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Ministry of State Resources and Enterprise Development

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பரந்தன் கெமிக்கல்ஸ் கம்பனி லிமிடெட்
PARANTHAN CHEMICALS COMPANY LIMITED

වාර්ෂික වාර්තාව 2010
ஆண்டறிக்கை 2010
ANNUAL REPORT 2010

PARANTHAN CHEMICALS COMPANY LIMITED

ANNUAL REPORT
2010

PARANTHAN CHEMICALS COMPANY LIMITED

CONTENTS **PAGE**

PARANTHAN CHEMICALS COMPANY LIMITED

VISION AND MISSION STATEMENT AND VALUES

Vision

Become the manufacturer and market leader of Liquid Chlorine, Caustic Soda and Hydrochloric Acid market in Sri Lanka.

Mission

Market the main water purifying chemical Liquid Chlorine , with a view to provide the nation with purified drinking water and trade in Caustic Soda and Hydrochloric Acid to regulate the price mechanism in the market with a view to assist the end-user industry while maintaining high quality chemical stocks level and providing technical know-how on the safe use of chemicals.

Increase profitability by providing excellent service and facilities to our valued customers

Values

Accountability
Customer Satisfaction
Protection of Environment
Quality
Sustainability

CORPORATE INFORMATION

Name of Company	Paranthan Chemicals Company Limited (Government Owned)
Registered Office	100/25, Sri Ramanathan Road, Colombo 13.
Company Registration No.	PB 213
Board of Directors	
Chairman	Mr. W. N. A. Perera
Executive Director	Mr. A. J. Gamage
Director	Mr. D. M. P. A. Dasanayake
Director	Mr. G. Sarath Kumara
Director	Mr. H. M. R. Kirielle
Director	Mr. M. Shashikaran
Secretary	Mr. H. L. Vipula Silva
Bankers	Sampath Bank Hatton National Bank People's Bank
Auditors	M/s. Hemachandra &Company Chartered Accountants
Senior Management	
Acting General Manager	Mrs.W.D. Keerthilatha
Deputy General Manager	Mr. Sampath Dissanayaka
Assistant General Manager-Administration	Mr. Anura Siriwardena
Assistant General Manager-Supplies	Mrs. W.S.K. Waidyasekara
Assistant General Manager-Engineering	Mr.S. Rajeswaran
Accountant	Mr. K. R. K. Jayaweera

Head Office	No.100/25, Sri Ramanathan Road, Colombo 13.
Chlorine Stores	Industrial Estate, Nagoda, Kalutara.
Telegrams	"PARACHEMIC"
P.O. Box	1489
E-mail	chemco@sltnet.lk paranthan @sltnet.lk pccltdfin@sltnet.lk
Fax - Head Office	2437830, 2437829,2435473 2437557, 2437555
- Refilling Unit- Kalutara	034-2289976
Telephone- Head Office	2437831,4617145, 2437830, 2437556, 2437829, 2435473 2437557, 2437555, 4610278,
- Refilling Unit- Kalutara	034-2289976

PARANTHAN CHEMICALS COMPANY LIMITED
BACKGROUND OF THE ORGANIZATION

Among the initial Factories launched in the 1950 decade, Paranthan Chemicals Factory was established in 1954 as Government Chemicals Factory at Paranthan in Kilinochchi District in the Northern Province. Subsequently this Factory was brought under the State Industrial Corporations Act, No.49 of 1957 in the name of Paranthan Chemicals Corporation in the year 1957.

This Factory manufactured Caustic Soda Liquid and Chlorine as main products and Hydrochloric Acid, Zinc Chloride and Table salt as by-products, using local raw materials.

Due to terrorist activities started in 1983 operations of the Paranthan Factory could not be carried out from the year 1985 onwards and as a result of that we have to import Caustic Soda and Chlorine for the purpose of manufacturing soap, paper, textiles and for purifying water. Although country's requirements are met by this, a large amount of foreign exchange has to be incurred and there have been non-utilization of local raw materials and wastage of skilled labour, due to inactivity of the Factory.

After the destruction of the Factory at Paranthan, the employees who attached there, were awarded compensation and certain employees attached to the Head Office. 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 Undertaking into Public Companies Act No.23 of 1987. Main activities of it are import and sale of liquid Chlorine, Caustic Soda Solid and Flakes and Hydrochloric Acid.

PARANTHAN CHEMICALS COMPANY LIMITED

CHAIRMAN'S REVIEW

WELCOME ADDRESS

It is my privilege to welcome you for the 20th 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 Accounts of the Company for the Financial Year ended 31st December 2010.

BOARD OF DIRECTORS

As at 31st December 2010 Board of Directors comprised six directors including Treasury Representative. The changes of the Board of Directors during the year under review have given in detail in the report of Board of Directors on page no. 06 of this report. I received the unstinted support from my co-directors to achieve satisfactory results during the year under review.

PERFORMANCE

The audited accounts of the Company for the year under review, reveals Rs.22.22 million as net profit before tax, by the Company. After provision for taxation the net profit for the year works out to Rs.9.57 million. This year too trading activities were confined to the import and sale of Liquid Chlorine, Caustic Soda and Hydrochloric Acid.

PORPOSED DEVELOPMENT ACTIVITIES AT THE PARANTHAN FACTORY PREMISES

Due to terrorist activities started in 1983 the Paranthan factory was closed down from the year 1985 and as a result of that we used to engage in import trading Activities for the fulfillment of countries requirement of Liquid Chlorine Caustic Soda and Hydrochloric Acid.

According to the "Mahinda Chinthana Vision for the Future" forwarded 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 following measures to reach anticipated development objectives.

- A surveyed plan of the land and a certified copy of the deeds of the land has been obtained from the Jaffna Office of the Survey Department. Accordingly, particulars are available to the effect that our Company had possessed a land of 227 acres.
- Measurements around the land have been completed and boundary stones also laid .

- This Factory premises has been freed from terrorists and18th Gajaba Regiment of the Sri Lanka Army has set up a temporary Army Camp in the premises and it has been informed that a portion of our land is required to erect an Army Camp.
- An approval is given by Board of Directors for allocating 20-25 acres for proposed Industrial State of the Ministry of the State Resources and Enterprise Development.
- Currently land clearance works are in progress and a temporary office has been established. Depending on the activities time to time three workers report to the site.
- Kandawala Divisional Secretary has been requested to remove unauthorized residents in the land belonged to Chemicals Factory and not to use this land for resettlement.

FUTURE OF THE COMPANY

The prospects of the company for the future looks very bright as year by year the company is showing signs of significant growth as well as excellent performances in the current financial year.

AUDIT OPINION

Even though the some minutes of Board Meeting are not signed by the secretary to the board, the same minutes have been signed by the chairman of the company. As per the section 147(2) of Companies ACT no 7 of 2007 the minutes of reference are legally valid as those minutes have been signed by the Chairman. This matter has been discussed by the chairman and Secretary to the board and steps have been taken to prevent such situation in future by assigning this duty to the officer in charge of the board minutes

ACKNOWLEDGEMENT

I wish to express my deep gratitude to the Hon. Minister and the staff of the Ministry of State resources and Enterprise Development and the General Treasury for their cooperation and the assistance extended to me for discharging my duties and responsibilities. My gratitude is also due to my fellow directors and to the management and all employees of the company for their hard work and devoted service which enabled the company to achieve the existing capacity.

Sgd.
W N A Perera
Chairman
Paranthan Chemicals Company Limited.
August 29, 2011.

PARANTHAN CHEMICALS COMPANY LIMITED

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER 2010

The Board of Directors of Paranthan Chemicals Company Limited hereby present Annual Report and Accounts together with the Audited Financial Statements for the year ended 31st December 2010.

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 Solid & Flakes and Hydrochloric Acid and refilling of Liquid Chlorine from 900kg. Cylinders to 68kg. capacity Cylinders at our Kalutara Chlorine Refilling Unit.

REVIEW OF BUSINESS

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

BOARD OF DIRECTORS

As at 31st December 2010 the Board of Directors consisted of the following: Messrs. W.Nimal Abeysiri Perera -Chairman, A J Gamage-Executive Director, D M P A Dasanayake, G Sarath Kumara , H M R Kiriella, and M. Shashikaran.

On 24th May 2010 Mr. K N N Karunarathne resigned from Chairmanship and Mr. Nimal Abeysiri Perera the Executive Director was appointed as the Chairman on the same day. On 29th June 2010 Mr. J A J Kodithuwakku, Mr. K D Mithrananda , and Mr. Chaminda Adikaram resigned and Mr. W D Anura Titus retired from Directorship and Mr. D M P A Dassanayaka,Mr. A J Gamage and Mr. Ananda Gajanayaka appointed as Directors on the same day. Mr. S K Kusalakumaran the Treasury Representative resigned from Directorship and Mr. G Sarath Kumara appointed as Treasury Representative Director on 15th July 2010. Mr H M R Kiriella and Mr. M Shashikaran appointed as Directors with effect from 20th August 2010. Mr. Ananda Gajanayaka retired with effect from 24th September 2010.

DIRECTORS INTERESTS IN CONTRACTS

Mr. W N A Perera (Chairman), Mr. A J Gamage-Executive Director, Mr. D M P A Dasanayake, Mr. G Sarath Kumara , Mr. H M R Kiriella, and Mr. M. Shashikaran were the Directors of the Company during the year . They have confirmed that they did not have any interest in any contracts with the Company other than the following.
Paranthan Chemicals Company Ltd has hired a lorry WPLH 7916 from Chandi Lakmal (Pvt) Ltd. However the owner of the vehicle is Mr. W N A Perera who is the Chairman of the Paranthan Chemicals Company Ltd. This fact has been presented to the Board meeting on 09 June 2011.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Statement of Directors' Responsibility for the financial statements is given on page 15.

INTERESTS REGISTER

The Interests Register was introduced during the year under review 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 2010 is given in note 16 to the Financial Statements.

STATED CAPITAL

	At the beginning of the year Rs.	At the end of the year Rs.
Represented by		
Capital Reserve	68,500,000	68,500,000
4,000,000 Ordinary Shares	40,000,000	40,000,000
	108,500,000	108,500,000

PARANTHAN CHEMICALS COMPANY LIMITED

REVIEW OF FINANCIAL ACTIVITIES

	2010 Rs.	2009 Rs.
Net profit before taxation after charging the following expenses	22,223,548	30,104,731

	2010	2009
Directors fees & Emoluments	611,500	700,500
Depreciation	13,091,957	12,191,978
Auditor's Remuneration	68,250	65,000

	2010	2009
Less:		
Taxation	(12,655,534)	(15,641,455)
Profit After Taxation	9,568,014	14,463,276

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.

DONATIONS

The Company had granted Rs.17,500.00 to the families of dead armed personnel in Kalutara District, by way of donations.

PROPERTY, PLANT & EQUIPMENT

Significant changes in Property, Plant and Equipment during the period under review, are given in Note 20 to the accounts on page 32.

PARANTHAN CHEMICALS COMPANY LIMITED

DIVIDEND PAID

The Company paid dividend of Rs.3,000,000.00 for the year 2009 and an interim dividend of Rs. 1,000,000.00 for the year 2010 to the sole shareholder of the Company, the Secretary to the Treasury during the year 2010.

PROPOSED FINAL DIVIDEND

The Final Dividend proposed for the accounting year under consideration is Rs. 2 million.

AUDITOR

The Auditor of the Company during the year under review was M/S Hemachandra & Company, Chartered Accountants. A provision of Rs.68,250.00 has been made in the Accounts as audit fees for the year. The Auditor did not have any relationship or any 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 confirm that the Company satisfied the Solvency Test, 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 23 to 27.There have been no changes in the accounting policies adopted by the Company during the year under review.

FUTURE FORECAST

Our vision for the company is to recommencing our chlorine factory at Paranthan making a reality of "Mahinda Chinthana" vision for future.

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 financial statements and Management accounts.

PARANTHAN CHEMICALS COMPANY LIMITED

APPRECIATION

We wish to place on record our appreciation 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 its present stature.

By order of the Board.

Sgd.	Sgd.
G Sarath Kumara	D M P A Dasanayake
Director.	Director.
30.08.2011	30.08.2011

PARANTHAN CHEMICALS COMPANY LIMITED
CORPORATE GOVERNANCE

The primary responsibility for good governance lies with the board of Directors of the company. It is the firm belief of the Directors that the implementation of Good Corporate Governance practices will ensure creation of shareholder wealth and the long term stability of the institution. The Company maintains the highest standards of Corporate Governance Practices and is committed to ensure the prevalence of such practices.

We have implemented to good corporate governance practices defined by the following regulations and regulators.

- Companies Act No.07 of 2007
- Inland Revenue Act No 10 of 2006

The application of the Corporate Governance practiced within the Company during the year under review.

Composition of the Board of Directors

The board consists of a Chairman, four Non-Executive Directors including treasury representative and one Executive Director. The Company conducts monthly Board Meetings and, special Board Meetings are convened in order to transact special business.

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. The provisions of the Company's Articles of Association also require Directors appointed by the Board to hold office until the next Annual General Meeting and seek appointment by the shareholders at that meeting.

PARANTHAN CHEMICALS COMPANY LIMITED

Board Meetings

The results of the company are regularly considered and monitored against the budgets at Board meetings at which a standard agenda is discussed together with any other matters that require the attention of the Board. The Board meets once a month and wherever necessary Special Meetings of the Board are held. During the year *ended 31st December 2010, 12* meetings of the board were held and the attendance is set out

<u>Board Meeting attendance 2010.</u>

Director	***Status (Executive/Non Executive)***	***No. of Meetings Attended***
Mr.K.N.N.Karunaratne	Chairman	05 out of 05
Mr.Nimal Abesiri Perera	Executive/Chairman	11out of 12
Mr.Chaminda Adikaram	Non Executive	04 out of 05
Mr.K.D.Mithrananda	Non Executive	05 out of 05
Mr.A.Kodituwakku	Non Executive	04 out of 05
Mr.S.K.Kusalakumaran	Non Executive	05 out of 06
Mr.W.D.Anura Titus	Non Executive	04 out of 06
Mr.Ananda Gajanayaka	Non Executive	02 out of 02
Mr.A.J.Gamage	Executive	06 out of 07
Mr.D.M.P.A.Dassanayaka	Non Executive	04 out of 06
Mr. G Sarath Kumara	Non Executive	06 out of 06
Mr.H.M.R.Kiriella	Non Executive	05 out of 05
Mr.M.Shashikaran	Non Executive	04 out of 05

Audit Committee

The Audit Committee plays a key role in reviewing the internal control system 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 the only share holder of the company. The Committee invites the representatives of the Internal Auditors, 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.

Audit Committee Meeting attendance 2010

Director	***Status (Executive / Non Executive)***	***No. of Meetings Attended out of 3 Meetings***
Mr. G Sarath Kumara	Non-Executive	03 out of 03
Mr. D.M.P.A.Dassanayaka	Non-Executive	03 out of 03
Mr. H.M.R.Kiriella	Non-Executive	03 out of 03

Financial Disclosures and Transparency

Financial Statements are prepared in accordance with the Sri-Lanka Accounting Standards, the companies Act. 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.

PARANTHAN CHEMICALS COMPANY LIMITED

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 the community at large in conducting business operations.

Statutory Payments

All Statutory Payments due to the Government, which have fallen due, have been made or where relevant provided for, except for certain assessments against which appeals have been lodged. 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 2010, 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 15.

By Order of the Board,
Paranthan Chemicals Company Ltd
Secretary to the Board

PARANTHAN CHEMICALS COMPANY LIMITED
STATEMENT ON DIRECTORS' RESPONSIBILITIES

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 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.

Sgd.
W. N. A. Perera
Chairman,
Paranthan Chemicals Company Limited.
August 29, 2011

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

11, Wijayaba Mawatha
Nawala Road, Nugegoda
Sri Lanka
Tel: +94115361593
Fax: +94112812803
Email : hemaco@sltnet.lk

AUDITORS' REPORT TO THE SHAREHOLDERS OF PARANTHAN CHEMICALS COMPANY LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying Financial Statements of Paranthan Chemicals Company Limited. which comprise the balance sheet as at 31st December 2010, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

SCOPE OF AUDIT AND 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 and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

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 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 and belief were necessary for the purpose of our audit. We therefore, believe that our audit provides a reasonable basis for our opinion.

OPINION

- The Company board minutes of the meeting have not been signed by the board secretary.

- According to Board Paper Any Other Business Letter number 03 dated 14.10.2010 Paranthan Chemicals Company Ltd has entered into an agreement with Mohomad Fasal 38/08/02, Barandiyawatta , Wellmpitiya to supply Vehicle number WPLH 7916 on 2010.11.08 , to be used for transport service to Landmark Clearing Forwarding Company. The income obtained has been shown in the financial accounts as Rs. 19,430.00. According to the above scenario Paranthan Chemicals Company Ltd has entered to an agreement with another Company for a vehicle which does not belong to them. This has been further verified by the Board minute of June 9th 2011 that they have entered into this agreement without been signed by any authorized officer.

In our opinion except for effects of preceding paragraphs if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the preceding paragraphs, so far as appears from our examination, the Company has maintained proper accounting records for the year ended 31st December 2010 and the Financial Statements give a true and fair view of the Company's state of affairs as at 31st December 2010 and its Profit and Cash Flows 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 the requirements of Section 151 of the Companies Act No. 07 of 2007.

Sgd.
Hemachandra & Company
Chartered Accountants.

Date: 19th, April, 2011

11, Wijayaba Mawatha,
Nawala Road,
Nugegoda.

PARANTHAN CHEMICALS COMPANY LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2010

	Notes	2010 Rs.	2009 Rs.
Revenue	13	179,531,798	191,919,442
Cost of sales	14	(105,762,236)	(111,419,740)
Gross Profit		73,769,562	80,499,702
Other Operating Income	15	7,454,108	5,197,995
		81,223,670	85,697,697
Selling & Distribution Expenses		(437,817)	(1,088,055)
Administrative & Establishment Expenses		(58,148,781)	(54,017,686)
		(58,586,598)	(55,105,741)
Profit/(Loss) from Operating Activities	16	22,637,071	30,591,956
Finance Costs		(413,523)	(487,225)
Net Profit/(Loss) before Taxation		22,223,548	30,104,731
Taxation	17	(12,655,534)	(15,641,455)
Net profit/(Loss) after Taxation		9,568,014	14,463,276
Earnings per Share(Rs.)	18	2.39	3.62
Dividend per Share(Rs.)	19	0.75	0.75

PARANTHAN CHEMICALS COMPANY LIMITED
BALANCE SHEET AS AT 31ST DECEMBER 2010

	Notes	2010 Rs.	2009 Rs.
ASSETS			
NON CURRENT ASSETS			
Property Plant & Equipment	**20**	70,719,774	77,479,027
Work in Progress		1,319,330	-
		72,039,104	77,479,027
CURRENT ASSETS			
Inventories		23,691,745	35,059,789
Trade & Other Receivables		13,875,495	22,303,794
Staff & Other Debtors		24,045,718	9,424,384
Deposits, Prepayments & Advances		3,811,201	4,093,110
Short Term Investments	**21**	68,848,912	41,606,137
Cash & Cash Equivalents		5,505,623	462,741
Total Current Assets		139,778,694	112,949,955
Total Assets		211,817,798	190,428,982
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Stated Capital	**22**	108,500,000	108,500,000
Retained Profits		60,544,748	54,976,734
		169,044,748	163,476,734
NON CURRENT LIABILITIES			
Retirement Benefit Obligation	**23**	6,075,581	7,907,476
Deferred Tax	**24**	7,135,703	2,220,917
		13,211,284	10,128,393
CURRENT LIABILITIES			
Trade Creditors & Other payables		29,561,766	16,823,855
Total Current Liabilities		29,561,766	16,823,855
Total Equity & Liabilities		211,817,798	190,428,982

I certify that these Financial Statements are in compliance with the requirements of the Companies Act. No. 07 of 2007.

Sgd.
(K R K Jayaweera)
Head of Finance

The Board of Directors, are responsible for the preparation of these Financial Statements. These Financial Statements were approved by the Board of Directors.

Sgd.	Sgd.
(G Sarath Kumara)	(D M P A Dasanayake)
Director.	**Director.**

The Significant Accounting Policies and Notes on page 23 to 34 form an integral part of these Financial Statements.

Colombo,
27th July 2011.

PARANTHAN CHEMICALS COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2010

	Stated Capital	Share Premium	Accumulated Profit/(Loss)	Total Rs.
Balance as at 01.01.2009	40,000,000	68,500,000	43,513,459	152,013,459
Dividend paid	-	-	(3,000,000)	(3,000,000)
Net Profit/ (Loss) for the year	-	-	14,463,275	14,463,275
Balance as at 31.12.2009	40,000,000	68,500,000	54,976,734	163,476,734
Dividend paid	-	-	(3,000,000)	(3,000,000)
Interim dividend Paid for 2010	-	-	(1,000,000)	(1,000,000)
Net profit/ (Loss) for the year	-	-	9,568,014	9,568,014
Balance as at 31.12.2010	40,000,000	68,500,000	60,544,748	169,044,748

PARANTHAN CHEMICALS COMPANY LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2010

	2,010 Rs.	2,009 Rs.
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Interest & Taxation (Note a)	18,954,861	25,111,758
Adjustments for		
Depreciation	13,091,958	12,191,978
(Profit)/ Loss on Sale of Fixed Assets	(783,550)	(1,047)
Provision for Gratuity	625,115	1,243,740
Operating profit before working capital changes	31,888,384	38,546,430
CHANGES IN WORKING CAPITAL		
(Increase)/ Decrease in Inventories	11,368,044	(7,981,127)
(Increase)/ Decrease in Trade Receivable	8,428,299	1,824,998
(Increase)/ Decrease in Staff & Other Debtors	(14,621,334)	(6,222,113)
(Increase)/ Decrease in Deposits & Prepayments	281,909	(925,453)
(Increase)/ Decrease in Short Term Investments	(27,242,776)	(10,981,681)
Increase/ (Decrease) in Trade & Other Payables	17,483,759	(4,210,878)
Cash generated from operating activities	27,586,285	10,050,175
Interest Paid	-	-
Income Tax Paid	(12,486,597)	(8,115,681)
Gratuity Paid	(2,457,010)	(1,233,815)
Net cash generated from operating activities	12,642,678	700,679
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income	3,268,687	4,997,848
Purchase of P P &E	(6,518,314)	(7,580,733)
Capital Work in Progress	(1,319,330)	-
Proceeds from Sale of P P & E	969,160	1,047
Net cash utilised in investing activities	(3,599,797)	(2,581,838)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend Paid	(4,000,000)	(3,000,000)
Net cash utilised in financing activities	(4,000,000)	(3,000,000)
Net Increase/(Decrease) in Cash & Cash Equivalents	5,042,881	(4,881,159)
Cash & Cash Equivalents at the beginning of the Year (Note-b)	462,742	5,343,901
Cash & Cash Equivalents at the end of the Year (Note-b)	5,505,623	462,742

PARANTHAN CHEMICALS COMPANY LIMITED
NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2010

	2,010	2,009
	Rs.	Rs.

a. Net profit before Interest & Taxation

Net profit after Interest before Taxation	22,223,548	30,109,606
Adjustments: Interest Expenses	-	-
Interest Income	(3,268,687)	(4,997,848)
Net profit before Interest and Tax	18,954,861	25,111,758

b. CASH & CASH EQUIVALENTS

Peoples Bank - Corporate Branch	2,644,494	105,420
Hatton National Bank	166,742	855,185
Sampath Bank	2,662,988	(526,347)
Petty Cash - Head Office	11,684	26,880
Petty Cash - Kalutara	19,045	1,229
Postage Imprest	670	375
	5,505,623	462,742

PARANTHAN CHEMICALS COMPANY LIMITED.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2010

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 PRINCIPAL ACTIVITIES

The principal Activities of the Company were import 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.

1.3 APPROVAL OF FINANCIAL STATEMENTS BY DIRECTORS

The Financial Statements are authorized for issue by the Board of Directors on 27th July 2010.

1.4 NUMBER OF EMPLOYEES

The number of employees of the Company at the year-end was 67 (in 2009 – 59).

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE WITH SRI LANKA ACCOUNTING STANDARDS

The Financial Statements have been prepared in compliance with relevant Sri Lanka Accounting Standard adopted by the Institute of Chartered Accountants of Sri Lanka.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

3.1 GENERAL

In the preparation of Financial Statements the Company makes judgments, estimates and assumptions that effect the application of accounting policies and the reported amounts of Assets, Liabilities, Income and Expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes to estimates in a subsequent financial year, if any, are normally recognized prospectively.

The following disclosures relate to future oriented estimates that have the most significant effect on the amount recognized in the Financial Statements.

3.2 ACCOUNTING ESTIMATES

3.2.1 INCOME TAX

The estimation of income tax liability includes interpretation of Tax Law. The estimation process by the Company seeking expert advice where appropriate and the payment of the income tax liability is on self-assessment basis.

3.2.2 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.

3.3 RECENT ACCOUNTING DEVELOPMENTS

The following Sri Lanka Accounting Standards have been revised and are applicable for the financial year to 31st December 2010.

SLAS Ref.	SLAS Title
03 (Revised 2005)	Presentation of Financial Statements
10 (Revised 2005)	Accounting Policies, Changes to Accounting Estimates.
12 (Revised 2005)	Events after the Balance Sheet Date.
14 (Revised 2005)	Income Taxes.
18 (Revised 2005)	Property, Plant and Equipment.
19 (Revised 2005)	Leases.
21 (Revised 2005)	The Effects of Changes in Foreign Exchange Rates.
30 (Revised 2005)	Related Party Disclosures.
34 (Revised 2005)	Earnings per Share.
41 (Revised 2005)	Impairment of Assets.

4 PRINCIPAL ACCOUNTING POLICIES

4.1 GENERAL

Accounting policies are the specific principles, bases, conventions, rules and practices applied consistently by the Company in presenting and preparing the Financial Statements. Changes in accounting policies are made only if the Sri Lanka Accounting Standard requires such change or when a change results in providing more relevant information.

The impact of the change in accounting policy on the reported results or asset of liability and where appropriate on the earnings per share have been disclosed in the notes under appropriate line item in the Financial Statements.

4.2 REVENUE AND EXPENSE RECOGNITION

4.2.1 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 sales taxes.

The following specific criteria is used for the purpose of recognition of revenue.

a) Interest Income
Interest Income is recognized as the interest accrues, unless collectability is in doubt.

b) Gains on Sale of Property and Equipment
Recognized as income in the period in which the sale occurs.

c) Other Income
Other Income recognized on an accrual basis

4.2.2 EXPENDITURE RECOGNITION

4.2.2.1 REVENUE EXPENDITURE

The profit earned by the Company as show in the Income Statement is after providing for all known liabilities and for depreciation of Property, Plant and Equipment.

4.2.2.2 CAPITAL EXPENDITURE

Expenditure incurred for the purpose of extending or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business is treated as Capital expenditure.

5 ASSETS AND BASES OF THEIR VALUATION

5.1 PROPERTY, PLANT AND EQUIPMENT

5.1.1 OWNED ASSETS

The cost of an asset comprises its purchase price or cost of construction and any directly attributable costs of bringing the asset to working condition for its intended use.

The assets are stated at cost less accumulated depreciation and accumulated impairment losses.

5.1.2 DEPRECIATION

Depreciation is provided, on a straight-line basis as such that the cost of the asset is amortized over the period appropriate to the estimated life of the type of asset.

The rates of depreciation are as follows;

Buildings	5% per annum
Motor Vehicles	25% per annum
Containers/Cylinders	12.5% per annum
Tools & Equipment	12.5% per annum
Office Equipment	12.5% per annum
Furniture & Fittings	12.5% per annum
Plant & Machinery	12.5% per annum
Computer Accessories	33.33%per annum
Bicycle	12.5% per annum

Depreciation commences on the date that the asset is commissioned for use in the business of the Company and ceases in the month of disposal.

5.2 FOREIGN CURRENCY TRANSLATION

Transactions in overseas currencies are translated to Sri Lanka 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 on the balance sheet. Non-monetary items which are carried in terms of historical cost or fair value denominated in foreign currency are translated using the exchange rate at the date of transaction. The resulting gains or losses on translation are dealt with in the Income Statement.

5.3 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 3years	100%

5.4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, demand deposits with Banks and Bank overdrafts.

6 LIABILITIES AND PROVISIONS

Liabilities and provisions are recognized in the Balance Sheet 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 creditor 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.

6.1 INCOME TAX

Current tax is the expected tax payable on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No. 10 of 2006, and its amendments thereto.

7. RETIREMENT BENEFITS

7.1 DEFINED BENEFIT PLAN – RETIRING GRATUITY

The provision has been provided in accordance with the Payment of Gratuity Act No. 12 of 1983 for all employees.

The computation of the provision is based on half month's gross salary at the end of the financial year, for each year of service commencing from the first year of service. The liability to employees arises only on completion of five years continuous service. This method of determining the gratuity liability is an allowed alternative under Sri Lanka Accounting Standard 16, 'Retirement Benefit Cost', while the benchmark treatment for the calculation of gratuity is the Actuarial Valuation method. The amount provided for gratuity liability is not externally funded.

7.2 DEFINED CONTRIBUTION PLAN- EMPLOYEE'S PROVIDENT FUND AND TRUST FUND

Obligations for contributions to a Defined Contribution Plan are recognized as expense in the Income Statement as incurred.

8 COMMITMENTS AND CONTINGENCIES

Contingencies are possible assets or obligations that arise from a post event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Company's control. They are disclosed in the respective notes to the Financial Statements.

9 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

All material and important events which occur between the Balance Sheet date and the date on which the Financial Statements are authorized for issue, have been considered, disclosed and adjusted where applicable.

10 CASH FLOW

Cash Flow Statement has been prepared using the Indirect Method.

For the purse of the Statement of Cash Flow, Cash and cash equivalents are presented net of Bank overdrafts.

11 DIRECTORS' RESPONSIBILITY STATEMENT

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.

12 DIRECTORS INTEREST IN CONTRACTS

Mr. W. N. A. Perera, Mr. A. J. Gamage, Mr. D. M. P. A. Dasanayake, Mr. G. Sarath Kumara, Mr. H. M. R. Kiriella, Mr. M. Shashikaran, 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 2010

		2010 Rs.	2009 Rs.
13	**REVENUE**		
	Sales	182,637,075	193,634,170
	Less: Turnover Tax	(1,383,427)	(1,564,153)
	Less: Nation Building Tax	(1,721,850)	(150,575)
		179,531,798	191,919,442
14	**COST OF SALES**		
	Opening Inventories	30,542,034	21,500,168
	Add: Purchases	95,721,395	120,461,606
		126,263,429	141,961,774
	Less: Closing Inventories	(20,501,193)	(30,542,034)
		105,762,236	111,419,740
15	**OTHER OPERATING INCOME**		
	Interest on Loans	222,527	208,312
	Interest on Fixed Deposits & Call Deposits	3,474,063	4,789,536
	Reversal of provision of bad debts	70,000	45,125
	Other Income	2,903,969	153,976
	Profit on sales of fixed assets	783,549	1,047
		7,454,108	5,197,995
16	**PROFIT FROM OPERATION**		
	Profit from operation is stated after charging the following expenses.		
	Depreciation	13,091,957	12,191,978
	Auditors' Remuneration	68,250	65,000
	Personnel Costs **(Note 16.1)**	22,246,843	21,502,988
16.1	**PERSONNEL COSTS**		
	Salaries, Wages and other related expenses	18,675,252	17,580,574
	Terminal Gratuity	625,115	1,243,740
	Employees' Provident Fund & Employees' Trust Fund	2,946,476	2,678,674
		22,246,843	21,502,988
	The above included :-		
	Directors' Emoluments	550,000	600,000
	Directors' Fees	61,500	100,500
		611,500	700,500

PARANTHAN CHEMICALS COMPANY LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2010

			2010	**2009**
			Rs.	**Rs.**
17	**TAXATION**			
		Notes		
	Current Tax based on Ordinary Activities	**17.1**	7,740,749	12,279,178
	Adjustment for previous year over provision		-	-
	Deferred income tax charge/ (reversal)	**17.2**	4,914,785	3,362,277
			12,655,534	15,641,455

17.1 RECONCILIATION OF ACCOUNTING PROFIT AND TAX PROFIT

	2010	2009
Net profit as per Accounts	22,223,548	30,109,606
Aggregate disallowable expenses	14,628,275	16,820,372
	36,851,823	46,929,978
Aggregate allowable expenses	(15,062,242)	(17,516,911)
Taxable profit	21,789,581	29,413,067
Taxation @ 35%	7,626,353	12,097,712
Social Responsibility Levy- 1.5%	114,396	181,466
	7,740,749	12,279,178

17.2 DEFERRED TAX EXPENSES/(INCOME)

	2010	2009
Deferred tax expense/ (income) due to timing difference @ 35%	4,914,786	3,362,277

18 EARNINGS PER SHARE

18.1 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.

18.2 The following reflects the income and share data used in the Basic Earnings Per Share computations, for the year ended 31st December 2010.

	2010 Rs.	2009 Rs.
Amount used as Numerators:		
Net Profit / (Loss)	9,568,014	14,463,276
Net Profit attributable to Ordinary Shareholders	9,568,014	14,463,276
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	2.39	3.62

19 DIVIDEND PER SHARE

	2010	2009
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

PARANTHAN CHEMICALS COMPANY LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2010

20 . PROPERTY, PLANT & EQUIPMENT

	Land	Building	Plant & Machinery	Furniture & Fittings	Office Equipment	Computers	Motor Vehicles	Containers	Bicycles	Tools & Equipment	Total
AT COST	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01.01.2010	538,000	33,673,546	1,367,343	2,341,700	866,513	2,684,631	15,221,832	86,981,891	8,775	320,753	144,004,984
Add: Additions during the year	-		14,715	222,740	270,300	609,750	-	5,400,809	-	-	6,518,314
Less: Disposals	-	-	-	-	(972)	(319,000)	-	(2,790,958)	(4,000)	(37,500)	(3,152,430)
Cost as at 31.12.2010	538,000	33,673,546	1,382,058	2,564,440	1,135,841	2,975,381	15,221,832	89,591,742	4,775	283,253	147,370,868
LESS: ACCUMULATED DEPRECIATION											
Balance as at 01.01.2010	-	2,091,677	1,030,049	1,119,035	585,568	2,144,717	12,873,813	46,398,962	8,774	273,362	66,525,957
Charge for the year	-	1,592,560	170,164	184,755	96,916	660,933	2,155,890	8,219,010	-	11,729	13,091,957
Less: Depreciation on Disposals	-	-	-	-	(972)	(319,000)	-	(2,605,348)	(4,000)	(37,500)	(2,966,820)
Balance as at 31.12.2010	-	3,684,237	1,200,213	1,303,790	681,512	2,486,650	15,029,703	52,012,624	4,774	247,591	76,651,094
Written Down Value											
Balance as at 31.12.2010	538,000	29,989,309	181,845	1,260,650	454,329	488,731	192,129	37,579,118	1	35,662	70,719,774
Balance as at 31.12.2009	538,000	31,581,869	337,294	1,222,665	280,945	539,914	2,348,019	40,582,929	1	47,391	77,479,027

PARANTHAN CHEMICALS COMPANY LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2010

			2010 Rs.	**2009 Rs.**
21	**SHORT TERM INVESTMENTS**			
	Call Deposit	- Sampath Bank	33,564,201	8,159,458
	Fixed Deposit	- Hatton National Bank	3,000,000	3,000,000
		- Hatton National Bank	3,384,577	3,177,713
		- Peoples Bank	6,263,358	5,883,828
	Repurchase Agreement	Peoples Bank	17,411,254	16,472,009
		- Peoples Bank	3,469,194	3,282,412
		- Peoples Bank	1,756,328	1,630,717
			68,848,912	41,606,137

		At the beginning of the year Rs.	**At the end of the year Rs.**
22	**STATED CAPITAL**		
	Represented By		
	Capital Reserve	68,500,000	68,500,000
	4,000,000 Ordinary Shares	40,000,000	40,000,000
		108,500,000	108,500,000

23	**RETIREMENT BENEFIT OBLIGATION PROVISION FOR GRATUITY**		
	Balance as at 01.01.2010	7,907,476	7,897,551
	Add: Provision for the year	625,115	1,277,565
		8,532,591	9,175,116
	Less:Payments made during the year	(2,457,010)	(1,233,815)
	Less:Reversal of Provision		(33,825)
	Balance as at 31.12.2010	6,075,581	7,907,476
24	**DEFERRED TAX**		
	Balance as at 01.01.2010	2,220,917	(1,141,360)
	Transferred during the year-**Note 17.2**	4,914,786	3,362,277
	Balance as at 31.12.2010	7,135,703	2,220,917

25 CONTINGENT LIABILITIES

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

26 EVENTS OCCURING AFTER THE BALANCE SHEET DATE

Subsequent to the date of balance sheet , no circumstances have arisen which would require adjustment to or disclose in Financial Statements

27 COMMITMENTS

Paranthan Chemicals Company has rented a lorry WPLH 7916 from Chandi Lakmal (Pvt) Ltd without a proper tender process. However according to board minuite of 09.06.2011 the Director Board has decided that the signing of the agreement was taken place after the evaluator of quotation / tender and due to urgent necessity of the transpoter by the company.

28 DIRECTOR INTEREST IN CONTRACTS

Paranthan Chemicals Company Limited has hired a lorry WPLH 7916 from Chandi Lakmal (Pvt) Ltd. However the owner of the vehicle is Mr. Nimal Abeysiri Perera who is the Chairman of the Paranthan Chemicals Company Limited. This fact has been presented to the board meeting on 09 June 2011.

PARANTHAN CHEMICALS COMPANY LIMITED
FIVE YEAR SUMMARY OF THE FINANCIAL HIGHLIGHTS

Year ended 31st December	2010 Rs.	2009 Rs.	2008 Rs.	2007 Rs.	2006 Rs.
Revenue	179,531,798	191,919,442	197,138,351	152,790,562	122,822,871
Cost of sales	(105,762,236)	(111,419,740)	(114,664,051)	(98,727,445)	(80,438,601)
Gross profit	73,769,562	80,499,702	82,474,300	54,063,117	42,384,270
Other operating income	7,454,108	5,197,995	7,147,331	9,545,329	6,399,104
	81,223,670	85,697,697	89,621,631	63,608,446	48,783,374
Selling & Distribution expenses	(437,817)	(1,088,055)	(636,850)	(615,202)	(590,468)
Administration & Establishment exp.	(58,148,781)	(54,017,686)	(47,717,879)	(41,354,483)	(35,258,256)
Finance expenses	(413,523)	(487,225)	(566,081)	(425,001)	(347,713)
Profit before tax	22,223,548	30,104,731	40,700,821	21,213,760	12,586,937
Taxation	(12,655,534)	(15,641,455)	(12,253,105)	(4,490,739)	(1,948,604)
Net profit for the period	9,568,014	14,463,276	28,447,716	16,723,021	10,638,333
Dividend to Shareholder	3,000,000	3,000,000	3,000,000	5,000,000	3,000,000
ASSETS					
NON CURRENT ASSETS					
Property plant & Equipment	70,719,774	77,479,027	62,619,334	36,475,311	33,768,716
Work in Progress	1,319,330	-	19,478,169	518,030	-
Current Assets	139,778,694	112,949,955	93,550,613	112,739,503	105,903,453
Total Assets	211,817,798	190,428,982	175,648,116	149,732,844	139,672,169
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Stated capital	108,500,000	108,500,000	108,500,000	108,500,000	40,000,000
Retained profit	60,544,748	54,976,734	43,513,459	20,065,742	74,842,721
Share holder's fund	169,044,748	163,476,734	152,013,459	128,565,742	114,842,721
Non current liabilities	13,211,284	10,128,393	6,756,191	9,843,623	14,608,496
Current liabilities	29,561,766	16,823,855	16,878,466	11,323,479	10,220,952
Total equity and liabilities	211,817,798	190,428,982	175,648,116	149,732,844	139,672,169

PARANTHAN CHEMICALS COMPANY LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2010

COMPARATIVE RATIOS	2010	**2009**	**2008**	**2007**
Gross Profit Ratio	41.09%	41.49%	41.84%	35.39%
Stock Turnover Ratio(no of times)	4.14	4.28	4.23	13.66
Debtors to Turnover	13.73%	8.83%	6.68%	9.98%
Current Ratio	4.73:1	6.71:1	5.56:1	10.36:1
Quick Assets Ratio	3.93:1	4.63:1	3.95:1	9.5:1
Earning Per Share(Rs.)	2.39	3.62	7.12	4.18
Total Expenses to Turnover	32.86%	28.97%	24.82%	27.75%
Dividend Per Share (Rs.)	0.75	0.75	1.25	0.75

Material Variances causes to be ascertained.

PARANTHAN CHEMICALS COMPANY LIMITED

Notice of meeting

Notice is hereby given that the 20th Annual General Meeting of the Company will be held on Wednesday, **28th September 2011, at 3.00 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 2010, 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

August 30, 2011

Notes:

1. A member entitled to attend and vote at the meeting is entitled 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.