



CHEMANEX PLC

FINANCIAL STATEMENTS

FOR SIX MONTHS ENDED

30TH SEPTEMBER 2016

Corporate Information

Name of Company	Chemanex PLC
Legal Status	A Public Quoted Company with Limited Liability Under the provisions of Companies Act No 7 of 2007
Registered Office	P. O. Box 188, 52, Galle Face Court 2, Colombo-3.
Date of Incorporation	28 August 1974
Company Registration Number	PQ 64
Directors	S H Amarasekera <i>Chairman</i> S P S Ranatunga A V P Silva S S Kulathunga S A B Ekanayake (<i>Appointed w.e.f. 29th August 2016</i>)
Company Secretary	T Wegodapola
Auditors	Ernst & Young Chartered Accountants 201, De Saram Place Colombo 10.
Legal Advisers	Nithya Partners Attorneys-at - Law 51, Gregorys Road, Colombo 7.
Subsidiary Companies	CAL Exports Lanka (Pvt) Limited Chemanex Exports (Pvt) Limited Yasui Lanka (Pvt) Limited (Under Liquidation)
Bankers	Commercial Bank of Ceylon PLC Standard Chartered Bank Hatton National Bank PLC

CHEMANEX PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Quarter ended 30th September			Six months ended 30th September		
		2016	2015	Variance %	2016	2015	Variance %
<i>(In Rs. '000)</i>							
Revenue	1	350,573	286,544	22	639,970	568,673	13
Cost of sales		(284,314)	(228,704)	24	(513,511)	(457,861)	12
Gross profit		66,259	57,840	15	126,459	110,812	14
Other income	2	5,856	22,045	(73)	7,117	22,745	(69)
Net finance (expenses)/income	3	(5,264)	(1,002)	425	(9,080)	(1,690)	437
Administrative expenses		(21,967)	(21,285)	3	(40,471)	(42,765)	(5)
Distribution expenses		(17,786)	(18,831)	(6)	(38,864)	(38,594)	1
Other operating(expenses)/income	4	(461)	(414)	11	(967)	(751)	29
Profit before tax		26,637	38,354	(31)	44,194	49,757	(11)
Income tax expense		(6,163)	896	788	(11,827)	(3,657)	223
Comprehensive income for the period		20,473	39,251	(48)	32,367	46,100	(30)
Other comprehensive income							
Net change in fair value of available-for-sale financial assets		1,501	(304)	594	3,175	2,175	46
Total comprehensive income for the period		21,975	38,947	(44)	35,542	48,275	(26)
Basic/Diluted earnings per share (Rs.)		1.30	2.49	(48)	2.06	2.93	(30)

Figures in brackets indicate deductions.

The above figures are provisional & subject to audit.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Quarter ended 30th September			Six months ended 30th September		
		2016	2015	Variance %	2016	2015	Variance %
<i>(In Rs. '000)</i>							
Revenue	1	421,086	353,083	19	787,016	695,974	13
Cost of sales		(342,106)	(284,025)	20	(629,233)	(568,193)	11
Gross profit		78,980	69,059	14	157,783	127,781	23
Other income	2	425	22,322	(98)	1,854	23,034	(92)
Net finance (expenses) /income	3	(3,785)	3,084	(223)	(4,153)	5,019	(183)
Administrative expenses		(24,616)	(25,577)	(4)	(45,804)	(51,820)	(12)
Distribution expenses		(17,812)	(19,067)	(7)	(39,004)	(39,113)	(0.3)
Other operating(expenses)/income	4	(461)	(22,064)	(98)	(967)	(22,401)	(96)
Share of profits of equity accounted							
investments (net of income tax)	5	2,477	18,645	(87)	3,738	15,747	(76)
Profit before tax		35,208	46,401	(24)	73,446	58,248	26
Income tax expense		(7,129)	(1,226)	481	(16,601)	(6,033)	175
Profit after tax from continuing operations		28,079	45,175	(38)	56,845	52,215	9
Profit/(Loss) from discontinued operations, net of tax		324	4,010	(92)	5,538	(1,091)	608
Comprehensive income for the period		28,403	49,184	(42)	62,383	51,124	22
Other comprehensive income							
Net change in fair value of available-for-sale financial assets		2,194	(1,233)	278	4,550	1,246	265
Revaluation of Land		-	(12,828)	-	-	-	-
Other comprehensive income for the period, net of tax		2,194	(14,061)	116	4,550	1,246	265
Total Comprehensive Income for the period		30,597	35,123	(13)	66,933	52,370	28
Comprehensive Income attributable to :							
Equityholders of the company		25,266	46,218	(45)	54,689	47,346	16
Non-controlling interest		3,136	2,966	6	7,694	3,778	104
		28,403	49,184	(42)	62,383	51,124	22
Other Comprehensive Income attributable to :							
Equityholders of the company		2,097	(12,476)	117	4,350	1,385	214
Non-controlling interest		97	(1,585)	106	200	(139)	244
		2,194	(14,061)	116	4,550	1,246	265
Basic/Diluted earnings per share from Continuing Operations (Rs.)		1.58	2.68	(41)	3.12	3.08	1
Basic/Diluted earnings per share (Rs.)		1.60	2.93	(45)	3.47	3.01	16

Figures in brackets indicate deductions.

The above figures are provisional & subject to audit.

STATEMENT OF FINANCIAL POSITION

As at end of	Note	Company			Group		
		September 2016	September 2015	March 2016	September 2016	September 2015	March 2016
<i>(In Rs. '000)</i>							
<u>Non-Current Assets</u>							
Property, plant & equipment		237,798	108,962	237,194	234,061	107,117	233,998
Investment in subsidiaries		76,400	76,400	76,400	-	-	-
Investment in equity accounted investees		69,508	73,400	69,508	148,167	147,505	144,430
Available for sale financial assets-Long term		215,045	197,295	215,045	215,045	197,295	215,045
Deferred tax assets		10,949	11,147	10,949	13,073	12,742	13,073
		609,700	467,204	609,096	610,346	464,659	606,546
<u>Current Assets</u>							
Inventories		359,217	258,034	301,367	394,585	293,230	347,668
Trade & other receivables		347,826	287,571	373,346	411,984	364,293	428,976
Due from related companies		89,811	88,607	69,861	77,265	81,616	69,861
Tax Receivable		-	-	-	-	442	-
Assets held for sale from discontinued operation		-	-	-	373	9,183	445
Equity Accounted Investee held for distribution		272,353	272,353	272,353	426,054	470,423	420,444
Financial assets held for trading		39,972	46,984	39,601	51,312	57,684	49,566
Assets held for sale		40,247	40,247	40,247	40,247	40,247	40,247
Cash & cash equivalents	6	9,012	2,675	1,887	180,137	153,833	165,719
		1,158,438	996,471	1,098,662	1,581,957	1,470,952	1,522,926
Total Assets		1,768,138	1,463,675	1,707,757	2,192,303	1,935,612	2,129,472
<u>EQUITY & LIABILITIES</u>							
Equity attributable to equity holders of the parent							
Stated capital		126,250	126,250	126,250	126,250	126,250	126,250
Capital reserves		220,965	91,357	220,965	238,169	108,563	238,169
Revenue reserves		1,076,945	1,033,893	1,057,153	1,456,654	1,440,655	1,413,365
		1,424,160	1,251,500	1,404,368	1,821,073	1,675,469	1,777,784
Non Controlling Interest		-	-	-	42,166	37,142	36,611
Total Equity		1,424,160	1,251,500	1,404,368	1,863,240	1,712,611	1,814,395
Non-Current Liabilities							
Employee retirement benefit liability		35,309	19,570	33,976	50,611	27,436	47,582
		35,309	19,570	33,976	50,611	27,436	47,582
Current Liabilities							
Trade and Other payables		39,049	36,716	34,400	59,012	54,631	49,118
Income tax payable		5,870	702	9,181	7,262	2,013	8,237
Liabilities relating to discontinued operation		-	-	-	773	671	773
Due to related companies		103,060	76,409	98,065	50,660	58,432	78,042
Other current financial liabilities		160,690	78,778	127,768	160,745	79,818	131,325
		308,669	192,605	269,414	278,452	195,566	267,495
Total liabilities		343,978	212,175	303,390	329,063	223,002	315,077
Total Equity & Liabilities		1,768,138	1,463,675	1,707,757	2,192,303	1,935,612	2,129,472
Net Assets per share - Rs.		90.42	79.46	89.17	115.62	106.38	112.88

The above figures are provisional & subject to audit.

I certify that the above Financial Statements comply with the requirements of the Companies Act No. 7 of 2007.

(Sgd)

R M U Hansani

General Manager - Finance

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

Signed for and on behalf of the board

(Sgd)

S H Amarasekera

Chairman

28 October 2016

Colombo

(Sgd)

S P S Ranatunga

Director

(Sgd)

Thilini Wegodapola

Company Secretary

CHEMANEX PLC

Statement Of Changes In Equity

For the period ended 30th September

COMPANY <i>(In Rs. '000)</i>	Stated Capital	Capital Reserves		Revenue Reserves			Total Equity
		Other capital Reserve	Capital Reserve	General Reserve	Available for sale Reserve	Retained Earnings	
Balance as at 1 st April 2015	126,250	356	91,001	232,841	136,997	631,530	1,218,975
Profit for 6 months	-	-	-	-	-	46,100	46,100
Net gain on Available-for-sale financial assets	-	-	-	-	2,175	-	2,175
Final Dividend (2014/15)	-	-	-	-	-	(15,750)	(15,750)
Balance as at 30th September 2015	126,250	356	91,001	232,841	139,172	661,880	1,251,500
Balance as at 1st April 2016	126,250	356	220,609	232,841	149,543	674,769	1,404,368
Profit for 6 months	-	-	-	-	-	32,367	32,367
Net gain on Available-for-sale financial assets	-	-	-	-	3,175	-	3,175
Final Dividend (2015/16)	-	-	-	-	-	(15,750)	(15,750)
Balance as at 30th September 2016	126,250	356	220,609	232,841	152,718	691,386	1,424,160

CHEMANEX PLC
Statement Of Changes In Equity
For the period ended 30th September

GROUP <i>(In Rs. '000)</i>	Stated Capital	Capital Reserves			Revenue Reserves			Total Reserves	Non Controlling Interest	Total equity
		Reserve on script issue	Revaluation reserve	Other capital Reserve	Available-for-sale Reserve	General reserve	Retained earnings			
Balance as at 1st April 2015	126,250	3,000	105,206	356	136,997	232,841	1,037,836	1,642,486	34,448	1,676,934
Profit for 6 months	-	-	-	-	-	-	47,346	47,346	3,778	51,124
Net gain on Available-for-sale financial asset	-	-	-	-	1,385	-	-	1,385	(139)	1,246
Final Dividend (2014/15)	-	-	-	-	-	-	(15,750)	(15,750)	-	(15,750)
Subsidiary dividend to NCI	-	-	-	-	-	-	-	-	(945)	(945)
Balance as at 30th September 2015	126,250	3,000	105,206	356	138,382	232,841	1,069,431	1,675,469	37,142	1,712,611
Balance as at 1st April 2016	126,250	3,000	234,813	356	148,129	232,841	1,032,395	1,777,784	36,611	1,814,395
Profit for 6 months	-	-	-	-	-	-	54,689	54,689	7,694	62,383
Net gain on AFS Financial Assets	-	-	-	-	4,350	-	-	4,350	200	4,549
Final Dividend (2015/16)	-	-	-	-	-	-	(15,750)	(15,750)	-	(15,750)
Subsidiary dividend to NCI	-	-	-	-	-	-	-	-	(2,339)	(2,339)
Balance as at 30th September 2016	126,250	3,000	234,813	356	152,479	232,841	1,071,334	1,821,073	42,166	1,863,240

CHEMANEX PLC
CASH FLOW STATEMENT

For six months ended 30th September <i>(In Rs. '000)</i>	Company		Group	
	2016	2015	2016	2015
Cash Flow from Operating Activities				
Profit before taxation	44,194	49,757	73,446	58,248
Profit/ (Loss) from discontinuing operation	-	-	5,538	(1,091)
	44,194	49,757	78,984	57,157
Adjustments for ;				
Depreciation on property, plant & equipment	1,848	3,561	2,675	6,602
(Gain)/Loss on disposal of property plant & equipment	-	(12,455)	-	(14,695)
Share of profits of equity accounted investees	-	-	(3,738)	(15,747)
Share of profits of Discontinued Operations	-	-	(5,609)	-
Impairment on Investment in Equity Accounted Investees	-	-	-	21,650
Gain/(loss) on translation of foreign currencies	(84)	(1)	(390)	(2,777)
Profit on disposal of investment	(904)	(86)	(904)	(86)
Interest expenses	9,465	1,691	9,543	1,602
Interest income	(252)	-	(5,725)	(3,929)
Dividend received	(6,213)	(10,204)	(950)	(8,219)
Provision for retiring gratuity	4,814	3,906	6,510	5,486
Operating profit before working capital changes	52,867	36,169	80,396	47,043
(Increase)/decrease in Inventories	(57,850)	(59,280)	(46,917)	(32,048)
(Increase)/decrease in trade & other receivables	5,570	3,609	9,588	(14,590)
Increase/(decrease) in trade & other payables	9,644	(31,450)	(17,490)	(28,307)
Cash generated from operations	10,231	(50,952)	25,578	(27,902)
Interest paid	(9,465)	(1,691)	(9,543)	(1,602)
Income tax paid	(15,088)	(3,345)	(17,628)	(5,411)
Retiring gratuity paid	(3,481)	(17,424)	(3,481)	(21,149)
Net cash inflow/(outflow) from operating activities	(17,803)	(73,412)	(5,074)	(56,064)
Cash Flows from Investing Activities				
Proceeds from disposal of property, plant & equipment	-	22,589	-	24,829
Proceeds from disposal of investment	15,706	1,584	15,706	1,584
Dividends received from non group companies	6,213	10,204	950	8,219
Interest received	252	-	5,725	3,929
Acquisition of property, plant & equipment	(2,502)	(1,013)	(2,612)	(1,062)
Acquisition of Investments	(11,998)	(3,032)	(11,998)	(14,660)
Subsidiary dividend to non-controlling interest	-	-	(2,339)	(945)
Net cash inflow/(outflow) from investing activities	7,671	30,332	5,432	21,894
Cash Flows from Financing Activities				
Dividend Paid	(15,750)	(15,750)	(15,750)	(15,750)
Net cash inflow/(outflow) from financing activities	(15,750)	(15,750)	(15,750)	(15,750)
Net change in cash & cash equivalents	(25,882)	(58,830)	(15,392)	(49,920)
Cash & cash equivalents at the beginning of the period	(125,881)	(17,274)	34,394	121,159
Effect of exchange rate fluctuations on cash & cash equivalents held	84	1	390	2,777
Cash & cash equivalents at the end of the period	(151,678)	(76,103)	19,392	74,015
Analysis of cash & cash equivalents at the end of the period				
Bank & cash balance	9,012	2,675	180,137	153,833
Interest bearing borrowings	(160,690)	(78,778)	(160,745)	(79,818)
	(151,678)	(76,103)	19,392	74,015

Figures in brackets indicate deductions.

The above figures are provisional & subject to audit.

SEGMENT INFORMATION

Note 1

	Company		Group	
	2016	2015	2016	2015
For six months ended 30th September				
<i>(In Rs. '000)</i>				
(a) Industry segment revenue				
Chemicals	340,811	278,105	513,938	414,126
Paints	254,413	235,580	254,413	235,580
Consumer	29,503	37,751	5,185	37,751
Rent	14,832	13,811	14,832	13,811
Services	412	3,426	412	3,426
	639,970	568,673	788,780	704,694
Intra-Group Revenue	-	-	(1,764)	(8,720)
Total revenue from external customers	639,970	568,673	787,016	695,974
(b) Gross revenue				
Gross revenue	646,333	574,099	793,548	701,807
Less : Nation Building tax	(6,363)	(5,426)	(6,363)	(5,426)
Freight	-	-	80	2
Commission	-	-	(249)	(409)
Net Revenue	639,970	568,673	787,016	695,974
<u>PROFIT BEFORE TAXATION</u>				
<i>(In Rs. '000)</i>				
(c) Industry segment				
Chemicals	31,749	14,664	57,459	22,390
Paints	483	3,403	483	3,403
Consumer	2,546	404	2,546	404
Rent	13,062	11,908	13,615	11,908
Services	(716)	(926)	(1,129)	(1,256)
	47,124	29,453	72,975	36,849
Other Income	7,117	22,745	1,854	23,034
Finance Income/(Cost)	(9,080)	(1,690)	(4,153)	5,019
Other Expenses	(967)	(751)	(967)	(22,401)
Share of profits of equity accounted investees	-	-	3,738	15,747
(Net of income tax)	44,194	49,757	73,446	58,248

Figures in brackets indicate deductions.

The above figures are provisional & subject to audit.

CHEMANEX PLC

Notes to the Financial Statements

For six months ended 30th September	Company		Group	
	2016	2015	2016	2015

(In Rs. '000)

2 Other Income

Dividend Income from investments - Quoted	756	961	950	8,219
- Unquoted	5,457	9,243	-	-
Profit on disposal of investment	904	86	904	86
Gain/(loss) on disposal of property, plant & equipment	-	12,455	-	14,695
Sundry Income	-	-	-	33
	7,117	22,745	1,854	23,034

3 Net Finance (Expenses)/Income

(In Rs. '000)

	Company		Group	
	2016	2015	2016	2015
Interest Income on deposits	252	-	5,725	3,929
Interest Income on staff loans	49	-	55	-
Gain/(Loss) on foreign currency	84	1	(390)	2,690
Financing Expenses (Note 3.1)	(9,465)	(1,691)	(9,543)	(1,600)
	(9,080)	(1,690)	(4,153)	5,019

3.1 Financing Expenses

(In Rs. '000)

	Company		Group	
	2016	2015	2016	2015
Interest on short-term loans & overdrafts	9,465	1,691	9,543	1,600
	9,465	1,691	9,543	1,600

4 Other Operating Expenses

(In Rs. '000)

	Company		Group	
	2016	2015	2016	2015
Impairment on investment in equity accounted investee	-	-	-	21,650
Expenses incurred on Asset held for sale	967	751	967	751
	967	751	967	22,401

Notes to the Financial Statements (Cont..)

5 Share of profit/(loss) of equity accounted investment (net of tax)
(In Rs. '000)

	2016	2015
Commercial Insurance Brokers (Pvt) Ltd	5,607	4,683
Chemcel (Pvt) Ltd	-	13,544
Rainforest Ecolodge (Pvt) Ltd	(1,869)	(2,480)
	3,738	15,747

6 Cash & Cash equivalents
(In Rs. '000)

	Company		Group	
	2016	2015	2016	2015
Cash & bank - Local Currency	9,012	2,664	101,632	127,556
- Foreign Currency	-	11	78,505	26,277
	9,012	2,675	180,137	153,833

7 Market value of a share

For six months ended 30th September

	2016 Rs.		2015 Rs.	
	Quarter ended 30th September	Six months ended 30th September	Quarter ended 30th September	Six months ended 30th September
Highest	67.5	69.50	89.70	89.70
Lowest	55.5	55.50	68.50	68.00
Last traded	64.8	64.80	75.00	75.00

8 Ratios

For six months ended 30th September

	Company		Group	
	2016	2015	2016	2015
Basic Earnings per share (Rs.)	2.06	2.93	3.96	4.62
Net Assets per share (Rs.)	90.42	79.46	115.62	107.75

9 Share trading

For six months ended 30th September

	2016		2015	
	Quarter ended 30th September	Six months ended 30th September	Quarter ended 30th September	Six months ended 30th September
No of transactions during the period	204	371	634	829
No of shares traded during the period	200,403	329,765	501,181	583,741
Value of shares traded during the period	12,374,337	20,521,651	38,652,818	44,512,286

10 Stated capital

	2016		2015	
	No of shares	Value	No of shares	Value
	('000)	Rs.000	('000)	Rs.000
As at 30th September	15,750	126,250	15,750	126,250

11 Dividend paid

For six months ended

	2016	2015
	Rs.	Rs.
Final	1.00	1.00
	1.00	1.00

12 Directors' shareholding

Shareholdings of the Directors together with their spouses are as follows :

As at 30th September

	2016	2015
S H Amarasekera	30,777	30,777
	30,777	30,777

Notes to the Financial Statements (Cont..)

13 Twenty largest shareholders

Name of the shareholder

	30.09.2016 No of shares	30.09.2016 %
CIC Holdings PLC	7,939,373	50.41
CIC Holdings PLC/Trustees for Charitable & Edu. Trust Fund	1,627,383	10.33
Mr. S.K. Wickremesinghe	815,245	5.18
Seylan Bank PLC / Thirugnanasambandar Senthilverl	648,378	4.12
National Development Bank / Sakuvi Investment Trust (Pvt) Ltd.	538,366	3.42
CIC Agri Businesses (Pvt) Ltd	446,604	2.84
Mr. S. Srikanthan	438,524	2.78
Mr. D. A. De Zoysa	190,400	1.21
Bank of Ceylon No. 1 Account	100,000	0.63
Bensons Limited	83,286	0.53
Mrs. M.C. Abeyasekera	81,546	0.52
Mr. H.R. Peiris	69,525	0.44
Dr. H.S.D. Soysa	68,429	0.43
Mr. Z.G. Carimjee	66,568	0.42
Mrs. H.G.S. Ansell	65,097	0.41
Shalsri Investments (Pvt) Ltd.	64,525	0.41
People's Leasing & Finance PLC / L.P. Hapangama	59,771	0.38
Commercial Bank of Ceylon PLC / S.A. Gulamhusein	52,024	0.33
Mr. D.A. Peiris	50,000	0.32
Dr. S. Yaddehige	50,000	0.32
	13,455,044	85.43

14 Public Holding

Parent company & related companies

	30.09.2016 No of shares	30.09.2016 %
CIC Holdings PLC	7,939,373	50.41
CIC Trustees for Charitable & Educational Trust Fund	1,627,383	10.33
Commercial Insurance Brokers (Pvt) Limited	93	-
CIC Agri Businesses (Pvt) Ltd	446,604	2.84
Directors together with their spouses & the employees	31,077	0.20
	10,044,530	63.77
Public holding	5,705,470	36.23
	15,750,000	100.00

14.1 Public Holding

Ordinary shares of the Company held by Public as at 30th September 2016 were as follows :

Number of Public Shareholders	1,247
Percentage of public holding	36.23%

15 The Accounting Policies followed in the preparation of the Comprehensive Income Statement for the period ended 30th September 2016 and the Statement of financial position as at 30th September 2016 are consistent with those followed in the preparation of Financial Statements for the year ended 31st March 2016 and are in compliance with Sri Lanka Accounting Standard 34 - Interim Financial Reporting.

16 The presentation and classification of figures for the corresponding period of the previous year have been amended, where relevant to be comparable with those for the current year.

17 There were no material events took place since the balance sheet date which require adjustment to or disclosure in these Financial Statements.

18 During the quarter there were no material changes in the composition of assets, liabilities and contingent liabilities or use of funds raised through IPO/rights.

19 All known expenses including management fees and similar expenses have been provided for in these Financial Statements.

20 Company has recognized a reversal of Rs. 9.4 Mn on the provision for fall in value of short-term investments in the Colombo Stock Exchange for six months ended 30th September 2016 and the cumulative balance provision made so far as at date is Rs. 14.1 Mn.

21 There have not been any significant changes at the nature of the business.