175,603,828	504,899,318
Balance as at 01 st January 2017	40,000,000	68,500,000	220,795,490	175,603,828	504,899,318
Adjustments in respect of Previous Years	-	(68,500,000)	-	68,500,000	-
Dividend Paid	-	-	-	(8,300,000)	(8,300,000)
Net Profit for the Year	-	-	-	75,459,767	75,459,767
Prior Adjustments				(2,362,006)	(2,362,006)
Balance as at 31 st December 2017	40,000,000	-	220,795,490	308,901,589	569,697,079

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST DECEMBER 2017

	2017 Rs.	2016 Rs.
Net Profit Before Taxation	99,899,337	61,029,489
<u>Adjustment For:</u>		
Depreciation	20,665,286	19,652,653
Amortization	-	114,788
Interest income	(27,453,420)	(16,925,299)
Profit on Disposal of Fixed Assets	-	(1,849,002)
Under Provision	(2,362,006)	
Provision for Gratuity	735,203	2,435,777
Staff Loan Interest expenses	707,052	(707,052)
Operating Profit before Working Capital Changes	93,929,123	63,636,566
(Increase) / Decrease in Inventories	(28,341,668)	4,023,060
(Increase) / Decrease in Trade & Other Receivables	(5,579,800)	(9,861,927)
(Increase) / Decrease in Staff & Other Debtors	482,041	5,583,284
(Increase) / Decrease in Deposits, Prepayments & Advances	(3,321,160)	3,083,696
(Increase) / (Decrease) in Trade & Other Payables	(5,565,718)	(4,311,372)
	(31,194,869)	(1,483,259)
Operating Profit after Working Capital Changes	62,734,254	62,153,307
Income Tax Paid	(9,571,426)	(6,211,460)
Gratuity Paid	(148,603)	(826,373)
Cash Generated from Operating Activities	53,014,225	57,095,095
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Interest Income	24,950,874	16,925,299
Purchase of Property, Plant & Equipment	(24,861,170)	(8,074,099)
Proceeds from Sale of Property, Plant & Equipment	-	1,849,752
Capital Work-in-Progress	(1,698,818)	-
Cash Used in Investing Activities	(1,698,818)	10,700,952
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Dividends Paid	(8,300,000)	-
Cash Used in Financing Activities	-	-
Net Increase / (Decrease) in Cash & Cash Equivalents	43,105,112	67,796,047
Cash & Cash Equivalents at the beginning of the year	217,612,126	149,816,079
Cash & Cash Equivalents at the end of the year	Note A 260,717,238	217,612,126

Note A

	2017 Rs.	2016 Rs.
Cash & Cash Equivalents Balance at the end of the Year is made up of.		
Fixed Deposits - People's Bank	37,893,163	-
Fixed Deposits - People's Bank	43,363,828	-
Fixed Deposits - People's Bank	11,135,492	10,000,000
Fixed Deposits - People's Bank	5,815,905	5,216,730
Fixed Deposits - People's Bank	11,414,114	10,238,041
Fixed Deposits - People's Bank	11,422,834	10,258,041
Fixed Deposits - People's Bank	11,157,135	10,000,000
Fixed Deposits - People's Bank	11,863,076	10,644,382
Fixed Deposits - People's Bank	11,410,380	10,238,192
Fixed Deposits - People's Bank	5,820,414	5,223,598
Fixed Deposits - People's Bank	6,538,277	5,872,864
Fixed Deposits - People's Bank	10,551,797	-
Fixed Deposits - People's Bank	10,531,571	-
Fixed Deposits - People's Bank	10,855,564	-
Fixed Deposits - People's Bank	10,246,822	-
Fixed Deposits - People's Bank	10,000,000	-
Fixed Deposits - People's Bank	-	5,756,670
Fixed Deposits - People's Bank	-	10,479,193
Fixed Deposits - People's Bank	-	36,661,224
Fixed Deposits – Bank of Ceylon	-	33,547,098
Fixed Deposits – Bank of Ceylon	-	33,387,722
	220,020,372	197,523,906
People's Bank - Corporate Branch	20,052,130	94,305
People's Bank – Money Market	20,481,468	19,804,571
Bank of Ceylon- Corporate Branch	54,248	72,248
People's Bank –Bomбуwala Branch	5,234	5,050
People's Bank –Horana Branch	12,235	5,357
Sampath Bank PLC	49,945	49,945
Petty Cash - Horana	32,480	33,108
Petty Cash - Head Office	9,241	21,027
Petty Cash - Kalutara	120	1,309
Postage Imprest	265	1,300
	40,696,865	20,088,220
	260,717,238	217,612,126

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017

1. CORPORATE INFORMATION

1.1. Reporting Entity

Paranthan Chemicals Company Limited is a Limited Liability Company Incorporated and domiciled in Sri Lanka. The Registered Office of the Company and the principal place of business is located at No.100/25, Sri Ramanathan Road, Colombo 13.

1.2. Approval of Financial Statements

The Financial Statements are authorized for issue by the Board of Directors on 28th February 2018

1.3. Number of Employees

The number of employees of the Company at the year end, was 62. (In 2016 - 62)

1.4. Principal Activities and the Nature of Operations

The principal activities of the Company are Imports and Sale of Chemicals. There were no significant changes in the nature of the principal activities of the Company during the financial year under review.

1.5. Responsibility for Financial Statements

Directors acknowledge the responsibility for true and fair presentation of the Financial Statements in accordance with the Books of Accounts and Sri Lanka Accounting Standards (SLFRS)

1.6. Statement of Compliance

The Financial Statements which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows, together with the accounting policies and notes (the "Financial Statements") have been prepared in accordance with the new Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirements of the Companies Act No. 7 of 2007.

For all periods up to and including the Year ended 31st December 2011, the Company had prepared its Financial Statements in accordance with the Sri Lanka Accounting Standards (SLAS) which were effective up to 31st December 2011. These Financial Statements for the Year ended 31st December 2012, are the first the Company has prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) immediately effective from 01st January 2012. These SLFRS/LKASs have materially converged with the International Financial Reporting Standards (IFRS) as issued, by the International Accounting Standards Board (IASB).

2. BASIS OF PREPARATION

2.1. Basis of Measurement

The Financial Statements have been prepared on an accrual basis under the historical cost convention, except for revalued Assets.

2.2. Presentation and Functional Currency

The Financial Statements are presented in Sri Lankan Rupees, the Company's functional and presentation currency, which is the primary economic environment in which the Company operates.

3. ACCOUNTING POLICIES

3.1. CHANGES IN ACCOUNTING POLICIES

The changes to accounting policies set out below have been applied consistently to all financial periods presented in these Financial Statements and in preparing the opening SLFRS/LKAS Statement of Financial Position as at 01st January 2011 for the purpose of the transition to SLFRS/LKAS, unless otherwise indicated.

Comparative information

The presentation and classification of the Financial Statements of the previous years have been amended, where relevant, for better presentation and to be comparable with those of the current year.

3.2. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Financial Statements of the Company requires the management to make judgments, estimates and assumptions, which may affect the amount of income, expenditure, assets, liabilities, at the end of the reporting period. In the process of applying the Company's accounting policies, the key assumptions made relating to the future and the sources of estimation at the reporting date together with the related judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Revaluation of Property, Plant and Equipment

The Company measures Property, Plant and Equipment at revalued amounts with changes in fair value being recognized in the Statement of equity. The Company engaged independent valuation specialists to determine fair value and certain identified Property, Plant and Equipment as at 31st December 2010.

Taxes

The Company is subject to Income Tax and other taxes including VAT and NBT. Significant judgment was required to determine the total provision for current, deferred and other taxes pending the issue of tax guidelines on the treatment of the adoption of SLFRS in the Financial Statements and the taxable profit for the purpose of imposition of taxes. Uncertainties exist with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these Financial Statements.

Impairment of Tangible Assets

The assessment of impairment in tangible assets includes the estimation of the value in use of the asset computed as the present value of the best estimates of future cash flows generated by the asset adjusted for associated risks. This estimation has inherent uncertainties. Impairment losses if any, are charged to income statement immediately.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1. Foreign Currency Translation

Transactions in overseas currencies are translated into Sri Lankan Rupees at the exchange rate ruling at the date of the transaction. All monetary assets and liabilities in foreign currency at year end, are translated at the rate prevailing at the balance sheet date. Non-monetary items which are carried in terms of historical cost or fair value denominated in foreign currency are translated using the exchange rate prevalent at the date of transaction. The resulting gains or losses on transactions are dealt with, in the Income Statement.

4.2. Tax

Current Tax

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act. No. 10 of 2006 and amendments thereto.

Deferred Tax

Deferred Taxation is provided, based on the liability method, on the temporary differences at the balance sheet date between the carrying amount of the assets and liabilities for financial reporting purposes and the amounts used for the tax purposes. The balance in the deferred taxation account represents income tax applicable to the difference between the written down values for tax purposes of the assets on which tax depreciation has been claimed and the net book value of such assets, offset by the provision for retirement benefit which is deductible for income tax purposes only on payment.

Deferred assets are recognized for all deductible temporary differences and carry forward of unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carry forward of unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

4.3. Property, Plant and Equipment

Basis of Recognition

Property, Plant and Equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be reliably measured in accordance with LKAS 16

Basis of Measurement

Property, Plant and Equipment are stated at Cost / Revalued value less accumulated depreciation and any accumulated impairment loss to the date of revaluation. The carrying values of Property, Plant and Equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Where Property, Plant and Equipment are subsequently revalued, the entire class of such assets is revalued at fair value on the date of revaluation.

Any revaluation surplus is recognized in other Comprehensive Income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the Income Statement, in which case the increase is recognized in the Income Statement. A revaluation deficit is recognized in the Income Statement, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

De Recognition

Items of Property, Plant and Equipment are de-recognized upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the Income Statement in the year the asset is de-recognized.

Depreciation

Depreciation is calculated by using the straight-line method on the cost or valuation of all Property, Plant and Equipment, other than freehold land, in order to write off such amounts over the estimated useful economic lives of such assets.

The depreciation of the re-valued Assets, is been done, item by item on the basis of remaining useful economic lifetime of Assets.

The depreciation is been done on new Assets additions, as per details shown below.

Assets	Rate % per annum
Buildings	05.00
Motor Vehicles	25.00
Cylinder/ Containers	12.50
Tools & Equipment	12.50
Office Equipment	12.50
Furniture & Fittings	12.50
Plant & Machinery	12.50
Computer Accessories	33.33
Communication & Media Equipment	33.33
Bicycle	12.50

4.4. Financial Instruments - Initial Recognition and Subsequent Measurement**i) Financial Assets****Initial Recognition and Measurement**

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets. The Company determines the classification of its financial assets at initial recognition. The Company's financial assets include cash and short-term deposits, trade and other receivables, and loans and other receivables.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and Receivables

Loans and Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost, using the effective interest rate method (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Income Statement. The losses arising from impairment is recognized in the Income Statement in finance costs.

ii) Financial Liabilities**Initial Recognition and Measurement**

Financial Liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

4.5. Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price less estimated costs of completion and the estimated costs necessary to make the sale.

4.6. Trade and Other Receivables

Debtors and Other Receivables are stated at the amounts estimated to be realized net of provision for doubtful receivables.

Provision for Bad and Doubtful Debts are made as follows;

1-2 Years	25%
2-3 Years	50%
More than 3 Years	100%

4.7. Cash and Cash Equivalents

Cash & Cash Equivalents in the Statement of Financial Position comprise cash at banks and in hand for the purpose of the cash flow Statement, cash and cash equivalents consist of cash and short-term deposits also.

4.8. Defined Benefit Plan - Gratuity

Defined Benefit Plan portrays the amount of benefit an employee will receive at his retirement, usually dependent on his service at retirement. The Company is liable to pay gratuity to an employee relevant to the statute and such gratuity is an acknowledged Defined Benefit Plan. Provision is provided to meet this liability and it is reflected in the Statement of Financial Position of the Company. The cost of providing benefits under such Benefit Plan, is computed separately for each plan and calculated in line with the Projected Unit Credit method. Gains and Losses occurring during the period are charged or credited against such gratuity.

Defined Contribution Plan – Employees' Provident Fund and Trust Fund

Obligation for contributions to a Defined Contribution Plan is recognized as expense in the Statement of Comprehensive Income as incurred.

4.9. Liabilities and Provisions

Liabilities and provisions are recognized in the Statement of Financial Position when there is a present obligation as a result of a past event, the settlement of which is expected to result in an outflow of resources embodying economic benefits. Obligations payable at the demand of the Creditors or within one year of the Balance Sheet date, are treated as Current Liabilities in the Balance Sheet. Liabilities payable after one year from the Balance Sheet date are treated as Non-Current Liabilities in the Balance Sheet.

4.10. Events Occurring after the Reporting Period

Events after the reporting period are those events favourable and unfavourable that occur between the end of the reporting period and the date when the financial statements are authorized for issue. The

materiality of the events occurring after the reporting period, is considered and appropriate adjustments to or disclosures are made in the financial statements, where necessary.

4.11. Deposits on Returnable Cylinders

Deposit on Returnable Cylinders represent the cash deposits collected from distributors when issuing Returnable Cylinders by the Company. At the time of termination of a distributor the deposit is refunded in case the Returnable Cylinders were returned to the Company or the deposit was forfeited to the extent that the returnable cylinders were not returned to the Company.

4.12. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company, and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and value added taxes, after eliminating sales within the Company.

The following specific criteria are used for recognition of revenue:

Sale of Goods

Revenue from the sale of goods is recognized when the significant risk and rewards of ownership of the goods have passed to the buyer with the Group retaining neither a continuing managerial involvement to the degree usually associated with ownership, nor an effective control over the goods sold.

Turnover Based Taxes

Turnover Based Taxes include Value Added Tax, Nation Building Tax. Company pays such taxes in accordance with the respective statutes.

Interest Income

For all financial instruments measured at amortized cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the Income Statement.

Gains and Losses

Net Gains and Losses of a revenue nature arising from the disposal of Property, Plant and Equipment and other non-current assets, including investments, are accounted for in the Statement of Comprehensive Income, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

Other Income

Other income is recognized on an accrual basis.

4.13. Expenditure Recognition

Expenses are recognized in the Statement of Comprehensive Income 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 and Equipment in a state of efficiency, has been charged to the Statement of Comprehensive Income.

5. SRI LANKA ACCOUNTING STANDARDS (SLFRS/LKAS) ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Company's Financial Statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

- a. SLFRS 9-Financial Instruments: Classification and Measurement SLFRS 9 as issued reflects the replacement of LKAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in LKAS 39. The standard is effective for annual periods beginning on or after 01st January 2015. The adoption of SLFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on classification and measurements of financial liabilities.
- b. SLFRS 13-Fair Value Measurement SLFRS 13 establishes a single source of guidance under SLFRS for all fair value measurements. SLFRS 13 does not state when an entity is required to use fair value, but rather provides guidance on how to measure fair value under SLFRS when fair value is required or permitted. The Company is currently assessing the impact that this standard will have on the financial position and performance. This standard becomes effective for annual periods beginning on or after 01st January 2014.

6. FIRST-TIME ADOPTION OF SLFRS/LKAS

These Financial Statements, for the year ended 31st December 2012, are the first the Company has prepared in accordance with SLFRS/LKAS. For periods up to and including the year ended 31st December 2011, the Company prepared its Financial Statements in accordance with Sri Lanka Accounting Standards which were effective up to 31st December 2011.

Accordingly, the Company has prepared Financial Statements which comply with SLFRS/LKAS applicable for periods ending on or after 31st December 2012, together with the comparative period data as at and for the year ended 31st December 2011, as described in the accounting policies. In preparing these Financial Statements, the Company's opening Statement of Financial Position was prepared as at 01st January 2011, the Company's date of transition to SLFRS/LKAS. This note explains the principal adjustments made by the Company in restating its SLAS Statement of Financial Position as at 01st January 2011, and its previously published SLAS Financial Statements as at and for the year ended 31st December 2011.

7. DIRECTORS' INTEREST IN CONTRACTS

Competent Authority confirmed that he did not have any interest in contracts with the Company.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2017

		2017 Rs.	2016 Rs.
1	<u>REVENUE</u>		
	Sales	336,893,848	259,467,480
	Less: Nation Building Tax	(2,563,798)	(1,900,385)
		334,330,049	257,567,095
2	<u>COST OF SALES</u>		
	Opening Inventories	5,685,831	9,352,275
	Add: Purchases	189,726,273	117,880,680
		195,412,104	127,232,955
	Less: Closing Inventories	(31,060,487)	(15,685,831)
		164,351,617	121,547,124
3	<u>OTHER OPERATING INCOME</u>		
	Interest on Staff Loans	1,354,324	1,398,227
	Interest on Fixed Deposits & Call Deposits	26,099,096	15,527,072
	Other Income	1,123,092	1,101,270
	Profit on Sale of Fixed Assets	-	1,849,002
		28,576,511	19,875,571
4	<u>PROFIT FROM OPERATING ACTIVITIES</u>		
	Profit from operation is stated after charging the following expenses.		
	Depreciation	20,665,286	19,652,653
	Auditors' Remuneration	163,650	90,000
	Personnel Costs	Note 4.1	-
4.1	<u>PERSONNEL COSTS</u>		
	Salaries, Wages and other related expenses	41,023,128	41,344,390
	Terminal Gratuity	2,444,723	2,435,778
	Employees' Provident Fund & Employees' Trust Fund	5,323,139	5,534,388
		48,790,990	49,314,556
	The above included: -		
	Directors' Emoluments (Chairman & Executive Director Salary)	-	-
	Directors' Fees	-	-
5	<u>TAXATION</u>		
	Current Tax	Note 5.1	20,971,547
	Deferred Tax Charge / (Release)	Note 5.2	4,433,856
			25,405,403
			11,242,218

	2017 Rs.	2016 Rs.
5.1 RECONCILIATION OF ACCOUNTING PROFIT & TAX PROFIT		
Net Profit as per Accounts	99,899,337	61,029,489
Aggregate Disallowable Expenses	23,521,166	24,918,164
	123,420,503	85,947,653
Aggregate Allowable Expenses	(53,610,818)	(43,237,829)
Business Profit	69,809,685	42,709,824
Interest Income	26,686,988	16,218,248
Total Statutory Income	96,496,673	58,928,072
Tax on Interest Income	-	-
Tax on Buying & Selling	16,435,906	8,748,999
Tax on Manufacturing	4,535,641	3,321,797
	20,971,547	12,070,796
5.2 DEFERRED TAX EXPENSES / (INCOME)		
Deferred Tax Expenses / (Income) arising due to Timing Differences	(4,741,215)	186,804
Tax on other comprehensive income	307,359	641,774
	(4,433,856)	828,578

6 EARNINGS PER SHARE

- 6.1** Basic Earnings per Share is calculated by dividing the net profit for a respective year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during that year. The weighted average number of ordinary shares outstanding during the year and previous years are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources, such as bonus issue.
- 6.2** The following reflects the income and share data used in the Basic Earnings per Share computations, for the year ended 31st December 2017.

Amount used as Numerators:

Net Profit / (Loss)	75,459,767	51,898,287
Net Profit attributable to Ordinary Shareholders	75,459,767	51,898,287

	2017 Rs.	2016 Rs.
Number of Ordinary Shares Used as Denominators:		
Weighted Average number of Ordinary Shares in issue		
Applicable to Basic Earnings Per Share	4,000,000	4,000,000
	4,000,000	4,000,000
Earnings Per Share	18.86	12.97

7 DIVIDEND PER SHARE**Amount used as Numerators**

Dividend for the Year	11,000,000	7,000,000
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Number of Ordinary Shares Used as the Denominators

Ordinary Shares in issue applicable to Dividend Per Share	4,000,000	4,000,000
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Dividend Per Share	2.75	1.75
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8 PROPERTY, PLANT & EQUIPMENT

Description of Assets	Cost / Valuation			Depreciation			W.D.V	
	Balance as at 01/01/2017	Additions During the Year	Disposal	Balance as at 31/12/2017	Balance as at 01/01/2017	For the year as at 31/12/2017	Balance as at 01/01/2017	Balance as at 31/12/2017
Lands	70,000,000	-	-	70,000,000	-	-	70,000,000	70,000,000
Buildings	48,291,967	3,201,602	-	51,493,569	4,229,070	1,772,102	44,062,897	45,492,397
Plant & Machinery	13,305,369	482,701	-	13,788,070	3,112,800	1,578,552	10,192,569	9,096,718
Furniture & Fittings	2,465,060	105,853	-	2,570,913	1,486,529	164,672	1,651,201	919,712
Office Equipment	3,145,007	123,762	-	3,268,769	1,815,425	267,093	2,082,518	1,186,251
Computers	3,260,950	623,370	-	3,884,320	2,239,523	474,443	2,713,966	1,170,354
Motor Vehicles	34,935,915	-	-	34,935,915	27,255,970	3,925,675	31,181,645	3,754,270
Containers & cylinders	209,202,055	19,830,484	-	229,032,549	53,527,887	12,340,750	155,674,168	163,163,911
Tools & Equipment	471,576	465,260	-	936,836	314,194	71,789	385,938	550,853
Communication & Medical Equipment	338,968	28,130	-	367,098	272,722	70,211	66,246	24,165
	385,416,867	24,861,170	-	410,278,037	94,254,120	20,665,286	114,919,406	295,358,631

	2017 Rs.	2016 Rs.
9 INVENTORIES		
<u>Trade Inventories</u>		
Liquid Chlorine - 900 Kg	9,190,016	2,796,636
Liquid Chlorine - 68 Kg	1,126,475	363,733
Caustic Soda Flakes	20,743,996	-
Hydrochloric Acid	-	2,525,462
Bleaching Powder	-	-
	31,060,487	5,685,831
<u>Other Inventories</u>		
Chlorine Valves, Spindles, Washers, Protectors, Spanners & Valves		
Complete	11,037,536	6592,644
Protective Hoods	-	162300
Emergency Kit	-	1,315,580
Stationery	-	-
	11,037,536	8,070,524
	42,098,023	13,756,355
10 SHORT TERM INVESTMENTS		
Fixed Deposit - Peoples's Bank	37,893,163	-
Fixed Deposit - People's Bank	43,363,828	-
Fixed Deposit - People's Bank	11,135,492	10,000,000
Fixed Deposit - People's Bank	5,815,905	5,216,730
Fixed Deposit - People's Bank	11,414,114	10,238,192
Fixed Deposit - People's Bank	11,422,834	10,258,041
Fixed Deposit - People's Bank	11,157,135	10,000,000
Fixed Deposit - People's Bank	11,863,076	10,644,382
Fixed Deposit - People's Bank	11,410,380	10,238,192
Fixed Deposit - People's Bank	5,820,414	5,223,598
Fixed Deposit - People's Bank	6,538,277	5,872,864
Fixed Deposit - People's Bank	10,551,797	-
Fixed Deposit - People's Bank	10,531,571	-
Fixed Deposit - People's Bank	10,855,564	-
Fixed Deposit - People's Bank	10,246,822	-
Fixed Deposit - People's Bank	10,000,000	-
Fixed Deposit - People's Bank		5,756,670
Fixed Deposit - People's Bank		10,479,193
Fixed Deposit - People's Bank		36,661,224
Fixed Deposit - Bank of Ceylon	-	33,547,098
Fixed Deposit - Bank of Ceylon	-	33,387,722
	220,020,374	197,523,906
11 STATED CAPITAL		
<u>Represented By</u>		
Capital Reserve	-	68,500,000
Nos. 4,000,000 Ordinary Shares Note 11.1	40,000,000	40,000,000
	40,000,000	108,500,000

12 OTHER COMPONENTS OF EQUITY**Re Valuation Reserves on Property, Plant and Equipment**

Balance as at the beginning of the Year	220,795,490	220,795,490
Revaluation Surplus during the Year		-
Reversal of Revaluation		
Balance at the end of the Year	220,795,490	220,795,490

A Revaluation was carried out by the Government Valuation Department to ascertain the Fair Value of its Property, Plant and Equipment as at 31st December 2010. The results of such revaluation were incorporated in the Financial Statement with effect from 31st December 2010, which is a revaluation based on the valuation made by the Government Valuation Department.

Class of Asset	Net Carrying Amount as at 31-12-2010 Rs.	Revalued Amount as at 31-12-2010 Rs.	Revaluation Reserves Rs.
Lands	538,000	70,000,000	69,462,000
Plant & Machinery	181,790	1,138,000	956,210
Furniture & Fittings	1,208,140	1,925,000	716,860
Office Equipment	461,909	1,511,700	1,049,791
Computer Accessories	741,648	916,850	175,202
Motor Vehicles	192,128	12,195,037	12,002,909
Bicycle	1	2,500	2,499
Cylinders	36,892,075	173,033,000	136,140,925
Tools & Equipment	30,216	319,310	289,094
	40,245,907	261,041,397	220,795,490

13 RETIREMENT BENEFIT OBLIGATIONS

Balance at the Beginning of the Year	10,506,795	11,650,180
Under Provision	-	141,539
Charge for the year	998,148	974,086
Interest for the year	1,446,575	1,320,153
Provision from Comprehensive Income statement	2,444,723	2,435,778
Provision from Other Comprehensive Income statement		
Actuarial Loss	(1,273,192)	(2,752,790)
Less: Payments made during the Year	(148,603)	(826,373)
Balance at the End of the Year	11,529,723	11,650,180

Defined Benefit Liability is valued as of 31st December 2015 and the principal assumption used in the valuation is as follows.

	2017	2016
Discount Rate	12%	12%
Annual Salary Increment Rate	10%	10%
Staff Turnover	5%	5%

14 DIFFERED TAX

	2017	2016
	Rs.	Rs.
	Rs.	Rs.
Balance at the Beginning of the Year	34,934,169	35,120,973
Deferred Tax Charge/(Income) for the Year	4,741,215	(186,804)
Balance at the End of the Year	39,675,384	34,934,169

15 CONTINGENT LIABILITIES

There were no material contingent liabilities as at the Balance Sheet date.

16 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Subsequent to the date of Balance Sheet, no circumstances have arisen which would require adjustments to or disclosures in the Financial Statement.

17 DISCLOSURES**Refilling Process**

Due to the leakage of chlorine, the environment of the plant located at Kalutara, Nagoda was affected. Thereby it became necessary to shift to a new site at Wagawatte. The cost for the event was Rs. 7.2million (approximately) for this change of location. This has brought a reduction of profit for the Year 2015.

18 DIVIDEND PER SHARE

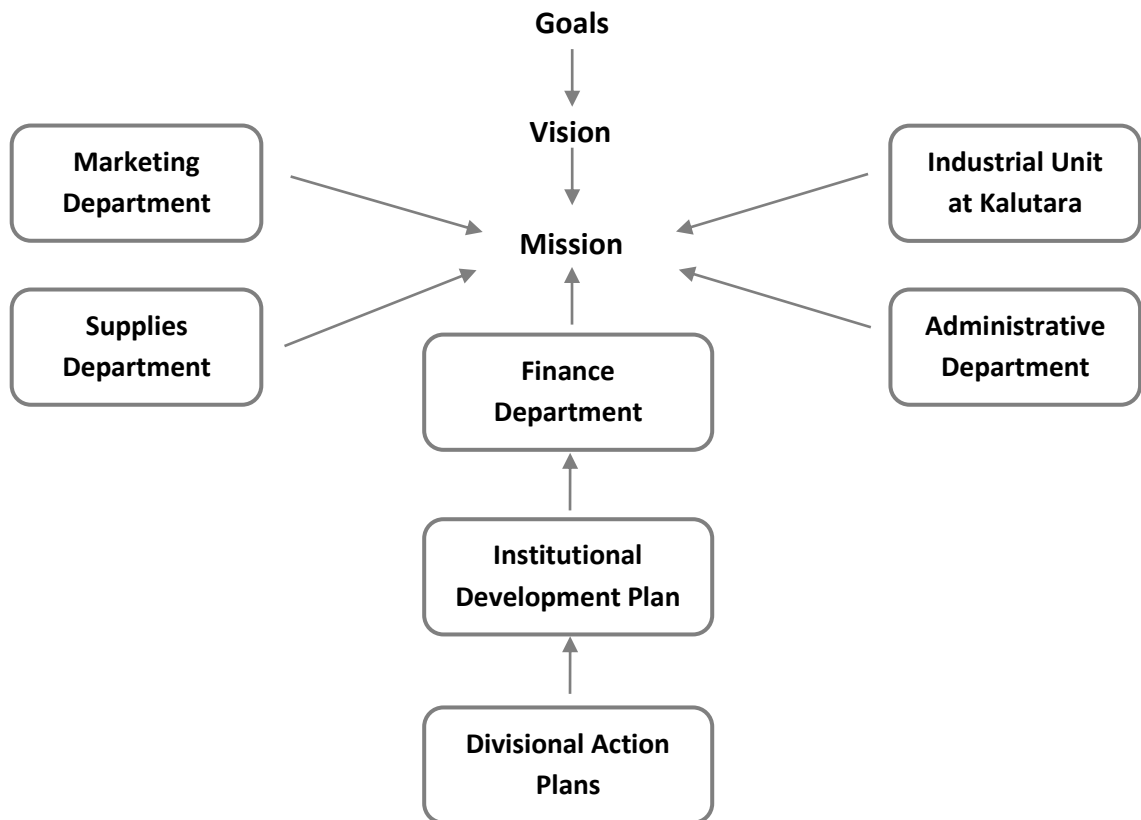
For the Year Ended 31st December

	2017	2016
	Rs.	Rs.
Final Dividends Declared	11,000,000	7,000,000
No. of Ordinary Shares	4,000,000	4,000,000
Dividend Per Share	2.75	1.75

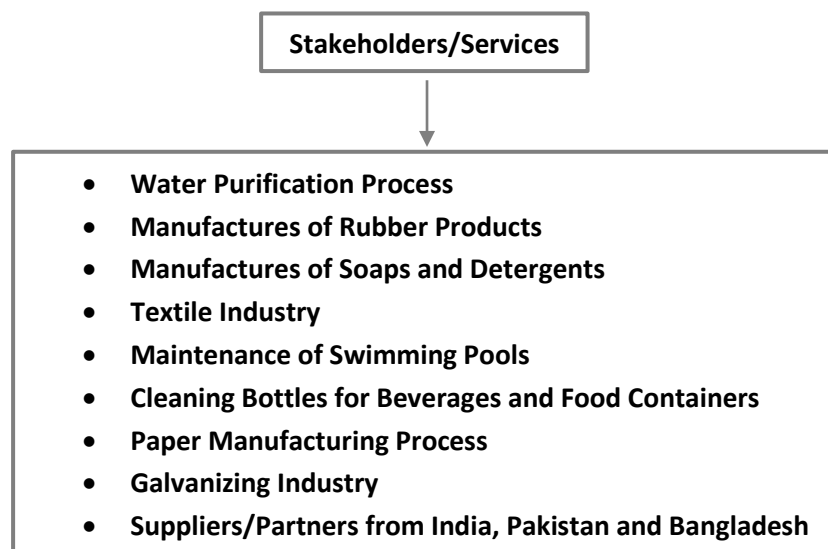
The Board of Directors, has recommended a first and final dividend of Rs.2.75/= per share (4,000,000) for the year ended 31st December 2017 which is to be approved by the shareholders at the Annual General Meeting, as stipulated by the Sri Lanka Accounting Standards (SLFRS/LKAS) No.10, Events after the Balance Sheet Date. This proposed dividend is disclosed, but not recognized as a liability as at 31st December 2017.

ORGANIZATION STRUCTURE – STRATEGIC BUSINESS UNITS

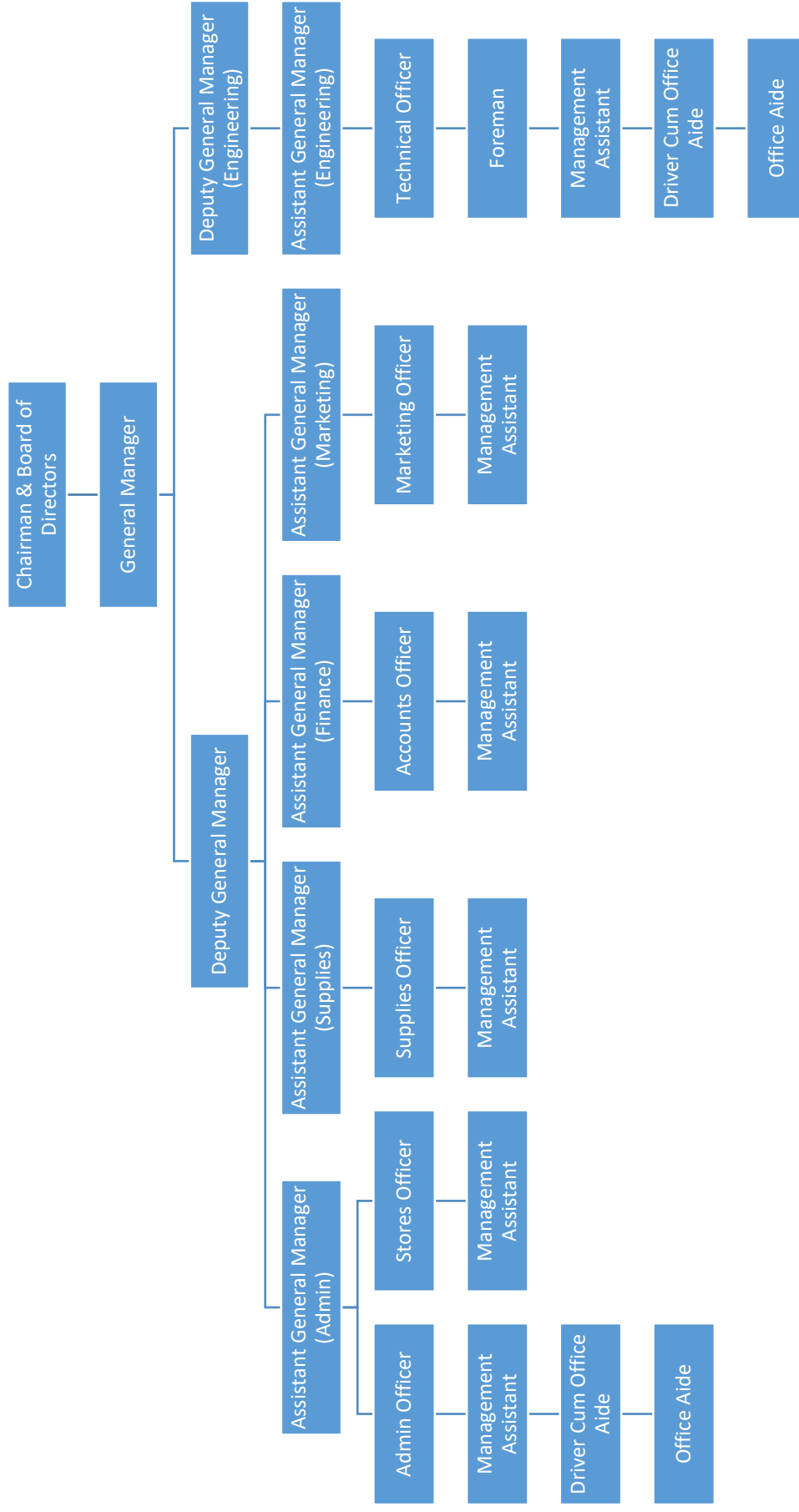
Strategic Business Units



Strategic Targets



ORGANIZATION STRUCTURE



Note

Internal Audit functions of the Company at present are outsourced. (Internal Auditor, K. Liyanage & Co. Chartered Accountants)

HIGHLIGHTS / ACHIEVEMENTS IN 2016, 2017 AND BUDGETED FOR 2018**PARANTHAN CHEMICALS COMPANY LIMITED
OPERATIONAL FINANCIAL HIGHLIGHTS OF 2015, 2016 AND BUDGETED FOR 2017**

	2016 Actual Rs.'000	2017 Actual Rs.'000	2018 Budgeted Rs.'000
NON CURRENT ASSETS	297,169	303,064	505,535
CURRENT ASSETS	298,183	378,049	165,995
TOTAL ASSETS	595,352	681,113	671,530
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share Holders Fund	504,899	569,697	569,530
NON CURRENT LIABILITIES	45,441	51,205	52,000
CURRENT LIABILITIES	45,012	60,210	50,000
Total Equity & Liabilities	595,352	681,113	671,530
Revenue	257,567	334,330	396,300
Cost of Sales	(121,547)	(164,352)	(202,865)
Gross Profit	136,020	169,978	193,435
Other Operating Income	19,875	28,577	16,500
	155,895	198,555	209,935
Profit from Operation	61,164	100,032	100,300
Profit before Tax	61,029	99,899	100,000
Profit after Tax	51,898	75,460	83,000
Earnings per Share (Rs.)	12.97	18.87	20.75
Dividends per Share (Rs.)	1.75	2.75	5.00

PERFORMANCE REVIEW OF THE COMPANY

From the year 1975, premises situated at Sri Ramanathan Mawatha, Colombo 13, has been released to Paranthan Chemicals Company Ltd. by Sri Lanka Port Authority, on a rental basis. The Head Office of this Company is maintained at this place. The main activities done here are to import and sale of Chlorine, Caustic Soda and Hydrochloric Acid appropriate to country's requirement and market requirements. The main countries of import are India, Pakistan and Bangladesh.

As the storing of imported Chlorine in Colombo suburbs is highly complicated, Chlorine Stores Complex was maintained in Horana Industrial Zone in Kalutara District. Initially, refilling of Chlorine from 900 Kg cylinders in to 68Kg was carried out.

Cylinders were done at this place and Paranthan Chemicals Company after paying a big cost to a private institution. Therefore, according to a request made by the Company, Cabinet paper was forwarded by the then Hon. Minister of Industrial Development, Kumara Welgama and the cabinet decision was effected making a reality of Mahinda Chinthana Programme of His Excellency the President, Mahinda Rajapaksa. It was approved by the Cabinet of Ministers on 22nd November 2006 and the land to the extent of 2 acres (lot No.558 1/2 and 558 2/2) had been granted to Paranthan Chemicals Company from Fullertan Industrial Estate at Kalutara on a long term rental basis and is operative from 29th November 2009.

Refilling of chlorine from imported 900kg capacity cylinders into 68kg capacity cylinders was launched on 01st May 2008 by the Refilling Unit of Paranthan Chemicals Company located in Fullertan Industrial Estate, Kalutara. Through this process a large amount of money that was to have gone to a private institution was retained with the Company. It has provided an especial contribution to enhance the profits of the institution. Distinctively, the Company has earned Rs.32.015 Million as profit before tax for the year 2012 and the profit before tax for the year 2013 is 37.16 Million.

After the chlorine leak at Kalutara site in the year 2012, the company could not find suitable place to set up the refilling and other operation with adequate space. The new chemicals which had been planned in the year 2013 had to be postponed due to this reason and impacted on the profitability. But in the latter part of the year, the company could manage to get a 2 ½ acres land in the Board of Investment Industrial state in Horana. It is expected to commence the new products once the unit is set up in the new location.

Considerable number of employment opportunities have been generated in association with this facility, which contributes to the development process of the country.

CORPORATE GOVERNANCE

Paranthan Chemicals Company Ltd is committed to best practices in the area of Corporate Governance. Corporate Governance is an internal system encompassing policies, processes and people, which serve the needs of shareholders and other stakeholders. Good governance facilitates effective management and control of the business, while maintaining a high level of business ethics and optimizing the value for all stakeholders. Sound Corporate Governance is reliant on external market place commitment and legislation plus a healthy Board culture which safeguards policies and processes. Further, an important element of Corporate Governance is to ensure the accountability of those who engaged in services in an organization.

The Corporate Governance Report, together with the Audit Committee Report & the Directors Report, provides a description of the manner and extent to which Paranthan Chemicals Company Ltd complies with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and Code of Best Practice in Corporate Governance for Public Enterprises in Sri Lanka, Companies ACT No. 07 of 2007 and Financial Regulation of Socialist Republic of Sri Lanka.

THE BOARD OF DIRECTORS

The Board is collectively responsible for the success of the Company. Its role is to provide entrepreneurial leadership to the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives, and reviews management performance. It also sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met. Specific responsibilities reserved to the Board include:

- Enhance shareholder value.
- Reviewing of corporate objectives, budgets and forecasts.
- Reviewing of operational and functional performances.
- Initiating capital investment options.
- Ensuring the implementation of an effective internal control system.
- Ensuring compliance with highest ethical and legal standards.
- Approval of the Annual Financial Statements prior to publication.
- Recommending Dividends for approval by shareholder.

The Board comprises of Seven Directors out of whom five are Non-Executive Directors. The names and status of the Directors are given.

BOARD MEETINGS

The company conducts monthly board meetings and, where necessary special board meetings are convened in order to transact special business. During the year ended 31st December 2017.

Name of Competent Authority	Number of Meeting Attended
Mr.Eric Illayapparachchi	

Management Committee Meetings

The Executive Directors of the Board have regular meetings with the Management in each month to facilitate discussion of operational issues and finding solutions. The Management Committee at its meeting carefully pursue all policy matters and also implementation of decisions taken before they were referred to the Board of Directors for approval and ratification.

Tenure, Retirement and Re- Election of Directors

At each Annual General Meeting one-third of the Directors for the time being, or, if their number is not a multiple of three, the number nearest to (but not less than) one-third, retire and seek re-election by the shareholders. At the Annual General Meeting in every subsequent year one-third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office.

Audit Committee Meetings

The Audit Committee plays a key role in reviewing the Internal Control and Check Systems that will guarantee the prevalence of effective internal controls. The Committee is comprised three non-executive members of the board and chaired by a Non-Executive Director nominated by the Treasury being the only share holder of the company. The Committee invites the representatives of the Internal Auditors, General Manager and the Members of the Corporate Management to attend meetings. The Committee constantly reviews Quarterly Internal Audit Reports, monthly progress reports, sales reports, the system and controls and makes recommendation for improvements where necessary, in addition to the introduction of new features.

The committee is responsible and report to the board regularly to strengthen the present system and procedures in relation to financial and operational activities in order to improve the efficiency and to enhance the productivity of resources for the benefit of the employees.

Audit Committee Meeting attendance – 2017

Name of Director		No. of Meeting Attended
Mr. Eric Illayaparachchi	Competent Authority	03
Mr.Namal Bandara	(Audit Committee Member)	03

Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls to safeguard stakeholders' investments value and the Company's assets. The Board's policy is to have systems in place which optimize the Company's ability to manage risk in an effective and appropriate manner. The Board has delegated to the Audit Committee responsibility for identifying, evaluating and monitoring the risks facing the company and for deciding how these are to be managed.

Presentation of Financial Statements and Related Transparency & Accountability

The financial statements are prepared in compliance with Sri Lanka Financial Reporting Standards (SLFRS). The external auditors are M/S Auditor General Department. to whom the all required information and records have been furnished. They were provided an environment by the senior management in which they could carry out the audit independently and enabling them to express an opinion on accounts.

Rules of Discipline

The rules of discipline are in place to guide all employees on acceptable conduct. The key elements of the Rules of Discipline are;

- Fairness, honesty and impartiality of all actions.
- Being aware of the rules and regulations and obey it.
- Confidentiality in all matters dealt with.
- Avoid conduct that is likely to reflect or affect badly on the company.

Financial Disclosures and Transparency

Financial Statements are prepared in accordance with the Sri Lanka Accounting Standards, the requirements of companies Act no 7 of 2007. Auditor General Department External Auditors of the Company. Auditors are allowed to act independently and without intervention from the Management or the Board of the Company, to express an opinion on the financial statements of the Company. All the required information is provided for examination to the Auditors.

Ethical Standards

The Directors believe that the maintenance of highest level of ethical conduct from employees is essential as part of practices of good governance and expects employees to act fairly, honestly and with loyalty. All employees are expected to provide the best for customers, shareholders and to the community at maximum in conducting business operations.

Statutory Payments

All Statutory Payments fallen due to the Government, have been made or where relevant provided. Retirement gratuities have been provided for in accordance with Sri Lanka Accounting Standards No.16, Employee Benefits (Revised 2006).

Accountability and Disclosure

In the year ended 31st December 2017, the members of the Board of Directors have reviewed in detail the Annual Financial Statements in order to satisfy themselves that they present a true and fair view of the Company's affairs. A summary of Director's Responsibilities in respect of Financial Statements is given on page 19.

**By Order of the Board,
Paranthan Chemicals Company Ltd**

**H.L. Vipula Silva
Secretary to the Board**

AUDIT COMMITTEE REPORT

Role of the Audit Committee

The primary role of the Audit Committee, which reports its findings to the Board of Directors, is to ensure the integrity of the financial reporting and audit processes and the maintenance of sound internal controls and risk management system. The Committees' responsibilities include monitoring and reviewing the following:

- Reliability and integrity of financial statements.
- Adequacy and effectiveness of internal controls.
- Effectiveness and performance of external and internal audit functions.
- Compliance with statutory and regulatory requirement.

Composition of the Audit Committee

The Audit Committee comprises of three Non-Executive Directors and chaired by a Non-Executive Director nominated by the treasury the only share holder of the company and the board secretary as the convener. The composition of the Audit Committee is as follows;

Mr. Namal Bandara - Chairman of the Audit Committee

Mr. Eric Illayapparachchi - Competent Authority

Meetings and Attendance

The Committee met on 03 occasions during the year 2017 and discussed the matters referred by the board of directors at their meeting. Members' attendance at these meetings is set out in the Corporate Governance Report. The Managerial officers of the company, the Internal Auditors and the inviter of the Ministry of State Resources and Enterprises Development are invited to attend meetings whenever required.

Activities

The Audit Committee discharged its duties by reviewing and discussing the Draft Accounts and External Audit Reports, the Internal Audit Reports submitted by outsourced internal auditor, Progress Reports, Sales Reports, Financial Management, Risk of Fraud and Errors and Systems Security. The Audit Committee has reviewed these reports, recommended additional controls and risk mitigation strategies that could be implemented to strengthen the existing internal control system thus minimizing the possibility of occurrence and impact of fraud, errors, operational and financial risks faced by the Company.

Internal Control System

In 2014 the Committee reviewed the results of the audits undertaken by Internal Auditors, M/S Liyanage & Co., Chartered Accountants. The Internal Auditor (for the year 2014), considered the adequacy of management's response to the matters raised, including the implementation of any recommendations made.

Compliance

The Audit Committee assisted the Board in ensuring compliance with the statutory provisions prior to publication of timely and reliable financial reports, which were also in line with the requirements of Sri Lanka Accounting Standards, Companies ACT no. 7 of 2007, Guidelines of Department of Public Enterprises, Ministry of State Resources & Enterprise Development, Department of Inland Revenue, Employees Provident fund, Employees Trust Fund, NPA Guidelines and Government Circulars issued from time to time.

On behalf of the Committee,

Namal Bandara
Member of the Audit Committee
10th June 2018

Eric Illayapparchchi
Member of the Audit Committee

FIVE YEAR SUMMARY OF THE FINANCIAL HIGHLIGHTS YEAR ENDED 31ST DECEMBER

	2017 Rs.	2016 Rs.	2015 Rs.	2014 Rs.	2013 Rs.
Revenue	334,330,049	257,567,095	219,215,292	221,854,391	206,268,365
Cost of sales	(164,351,617)	(121,547,124)	(115,416,329)	(106,970,257)	(107,704,481)
Gross profit	169,978,432	136,019,971	103,798,964	114,884,134	98,563,884
Other operating income	28,576,511	19,875,872	12,742,890	13,033,187	20,221,718
	198,554,944	155,895,543	116,541,854	127,917,321	118,785,602
Selling & Distribution expenses	(1,379,430)	(74,207)	(1,183,475)	(3,567,684)	(3,307,057)
Administration & Establishment exp.	(97,143,590)	(93,983,932)	(96,403,296)	(86,485,347)	(78,206,145)
Finance expenses	(132,586)	(134,915)	(750,671)	(1,487,825)	(110,369)
Profit before tax	99,899,337	61,029,489	18,204,412	36,376,465	37,162,031
Taxation	(25,405,403)	(11,242,218)	(8,907,040)	(8,756,056)	(6,099,832)
Net profit for the period	74,493,934	49,787,271	9,297,372	27,620,409	31,062,199
Dividend to Shareholder	11,000,000	7,000,000	1,300,000	4,500,000	4,500,000
ASSETS					
NON CURRENT ASSETS					
Property plant & Equipment	295,358,631	291,162,747	302,704,501	287,316,120	301,236,277
Work in Progress	7,705,010	6,006,192	6,043,702	12,552,394	987,330
Current Assets	378,048,948	298,183,249	234,487,883	218,556,302	195,336,180
Total Assets	681,112,590	595,352,188	543,236,126	518,424,816	497,559,787
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Stated capital	40,000,000	108,500,000	108,500,000	108,500,000	108,500,000
Retained profit	529,697,079	464,899,318	344,501,031	337,228,517	314,821,361
Shareholder's fund	569,697,079	504,899,318	453,001,031	445,728,517	423,321,361
Non-current liabilities	51,205,107	45,440,962	46,771,152	38,223,406	36,737,889
Current liabilities	60,210,404	45,011,908	43,463,943	34,462,893	37,500,537
Total equity and liabilities	681,112,590	595,352,188	543,236,126	518,424,816	497,559,787

NOTICE OF THE MEETING

Notice is hereby given that the 27th Annual General Meeting of the Company will be held on 28th March 2022 at 2.00 p.m. at the Head Office of the Paranthan Chemicals Company Ltd., at 446, Galle Road, Rathmalana.

Agenda

1. To receive and adopt the Annual Report of the Directors and Financial Statements for the year ended 31st December 2017, together with the Report of the Auditors thereon.
2. To declare a Dividend as recommended by the Directors.
3. To re-elect two Directors who retire in terms of Articles 87 & 88 of the Articles of Association of the Company.

By order of the Board

H.L. Vipula Silva
Secretary
03rd March 2022

Notes:

1. A member is entitled to attend and vote at the meeting and is also entitle to appoint a person to attend and vote on his behalf.
2. A proxy need not be a member of the Company.
3. A form of proxy accompanies this report.