Ministry of State Resources and Enterprise Development

PARANTHAN CHEMICALS COMPANY LIMITED

ANNUAL REPORT
2012

Contents

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.

Chairman and Board of Directors-2013
Paranthan Chemicals Company Ltd.
Ministry of State Resources and Enterprise Development

Left To Right
Mr.B.G. Gunawardana (Director), Mr. Mayalagu Shashikaran(Director), Mr. H.M.R. Kiriella(Director), Mr. H.A.N.S Kumara(Director), Dr. D.J.U Purasingha(Chairman), Mr. Ananda Jayasiri Gamage (Executive Director),Mr.D.Swarnapala(Ministry Observer) Mr. Ahijith Wishwamithra(Director), Mr.H.L.Vipula Silva (Board Secretary)

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 presents, the Company imports liquid Chorine in 900 Kg cylinders and refill in to 68 Kg cylinders at the refilling unit of the Company and Supply to certain centres 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 January 17th 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.

The 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 15. 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 is used for refilling Chlorine and related activities. The total employment of the Company is 67. 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 relevant to PCCL perceptions is estimated to Rs 1.3 billion per annum. Presently the total contribution of the Company to the overall chemical Industry is expected to be increased enabling the PCCL to become a major player during the period of next five years.

The PCCL 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 2013-2016.

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 PCCL by the Memorandum and Articles of Association.
Date of Incorporation	:	Established in 1957. Re-incorporated in 17th January 1991.
Address Head Office	:	100/25, Sri Ramanathan Mawatha, Colombo 13, Sri Lanka
Industrial Unit	:	Fulertarn Estate, Kalutara
Telephone - Head Office	:	+94 11 2437555-6-7; +94 11 2437831; +94 11 2387109; +94 11 2437829
Telephone – Factory	:	+94 34 2289976
Fax	:	+94 11 2437555
Email	:	pccltd@sltnet.lk
Website	:	www.paranthanchemicals.lk
Principal Bankers	:	People's Bank, Bank of Ceylon, Hatton National Bank and Sampath Bank
Statutory Auditors	:	Hemachandra & Co. Chartered Accountants
Chairman & Board Member	:	Dr. D.J.U. Purasinghe
Executive Director	:	Mr.Ananda Jayasri Gamage
Board of Directors	:	• Dr. D.J.U. Purasinghe • Mr.Ananda Jayasri Gamage • Mr. H.M.R. Kiriella • Mr. Mayalagu Shashikaran • Mr. H. A. N. S. Kumara • Mr. B. G. Gunawardana • Mr. J. D.A. Wishwamithra • Mr.D.M.P.A.Dassanayaka - Retied Date 24.06.2013 • Mr.G.Sarath Kumara - Retied Date 17.09.2013
Secretary to the Board	:	Mr.H L Vipula Silva
Principal Officers	:	• General Manager – Mr. S. Anura Siriwardhana • Deputy General Manager – Mrs. W.D. Keerthilatha • Deputy General Manager - (Marketing) – Mr. D.M.T.S. Dissanayake • Assistant General Manager - (Engineering) – Mr. Tissa Liyanage • Assistant General Manager - (Supplies) – Mrs. W.S.K. Widyasekara • Assistant General Manager - (Finance) – Mr. K.R.K. Jayaweera
Internal Auditor	:	Liyanage & Co. Chartered Accountants (Appointed on 1st April 2012) ThilakJayathilake & Co. Chartered Accountants (Continued until 31st March 2012)

Senior Management Team of the Company - 2013

Chairman, Board of Directors and the Senior Management -2013
Paranthan Chemicals Company Ltd.
Ministry of State Resources and Enterprise Development

1st Row

Mr.B.G. Gunawardana (Director), Mr. Mayalagu Shashikaran(Director), Mr. H.M.R. Kiriella(Director),Mr. H.A.N.S Kumara (Director), Dr. D.J.U Purasingha(Chairman), Mr. Ananda Jayasiri Gamage (Executive Director),Mr.D.Swarnapala(Ministry Observer) Mr. Ahijith Wishwamithra(Director), Mr.H.L.Vipula Silva (Board Secretary)

2nd Row

Mr.D.M.T. Dissanayake(Dy.General Manager Marketing),Mr. Tissa Liyanage(Dy.General Manager Engineering), Mrs W.D. Keerthilatha(Dy.General Manager),Mr.Anura Siriwardane (General Manager),Mrs W.S. Waidyasekara(Asst.General Manager Supplies), Mr. K.R.K. Jayaweera (Asst.General Manager Finance)

Senior Management Team and the Staff – Head Office 2012

Paranthan Chemicals Company Ltd.
Chairman & the Head Office Staff - 2013
Ministry of State Resources and Enterprise Development

Left To Right

First Row
Mr.T.Liyanage,Mrs.W.S.K Waidyasekara,Mr.D.M.T.S Dissanayka,Mr.A.J.Gamage,Mr.D.J.U. Purasinghe,Mr.S.Anura Siriwardhana,Mrs.W.D.Keerthilatha,Mr.K.R.K. Jayaweera.

Second Row
Mr.P.D. Nuwan,Mrs.K.P.D. Perera,Mrs.Dulcy Lokuwithana,Mrs.K.S.Samarasinghe,Mrs.H.D.R.Y.Hewadewa,Mr.S.N.K Gunasekara,Mr.W.Nihal,MrL.D.R.D.Gokula,Mr.A.D.J Kadramer,Mrs.M.D.P Karunanayaka,Miss.B.Thavarajah,Mrs.P.I.Gunaratne.

Third Row
Mrs.K.L.D.S Subodini,Miss.N.Uresha Dilhani,Miss.K.K.D.Ruwandika,Mr.K.Ravikanth,Mr.T.S.Nalinda De Silva,Mr.A.S.Niroshan,Mr. S.D.Pathinayke,Mr.E.S.V.Nilanpriaya, Mr.K.N.Sanejeewa,Mr.L.D.G.P.Sampath,Miss.D.V.M.S. Samerasinghe,Miss.N.M.Fernando,Miss.C.K.O.Vidushika.

Forth Row
Mr.R.M.Siripala,Mrs.C.Manogarammal,Mr.k.k.Sunil,Mr.M.S.N.Kumara Silva,Mr.H.D.Ekanayake,Mr.P.D.A.Priyashantha,Mr.Antony fernando,Mr.R.P.D,Pushpakumara,Mr.C.Weerasekara,Mr.H.D.N.H.Siriwardana,Mr.H.A.N.D.Weerwsekara, Mr.J.A.J.Perera,Mr.P.D.Pradeep,Mr.S.R.A.K.Sugath.

VISION & MISSION STATEMENTS AND GOALS AND OBJECTIVES

Vision

To be the leader of chemical manufacturing and trading activities of the country with the state sponsorship enabling to impose and ensure role of market leader and regularity powers in the future.

Mission

To market chemicals for conservation of the limited water resources to the nation with purified water while engaging the marketing activities of Caustic Soda and Hydrochloric Acid and Related Chemicals to ensure price mechanism and quality expectations.

Goals

The Company has identified five goals to be achieved by the year 2015 and the goals are listed below.

- To become the major market player of chemical market in Sri Lanka.
- To overcome the shortage of physical resources of the company.
- To Improve and ensure employee satisfaction and obtain dedicated service to the company.
- To move into local production status of chemicals in Sri Lanka including reactivating Paranthan Chemicals Factory.
- To reactivate saltern at Elephant-Pass, as salt being the main source of raw materials for manufacturing liquid chlorine.
- To design and develop a mechanism into new business ventures in the Chemical Industry enabling to expand the activities of the Company by 2015.

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 Dichloro – Diphenyl Trichoroethane (D.D.T.) 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, Zine 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, drysalters, oil and colour men, importers, exporters and manufactures of and dealers in plastics, synthetic and other fibers, 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, 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, photographical, 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.

CHAIRMAN'S REVIEW

WELCOME ADDRESS

It is my privilege to welcome the Members and Stakeholders for the 22^{nd} Annual General Meeting of the Company, the Proxy to the Secretary to the Treasury, the sole shareholder of the Company. I am also pleased to present the Annual Report and the Audited Financial Statements of the Company for the Financial Year ended 31^{st} December 2012.

ECONOMIC REVIEW

The Annual Report for the year 2012 has provided vital information on activities endeavours by the Company and an overview of the business in Company portfolio also the development activities taken place.

The year under review could be described as a year when Sri Lanka enjoyed the 3^{rd} year of peace dividend after nearly 30 years of internal conflict and costly insurrection. The Company is once again an oasis of peace in a turbulent world renewing hope and aspiration thus reawakening the nation encompassing all communication.

Consequently, the year 2012 witnessed the growth of the economy by 7.8% which is perhaps the highest growth rate achieved during the last two decades. The key sectors of the Economy, contributed to this growth are mainly the development of agriculture and industrial sectors, coupled with infrastructure development and promotional activities on service divisions.

The expansion of the Colombo Fort, the development of Hambantota Harbour, Mattala International Air Port, rehabilitation of highways and railway network, implementation of the Colombo-Galle Highway and Katunayake Expressway are some of the momentum held the economy to achieve this status. The Global market conditions were favourable to Tea, Rubber and Coconut Sectors and prices recorded were historic for Sri Lanka made garments. The stability of the country and the peace achieved also had a very positive impact on tourism and expansion of communication sector.

As a result of economic development and improvements to the local industry, the Company too is benefited and maintained a favourable development process. The Company was able to enhance its turn over owing to expansion of water purification centres in Northern Sri Lanka and capacity development of small industrialist. The Company has to encounter certain difficulties, owing to the devaluation of rupee and increase of import cost of chemicals.

COMPANY HIGHLIGHTS

The financial performance of the year, 2012 under review is impressive and highly satisfactory when compared to the previous year. Net profit after taxation of the Company is Rs. 37.325 Mn. which is 13.2% increase from the year previous year. The earnings per share have also increased from Rs. 8.24 to Rs. 9.33 which is 13.2% increase.

The year 2012 even though the Company was able to maintain profitable status, several challenges have to be encountered. As a result of Chlorine leak taken place on 20^{th} April 2012, the refilling station at Kalutara industrial estate had to be closed down. The Company has to face the resistance by the local people and politicians and as a result the refilling activities had to be shifted to Horana and given away to a Contractor. These operations cost the Company additional Rs. 5.8 Mn. The attempts by the Company in the year 2012, to reset the operations in a government or private land had failed. H.E. the President has been appraised in this regard.

The attempts by the Company to reset several other productions, in addition to Chlorine at the Kalutara location had failed owing to public resistance. Due to limitation of premises, same activities could not be undertaken at the contractor's premises at Horana. Had these attempts were succeeded the company would have made additional income and as a result of failure, the impact will be on activities of 2013 as well.

The Company has now undertaken the responsibility to stream light the procedure from the importation of Chlorine, transportation, storage, refilling, delivering to customers, customer's storage facility having taken into consideration, the risk factors in dealing with Chlorine. Precautionary measures have been taken in 2013 in compliance with International Standards in usage of Chlorine. The profitability of the Company could be affected owing to this reason in 2013.

The principal source of income of the Company is from trading activities mainly from liquid chlorine, caustic soda and hydrochloric acid. The initial plans have been made to find a suitable plant and set up in Paranthan. The company will be able to explore the exports market with chemical such as, Ammonia, Sulphuric Acid in the future.

The launch of new chemicals had been planned during the 2nd quarter of the year 2012 and that had to be postponed due to the recent chlorine leak happened at Kalutara site and that has caused serious impact on the Company operation. The Company has searched for an alternative location for refilling of chlorine with a view to ensure uninterrupted supply of Chlorine to National Water Supply and Drainage Board and other valuable customers. The temporary refilling arrangement has been made on outsourcing basis at Horana to fulfil their requirement.

The Company has sustained an approximate financial loss of Rs. 5.8 Mln. due to the chlorine leakage incident which resulted in changing logistics.

BOARD OF DIRECTORS

As at 31st December 2012, Board of Directors comprised six directors including Treasury Representative. The changes of the Board of Directors during the year under review have been given in detail in the report of Board of Directors. I have received the utmost support from my Co-Directors to achieve satisfactory results during the year.

FINANCIAL PERFORMANCE

The audited accounts of the Company for the year under review, reveals Rs. 32.015 Mn. as net profit before tax, by the Company. After provision for taxation, the net profit for the year works out to Rs. 37.325 Mn. This year too trading activities were confined to the import and sale of Liquid Chlorine, Caustic Soda and Hydrochloric Acid.

DEVELOPMENT ACTIVITIES AT THE PROPOSED PARANTHAN FACTORY PREMISES

The factory at Paranthan was established in 1954 as Government factory later converted as Paranthan Chemicals Corporation in 1957. Due to the terrorist activities started in 1983 the Paranthan factory was closed down from the year 1985 and as a result of that the Company used to engage in importing and trading Activities for the fulfilment of the country requirement of Liquid Chlorine, Caustic Soda and Hydrochloric Acid. Additionally, Zinc Chloride, Ferric Chloride and table salt were manufactured as by-products.

According to the "Mahinda Chinthana Vision for the Future" by His Excellency the President Mahinda Rajapakse has clearly stated that action would be taken to re-establish the chemical factory at Paranthan. Making a reality of the vision of His Excellency the President, the company has taken appropriate measures to reach anticipated development objectives.

The Project for development has been estimated approximately Rs. 3.0 Bln. A discussion was held at the Ministry of Finance and Planning in this regard. At the discussion it was revealed that Government funding is not possible and possibility of finding a funding agency locally or overseas. Feasibility study of these processes is being carried out at present.

The main raw material requirement for chemical industry is considered salt. Without Elephant Pass Saltern reactivated, finding salt as raw material is an issue. Setting up of the Paranthan factory has delayed due to non-availability of Elephant Pass saltern.

An army camp has been set up at Paranthan factory premises and there were several land encroachment by outsiders were observed. The military is notified about the illegal occupation. As a result of the delaying re-establishment of saltern at Elephant Pass, the Company has taken a decision to setup a project for manufacturing of bleaching powder by using lime (chalk) and liquid Chlorine. The cost estimation for this project is approx. Rs. 90 Mln.

In addition to the bleaching powder project, the Company has made arrangements to re-setup the re-filling unit in a Company owned land under the management of the Company. The proposed unit will be set up in compliance with International Safety Standards. The Company has a container lorry (10 wheel) for transportation of import and export cargo of the Company. This service has been outsourced earlier.

FUTURE OF THE COMPANY

The Company has shown a remarkable progress in the year 2012 and it is expected the similar progress will be continued in 2013 as well amidst of unforeseen factors.

It is hopeful that the future prospect of the company is brighter as year by year. The company is showing signs of significant growth as well as an excellent performance in the current financial year.

AUDIT OPINION

The opinion of the auditors on financial statements is that, so far as appears from their examination, the Company has maintained proper accounting records for the year ended 31st December 2012 and the financial statements give true and fair view of the Company's state of affairs as at 31st December 2012 and its profit and cash flow for the year then ended in accordance with Sri Lanka Financial Reporting Standards.

REPORT ON OTHER LEGAL REGULATORY REQUIREMENTS

The auditors are of opinion that the financial statements for 2012 also comply with requirements of section 151 of the Companies Act 7 of 2007.

ACKNOWLEDGEMENT

I wish to express my deep gratitude to the Hon. Minister, Deputy Minister, Secretary to the Ministry and the staff of the Ministry of State Resources and Enterprise Development 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 to the External Auditors Hemachandra & Co. and Internal Auditor K. Liyanage & Co. for their services. My gratitude also due to, my fellow Directors and to the Senior Management, Staff and all employees of the company for their hard work and devoted service which enabled the company to ensure uninterrupted continuity.

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 looking forward for their undivided support and services in the year 2013 as well.

Dr. D.J.U. Purasinghe
Chairman
Paranthan Chemicals Company Limited.

1st November 2013

GENERAL MANAGER'S REVIEW

The main activities of the Company and revenue sources during the year 2012 are confined to sale of liquid Chlorine, Caustic Soda and Hydraulic Acid.

The Results of the year under review was very satisfactory compared to the previous year. Net profit after taxation of the Company is Rs. 37.32 million which is 13.2% increase from the previous year. The earnings per share have also increased from Rs. 8.24 to Rs. 9.33 accordingly. 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, the sales target could not be achieved. The market competition and price competition has been the main reason for the said back.

Even though the Company had plan to market bleaching liquid, powder and Ammonia in the year 2012 due to the Chlorine leakage incident taken place on 20th April 2012, the manufacture of these chemicals could not be done. Therefore, expected targets could not be achieved. 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. It is expected to re-establish Company owned unit for refilling Chlorine and other activities and as a result to increase the production.

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 and implemented up to certain extend. Opinions from experts on this subject have been obtained in addition to field visits made to similar industries in foreign countries. This includes speciality training given for the chemical engineer.

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 a public liability insurance cover for Rs. 25 Mln. for the benefit of occupants residing closer to refilling units at Horana and Kalutara. However, there are practical issues encountered in this regard owing to the fact that refilling is carried out by a contractor. Training programme has been conducted on usage of Chlorine for Company employees and employees of Water Board attached to Baticaloa, Puttlam, Kurunegala and Trincomalee districts. An exhibition stall was arranged at Deyata Kirula exhibition held at Oyamaduwa in 2012.

FINANCE DIVISION

The Finance Division of the Company consists of an Assistant general manager, two executives and seven 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 2012.

MARKETING DIVISION

The sales and the distribution activities of the Company are handled by the marketing division. The division is supervised by a Deputy General Manager and assisted by three management assistant grade employees. The Division mainly markets liquid Chlorine, Caustic Soda and Hydro Choric Acid to the local market. The products demand with the customers is properly analyzed 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 an AGM and one executive and three 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 22 employees. The division is headed by a Deputy General Manager and assisted by four executives, five Management Assistant and 12 M&O 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.

RE-FILLING UNIT AT KALUTHARA &OUTSOURCED REFILLING FACILITY AT HORANA

Refilling unit Kaluthara consist of a Deputy General Manager (Engineering), Chemical Engineer, one executives, six management assistants and fourteen manual and operational grade employees. During the year 2012, the unit performed very satisfactorily.

But after the Chlorine leakage accident, which took place on 20th April 2012, the facility of refilling has been shifted to Horana on outsourced basis. New location for the same facility is now being searched for with more logistic facilities.

S. AnuraSiriwardena
General Manager
Paranthan Chemicals Company Limited

1st November 2013

Kalutara Complex

Paranthan Chemicals Company Ltd.
Kalutara & Horana Unit Staff - 2013

Left To Right

First Row
Mrs.H.D.R.Y.Hewadewa,Mr.T.Liyanage,Mr.L.D.R.D.Gokula.

Second Row
Mrs.M.D.S.Ajantha,Mrs.R.A.Abesinghe.Mr.G.R.Dammika,Mr.E.A.M.J.Edirisinghe,Mr.H.A.Wimalasena,Mr.P.V.Sachith salinda,Mr.H.B.Piyasiri,Mr.S.A.K.Kumara.

Third Row
Mr.A.V.Keerthi Priyadewa,Mr.G.R.Weerasena,Mr.P.N.wijekulasuriya,MR.M.Moramudali,Mr.K.K.Vishvajith,Mr.W.D.Jagath Kumara,
Mr.B.K.Chaminda,Mr.R.W.Kumara,Mr.D.A.P.S.Bandara,Mr.H.T.G.K.Wikramasuriya,Mr.Premalal Silva.Mr.D.Patison.

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER 2012

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 2012.

INTRODUCTION

Paranthan Chemicals Company Limited was incorporated on 17.01.1991 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

Current Board of Directors of the company consists of the following: Messrs.

1. Dr. D.J.U. Purasinghe – Chairman and Director (Executive)
2. Mr. Ananda Jayasiri Gamage – Executive Director
3. Mr. H.M.R. Kiriella – Non Executive Director
4. Mr. Mayalagu Shashikaran – Non Executive Director
5. Mr. H.A.N.S. Kumara – Non Executive Director (Appointed w.e.f 17/09/2013)
6. Mr. B.G. Gunawardana – Non Executive Director (Appointed w.e.f 24/06/2013)
7. Mr. J.D.A. Wishwamithra - Non Executive Director (Appointed w.e.f 24/06/2013)

The Board comprises of Six Directors out of whom four are Non-Executive Directors.

Non-executive directors Mr. D.M.P.A. Dasanayake retired from directorship with effect from 24/06/2013 and, Non-executive director Mr. G. Sarath Kumara (The treasury representative) retired from directorship with effect from 17/09/2013.

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 2012, 11 meetings of board were held.

Board Meeting attendance - 2012

Name of Director	**No. of Meeting Attended**
Dr. D.J.U. Purasinghe (Chairman & Director - Executive)	11
Mr.Ananda Jayasiri Gamage (Executive)	10
Mr. H.M.R. Kiriella (Non Executive)	11
Mr. D.M.P.A. Dassanayake (Non Executive)	11
Mr.G Sarath Kumara (Non Executive)	11
Mr. Mayalagu Shashikaran (Non Executive)	10

DIRECTORS INTERESTS IN CONTRACTS

Dr. D.J.U. Purasinghe, Mr. A.J. Gamage, Mr. H.M.R. Kiriella, Mr. D.M.P.A. Dassanayake, Mr. G. Sarath Kumara, Mr. M. Shashikaran were functioned as Directors of the Company during the year 2012. They have confirmed that they 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 Hemachandra & Company, 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 2012 sets out their responsibilities in relation to the Financial Statements.

INTERESTS REGISTER

The Interests Register was introduced during the year 2011 and continued in 2012 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 2012 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 35.

PAYMENT OF DIVIDEND

The Company paid dividend of Rs. 3.00 Mln. for the year 2011.

PROPOSED FINAL DIVIDEND

The Dividend proposed for the accounting year for 2012 is Rs. 3.00 Mln.

AUDITOR

The Auditor of the Company during the year under review was M/S Hemachandra & Company, Chartered Accountants. A provision of Rs. 66,300.00 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 29 to 38.

FUTURE FORECAST

The immediate plan of the company is to recommencing our chlorine factory at Paranthan making a reality of “Mahinda Chinthana” vision for future endeavours.

AUDIT COMMITTEE

The Audit Committee comprise 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,

Mayalagu Shashikaran
Director

H.M.R. Kiriella
Director

1st November 2013

Refilling activities, Cleaning and Industrial Safety at the Centre of Activities of the Company 2012

CURRENT PERFORMANCE, MID-TERM STRATEGIES AND PROPOSED ACTIVITY PLAN FOR ENHANCING OPERATIONS IN 2013 AND 2014

The Corporation has planned for a sales target of Rs. 273.00 Mln. and estimated profit after tax - Rs. 32.44 Mln. for 2013. It is planned that annual sales of Chlorine are increased and sale of Caustic Soda and Hydrochloric acid based on a proper plan which is competitive with others in the market. The Company has also planned to increase the sales of Caustic Soda and Hydrochloric acid at a low cost and increase the sales.

The requirement of bleaching powder hitherto, is imported. It is planned that the requirement of bleaching powder be available locally for which a factory for bleaching powder is to be commenced in 2014. With this plan, the Company intends to enhance the sales income of Rs. 120.0 Mln. from sale of bleaching powder. It is also planed that a project office will be setup at Paranthan premises with this proposal. This will facilitate to continue with proposed factories for Caustic Soda and Chlorine at Paranthan.

It is planned to carry out the activities in respect of refilling process of Chlorine which is carried out by a contractor presently, at a cost of approximately Rs. 6.7 Mln. by the Company in 2014. If this proposal is implemented, the additional expenditure will be saved in 2014.

The Company is pursuing the appropriate authorities to commence and re-activate the saltern at Elephant Pass. The Company wishes that this process will be carried out as a part of Company's operation and required planning for this is being made at present.

The head office of the Company is situated at No. 100/25 at Sri Ramanathan Mawatha, Colombo 13, which premise is belongs to the Ports Authority. The Ports Authority has requested the return of the land and building. This building is in dilapidated condition and needs essential repairs. Further, the premises are not adequate for the current staff. It is planned to consider shifting the office premises to a suitable location during the year 2014.

STATEMENT ON DIRECTORS' RESPONSIBILITY

Statement of 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 and Group's Financial Statements.

The Directors are equally responsible to maintain 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 confirm compliance in preparing Company's Financial Statements, which are based on :

- Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka.
- Appropriate accounting policies 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 and accounting records for safeguarding assets and the Company's External Auditors Messrs Hemachandra & Company appointed in accordance with the Resolution passed at the last Annual General Meeting were provided with free access to undertake required inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The report of the Auditors, given on the following page, sets out their responsibilities in relation to the Financial Statements.

....
Managing Director
26th November 2013.

H.P.E.R.S. HEMACHANDRA FCA
HEMACHANDRA & COMPANY
Chartered Accountants.

11, Wijayaba Mawatha,
Nawala Road, Nugegoda,
Sri Lanka.
Tel: +94 11 2827308 / 2829797
Fax : +94 11 2812803
E-mail : hemaco@sltnet.lk

AUDITOR'S REPORT TO THE SHARE HOLDERS OF PARANTHAN CHEMICALS COMPANY LIMITED.

Report on the Financial Statements

We have audited the accompanying Financial Statement of Paranthan Chemicals Company Limited. which Comprises the Statement of Financial Position as at 31st December 2012 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flow for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management Responsibility for the Financial Statements

Management is responsible for the preparation and a fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation & fair presentation of Financial Statements that are free from material misstatements whether due to fraud or error, selecting & applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Scope of Audit & Basis of Opinion

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the Sri Lanka Auditing Standards. These standards require that we plan & perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatements.

An Audit includes examining, on a test basis evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall Financial Statement presentation.

We have obtained all the information and explanations which to the best of our knowledge & belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Company has maintained proper accounting records for the year ended 31st December 2012 and the Financial Statement give true and fair view of the Company's state of affairs as at 31st December 2012 and its Profit and Cash Flow for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

These Financial Statements also comply with requirements of section 151 of the Company Act. No. 07 of 2007.

....
HEMACHANDRA & COMPANY
Chartered Accountants
26th November 2013.

HEMACHANDRA & Co.
Chartered Accountants
NUGEGODA

PARANTHAN CHEMICALS COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31st December' 2012

	Notes	2012 Rs.	2011 Rs.
Revenue	**1**	217,294,221	186,898,881
Less : Cost of Sales	**2**	(125,823,189)	(98,658,356)
Gross Profit		91,471,032	88,240,525
Other Operating Income	**3**	15,633,150	5,666,039
		107,104,182	93,906,564
Expenses			
Selling & Distribution Expenses		(2,554,403)	(2,757,642)
Administrative & Establishment Expenses		(72,438,138)	(63,301,162)
		(74,992,541)	(66,058,804)
Profit / (Loss) from Operating Activities		32,111,641	27,847,760
Less : Finance Costs	**4**	(95,792)	(136,125)
Net Profit / (Loss) before Taxation		32,015,849	27,711,635
Less : Taxation	**5**	5,309,622	5,260,991
Net Profit / (Loss) after Taxation		37,325,471	32,972,626
Other Comprehensive Income			
Revaluation gain/(loss) on PPE		-	-
Net gain/(loss) on Available-For-Sale Financial Assets		-	-
Actuarial Gain/(Loss) on Defined Benefit Plans		-	-
Income Tax on Other Comprehensive Income		-	-
Other Comprehensive Income for the year Net of Tax		-	-
Total Comprehensive Income for the year Net of Tax		37,325,471	32,972,626
Earnings per Share	**6**	9.33	8.24
Dividend per Share	**7**	0.75	0.75

PARANTHAN CHEMICALS COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31st December'

ASSETS	**Notes**	**2012**	**2011**	**2010**
Non-Current Assets		**Rs.**	**Rs.**	**Rs.**
Property, Plant & Equipment	**8**	273,854,360	275,366,807	284,545,208
Work-in-Progress		744,330	744,330	1,319,330
		274,598,690	276,111,137	285,864,538
Current Assets				
Inventories		16,998,263	24,750,631	23,691,745
Trade & Other Receivables		21,023,183	18,541,658	13,875,495
Staff & Other Debtors		14,192,636	12,213,083	23,353,374
Deposits, Prepayments & Advances		6,527,791	3,750,809	3,811,202
Short Term Investments	**9**	133,378,267	58,604,510	69,391,255
Cash and Cash Equivalents		1,135,033	48,257,323	5,505,623
Total Current Assets		193,255,174	166,118,014	139,628,694
Total Assets		467,853,863	442,229,150	425,493,232
EQUITY & LIABILITIES				
Capital & Reserves				
Stated Capital	**10**	108,500,000	108,500,000	108,500,000
Retained Profits		67,963,672	33,638,201	2,676,770
Other Component of Equity	**11**	220,795,490	220,795,490	220,795,490
		397,259,162	362,933,691	331,972,260
Non Current Liabilities				
Retirement Benefit Obligation	**12**	6,286,406	6,340,393	5,241,611
Differed Tax	**13**	32,029,950	44,361,740	58,717,596
		38,316,356	50,702,133	63,959,207
Current Liabilities				
Trade Creditors & Other Payables		32,278,345	28,593,326	29,561,765
Total Current Liabilities		32,278,345	28,593,326	29,561,765
Total Equity & Liabilities		467,853,863	442,229,150	425,493,232

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 29 to 46, form an integral part of these Financial Statements.

PARANTHAN CHEMICALS COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31st December' 2012

	Stated Capital	Capital & Reserves	Other Components of Equity	Accumulated Profit / (Loss)	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01st January 2010	40,000,000.00	68,500,000.00	-	54,976,734.33	163,476,734.33
Changes in Accounting Polices					
Restated Balance as at 01st January 2010	40,000,000.00	68,500,000.00	-	54,976,734.33	163,476,734.33
Restated Balance as at 01st January 2010	40,000,000.00	68,500,000.00	-	54,976,734.33	163,476,734.33
Other Comprehensive Income					
Revaluation Reserve	-	-	220,795,490.02	-	220,795,490.02
SLFRS Adjustment	-	-	-	(57,717,978.57)	(57,717,978.57)
Dividend Paid	-	-	-	(3,000,000.00)	(3,000,000.00)
Interim Dividend Paid for 2010	-	-	-	(1,000,000.00)	(1,000,000.00)
Net Profit / (Loss) for the Year	-	-	-	9,418,013.93	9,418,013.93
Balance as at 31st December 2010	40,000,000.00	68,500,000.00	220,795,490.02	2,676,769.69	331,972,259.71
Other Comprehensive Income	-	-	-	-	-
					-
SLFRS Adjustment	-	-	-	(11,195.00)	(11,195.00)
Dividend Paid	-	-	-	(2,000,000.00)	(2,000,000.00)
Net Profit / (Loss) for the Year	-	-	-	32,972,625.98	32,972,625.98
Restated Balance as at 31st December 2011	40,000,000.00	68,500,000.00	220,795,490.02	33,638,200.67	362,933,690.69
Other Comprehensive Income	-	-	-	-	-
Dividend Paid	-	-	-	(3,000,000.00)	(3,000,000.00)
Net Profit / (Loss) for the Year	-	-	-	37,325,471.46	37,325,471.46
Restated Balance as at 31st December 2012	40,000,000.00	68,500,000.00	220,795,490.02	67,963,672.13	397,259,162.15

PARANTHAN CHEMICALS COMPANY LIMITED

STATEMENT OF CASH FLOW

For the Year Ended 31st December' 2012

		2012	2011
		Rs.	**Rs.**
Net Profit /(Loss) Before Taxation	**Note A**	18,080,354	22,864,407
Adjustment For;			
Depreciation		14,059,720	13,848,797
(Profit) / Loss on Sale of Fixed Assets		(40,750)	(32,150)
Provision for Gratuity		838,395	1,535,035
Staff Loan Interest expenses		731,345	576,533
Operating Profit before Working Capital Changes		33,669,064	38,792,622
(Increase) / Decrease in Inventories		7,752,368	(1,058,886)
(Increase) / Decrease in Trade & Other Receivables		(2,481,525)	(4,666,163)
(Increase) / Decrease in Staff & Other Debtors		(1,979,553)	11,140,291
(Increase) / Decrease in Deposits, Prepayments & Advances		(2,776,982)	60,393
Increase / (Decrease) in Trade & Other Payables		4,014,140	(544,630)
Cash Generated From Operations		4,528,448	4,931,005
Cash Generated From Operating Activities		38,197,512	43,723,627
Income Tax Paid		(7,351,290)	(9,357,830)
Gratuity Paid		(892,382)	(436,253)
Cash folw from / (Used in) Operating Activities		29,953,840	33,929,544
Cash flow from/(Used in) Investing Activities			
Interest Income		13,204,150	4,553,470
Purchase of Property, Plant & Equipment		(12,551,084)	(3,805,879)
Proceeds from Sale of Property, Plant & Equipment		44,561	32,150
Capital Work-in-Progress		-	(744,330)
Cash flow from/(Used in) Investing Activities		697,627	35,411
Cash flow from/(Used in) Financing Activities			
Dividends Paid		(3,000,000)	(2,000,000)
Cash flow from/(Used in) Investing Activities		(3,000,000)	(2,000,000)
Net Increase/(Decrease) in Cash & Cash Equivalents		27,651,467	31,964,955
Cash & Cash Equivalents at the beginning of the year		106,861,833	74,896,878
Cash & Cash Equivalents at the end of the year	**Note B**	134,513,300	106,861,833

Note A

Net Profit Before Interest & Taxation	**2012**	**2011**
	Rs.	**Rs.**
Net Profit after Interest before Taxation	32,015,849	27,711,635
Adjustments: Interest Income	(13,935,495)	(4,847,228)
Net Profit before Interest & Taxation	18,080,354	22,864,407

Note B

Cash & Cash Equivalents Balance at the end of the Year is made up of.	**2012**	**2011**
	Rs.	**Rs.**
Fixed Deposits - Bank of Ceylon	25,000,000	-
Call Deposits - Sampath Bank	-	14,962,814
Fixed Deposits - Hatton National Bank Ltd.	3,171,657	3,000,000
- Hatton National Bank Ltd.	3,975,997	3,588,965
Re-purchase Agreements - People's Bank	20,256,289	18,647,915
- People's Bank	4,026,315	3,723,631
- People's Bank	2,074,927	1,877,343
- People's Bank - Overnight	32,600,000	-
Fixed Deposits - People's Bank	6,094,433	5,500,000
- People's Bank	7,275,074	6,608,491
- People's Bank	26,665,810	-
Interest Receivables on Call,Fixed Deposits & Repurchase Agreements	2,237,765	695,351
	133,378,267	58,604,510
People's Bank - Corporate Branch	10,017	45,093,974
Hatton National Bank	1,073,683	131,943
Sampath Bank	944	3,012,935
Petty Cash - Head Office	46,233	10,372
Petty Cash - Kalutara	2,656	6,949
Postage Imprest	1,500	1,150
	1,135,033	48,257,323
	134,513,300	106,861,833

PARANTHAN CHEMICALS COMPANY LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2012

COMPARATIVE RATIOS	**2012**	**2011**	**2010**	**2009**	**2008**
Gross Profit Ratio	42.10%	47.21%	41.09%	41.49%	41.84%
Stock Turnover Ratio	6.02Times	4.07 Times	4.14Times	4.28Times	4.23Times
Debtors to Turnover	9.1%	8.61%	8.44%	8.83%	6.68%
Current Ratio	5.98:1	5.81:1	4.73:1	6.71:1	5.56:1
Quick Assets Ratio	5.46:1	4.94:1	3.93:1	4.63:1	3.95:1
Earnings Per Share	Rs. 9.33	Rs. 8.24	Rs. 2.39	Rs.3.62	Rs.7.12
Total Expenses to Turnover	34.55%	33.01%	32.86%	28.97%	24.82%
Dividend Per Share	Rs. 0.75	Rs.0.75	Rs.0.75	Rs.0.75	Rs.1.25

Material Variances causes to be ascertained.

PARANTHAN CHEMICALS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st December 2012

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 26th November 2013

1.3 Number of Employees

The number of employees of the Company at the year end, was 69. (In 2011-67)

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 (SLPRS)

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	5
Motor Vehicles	25
Cylinder/ Containers	12.5
Tools & Equipment	12.5
Office Equipment	12.5
Furniture & Fittings	12.5
Plant & Machinery	12.5
Computer Accessories	33.33
Communication & Media Equipment	33.33
Bicycle	12.5

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 Finance 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.

4.12 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

Mr. D.J.U. Purasinghe, Mr. Ananda Jayasiri Gamage, Mr. H.M.R. Kiriella, Mr. Sarath Kumara, Mr. Mayalagn Shashikaran and Mr. D.M.P.A. Dasanayaka, were the Directors of the Company during the year. They have confirmed that they did not have any interest in contracts with the Company.

PARANTHAN CHEMICALS COMPANY LIMITED

NOTES TO THE ACCOUNTS

For the Year Ended 31st December' 2012

		2012	2011
1	**REVENUE**	**Rs.**	**Rs.**
	Sales	218,811,738	188,191,198
	Less : Turn Over Tax	-	-
	Less : Nation Building Tax	(1,517,517)	(1,292,317)
		217,294,221	186,898,881
2	**COST OF SALES**		
	Opening Inventories	18,659,970	20,501,193
	Add : Purchases	117,584,101	96,817,133
		136,244,071	117,318,326
	Less :Closing Inventories	(10,420,882)	(18,659,970)
		125,823,189	98,658,356
3	**OTHER OPERATING INCOME**		
	Interest on Staff Loans	1,088,679	847,918
	Interest on Fixed Deposits & Call Deposits	12,846,817	4,282,085
	Other Income	1,656,904	503886
	Profit on sales of fixed assets	40,750	32,150
		15,633,150	5,666,039
4	**PROFIT FROM OPERATING ACTIVITIES**		
	Profit from operation is stated after charging the following expenses.		
	Depreciation	14,059,720	13,848,797
	Auditors' Remuneration	66,300	66,300
	Personnel Costs **(Note 4.1)**	29,598,321	26,307,088
4.1	**PERSONNEL COSTS**		
	Salaries, Wages and other related expenses	24,967,249	21,357,110
	Terminal Gratuity	838,395	1,535,035
	Employees' Provident Fund & Employees' Trust Fund	3,792,677	3,414,943
		29,598,321	26,307,088
	The above included :-		
	Directors' Emoluments (Chairman & ED Salary)	1,260,000	1,020,000
	Directors' Fees	318,000	274,800
		1,578,000	1,294,800

5 TAXATION

		2012	2011	2010
		Rs.	Rs.	Rs.
Current Income Tax				
- Current Tax based on Ordinary Activities	**Note 7.1**	7,022,168	9,094,865	7,740,748
Adjustments for Previous Year over Provision		-	-	-
- Deferred Taxation Charges / (Reversal)	**Note 7.2**	(12,331,790)	(14,355,856)	4,914,786
		(5,309,622)	(5,260,991)	12,655,534

5.1 RECONCILIATION OF ACCOUNTING PROFIT & TAX PROFIT

	2012	2011	2010
Net Profit as per Accounts	32,015,849	31,624,514	22,223,548
Aggregate Disallowable Expenses	17,863,571	12,093,712	14,628,274
	49,879,420	43,718,226	36,851,822
Aggregate Allowable Expenses	(12,079,066)	(11,236,566)	(15,062,242)
Tax Profit	37,800,354	32,481,660	21,789,580
Taxation	7,022,168	9,094,865	7,626,353
Social ResponsibilityLevy 1.5%	-	-	114,395
	7,022,168	9,094,865	7,740,748

5.2 DEFERRED TAX EXPENSES / (INCOME)

	2012	2011	2010
Deferred Tax Expenses / (Income) arising due to Timing Differences at 28% & 10%	(12,331,790)	(14,355,856)	56,496,679

PARANTHAN CHEMICALS COMPANY LIMITED
NOTES TO THE ACCOUNTS

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 2012.

	2012 Rs.	2011 Rs.
Amount used as Numerators:		
Net Profit / (Loss)	37,325,471	32,972,626
Net Profit attributable to Ordinary Shareholders	37,325,471	32,972,626
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	9.33	8.24

7 DIVIDEND PER SHARE

	2012	2011
Amount used as Numerators		
Dividend for the Year	3,000,000	3,000,000
Number of Ordinary Shares Used as the Denominators		
Ordinary Shares in issue applicable to Dividend Per Share	4,000,000	4,000,000
Dividend Per Share	0.75	0.75

8 PROPERTY, PLANT & EQUIPMENT

At Cost	Lands	Buildings	Plant & Machinery	Furniture & Fittings	Office Equipment	Computers	Motor Vehicles	Containers	Bicycles	Tools & Equipment	Communication & Medical Equipment	Total Restated
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.
Gross Carrying Amount												
Balance as at 01st January 2012	70,000,000.00	24,374,517.50	1,155,500.00	2,203,039.59	1,690,500.07	1,235,350.00	15,488,252.00	173,127,704.71	2,500.00	324,260.00	-	289,601,623.87
Add : Additions during the year	-	-	492,684.00	293,485.13	382,483.00	659,450.00	10,500,000.00	-		39,232.00	183,750.00	12,551,084.13
												-
Less : Disposals and Transfers	-	-	-	(130,917.10)	(56,309.00)	(107,900.00)	-	(94,704.78)		-	-	(389,830.88)
Balance as at 31st December 2012	70,000,000.00	24,374,517.50	1,648,184.00	2,365,607.62	2,016,674.07	1,786,900.00	25,988,252.00	173,032,999.93	2,500.00	363,492.00	183,750.00	301,762,877.12
Depreciation												
Balance as at 01st January 2012	-	435,980.00	118,459.84	496,893.64	645,481.31	500,427.49	5,187,128.96	6,693,640.34	2,500.00	154,305.61	-	14,234,817.19
Add : Charges for the year	-	443,886.60	134,916.81	334,005.20	485,653.80	368,663.52	5,790,333.98	6,378,435.56		76,820.61	47,004.16	14,059,720.24
Less : Disposals and Transfers	-	-	-	(127,106.14)	(56,309.00)	(107,900.00)	-	(94,704.78)		-	-	(386,019.92)
Balance as at 31st December 2012	-	879,866.60	253,376.65	703,792.70	1,074,826.11	761,191.01	10,977,462.94	12,977,371.12	2,500.00	231,126.22	47,004.16	27,908,517.51
Net Book Value as at 31st December 2012	70,000,000.00	23,494,650.90	1,394,807.35	1,661,814.92	941,847.96	1,025,708.99	15,010,789.06	160,055,628.81	-	132,365.78	136,745.84	273,854,359.61

At Cost	Lands	Buildings	Plant & Machinery	Furniture & Fittings	Office Equipment	Computers	Motor Vehicles	Containers	Bicycles	Tools & Equipment	Total Restated
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.
Gross Carrying Amount											
Balance as at 01st January 2011	70,000,000.00	23,500,000.00	1,145,420.00	2,097,632.10	1,576,435.25	1,464,830.43	12,195,037.00	173,127,704.71	2,500.00	321,847.00	285,431,406.49
Add : Additions during the year	-	874,517.50	17,500.00	147,122.49	122,491.07	210,600.00	3,293,215.00	-		4,950.00	4,670,396.06
											-
Less : Disposals and Transfers	-	-	(7,420.00)	(41,715.00)	(8,426.25)	(440,080.43)	-	-		(2,537.00)	(500,178.68)
Balance as at 31st December 2011	70,000,000.00	24,374,517.50	1,155,500.00	2,203,039.59	1,690,500.07	1,235,350.00	15,488,252.00	173,127,704.71	2,500.00	324,260.00	289,601,623.87
Depreciation											
Balance as at 01st January 2011	-	-	7,420.00	168,821.14	64,735.25	547,980.43	-	94,704.78	-	2,537.00	886,198.60
Add : Charges for the year	-	435,980.00	118,459.84	369,787.50	589,172.31	392,527.49	5,187,128.96	6,598,935.56	2,500.00	154,305.61	13,848,797.27
											-
Less : Disposals and Transfers	-	-	(7,420.00)	(41,715.00)	(8,426.25)	(440,080.43)	-	-		(2,537.00)	(500,178.68)
Balance as at 31st December 2011	-	435,980.00	118,459.84	496,893.64	645,481.31	500,427.49	5,187,128.96	6,693,640.34	2,500.00	154,305.61	14,234,817.19
Net Book Value as at 31st December 2011	70,000,000.00	23,938,537.50	1,037,040.16	1,706,145.95	1,045,018.76	734,922.51	10,301,123.04	166,434,064.37	-	169,954.39	275,366,806.68

At Cost	Lands	Buildings	Plant & Machinery	Furniture & Fittings	Office Equipment	Computers	Motor Vehicles	Containers	Bicycles	Tools & Equipment	Total Restated
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Gross Carrying Amount											
Balance as at 01st January 2010	538,000.00	33,673,546.18	1,367,343.32	2,341,699.45	866,513.10	2,684,630.43	15,221,831.95	86,981,891.40	8,775.00	320,753.22	144,004,984.05
Add : Additions during the year	-	-	14,714.78	222,740.23	270,300.00	609,750.00	-	5,400,809.36	-	-	6,518,314.37
											-
Less : Disposals	-	-	-	-	(972.00)	(319,000.00)	-	(2,790,958.47)	(4,000.00)	(37,500.00)	(3,152,430.47)
Transfers	-	(3,775,941.36)	(1,192,848.18)	(1,183,668.07)	(609,196.62)	(1,685,752.05)	(15,029,703.38)	(52,604,962.18)	(4,775.00)	(250,499.75)	(76,337,346.59)
Revaluation	69,462,000.00	(6,397,604.82)	956,210.08	716,860.49	1,049,790.77	175,202.05	12,002,908.43	136,140,924.60	2,500.00	289,093.53	214,397,885.13
Balance as at 31st December 2010	70,000,000.00	23,500,000.00	1,145,420.00	2,097,632.10	1,576,435.25	1,464,830.43	12,195,037.00	173,127,704.71	2,500.00	321,847.00	285,431,406.49
Depreciation											
Balance as at 01st January 2010	-	2,091,676.97	1,030,049.43	1,119,035.39	585,567.68	2,144,716.53	12,873,812.88	46,398,961.65	8,774.00	273,362.60	66,525,957.13
Add : Charges for the year	-	1,592,559.62	170,163.72	184,755.45	96,916.30	660,932.57	2,155,890.50	8,219,009.69	-	11,729.49	13,091,957.34
Under Depreciation Adjustments	-	91,704.77	55.03	48,698.37	-	-	-	687,043.65	1.00	5,444.66	832,947.48
											-
Less : Disposals	-	-	-	-	(972.00)	(319,000.00)	-	(2,605,348.03)	(4,000.00)	(37,500.00)	(2,966,820.03)
Over Depreciation Adjustment	-	-	-	-	(7,580.11)	(252,916.62)	-	-	-	-	(260,496.73)
Transfer	-	(3,775,941.36)	(1,192,848.18)	(1,183,668.07)	(609,196.62)	(1,685,752.05)	(15,029,703.38)	(52,604,962.18)	(4,775.00)	(250,499.75)	(76,337,346.59)
Balance as at 31st December 2010	-	-	7,420.00	168,821.14	64,735.25	547,980.43	-	94,704.78	-	2,537.00	886,198.60
Net Book Value as at 31st December 2010	70,000,000.00	23,500,000.00	1,138,000.00	1,928,810.96	1,511,700.00	916,850.00	12,195,037.00	173,032,999.93	2,500.00	319,310.00	284,545,207.89

8.1 <u>Revaluation of Property, Plant & Equipments</u>

The Company uses the Revaluation model of measurement of Property, Plant Equipments. The Company engaged Valuation Department, an independent expert valuer, to determine the fair value of its Property, Plant Equipments. Fair value is determined by reference to market - based evidence valuations are based on active market prices, adjusted for any difference in the nature, location or condition of the specific property. The date of the most recent revaluation was 31st December 2010. Deatils of previous revaluatins is ase follows.

Propery	Method of Valuation	Effective Date of Valuation	Property Valuer
Propert, Plant & Equipment of Paranthan Chemicals Company Limited	Open Market Value Method	31st December 2010	Valuation Department

The Freehold Property as revalued as at 31st December 2010 by Valuation Department and the surplus arising from the revaluation was tranferred to the revaluation reserve.

9 SHORT TERM INVESTMENTS

	2012	2011	2010
	Rs.	Rs.	Rs.
Fixed Deposit - Bank of Ceylon	25,000,000	-	-
Call Deposits - Sampath Bank	-	14,962,814	33,564,201
Fixed Deposits - Hatton National Bank Ltd.	3,171,657	3,000,000	3,000,000
- Hatton National Bank Ltd.	3,975,997	3,588,965	3,384,576
Repurchase Agreements - People's Bank	20,256,289	18,647,915	17,411,254
- People's Bank	4,026,315	3,723,631	3,469,195
- People's Bank	2,074,927	1,877,343	1,756,328
- People's Bank - Overnight	32,600,000	-	-
Fixed Deposits - People's Bank	6,094,433	5,500,000	-
- People's Bank	7,275,074	6,608,491	6,263,358
- People's Bank	26,665,810	-	
Interest Receivables on Call,Fixed deposits & Repurchase Agreements	2,237,765	695,351	542,343
	133,378,267	58,604,510	69,391,255

10 STATED CAPITAL

Represented By

Capital Reserve	68,500,000	68,500,000	68,500,000
Nos. 4,000,000 Ordinary Shares	40,000,000	40,000,000	40,000,000
	108,500,000	108,500,000	108,500,000

11 OTHER COMPONENTS OF EQUITY

Re Valuation Reserves on Property, Plant and Equipment

	2012	2011	2010
	Rs.	Rs.	Rs.
Balance as at beginning of the Year	220,795,490	220,795,490	-
Revaluation Surplus during the Year	-	-	220,795,490
Reversal of Revaluation			
Balnce at the end of the Year	220,795,490	220,795,490	220,795,490

During the Year, a Revaluation was carried out by the Government Valuation Department to ascertain the Fair Value of its Property, Plant and Equipments 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	Revalued Amount as at 31.12.2010	Revaluation Reserves
	Rs.	Rs.	Rs.
Land	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

12 RETIREMENT BENEFIT OBLIGATION

	2012	2011
Provision for Gratuity	Rs.	Rs.
As at 1st January	6,340,393	5,241,611
Add: Provision for the Year	838,395	1,535,035
	7,178,788	6,776,646
Less: Payments made during the Year	(892,382)	(436,253)
As at 31st December	6,286,406	6,340,393

12.1 Defined Benefit Liability is valued as of 31st December 2012 and the principal assumption used in the valuation is as follows.

	2012	2011
Discount Rate	12%	12%
Annual Salary Increment Rate	10%	10%
Staff Turnover	5%	5%

13 DIFFERED TAX

	2012	2011	2010
	Rs.	Rs.	Rs.
Balance as at 01.01.2012	44,361,740	58,717,596	2,220,917
Transferred during the Year	(12,331,790)	(14,355,856)	56,496,679
Balance as at 31.12.2012	32,029,950	44,361,740	58,717,596

The Revaluation of Plant & Equipment in the SLFRS's Conversion of (Rs151, 333,490) creates a Differed Tax Liability of Rs. 58,717,596 as at 31.12.2010. This is to be charged / (Reversed) from January 2011 onwards in accordance with timing difference, decline in applicable Tax Rate of the company from 2010 (tax rate-35% -2010) further, increased the Differed Tax Liability charged to Statement of Comprehensive Income.

	2012	2011
	Rs.	Rs.
Transferred to Statement of Comprehensive Income	12,331,790.00	14,355,856

14 CONTINGENT LIABILITIES

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

15 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.

16 DISCLOSURES

Refilling Process

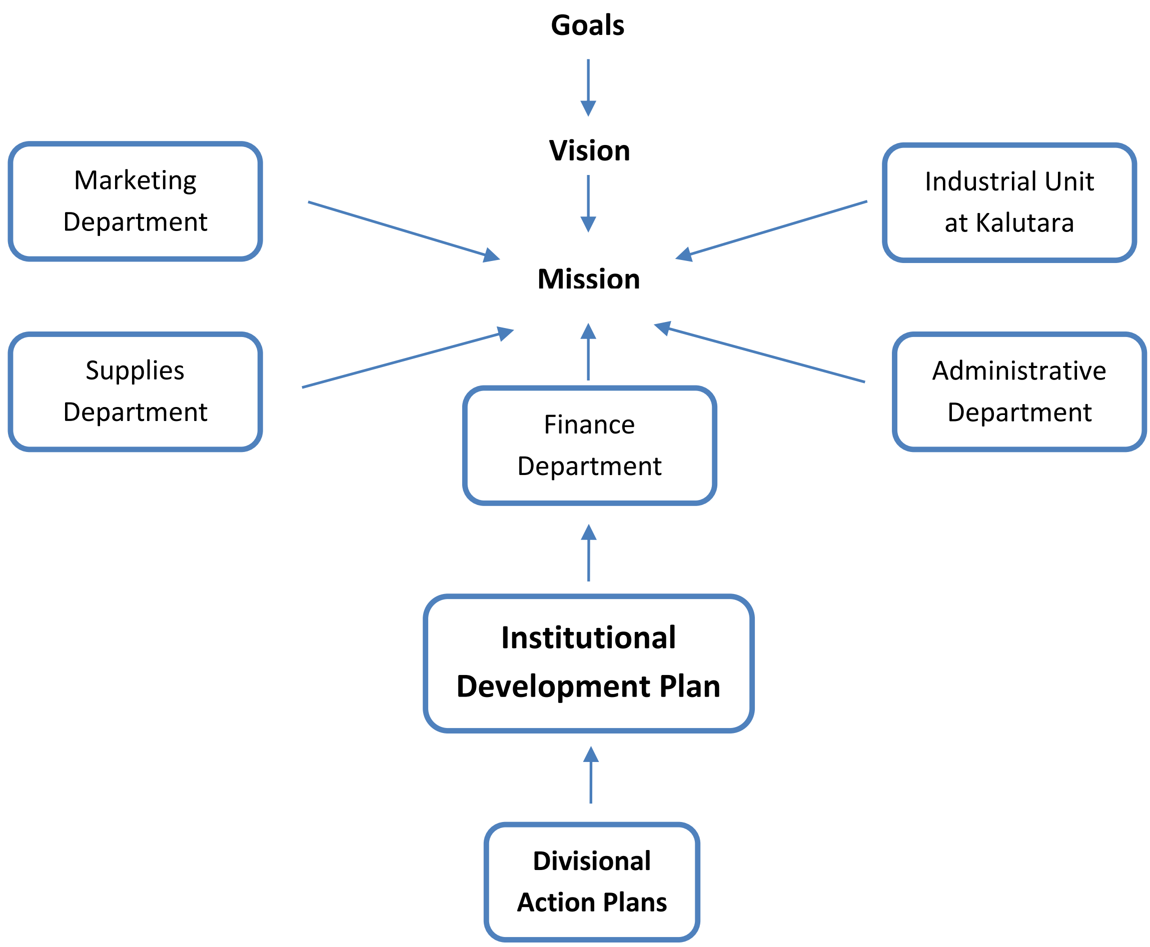
Due to the leakage of chlorine, the enviroment of the plant located at Kalutara, Nagoda was affected thereby it became necessary to shift to a new site that belongs to the Industrial Development Board Site. The cost for the event was Rs. 5.8 million (approximately) for this change of location. This has brought a reduction of profit for the Year 2012 / 2013.

Hydraulic Testing Charges and Cleaning, Inspection & Drying Charges

Hydraulic Testing Charges and Cleaning, Inspection & Drying Charges incurred during the Year ended on 31st December 2012 was Rs. 2,560,534.34. Out of that cost, for valid test certificates beyond 31st December 2012, amounting to Rs. 1,917,091.80 has been deferred to Year 2013.

ORGANIZATION STRUCTURE – STRATEGIC BUSINESS UNITS

Strategic Business Units

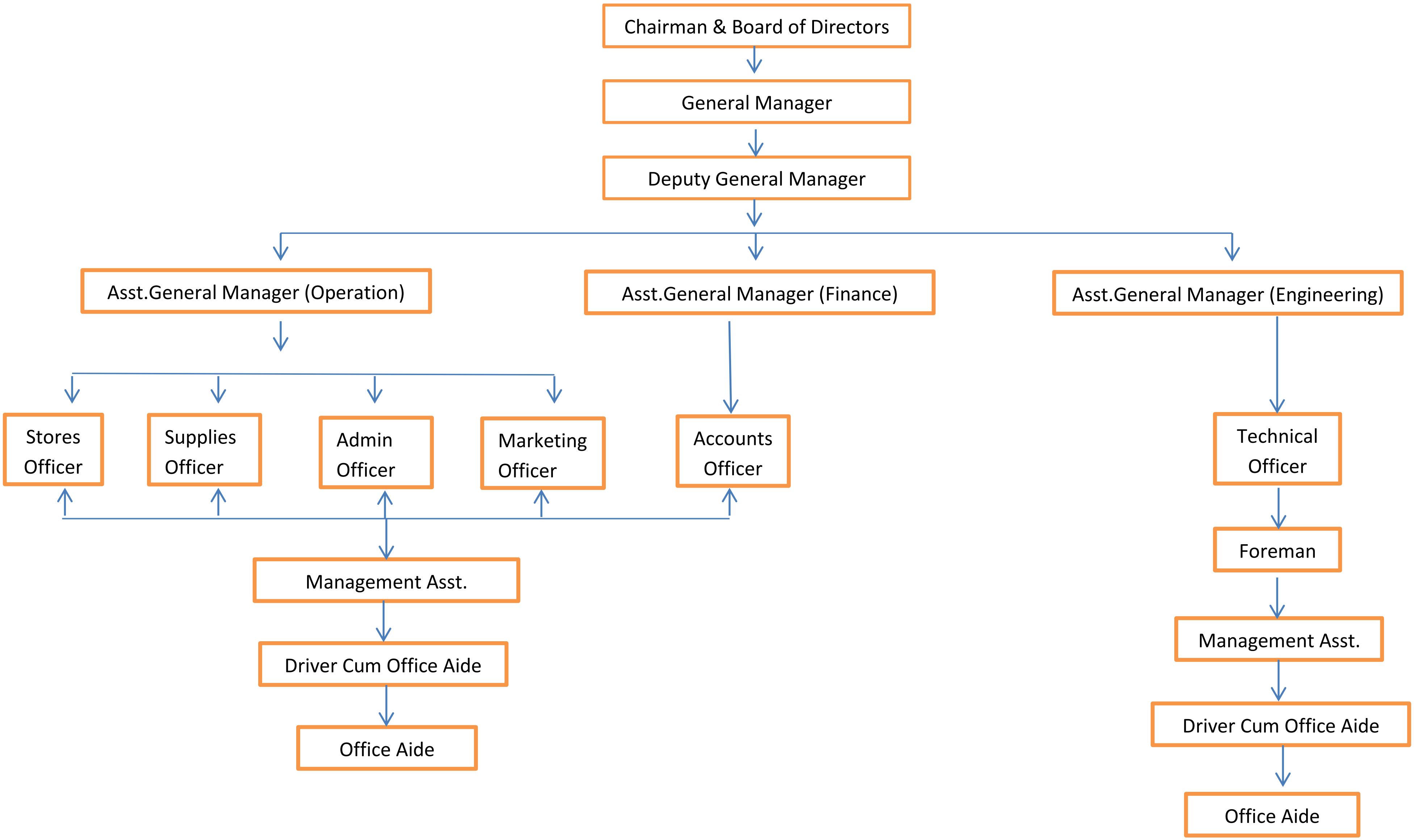


Strategic Targets

Stakeholders/Services

- **Water Purification Process**
- **Manufactures of Rubber Products**
- **Manufactures of Soaps and Detergents**
- **Textile Industry**
- **Maintenance of Swimming Pools**
- **Cleaning Bottles for Beverages and Food Containers**
- **Paper Manufacturing Process**
- **Galvanizing Industry**
- **Suppliers/Partners from India, Pakistan and Bangladesh**

PRESENT ORGANIZATION STRUCTURE



Note

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

HIGHLIGHTS / ACHIEVEMENTS IN 2011 AND PROJECTION FOR 2012

PARANTHAN CHEMICALS COMPANY LIMITED
OPERATIONAL FINANCIAL HIGHLIGHTS OF 2012 AND BUDGETED FOR 2013

	2011 Actual	2012 Actual	2013 Budgeted
	Rs.' 000	Rs.' 000	Rs.' 000
NON CURRENT ASSETS	276,111	274,599	183,385
CURRENT ASSETS	166,118	193,255	90,148
TOTAL ASSETS	442,229	467,854	273,353
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share Holders Fund	362,934	397,259	241,387
NON CURRENT LIABILITIES	50,702	38,316	12,762
CURRENT LIABILITIES	28,593	32,278	19,384
Total Equity & Liabilities	442,229	467,854	273,533
Revenue	186,899	217,297	273,014
Cost of Sales	(98,658)	(125,823)	(153,755)
Gross Profit	88,240	91,471	119,240
Other Operating Income	5,666	15,633	7,850
	93,906	107,104	127,090
Profit from Operation	27,847	32,112	39,750
Profit before Tax	27,712	32,015	39,605
Profit after Tax	32,972	37,325	28,349
EPS (Rs)	9.33	8.24	6.18
Dividends per Share (Rs)	0.75	0.75	0.75

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 22.11.2006 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 01.05.2008 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 ending 31st December 2012 and the profit before tax for the year 2013 is expected to be 31.52 Million approximately.

The launch of new chemicals had been planned during the 2nd quarter of the year 2012 and that had to be postponed due to the recent chlorine leak happened at Kalutara site and that has caused serious impact on the Company operation. The Company has searched for an alternative location for refilling of chlorine with a view to ensure uninterrupted supply of Chlorine to National Water Supply and Drainage Board. The temporary refilling arrangement has been made on outsourcing basis at Horana.

The Company has sustained an approximate financial loss of Rs. 6.7 Mln. due to the chlorine leakage incident which resulted in changing logistics.

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 Six Directors out of whom four 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 2012, 11 meetings of board were held.

Board Meeting attendance - 2012

Name of Director	No. of Meeting Attended
Mr. D.J.U. Purasinghe (Chairman and Director - Executive)	11
Mr. AnandaJayasiri Gamage (Executive)	10
Mr. H.M.R. Kiriella (Non Executive)	11
Mr. D.M.P.A. Dassanayake (Non Executive)	11
Mr. G. Sarath Kumara (Non Executive, Treasury Representative Director)	11
Mr. MayalaguShashikaran (Non Executive)	10

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 - 2012

Name of Director	No. of Meeting Attended
Mr. H.M.R. Kiriella (Non Executive)	09
Mr. D.M.P.A. Dassanayake (Non Executive)	08
Mr. Sarath Kumara (Non Executive, Treasury Representative Director)	09

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 Hemachandra & Co. 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 impartibility 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. M/s Hemachandra & Co acts as 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 2012, 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 21.

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. G. Sarath Kumara – Chairman of the Audit Committee (the Treasury representative)-Retired
Mr. H. A. N. S. Kumara- Chairman of the Audit Committee (the Treasury representative)-newly appointed
Mr. H. M. R. Kiriella- Member
Mr. Mayalagu Shashikaran-Member

Meetings and Attendance

The Committee met on 8 occasions in 2012 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 and the Internal Auditor 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.

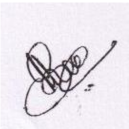
Internal Control System

In 2012 the Committee reviewed the results of the audits undertaken by Internal Auditors, M/S Liyanage & Co., Chartered Accountants. The Internal Auditor (for the year 2012), 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,



Mayalagu Shashikaran
Member of the Audit Committee

H.M.R. Kiriella
Member of the Audit Committee

1st November 2013

FIVE YEAR SUMMARY OF THE FINANCIAL HIGHLIGHTS

PARANTHAN CHEMICALS COMPANY LIMITED

Year ended 31st December	2012	2011	2010	2009	2008
	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue	217,294,221	186,898,881	179,531,798	191,919,442	197,138,351
Cost of sales	(125,823,189)	(98,658,356)	(105,762,236)	(111,419,740)	(114,664,051)
Gross profit	91,471,032	88,240,525	73,769,562	80,499,702	82,474,300
Other operating income	15,633,150	5,666,039	7,454,108	5,197,995	7,147,331
	107,104,182	93,906,564	81,223,670	85,697,697	89,621,631
Selling & Distribution expenses	(2,554,403)	(2,757,642)	(437,817)	(1,088,055)	(636,850)
Administration & Establishment exp.	(72,438,138)	(63,301,162)	(58,148,781)	(54,017,686)	(47,717,879)
Finance expenses	(95,792)	(136,125)	(413,523)	(487,225)	(566,081)
Profit before tax	32,015,849	27,711,635	22,223,548	30,104,731	40,700,821
Taxation	5,309,622	5,260,991	(12,655,534)	(15,641,455)	(12,253,105)
Net profit for the period	37,325,471	32,972,626	9,568,014	14,463,276	28,447,716
Dividend to Shareholder	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
ASSETS					
NON CURRENT ASSETS					
Property plant & Equipment	273,854,360	275,366,807	70,719,774	77,479,027	62,619,334
Work in Progress	744,330	744,330	1,319,330	-	19,478,169
Current Assets	193,255,173	166,118,013	139,778,694	112,949,955	93,550,613
Total Assets	467,853,863	442,229,150	211,817,798	190,428,982	175,648,116
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Stated capital	108,500,000	108,500,000	108,500,000	108,500,000	108,500,000
Retained profit	288,759,162	254,433,691	60,544,748	54,976,734	43,513,459
Share holder's fund	397,259,162	362,933,691	169,044,748	163,476,734	152,013,459
Non current liabilities	38,316,356	50,702,133	13,211,284	10,128,393	6,756,191
Current liabilities	32,278,345	28,593,326	29,561,766	16,823,855	16,878,466
Total equity and liabilities	467,853,863	442,229,150	211,817,798	190,428,982	175,648,116

NOTICE OF THE MEETING

Notice is hereby given that the 22nd Annual General Meeting of the Company will be held on 23rd December 2013 at 2.00 p.m. at the Head Office of the Paranthan Chemicals Company Ltd., at 100/25, Sri Ramanathan Road, Colombo 13.

Agenda

1. To receive and adopt the Annual Report of the Directors and Financial Statements for the year ended 31st December 2012, 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.

4. To re-appoint the Auditor and to fix their fees as spelled out in Section 155(a) of the Companies Act No.07 of 2007.

By order of the Board

H L Vipula Silva
Secretary

8th November 2013

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.