

50+ YEARS



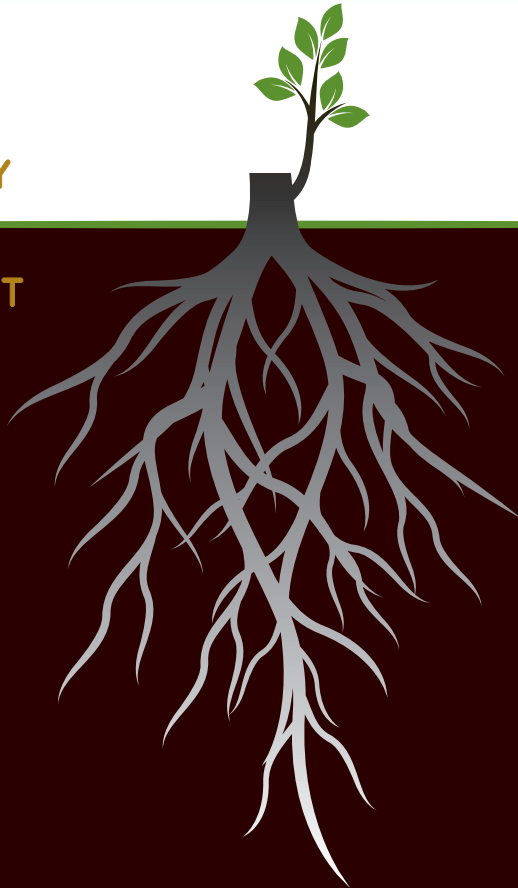
Industrial asphalts (ceylon) PLC

ANNUAL REPORT

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AUDACITY

FORESIGHT



*Our Investment Philosophy centres around moving fast,
unencumbered by weight of history, bureaucracy and politics.
It means being **Audacious** and courageous,
armed with **Foresight** of economic opportunities
and willing to take considerable risk for greater rewards.*

FORESIGHT ★ AUDACITY

our way of life

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FINANCIAL HIGHLIGHTS

	2021/22	2020/21	Change
Operating Results and Ratios			
Revenue	35,400,000	35,400,000	-
Results from Operating Activities	222,606,816	215,823,126	3.14%
Profit before Tax	230,847,745	217,787,240	6.00%
Profit after Tax - Continuing Operations	235,356,778	217,832,283	8.04%
Profit after Tax - Discontinued Operations	(6,348,677)	(100,634,207)	-93.69%
Net Profit	229,008,101	117,198,076	95.40%
Total Comprehensive Income	229,626,630	116,783,660	96.63%
Statement of Financial Position Highlights and Ratios			
Total Assets	1,256,255,568	1,031,179,365	21.83%
Stated Capital	156,642,070	156,642,070	-
Retained Earnings	1,046,244,294	770,505,001	35.79%
Total Equity	1,218,027,663	988,401,033	23.23%
Total Liabilities	38,227,905	42,778,332	10.64%
Current Ratio (Times)	4.52	3.77	0.75
Debt to Equity Ratio (Times)	0.03	0.04	(0.01)
Investor Information and Ratios			
Earnings per Share - Rs.	0.06	0.03	0.03
Net Assets per Share - Rs.	0.32	0.26	0.06
Market Value per Share (end) - Rs.	0.40	0.40	-
Return on Equity (ROE) - %	19%	12%	7%
Number of shares issued	3,749,411,250	3,749,411,250	-
Market Capitalization	1,499,764,500	1,499,764,500	-
Float Adjusted Market Capitalization	776,341,296	695,481,500	80,859,796

* Certain comparative figures have been restated to conform to the classification and presentation as at 31st March 2022

CORPORATE INFORMATION

Legal Form	Quoted Public Company with limited liability, listed on the Colombo Stock Exchange
Date of Incorporation	30 June 1964
Date of Re-registration	1 August 2008
Accounting year end	31 March
Company Registration Number	PQ 185
Registered Office	MMBL Pathfinder Office Complex No.345/D, Negombo Road, Peliyagoda
Website and Email	www.iac.lk info@iac.lk
Directors	Mr. G. Ramanan (Executive Director) Mr. N. K. Dahanayake (Non-Executive Independent Director) Mr. R. Kishore Ignatius (Non-Executive Independent Director) Mr. S. Marimuthu (Non-Executive Independent Director) Mr. R. Raguneethan (Non-Executive Independent Director)
Company Secretaries	Ninecap Corporate Solutions (Pvt) Ltd No. 55, Vinayalankara Mawatha, Colombo 10
Registrars	Central Depository Systems (Pvt) Ltd Ground Floor, M & M Center, 341/5, Kotte Road, Rajagiriya
Auditors	A. I. Macan Markar & Co. Chartered Accountants 46- 2/1, 2nd Floor, Lauries Road, Colombo 04
Bankers	Commercial Bank of Ceylon PLC Hatton National Bank PLC

EXECUTIVE DIRECTOR'S REVIEW

I would like to welcome our shareholders to the 58th Annual General Meeting of Industrial Asphalts (Ceylon) PLC.

The Company's financial performance and overview of the operating environment is discussed under the Management Discussion and Analysis section of the Annual Report from pages 6 to 8.

The year 2022 will go down as a year in which history was made in the long and arduous post-independence history of Sri Lanka. Whilst, superficially the events of 2022 seem to have very recent origins, factually the economic crisis created by the Covid 19 pandemic and the economic counter measures taken by the policy makers were in most instance the root causes of the same.

The macro-economic environment is starting to show signs of bottoming out as the country pulls back from a total economic armageddon. The social reaction to the economic crisis has been successfully contained with a more politically stable and mature leadership. This is reinforced with steps taken to stabilize the economy as the country seeks to obtain several funding supports from bi-lateral and multi-lateral sources. The most coveted IMF agreement is awaited. As the country recovers from the crisis, we at IAC see opportunities in the real economy, real estate, and capital markets. The company is able to mobilize around 40% of the equity base of the company to capture any investment opportunities which meets our internal investment criteria.

The Company has now fully evolved into becoming an Investment Holding Company. During the year several initiatives were taken to explore, evaluate and capture investment opportunities. The key amongst them is the establishment of the Country's first Bitumen Tank Terminal Farm. This investment proposition is being pursued though may have to be modified to reflect the macro-economic environment. The Investment Committee plays an active role in assessing the viability of the various investment opportunities.

The name of the Company is more a symbolic representation of the past than a reflection of the current underlying assets and aspirations of the Company.

I would like to take this opportunity to place on record the support provided by the management team, our outsource partner MMBL Pathfinder and my fellow Directors for enabling the Company to successfully transform itself into an Investment Holding Company.

(Sgd.)

G. Ramanan

Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue and Profitability

The business environment on a global and local scale became very difficult to operate it across all sectors due to the effects of the COVID 19 pandemic. The Company's paints & coatings business segment too experienced losses due to the impact of the pandemic during 2020/2021.

The financial year 2021/2022 saw significant changes in the business operations of Industrial Asphalts (Ceylon) PLC. On 30th July 2021 IAC disposed of its traditional business line the Paints & Coatings Division (PCD) which had been continuously incurring losses over the years. Due to the unprecedentedly extremely challenging external environment resulting from the COVID-19 outbreak, the Company was unable to secure sales from the Bitumen segment during the financial year ended 31st March 2022.

Despite the challenges posed by the pandemic, the Company was still able to generate revenue, with the main revenue source for the period under review being the rent income derived from the Investment Property located at 28/1, New Nuge Road, Peliyagoda. The Company has operated efficiently despite the unprecedented economic challenges and this trend is expected to continue.

Strategic Initiatives

Disposal of Paints & Coatings Division (PCD)

The sale of the PCD unit of the Company was completed during the financial year in line with the previous disclosures made.

MoU with Hiin Holdings Pte Ltd (Hiin) and Hambantota International Port Group (Private) Limited (HIPG)

The Company entered into a Memorandum of Understanding (MoU) with Hiin Holdings Pte Ltd (Hiin) of Singapore on 12th October 2021 with the objective of exploring opportunities

in the bitumen space in Sri Lanka. Further, Industrial Asphalts (Ceylon) PLC on behalf of the proposed IAC/Hiin Joint Venture entered into a Memorandum of Understanding with Hambantota International Port Group (HIPG) on 22nd December 2021 with an ultimate objective of establishing a Bitumen Tank Terminal at Hambantota International Port

Fair Value Gain on Investment Property

Company's primary value driver is the investment property located at No.28/1, New Nuge Road, Peliyagoda. The fair value of Investment Property increased to Rs.1,048Mn as of 31st March 2022 compared to Rs.843Mn in 2020/2021. Accordingly, the company recorded a fair value gain of Rs.205Mn in 2021/2022 compared to the fair value gain of Rs.80.5Mn recorded in 2020/2021 financial year. As a result, IAC achieved an Operating Profit of Rs.222Mn for 31st March 2022.

Profitability

Despite the challenging external environment, IAC's profit before tax from continuing operations increased by 6% to Rs.230Mn during the year, supported by fair value gain on Investment Property and increase in net finance income.

The net finance income recorded a remarkable growth of 322% from 1.9Mn in 2020/2021 to Rs.8.2Mn in 2021/2022, as a result of the increase in interest rates on financial assets. The Company's liquid assets are held in short term investments in Government Securities. IAC did not incur any interest cost during the period under review as a result of complete settlement of interest-bearing borrowings during February 2021.

The Company recorded an income tax reversal of Rs.4.5Mn mainly resulting from increase in deferred tax assets for 31st March 2022. The Company managed to reduce the loss on discontinued operations by 93% from Rs.100.6Mn in 2020/2021 to Rs.6.7Mn

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

in 2021/2022. Consequently, the Company recorded an impressive overall profit after tax surged by 95% to Rs.229Mn in 2021/2022 compared to the profit after tax of Rs.117.1Mn in 2020/2021.

Delimitation of continuing and discontinued operations

With the disposal of Paints & Coatings Division (PCD) the Management has decided to attribute the delimitation of transactions between the continuing operations and the discontinued operation before the disposal in a way that reflects the continuance of these transactions subsequent to the disposal, because management believes this is useful to the users of the financial statements.

Accordingly, prior to the disposal of PCD on 30th July 2021 the segment incurred a loss of Rs.6.7Mn during the first quarter of 2021/2022 financial year, which is recorded under discontinued operations in these financial statements. The gain on disposal of PCD amounted to Rs.358,678/-

Financial Position

Asset Base

The value of the Company's total assets base has substantially increased by 22% to Rs.1,256Mn from Rs.1,031Mn on 31st March 2021. The enhancement of the total assets base is mainly attributable to the Company's strategic investments. The value of investment property fair valuation as well as investments in other financial assets held in Government Securities have increased considerably. Rights Issue funds which are not utilized yet have been invested in short term investments in Government Securities until such time its fully utilized for the objectives for which the funds were raised.

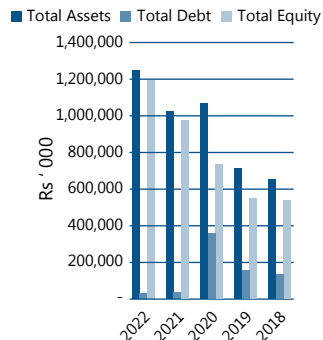
Capital Structure

Managing the Company's capital by way of a methodical strategy is a cornerstone of the Company's consistent success. The goal of the Company's capital management is to secure robust capital to boost its business. Therefore, the Company systematically manages its capital structure and is conscious of the prevailing economic conditions.

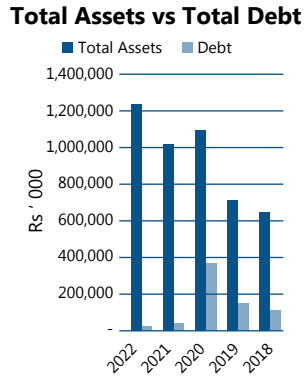
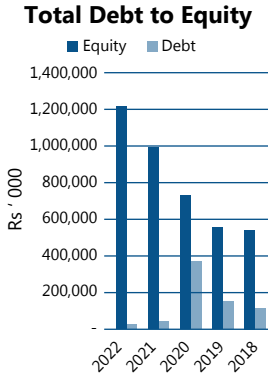
The Company's equity base increased considerably by 23% to Rs.1,218Mn in 2021/2022 financial year compared to Rs.988Mn in 2020/2021. With the disposal of Paints & Coatings Division (PCD) during the financial year the Revaluation Reserve balance was transferred to Retained Earnings due to the disposal of Plant & Machinery relating to the PCD.

Importantly, the total liabilities of the Company decreased by 11% to Rs.38Mn in 2021/2022 financial year against Rs.42Mn in 2020/2021. This placed the Company in a strong position, as it does not have any interest-bearing liabilities as of financial year ended 31st March 2022.

Financial Position



MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)



Financial Performance and Financial Position

Ratios	2022	2021
Return on Equity (ROE) - %	19%	12%
Debt to Equity Ratio	0.03	0.04
Equity Multiplier	1.03	1.04

IAC's Return on Equity (ROE) which measures the profitability of the Company in relation to shareholders' equity increased to 19% for 2021/2022 financial year compared to 12% ROE in 2020/2021. The increase in ROE is a positive indication of the Company's profitability and increased efficiency. The Company's strong decisive approach in disposing of the loss-making Paints & Coatings Division combined with the Company's dynamic investments in financial assets, resulted in robust financial efficiency during the 2021/2022 financial year. Moreover, the Company's lower debt levels and zero interest-bearing liabilities position has led to low leverage which is reflected by a low debt to equity ratio of 0.03 for 2021/2022, compared to 0.04 in the previous financial year. Furthermore, the Company's Equity Multiplier has also reduced from 1.04 in the previous financial year, to 1.03 in the year 2021/2022.

At present more than 90% of the assets in the balance sheet of the Company are held for investment purposes. As an Investment Holding company IAC is continuously exploring new frontiers to take strategic stakes where the targeted ROIs on those investments would be in line with the internal expectations. The Company is overall in a stronger position to develop and expand the business, while being able to stay resilient in the face of an increasingly challenging operating environment.

BOARD OF DIRECTORS

Mr. Govindasamy Ramanan

CFA | MBA (University of Chicago, Booth School of Business)

Executive Director

(Appointed to the Board on 30th May 2014)

Mr. Ramanan is an investor and entrepreneur who has wide expertise in financial markets, emerging technology, and corporate value creation. He draws from his stellar corporate life of more than 20 years at CXO level which propelled him to work closely with industry leaders to venture outside the confines of the corporate world to establish a pioneering private equity practice in Sri Lanka.

Mr. Ramanan is a CFA Charter Holder, a Chartered Management Accountant, and obtained his MBA from University of Chicago Booth School of Business.

Mr. Nanda Kumara Dahanayake

Non-Executive Independent Director

(Appointed to the Board on 13th February 2020)

Mr. Dahanayake is an accomplished professional with vast experience in Bank Treasury Management and at present is a Management Committee Member of the BOC Pensioners' Association and a Trustee of the BOC, Pension Trust Fund and the Investment Committee. He worked as the Chief Executive Officer of the Primary Dealer subsidiary of NSB during the period 2006 to 2015 and as the CEO, he was instrumental in transforming the NSB Fund Management Company into a leading Primary Dealer from its very backward position. He has 25 years of experience in Bank Treasuries in the fields of Foreign Exchange, Money Market, Fixed Income Securities, managing FI portfolios and Treasury Back Office Operations. He has held positions of the

Chief Dealer of Bank of Ceylon, the Head of Treasury/Chief Dealer at Nepal Bank of Ceylon and the Manager/Principal Dealer of Ceybank Securities Ltd., the Primary dealer arm of BOC. Mr. Dahanayake was instrumental in the setting up of the Treasury Division of Nepal Bank of Ceylon as its Head of Treasury.

Mr. Dahanayake has the Post Graduate Executive Diploma in Bank Management of the Institute of Bankers of Sri Lanka (2002) and has received the Prize for outstanding performance in International Banking & Treasury Management.

Mr. Rienzie Kishore Ignatius

Non-Executive Independent Director

(Appointed to the Board on 29th July 2021)

Mr. Kishore Ignatius counts over 30 years of experience in the field of Financial Accounting, Management Accounting, Auditing, Risk and Compliance and has a proven track record, holding several senior management positions in large private sector entities in Sri Lanka, including John Keells Office Automation. He currently serves as the Chief Financial Officer for Printcare PLC, a Company listed on the Colombo Stock Exchange (CSE), possessing an established status for adhering to high ethical standards and integrity. Printcare PLC is the holding company of Printcare Group of Companies.

Mr. Kishore is a Fellow of the Chartered Institute of Management Accountants UK (FCMA), Chartered Global Management Accountant (CGMA -USA) and holds a Master's degree in Business Administration (MBA) from the Postgraduate Institute of Management, University of Sri Jayewardenepura, Sri Lanka (PIM).

BOARD OF DIRECTORS (Contd.)

Mr. Sivanandan Marimuthu

Non-Executive Independent Director

(Appointed to the Board on 29th July 2021)

Mr. Sivanandan Marimuthu is a career banker with over 25 years of experience having served international banks in senior leadership capacities. He holds a Masters in Business Administration (MBA) from the University of Wollongong – Australia, a Bachelor of Commerce from Loyola College – Chennai and he is also a Management Accountant.

Mr. Sivanandan's experience in the banking sector is extensive, being a part of the country management team for Standard Chartered Bank Sri Lanka. He has contributed across all key functions such as Retail Banking, Banking Operations, Operational Risk Management, Compliance and Assurance, Project Implementations, Administration and Audit. He also has headed the Country Audit and Operational Risk Function for Standard Chartered Bank and has conducted audits for the banking group in other country offices too.

Current Directorships held

Equity One Ltd - Independent Non-Executive Director

Equity Two Ltd - Independent Non-Executive Director

Knightsbridge Technologies Pvt Ltd

Mr. Rajeevan Raguneethan

Non-Executive Independent Director

(Appointed to the Board on 30th September 2021)

Mr. Rajeevan Raguneethan currently leads Microsoft's retail and consumer goods industries business across Asia region and part of Asia and Microsoft's worldwide retail and consumer goods leadership team. Mr.

Rajeevan brings more than 25+ years of experience working with global and regional customers. In his current role Mr. Rajeevan focuses on Microsoft's partnership with retail and consumer goods customers in their digital transformation journey.

Prior to this role, Mr. Rajeevan led the Asia Emerging solutions team focused on acquired products, building D365 Customer engagement, and connected field service business in Asia. Mr. Rajeevan is responsible for Sales, Business Development, Partner Strategy and Marketing as well as working with R&D team on product strategy for the region. Prior to that led the Microsoft business applications business for retail, distribution & consumer industries across Asia region.

Mr. Rajeevan with more than 25 years' experience, has spent the last fifteen years managing and leading various teams across Asia region. Mr. Rajeevan has worked in geographies including Australia, India, Grater China, Japan, ASEAN, USA and other countries. This experience has given Mr. Rajeevan exposure to a broad range of business and cultural issues. Mr. Rajeevan has worked with customers in wide range of industries including Retail, Consumer Goods, Wholesale & distribution and Manufacturing.

Mr. Rajeevan holds a Computing and business management degree from University of Macquarie.

Mr. Rajeevan belongs to the global tech community and now coming back to his roots by leading the trend towards investing back in his homeland of Sri Lanka.

ENTERPRISE RISK MANAGEMENT

ENTERPRISE RISK MANAGEMENT PROCESS

At IAC, the focus of the risk management process is the identification and mitigation of risks impacting the Company and its business objectives. Moreover, the objective of our risk management is to add maximum sustainable value to all the activities of the organization. It marshals the understanding of the potential benefits and threats of all those factors which can affect the organization. Further it increases the probability of success and reduces both the probability of failure and uncertainty of achieving the organization's overall objectives. As the Company is exposed to a wider range of risks arising from a dynamic business environment which it operates, it must address the risks based on its risk appetite and risk tolerance.

RISK IDENTIFICATION

Systematically and continuously identify risks faced in meeting corporate objectives

Risk identification is the process of determining risks that could potentially prevent the Company from achieving its strategic objectives. The Board continuously evaluate the Risk profile of the Company. As the Company is exposed to a wider range of risks arising from a dynamic business environment which it operates, it must address the risks based on its risk appetite and risk tolerance.

Risk appetite is the level of risk the Company is willing to accept and has been set in the framework of collaboration between risk assessment processes and its ability to mitigate and control existing and emerging risks.

RISK ASSESSMENT

Assess the significance of risks to enable the development of Risk Responses

Once the risks have been identified, the **likelihood** of the risk occurring and the potential **impact** if the risk does occur are assessed using following risk matrix.

Impact	Major	Short Term Measures (Mitigate or Transfer)	Immediate Actions (Mitigate or Exploit)	Immediate Actions (Mitigate or Exploit)
	Moderate	Routine Procedures (Accept or Avoid)	Short Term Measures (Mitigate or Transfer)	Immediate Actions (Mitigate or Exploit)
	Minor	Routine Procedures (Accept)	Routine Procedures (Accept)	Short Term Measures (Mitigate or Transfer)
		Low	Medium	High
		Likelihood		

Risk Likelihood: An assessment of the likelihood of the risk occurring after taking into consideration of the key controls in place.

Risk Impact: An assessment of the potential financial or non-financial impact of the risk, if it were to materialize, after taking account of the controls in place.

ENTERPRISE RISK MANAGEMENT *(Contd.)*

RISK MANAGEMENT AND MONITORING

At IAC monitoring and review of the risk profile and the risk response plans are carried out as a continuous process. Such continuous monitoring provides assurance that the risks are being managed as expected and enables to assess whether the risk response plans remain relevant for the Company.

Risks monitoring consists of regular communication, regular review and audits of internal control systems and evaluation by key executives at appropriate levels of IAC.

While everyone at IAC is responsible for enterprise risk management in their respective areas, certain staff categories have specific responsibilities. The policy, design and framework for enterprise risk management is driven by the Board and managed by the Senior Management team.

The Board of Directors is responsible for the Company's corporate governance and to ensure to maintain a sound risk management framework coupled with sound internal control systems within the organization. The Directors are responsible to the Shareholders for providing strategic direction to the Company and safeguarding the assets of the Company. Therefore, at IAC the responsibility for setting an effective risk management framework rests with the Board of Directors.

The Board has delegated authority to the Audit Committee to oversee the development and implementation of policies relevant for identification of risks and monitoring the effectiveness of procedures in place to mitigate such risks.

The following table in brief highlights the risks encountered by the Company the measures taken by the Company to manage potential risks.

	Risk Type	Risk Description	Implication	Risk mitigating Strategy
1	Macroeconomic and Political Risk	Risk arising from uncertain macroeconomic and political factors	Loss of Projects due to instability in macroeconomic and political environment	Conducting feasibility studies to prevent potential risk of investing in new projects
			Weakening of the local currency directly affects the budgetary control systems and profit margins	Strengthening the relationships with existing business partners to secure existing and potential projects
				Including contingency plans for projects

ENTERPRISE RISK MANAGEMENT *(Contd.)*

	Risk Type	Risk Description	Implication	Risk mitigating Strategy
2	Operational Risk	Risk of losses resulting from inadequate internal processes and systems	Delay in overall Project deliverables	Effective and efficient planning and implementation of Projects
			Could affect the project quality	Continuous project quality checks
				Carrying out frequent Project progress review meetings to monitor whether the targets are met and to take necessary action if required
3	Compliance Risk	Risk arising from failure to comply with regulations imposed by various Regulatory Bodies	Regulatory Bodies could impose penalties	Periodic evaluation and upgrade of regulations and policies
			May lead to reputational damage of the Company	Seeking independent professional advise as necessary
4	Human Capital and Labour Risk	Risk of losses resulting from human errors, low productivity, weak internal control systems and fraud	Weak systems and internal controls could affect the decision making process at the Management and Board Level	Continuous monitoring of adequacy and accuracy of internal control systems
				Continuous training and development of employees
				Involving external expertises to monitor the internal system assurance function on a periodic basis

ENTERPRISE RISK MANAGEMENT (Contd.)

	Risk Type	Risk Description	Implication	Risk mitigating Strategy
5	Finance Risk	Risk of poor Treasury Management could affect the profit margins of the Company	Return on surplus funds would be affected if funds are not invested with the most suitable financing institution and most interest yielding investment options	Ongoing monitoring of the Treasury Management function to ensure surplus funds yield the best return to the Company
			Negative impact on cost of funding due to change in interest rates	Continuous monitoring of interest rates and exchange rates; and negotiating with the existing financial institutions on the banking facilities when required
				Maintaining an appropriate combination of investments
6	IT Related Risk	Risk of failures in IT systems could affect the smooth functioning of day-to-day operations of the Company	Breakdown of daily operational functions.	Maintaining proper back-up systems to avoid data loss. Installation of proper software protection systems to ensure data security
			Inability to meet regulatory deadlines due to system breakdowns.	
			Could affect the reputation and credibility of the Company	Maintaining a disaster recovery plan

ANNUAL REPORT OF THE BOARD OF DIRECTORS

For the financial year ended 31 March 2022

The Directors of Industrial Asphalts (Ceylon) PLC have pleasure in presenting their Annual Report on the affairs of the Company together with the audited Financial Statements for the year ended 31 March 2022 which were approved by the Board on 17th of August 2022.

The details set out herein provide information required by the Companies Act No. 7 of 2007, Listing Rules issued by the Colombo Stock Exchange and are guided by recommended best practices.

Principal Activities

The Company disposed the traditional business line of Paints & Coatings Division (PCD) during the financial year under review. Information relating to the disposal of PCD is disclosed in Note 10 to the Financial Statements.

At present, the principal activities of the Company are carrying out investment activities.

Review of Operations

The Company reported a net profit after tax of Rs.229Mn for 2021/2022 financial year against a net profit after tax of Rs.117.1Mn for comparative period 2020/2021. A more comprehensive review of the operations of the Company during the financial year and the results of those operations are contained in the Executive Director's Review and Management Discussion & Analysis on pages 5 to 8 of the Annual Report. These reports, together with the Financial Statements reflect the state of affairs of the Company.

Legal Status

Industrial Asphalts (Ceylon) PLC was incorporated on 30 June 1964 under the provisions of the Companies Ordinance (Cap 145) and re-registered under the Companies Act, No.7 of 2007. The Company was listed on the Main Board of the Colombo Stock Exchange on 1st January 1978.

Shares

Stated Capital

The Stated Capital of the Company as at 31 March 2022 was Rs.156.6Mn consisting of 3,749,411,250 ordinary shares. Please refer Note 21 to the Financial Statements.

Share Information and Substantial Shareholdings

As at 31 March 2022, there were 5695 registered Shareholders of the Company (4,419 Shareholders as at 31 March 2021).

Information on the distribution of shareholding, twenty largest shareholders of the Company, percentage of shares held by the public, market value of shares, earnings, dividends, net assets per share and information on share trading as per the Listing Rules of the Colombo Stock Exchange are presented under Shareholders Information on pages 78 to 79 of the Annual Report.

Financial Statements

The Company prepared its Financial Statements according to the Sri Lanka Accounting Standards (SLFRS/ LKAS) and in compliance with the requirements of the Companies Act No.7 of 2007 and the Listing Rules of the Colombo Stock Exchange. The Financial Statements of the Company are given on pages 40 to 76 of the Annual Report.

Accounting Policies

All relevant applicable standards have been followed in presenting the Financial Statements for the year ended 31 March 2022. The significant accounting policies adopted in the preparation of the Financial Statements are given on pages 48 to 62 of the Annual Report.

Figures pertaining to the previous period have been re-stated where necessary to conform to the presentation for the year under review.

Independent Auditor's Report

ANNUAL REPORT OF THE BOARD OF DIRECTORS (Contd.)

The Independent Auditor's Report on the Financial Statements is given on pages 40 to 43.

Financial Results

Summarized results for the financial year under review is set out below.

Year ended 31 March	2022 Rs.'000	2021 Rs.'000
Revenue	35,400	35,400
Results from operating activities	222,606	215,823
Net Finance Income	8,240	1,964
Profit/(Loss) before Tax	230,847	217,787
Income Tax (expense)/ Reversal	4,509	45
Profit/ (Loss) from Discontinued Operations	(6,348)	(100,634)
Profit/(Loss) for the year	229,008	117,198

The Financial Statements of the Company are set out in pages 40 to 76 of the Annual Report.

Reserves

The movement of the reserves is given on page 46 under Statement of Changes in Equity.

Dividends

The Directors have not recommended the declaration of dividend for the financial year ended 31st March 2020 (F/Y 2020/21 - Nil).

Corporate Donations

During the year under review, the charitable donations made by the Company amounted to Rs.310,170/-.

Taxation

The Company has adopted accounting policy of making provision for deferred taxation. The Company's liability to income tax has been

computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017. Details are given in Note 9 to the Financial Statements.

Investment Property

The Land of the Company are classified and accounted for as Investment Property. The Directors have adopted the fair value model for accounting for Investment Property. Extent, locations and valuations of the Company's Investment Properties are given in note 13 to the Financial Statements.

Property, Plant & Equipment

Details of property, plant and equipment and their movement during the year are given in Note 12 to the Financial Statements.

Investments

Details of Company's investments in Government Securities are given in Note 18 to the Financial Statements.

Events after the Reporting Date

No significant events have occurred after the reporting period that require adjustments or disclosure in the Financial Statements other than those mentioned in Note 28 to the Financial Statements.

Directors' Responsibility for Financial Reporting

The Directors' responsibility in relation to the Financial Statements is detailed under the Statement of Directors' responsibility on page 20 of the Annual Report.

Board of Directors

The following were the Directors of the Company as at 31 March 2022.

1. Mr. G. Ramanan
2. Mr. N. K. Dahanayake
3. Mr. R. Kishore Ignatius
4. Mr. S. Sivanandan
5. Mr. R. Raguneethan

ANNUAL REPORT OF THE BOARD OF DIRECTORS (Contd.)

Mr. K. Naveenkanth, Managing Director/ CEO who was on Board as of 31st March 2021 resigned from being a Director of the Company with effect from 31st July 2021.

Mr. Duleep Daluwatte, Independent Non-Executive Director who was on Board as of 31st March 2021 deceased on 23rd August 2021.

Directors' Shareholding

Directors and their shareholding as at 31 March 2022 were as follows:

	No. of shares 31.03.2022	No. of shares 31.03.2021
Mr. G. Ramanan	1,800,693,010	1,800,693,010
Mr. N. K. Dahanayake	1,000,000	1,000,000
Mr. R. Kishore Ignatius	Nil	N/A
Mr. S. Sivanandan	4,750,000	N/A
Mr. R. Raguneethan	Nil	N/A

Retirement by Rotation and Re-election

Mr. N. K. Dahanayake the Independent Non-Executive will retire in terms of Article 90 of the Articles of Association of the Company and offers himself for re-election as a Director at the forthcoming AGM.

Related Party Transactions

The Company's transactions with Related parties, as detailed in Note 29 to the Financial Statements, have complied with Section 9 of Colombo Stock Exchange Listing Rules and Code of Best Practices on Related Party Transactions under the Securities Exchange Commission Directive issued under Section 13 (c) of the Securities Exchange Commission Act as declared by the Board of Directors.

Directors' Interest

As required by the Companies Act, No.7 of 2007, an Interests Register was maintained by the Company during the period under review. Directors have made declarations as provided for in Section 192 (2) of the Companies Act. The Interest Register is available for inspection as required under the Companies Act.

Directors' Remuneration and Fees

Details of Directors' remuneration and fees are set out in Note 8 to the Financial Statements.

Board Committees

Audit Committee

The composition of the Audit Committee as of 31st March 2022 is as follows:

Mr. R. Kishore Ignatius - Chairman
Mr. S. Marimuthu

The Report of the Audit Committee is given on pages 21 to 23 of this Annual Report.

Remuneration Committee

The composition of the Remuneration Committee as of 31st March 2022 is as follows:

Mr. N. K. Dahanayake - Chairman
Mr. S. Marimuthu

The Report of the Remuneration Committee is given on page 24 of this Annual Report.

Related Party Transactions Review Committee

The composition of the Related Party Transactions Review Committee as of 31st March 2022 is as follows:

Mr. N. K. Dahanayake - Chairman
Mr. R. Kishore Ignatius

ANNUAL REPORT OF THE BOARD OF DIRECTORS *(Contd.)*

The Report of the Related Party Transactions Review Committee is given on pages 25 to 26 of this Annual Report.

Investment Committee

The Investment Committee of Industrial Asphalts (Ceylon) PLC was established on 13th September 2021 as a Board Sub-Committee.

The composition of the Investment Committee as of 31st March 2022 is as follows:

Mr. S. Marimuthu - Chairman
Mr. N. K. Dahanayake
Mr. R. Kishore Ignatius

The Report of the Investment Committee is given on page 27 of this Annual Report.

Risk and Internal Control

The Board of Directors is satisfied that there exists an effective and comprehensive system of internal controls to monitor, control and manage the risks to which the Company is exposed, to carry out its business in an orderly manner, to safeguard its assets and to secure as far as possible the reliability and accuracy of records.

Corporate Governance

The Directors acknowledge their responsibility for the Company's corporate governance and the system of internal controls. The Directors are responsible to the Shareholders for providing strategic direction to the Company and safeguarding the assets of the Company. The Board is satisfied with the effectiveness of the system of internal control for the period up to the date of signing the Financial Statements.

The main corporate governance practices of the Company are set out on pages 28 to 38 of the Annual Report.

The performance of the Company is evaluated at regular review meetings. These meetings provide an opportunity to ensure that progress is in line with agreed targets. Regular Board Meetings are held to further strengthen the review process and ensure compliance with all statutory and regulatory obligations.

Statutory Payments and Compliance with Laws and Regulations

The Directors confirm that, to the best of their knowledge, all taxes and duties due to the Government and all contributions, levies and taxes payable in respect of the employees and all other known statutory dues as at the reporting date have been paid and/or provided.

Employee issues and Industrial Relations

There were no material issues relating to employees and Industrial relations during the financial year under review.

Going Concern

The Board of Directors has reviewed the Company's business plans and is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, the Financial Statements are prepared on the going concern concept.

Equal Opportunities

The Company is committed to provide equal opportunities to all employees irrespective of their gender, marital status, age, religion, race or disability. It is the Company's policy to give full and fair consideration to persons, with respect to applications for employment, continued employment, training, career development and promotion, having regard for each individual's particular aptitudes and abilities.

ANNUAL REPORT OF THE BOARD OF DIRECTORS *(Contd.)*

Independent Auditors

The Company's Auditors during the period under review were Messrs A.I. Macan Markar & Co., Chartered Accountants. The fees paid to auditors are disclosed in Note 8 to the Financial Statements.

Based on the declaration from Messrs A.I. Macan Markar & Co., Chartered Accountants, and as far as the Directors are aware, the Auditors do not have any relationship or interest in the Company other than as disclosed in the above paragraph.

Messrs A.I. Macan Markar & Co., Chartered Accountants, have expressed their willingness to continue in office as Auditors of the Company for the ensuing year.

In accordance with the Companies Act No. 7 of 2007, a resolution proposing the re-appointment of Messrs A.I. Macan Markar & Co., Chartered Accountants, as Auditors to the Company for the ensuing year will be submitted at the forthcoming Annual General Meeting.

Annual General Meeting

The 58th Annual General Meeting of the Company will be held on 5th October 2022 on a virtual platform, in accordance with the guidelines issued by the Colombo Stock Exchange (CSE).

The notice convening the meeting and the agenda are given on page 80.

This Annual Report is signed for and on behalf of the Board by:

(Sgd.)

G. Ramanan

Executive Director

(Sgd.)

N. K. Dahanayake

Director

Colombo

26th August 2022

(Sgd.)

Ninecap Corporate Solutions (Pvt) Ltd.

Secretaries

Colombo

26th August 2022

STATEMENT OF DIRECTORS' RESPONSIBILITY

Set out below are the responsibilities of the Directors of the Company.

The Board of Directors are responsible for preparation of Financial Statements for each financial year and present Financial Statements to the Shareholders in accordance with the relevant provisions of the Companies Act No.7 of 2007 and other statutes which are applicable in preparation of Financial Statements. The Financial Statements comprise of the Statement of Financial Position as of 31 March 2022, the Statement of Comprehensive Income, Statement of Changes in Equity, Cash Flow Statement for the year ended and Notes thereto.

The Financial Statements of the Company for the year ended 31 March 2022 incorporated in this Annual Report have been prepared in accordance with the Companies Act No.7 of 2007, Sri Lanka Accounting Standards (SLFRSs and LKASs) and Listing Rules of the Colombo Stock Exchange.

The Directors are responsible to select suitable accounting policies which are applied in a consistent manner and appropriate estimates and judgements made to reflect the true substance and form of transactions.

As per section 148 of the Companies Act No.7 of 2007, the Directors are required to maintain sufficient accounting records to disclose, with reasonable accuracy, the financial position of the Company. The Directors have therefore caused the Company to maintain proper books of accounts and regular review financial reports at their meetings. The Board also reviews and approves all interim Financial Statements prior to their release to the Colombo Stock Exchange and the public.

The Directors have taken reasonable measures to safeguard the assets of the Company and to prevent and detect frauds and other irregularities. In this regard, the Directors have laid down effective and comprehensive internal control systems.

The Auditors of the Company, Messrs A.I. Macan Markar & Co., Chartered Accountants, who were appointed in accordance with a resolution passed at the last Annual General Meeting were provided with all necessary information required by them in order to carry out their audit and to express an opinion which is contained on pages 40 to 43 of this Annual Report.

Directors confirm that after considering the financial position, operating conditions and regulatory and other factors, the Directors have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future and that the Going Concern basis is the most appropriate in the preparation of these Financial Statements.

The Board of Directors is of the opinion that Board has discharged its responsibilities as set out above.

By order of the Board

(Sgd.)

Ninecap Corporate Solutions (Pvt) Ltd.

Secretaries

Colombo

26th August 2022

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of Industrial Asphalts (Ceylon) PLC was established as a sub-committee of the Main Board in accordance with the Corporate Governance Rules of section 7.10.6 of the Listing Rules of Colombo Stock Exchange and the Code of Best Practice on Corporate Governance jointly issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

The Audit Committee provides assistance to the Board in overseeing the financial and related functions and ensures the quality of financial reporting and related communications to the shareholders and the public.

Functions and responsibilities of the Audit Committee

The Audit Committee reports to the Board.

Key function of the Audit Committee of Industrial Asphalts (Ceylon) PLC is to assist the Board in following aspects:

- To ensure preparation, fair presentation of financial statements and assure adequacy of disclosures in the financial statements in accordance with the Sri Lanka Accounting Standards;
- To ensure compliance with financial reporting requirements and other information requirements stipulated in the Companies Act No. 07 of 2007, Listing Rules of the Colombo Stock Exchange and other relevant financial reporting related regulations and requirements;
- Review Company's processes to ensure adequacy and effectiveness of the Company's internal control systems and Risk Management framework to meet the requirements of the Sri Lanka Auditing Standards;
- Establish procedures to identify, monitor and manage significant business and financial risks;

- Ensure independence and performance of the Company's external audit function.
- To make recommendations to the Board pertaining to appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.

Accordingly, the Audit Committee carries out its responsibilities under various functional aspects such as financial reporting, internal controls and risk management, compliance, external audit, and regulatory reporting for the betterment of the Company and with a view of safeguarding the interests of the shareholders and all other stakeholders.

Composition of the Audit Committee

In accordance with Section 7.10.6(a) of the Listing Rules of the Colombo Stock Exchange the Audit Committee of Industrial Asphalts (Ceylon) PLC comprises of two (2) Independent Non-executive Directors as of the reporting date; Mr. R. Kishore Ignatius (Chairman of the Committee) and Mr. Sivanandan Marimuthu.

The Chairman of the Committee, Mr. R. Kishore Ignatius and Committee Member Mr. Sivanandan Marimuthu were appointed to the Audit Committee with effect from 23rd August 2021.

Mr. Duleep Daluwatte, Independent Non-Executive Director who served as the Chairman of the Audit Committee as of 31st March 2021 demised on 23rd August 2021.

Mr. Nanda Kumara Dahanayake, Independent Non-Executive Director served as a member of the Audit Committee until 23rd August 2021.

The Company Secretary functions as the Secretary to the Audit Committee.

Financial Acumen of the Committee

The Directors have the required financial knowledge and professional skills to carry out their functions effectively and efficiently. The Chairman of the Committee, Mr. R. Kishore

REPORT OF THE AUDIT COMMITTEE (Contd.)

Ignatius is a Fellow of the Chartered Institute of Management Accountants UK (FCMA) and the profiles of each committee member are given on pages 9 to 10.

Meeting Attendance

The Audit Committee had five (5) meetings during the financial year ended 31st March 2022 to discuss matters relating to the financial year and to review the results of the Company at the end of each quarter.

The Executive Director and the Financial Controller were present at these meetings on invitation. The External Auditors, Messrs A.I. Macan Markar & Co., Chartered Accountants attend meetings on invitation. Meeting agendas are prepared by the Company Secretary and provided to the members of the Committee in advance along with required previous meeting minutes.

The key findings and views of the Audit Committee were communicated to the Board of Directors by tabling the minutes of the meetings of the committee at the subsequent Board meetings, and with clarifications and elaboration at Board Meetings as and when required.

In addition, the Chairman of the Committee attends the Annual General Meeting of the Company and responds to any questions from the shareholders on the activities of the Committee.

The attendance of the Committee members at the Audit Committee meetings held during the year ended 31st March 2022 are given below:

Name of Director	Attended/ Eligible to Attend
Mr. N.K. Dahanayake (Chairman - Audit Committee - appointed w.e.f. 23.08.2021)	3/3
Mr. S. Marimuthu (appointed w.e.f. 23.08.2021)	3/3
Mr. D. Daluwatte (deceased on 23.08.2021)	2/2
Mr. N. K. Dahanayake	2/2

Financial Reporting and Compliance

During the financial year ended 31st March 2022 the Audit Committee reviewed and discussed the Interim Financial Statements and Annual Financial Statements with the Management in order to ensure its compliance with statutory requirements of Sri Lanka Accounting Standards, Companies Act No.7 of 2007 and the Listing Rules of the Colombo Stock Exchange; and recommended to the Board of their approval prior to releasing the same to the Colombo Stock Exchange.

This review included:

- The evaluation of the appropriateness of the Accounting Standards and Accounting Policies adopted by the Company in preparation and presentation of the Financial Statements;
- Assessing the adequacy and validity of the significant estimates and judgement made by the Management on significant and complex accounting transactions and understanding their impact on the Financial Statements;
- Compliance with the relevant Accounting Standards and applicable regulatory requirements;
- Discussion of Key Audit Matters in connection with the preparation of the Financial Statements;
- Assessing the follow-up actions taken by the Management to enhance the fair presentation of Financial Reports;
- Assessing the Company's ability to continue as a going concern in the foreseeable future.

The Audit Committee is responsible for compliance with applicable laws and regulations stipulated by various Regulators.

REPORT OF THE AUDIT COMMITTEE (Contd.)

The Committee carries out following functions to ensure compliance with regulatory requirements:

- Reviews the effectiveness of the system established by the Management to monitor compliance with regulatory requirements
- Obtains and reviews regular updates on regulatory requirements applicable to the Company
- Addresses any non-compliances identified by the Management, External Auditors and ensures that necessary actions are taken to rectify such non-compliances
- Reviews and evaluates letters received from Regulatory Bodies on non-compliances and improvements suggested, and follow up on actions taken by the Management to address such issues

Internal Controls and Risk Management

The Audit Committee is responsible to review the adequacy and effectiveness of the internal controls and the risk management framework established within the organization to safeguard the assets of the Company.

During the reporting period the Audit Committee reviewed the adequacy and the effectiveness of the Company's internal control system and the procedures relating to governance and risk management framework. Accordingly, the Audit Committee is satisfied that the Company's internal controls and the risk management framework in place provide a reasonable assurance that the financial position of the Company is adequately monitored, and the Company's assets are safeguarded.

External Audit

The Audit Committee is responsible for supervision of all matters associated with the appointment, terms, remuneration and performance of the External Auditors and for reviewing the scope and results of the audit.

The Audit Committee reviewed the Management Letter for the Financial Year ended 31st March 2021 with the Management and the External Auditors during the year and has ensured that the Management has taken appropriate actions to resolve highlighted issues.

Before the conclusion of the audit the Committee met with the External Auditors to discuss all key audit matters and agree on their treatment.

The Audit Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest.

Re-appointment of External Auditors

After evaluating and discussing the performance of the External Auditors with the Management of the Company, the Audit Committee has recommended to the Board of Directors that Messrs A.I. Macan Markar & Co., Chartered Accountants, be re-appointed as External Auditors for the financial year ending 31st March 2023 at a remuneration to be determined by the Board, subject to the approval of the Shareholders at the forthcoming Annual General Meeting.

(Sgd.)

R. Kishore Ignatius

Chairman

Audit Committee

26th August 2022

REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee of Industrial Asphalts (Ceylon) PLC was established in accordance with the Corporate Governance Rules of section 7.10.5 of Colombo Stock Exchange and the Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

Composition of the Remuneration Committee

The Remuneration Committee of Industrial Asphalts (Ceylon) PLC comprises of the two (2) Independent Non-Executive Directors, Mr. Nanda Kumara Dahanayake (Chairman of the committee) and Mr. Sivanandan Marimuthu.

Mr. Duleep Daluwatte, Independent Non-Executive Director who served as a member of the Remuneration Committee as of 31st March 2021 demised on 23rd August 2021.

Mr. Sivanandan Marimuthu was appointed to the Remuneration Committee with effect from 23rd August 2021.

The Company Secretary functions as the Secretary to the Remuneration Committee.

Meetings

The Remuneration Committee had one (1) meeting during the financial year ended 31 March 2022. The attendance of the Committee members at these meetings was as follows:

Name of Director	Attended/ Eligible to Attend
Mr. N.K. Dahanayake (Chairman - Remuneration Committee)	1/1
Mr. S. Marimuthu (appointed w.e.f. 23.08.2021)	N/A
Mr. D. Daluwatte (deceased on 23.08.2021)	1/1

Role of the Committee

The Remuneration Committee is responsible for reviewing and recommending the framework and policy for remuneration of Senior Management including Executive Directors of the Company. It is ensured that the remuneration at each level of management is competitive and based on performance they are rewarded in a fair manner.

The policy on remuneration is geared to attract and retain the best professional talent to the Company and to motivate and encourage them to perform at the highest possible level.

Evaluation of performance ensures equality and fairness without discrimination of gender, age, ethnicity, religion or any other consideration.

The aggregated remuneration of the Board of Directors and the Senior Management team are disclosed in the notes to the Financial Statements.

(Sgd.)

N. K. Dahanayake

Chairman

Remuneration Committee

26th August 2022

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Board established the Related Party Transactions Review Committee (RPTRC) as a Board Sub-Committee to ensure that the Company complies with the requirements of the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka (SEC) and the Section 9 of the Listing Rules of Colombo Stock Exchange.

Composition of the Related Party Transactions Review Committee

As at 31st March 2022 RPTRC comprised of two (2) Independent Non-Executive Directors, Mr. Nanada Kumara Dahanayake (Chairman of the committee) and Mr. Kishore Ignatius in accordance with Listing Rule No.9.2.2. of the Colombo Stock Exchange whose profiles are given on pages 9 to 10.

During the reporting period Mr. Duleep Daluwatte who served as a member of the Related Party Transactions Review Committee deceased on 23rd August 2021.

The Company Secretary functions as the Secretary to the RPTR Committee.

Meetings

The Committee had four (4) meetings during the financial year ended 31 March 2022 to comply with Listing Rule No. 9.2.4 of the Colombo Stock Exchange.

The attendance of the Committee members at the RPTRC meetings held during the year ended 31st March 2022 are given below:

Name of Director	Attended/ Eligible to Attend
Mr. N.K. Dahanayake (Chairman - RPTR Committee)	4/4
Mr. Kishore Ignatius (appointed w.e.f. 23.08.2021)	2/2
Mr. D. Daluwatte (deceased on 23.08.2021)	22

Functions of the Committee

The Related Party Transactions Review Committee reports to the Board.

The key function of the Committee is to ensure on behalf of the Board that all related party transactions of the Company are consistent with the Code of Best Practices on Related Party Transactions.

Except for transactions mentioned in Rule 9.5 of CSE Listing Rules pertaining to Related Party Transactions, all other Related Party Transactions are reviewed in advance by the RPTRC. If the transaction is expressed to be conditional on such review, prior to the completion of the transaction the approval of the Committee will be obtained.

The Committee shall update the Board of Directors on the Related Party Transactions of the Company on a quarterly basis.

Make recommendations to obtain shareholder approval for applicable related party transaction as per the provisions in the Code of Best Practice and Section 9 of CSE Listing Rules. Such approval shall be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.

The Committee ensures that no Director of the Company shall participate in any discussion of a proposed related party transaction for which he or she is a related party, unless such Director is requested to do so by the Committee for the express purpose of providing information concerning the related party transaction to the Committee.

The Committee reviews the economic and commercial substance of both recurrent and non-recurrent related party transactions.

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE (Contd.)

The Committee shall make immediate market disclosures on applicable related party transactions as required by the CSE Listing Rules.

Further shall make appropriate disclosures on related party transactions in Annual Report as required by the CSE Listing Rules.

Policies and Procedures

The Committee has adopted the Related Party Transactions Policy in accordance with the rules pertaining to Related Party Transactions set out in Section 9 of the Listing Rules of the Colombo Stock Exchange. The members of the Board of Directors of the Company have been identified as Key Management Personnel (KMP) to ensure good governance.

The Related Party Transactions Policy provides guidance and direction on all Related Party Transactions.

The Policy objectives are as follows:

- To ensure proper review, approval and disclosure of Related Party Transactions in accordance with regulatory requirements;
- To ensure that the interests of shareholders as a whole are taken into account by the Company when entering into Related Party Transactions.

Activities during the Year

The RPTR Committee convenes quarterly. The minutes of all meetings are documented and communicated to the Board of Directors on a quarterly basis.

Details of Related Party Transactions entered into by the Company during the year ended 31st March 2022 are disclosed in Note 29 of Notes to the Financial Statements.

The Committee confirms that all applicable rules in the Code of Best Practice on Related Party Transactions and Section 9 of CSE Listing Rules have been complied with by the Company during the financial year ended 31st March 2022.

Declaration

A Declaration by the Board of Directors on compliance with the Rules pertaining to the Related Party Transactions is included in the Annual Report of the Board of Directors on page 17 of this report.

(Sgd.)

N. K. Dahanayake

Chairman

Related Party Transactions Review Committee

26th August 2022

REPORT OF THE INVESTMENT COMMITTEE

The Investment Committee of Industrial Asphalts (Ceylon) PLC was established as a sub-committee of the Main Board with the objective of evaluating prospective investments within the authority delegated by the Board.

Functions and responsibilities of the Investment Committee

The Investment Committee reports to the Board.

Key function and responsibilities of the Investment Committee of Industrial Asphalts (Ceylon) PLC are as follows:

- The Investment Committee reviews prospective investments, the investment strategy of the Company to ensure it is within the Risk appetite of the Company
- The Committee will make their assessments and notify their recommendations to the Board on new investments and divestment of existing investments
- Reviews the adequacy and effectiveness of Treasury Management function of the Company
- Examines the annual investment plans formulated by the Company
- Reviews the effectiveness of Management Information System in place for investments of the Company

The Committee is authorized by the Board to act in accordance with its terms of reference and is authorized to obtain any information which is necessary to discharge its duties from employees of the Company.

Composition of the Investment Committee

The Investment Committee of Industrial Asphalts (Ceylon) PLC comprises of three (3) Independent Non-executive Directors; Mr. Sivanandan Marimuthu (Chairman of the Committee), Mr. R. Kishore Ignatius and Mr. Nanda Kumara Dahanayake.

The brief profiles of existing members of the Committee are given on pages 9 to 10 of the Annual Report.

The Company Secretary functions as the Secretary to the Investment Committee.

Meeting Attendance

The Investment Committee meets as and when necessary, at the call of any member of the Committee at dates and times which are specified in advance.

Executive Director, other members of the Board and Senior Management Personnel may attend the meetings on invitation.

The Committee is authorized by the Board to seek external independent professional advice at the Company's expense. The Committee may invite external parties with relevant professional experience to attend its meetings if it considers necessary.

Summary of Activities during the year

During the year the Investment Committee comprehensively reviewed the new investments of the Company. Committee decisions and meeting discussions were recorded and submitted to the Board for further action.

(Sgd.)

S. Marimuthu

Chairman

Investment Committee

26th August 2022

CORPORATE GOVERNANCE

The Board of Directors is committed to maintain the highest standards of corporate governance practiced in the interest of stakeholders while maintaining business integrity, appropriate ethical standards and professionalism in all its operations and activities. The Board ensures that the Company is in compliance with relevant statutory and regulatory requirements including requirements of the Companies Act No.7 of 2007, listing rules of Colombo Stock Exchange, requirements of Securities and Exchange Commission of Sri Lanka and other applicable laws and regulations. The Directors are responsible to establish sound internal control systems including comprehensive risk management framework, to safeguard the Company's assets, ensure accuracy and reliability of records and accountable for overall management of the Company.

In terms of sections 7.6 and 7.10 of the listing rules of the Colombo Stock Exchange, Industrial Asphalts (Ceylon) PLC complied with the relevant provisions under Corporate Governance.

The Board of Directors

Composition of the Board of Directors and Meetings

The Board of Directors is responsible for the governance practices established within the Company. As at 31 March 2022 the Board comprised of Executive Director and four Independent Non-Executive Directors. Mr. D. Daluwatte, Independent Non-Executive Director who was on Board as at 31st March 2021 expired on 23rd August 2021. During the reporting period Mr. R. Kishore Ignatius, Mr. S. Marimuthu and Mr. R. Raguneethan were appointed to the Board as Independent Non-Executive Directors. Mr. K. Naveenkanth who served as the Managing Director/ CEO of the Company as of 31st March 2021 resigned with effect from 31st July 2021.

The profiles of all the Directors detailing their areas of expertise are given on pages 9 to 10 of the Annual Report.

The independence of the Non-Executive Directors were determined according to the CSE listing rules. Each Non-Executive Director has submitted a declaration of independence/ non-independence for the year. The Board makes a determination annually as to the independence/ non-independence of each Non-Executive Director.

The Non-Executive Directors bring independent objective judgement to bear on Board decisions by constructively challenging management and helping to develop the Company's strategic objectives.

The Board met on seven (7) occasions during the year under review. The Directors' attendance at the Board meetings held during the year ended 31st March 2022 is given below.

Name of Director	Attended/ Eligible to Attend
Mr. G. Ramanan	7/7
Mr. N. K. Dahanayake	7/7
Mr. Kishore Ignatius (appointed w.e.f. 29.07.2021)	5/5
Mr. S. Marimuthu (appointed w.e.f. 29.07.2021)	5/5
Mr. R. Raguneethan (appointed w.e.f. 30.09.2021)	4/4
Mr. K. Naveenkanth (resigned w.e.f. 31.07.2021)	2/2
Mr. D. Daluwatte (deceased w.e.f. 23.08.2021)	2/2

Obtaining Independent Professional Advice and Continuous Training and Development

The Board is encouraged to seek independent professional advice, when necessary, at the Company's expense and also have access to the Company Secretary to obtain advice and services as required.

The Board of Directors are given the opportunity

CORPORATE GOVERNANCE (Contd.)

to obtain an in-depth understanding of the Company's business, its strategies, risks and processes, changes in laws and regulations relevant to the Company on a continuous basis; by involving the Directors in training and development. This enables the Directors to discharge their duties effectively.

Delegation of Authority

The Board has delegated the authority to the Executive Director to facilitate the effective function of daily business affairs of the Company as per the set strategies, goals and objectives of the Board and to ensure high standards of governance. A team of Senior Management assists the Executive Director in carrying out the day-to-day functions of the Company.

The Board has discussions with the Executive Director on the short term, medium term, and long-term objectives of the Company. Additionally, the Board meets with Senior Management regularly to review operational matters and disseminate the Board's plan for the future.

Appointments to the Board

The appointment of Directors to the Board is decided by the Board in accordance with the Articles of Association of the Company and in compliance with rules of governance.

Information relating to change in Directorate is communicated to the Shareholders by way of appropriate announcements to the Colombo Stock Exchange.

Re-election of Directors

In accordance with the Articles of Association of the Company, members comprising one third of the Board of Directors except the Managing Director or Joint Managing Director, are required to stand for retirement by rotation at least once in every three years. A retiring Director is eligible for re-election at the Annual General Meeting.

Names of retiring Directors eligible for re-election at the upcoming Annual General Meeting are given in the Notice of the Annual General Meeting of the Company on page 80 of the Annual Report.

Company Secretary

The Company Secretary is appointed by the Board of Directors of the Company. The Company Secretary liaises with the Colombo Stock Exchange on the Company's communications. It is the responsibility of the Company Secretary for making announcements with regard to AGMs and EGM to the shareholders and for accurate recording of proxy voting.

Board Minutes

Board Minutes are prepared by the Company Secretary. Minutes of the Board Meetings are circulated to all Directors in advance and adopted at the subsequent Board Meetings.

Timely Supply of Information

The Board of Directors are constantly updated and supplied with timely, accurate and comprehensive information in order to carry out their duties effectively.

Directors have access to following information.

- ✓ Board minutes and Board papers are circulated to the Directors beforehand
- ✓ Advise and services provided by the Company Secretary
- ✓ Advise and services provided by external experts and professionals if required
- ✓ Regular information update from the Management on the affairs of the Company, monthly organizational performance, updates on changes in regulatory requirements

CORPORATE GOVERNANCE (Contd.)

Board Committees

The Board has established four (4) Sub-Committees in order to monitor, review and enhance the accountability of key areas of business operations. Following are the Board Committees of the Company.

1. Audit Committee
2. Remuneration Committee
3. Related Party Transactions Review Committee
4. Investment Committee

These Sub-Committees operate based on terms of reference set out by the Board.

Audit Committee

The composition of the Audit Committee and the Report of the Audit Committee is given on pages 21 to 23 of this Annual Report.

Remuneration Committee

The composition of the Remuneration Committee and the Report of the Remuneration Committee is given on page 24 of this Annual Report.

Related Party Transactions Review Committee

The composition of the Related Party Transactions Review Committee and the Report of the RPTR Committee is given on pages 25 to 26 of this Annual Report.

Investment Committee

The composition of the Investment Committee and the Report of the Investment Committee is given on page 27 of this Annual Report.

Accountability

Financial Reporting

The Board of Directors is responsible for timely publication of Financial Statements annually and quarterly basis. These Financial Statements are prepared based on Sri Lanka Accounting Standards (SLFRS/ LKAS) and in compliance with the listing rules of Colombo Stock Exchange. Board ensures that these publications include all relevant financial and non-financial information that needs to be communicated to the shareholders.

Internal Controls

The Board of Directors is responsible for maintaining a sound internal control system within the organization to safeguard the Company's assets. The Board has delegated this responsibility to the Audit Committee and the responsibility of the Audit Committee with this regard is given on pages 21 to 23 of this Annual Report.

Investor Relations and Communication to shareholders

The Board of Directors policy is to disclose all relevant information to stakeholders, within the bounds of prudent commercial judgement.

The Company ensures that the notice of the AGM along with the Annual Report containing the performance of the Company for the financial year under review are delivered to the shareholders at least 15 working days prior to the scheduled meeting.

Annual Report of the Board of Directors

The Annual Report of the Board of Directors on the Affairs of the Company for 31 March 2022 is given on pages 15 to 19 of this Annual Report.

CORPORATE GOVERNANCE (Contd.)

Disclosures

The tables given below provide the relevant details and disclosures mandated by the Companies Act No.7 of 2007 and the Listing Rules of the Colombo Stock Exchange.

Annual Report Disclosures mandated by the Companies Act No.7 of 2007 –

Rule No.	Requirement	Compliance Status	Details
168 (1) (a)	The nature of the business of the Company together with any change thereof during the accounting period	Compliant	Page 15
168 (1) (b)	Signed Financial Statements of the Company for the accounting period completed	Compliant	Page 44 to 76
168 (1) (c)	Auditor's Report on Financial Statements of the Company	Compliant	Page 40 to 43
168 (1) (d)	Accounting Policies and any changes therein	Compliant	Page 48 to 62
168 (1) (e)	Particulars of the entries made in the interest register during the accounting period	Compliant	Page 17
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Compliant	Page 64
168 (1) (g)	Corporate Donations made by the Company during the accounting period	Compliant	Page 16
168 (1) (h)	Information on the Directorate of the Company during and at the end of the accounting period	Compliant	Page 16 and; Page 9 to 10
168 (1) (i)	Amount paid/ payable to the External Auditors as audit fees and fees for other services rendered during the accounting period	Compliant	Page 64
168 (1) (j)	Auditor's relationship or any interest in the Company	Compliant	Page 19
168 (1) (k)	Acknowledgement of the contents of this Report and Signatures on behalf of the Board	Compliant	Page 19

CORPORATE GOVERNANCE (Contd.)

The summary of compliance with the Corporate Governance requirements under the Section 7.6 of the Listing Rules of the Colombo Stock Exchange

Rule No.	Requirement	Compliance Status	Details
Contents of Annual Report			
(i)	Names of persons who during the financial year were Directors of the Entity	Compliant	Page 9 & 10 – Board of Directors
(ii)	Principal activities of the Entity and its Subsidiaries during the year and any changes therein	Compliant	Page 15 to 19 - Annual Report of the Board of Directors
(iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held	Compliant	Page 78 to 79 - Shareholders Information
(iv)	The Float adjusted Market Capitalization, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding Requirement	Compliant	Page 78 to 79 - Shareholders Information
(v)	A statement of each Director's holding and Chief Executive Officer's holding in shares of the Entity at the beginning and end of each financial year	Compliant	Page 17 - Annual Report of the Board of Directors
(vi)	Information pertaining to material foreseeable risk factors of the Entity	Compliant	Page 11 to 14 - Enterprise Risk Management
(vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Compliant	Page 18 - Annual Report of the Board of Directors
(viii)	Extents, locations, valuations and the number of buildings of the Entity's Land Holdings and Investment Properties	Compliant	Page 68 - Notes to the Financial Statements
(ix)	Number of shares representing the Entity's stated capital	Compliant	Page 71 - Notes to the Financial Statements
(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Compliant	Page 78- Shareholders Information
(xi)	Financial Ratios and market price information	Compliant	Notes to the Financial Statements, Shareholders Information and Five-Year Financial Summary
(xii)	Significant changes in the Entity's or its Subsidiaries' fixed assets and the market value of land, if the value differs substantially from the book value	Compliant	Page 67 - Notes to the Financial Statements
(xiii)	If during the year the Entity has raised funds either through a public issue, Rights issue, and private placement	Compliant	Page 71 - Notes to the Financial Statements

CORPORATE GOVERNANCE (Contd.)

Rule No.	Requirement	Compliance Status	Details
(xiv)	Employee Share Option Schemes and Employee Share Purchase Schemes	Compliant	The Company does not have Employee Share Option Schemes or Employee Share Purchase Schemes
(xv)	Disclosures pertaining to Corporate Governance Practices in terms of Rules 7.10.3, 7.10.5 c and 7.10.6 c of Section 7 of the Rules	Compliant	7.10.3 – Board of Directors 7.10.5 c – Report of the Remuneration Committee 7.10.6 c – Report of the Audit Committee
(xvi)	Related Party Transactions exceeding 10% of the Equity or 5% of the total assets of the Entity as per Audited Financial Statements, whichever is lower	Compliant	Page 25 & 26 - Report of the Related Party Transactions Review Committee
(xvii)	Additional disclosures to be disclosed as per Section 7 of CSE Listing Rules, in the event a Listed Entity has its Foreign Currency denominated Securities listed on the Exchange	Compliant	The Company does not have Foreign Currency denominated Securities listed on the CSE

The summary of compliance with the Corporate Governance requirements under the Section 7.10 of the Listing Rules of the Colombo Stock Exchange

Rule No.	Requirement	Compliance Status	Details
Disclosures regarding Board of Directors			
7.10.1(a)	The correct number of Executive/ Non-executive Directors	Compliant	Four (4) Directors were Non-executive and one (1) Director was Executive as at 31 st March 2022
7.10.2(a)	The correct number of Independent Non-executive Directors	Compliant	Four Non-executive Directors were Independent Directors
7.10.2(b)	Non-executive Directors should submit a signed and dated declaration of their independence/ non-independence	Compliant	The Board obtained declaration from the Non-executive Directors for year 2022
7.10.3(a) and (b)	Annual determination of criteria of independence and declaration of same by Board	Compliant	The Board of Directors annually determine and disclose the names of Directors deemed to be 'independent'.
7.10.3(c)	Publish a brief resume in the Annual Report, of each Director of the Board, including each Director's area of expertise	Complaint	Page 9 & 10 – Board of Directors

CORPORATE GOVERNANCE (Contd.)

Rule No.	Requirement	Compliance Status	Details
7.10.3(d)	Publish brief resume of newly appointed Director/s	Compliant	Brief resume of newly appointed Directors were provided to the Exchange for dissemination to the public
Disclosures regarding the Remuneration Committee			
7.10.5	A Listed Entity shall have a Remuneration Committee	Compliant	Company has established the Remuneration Committee
7.10.5(a)	The number of Independent Non-executive Directors in the Remuneration Committee	Compliant	Remuneration Committee comprises of two (2) Independent Non-executive Directors
7.10.5(a)	Whether the Chairman of the Remuneration Committee is a Non-executive Director	Compliant	Chairman is a Non-executive Director
7.10.5(b)	Disclosure on the functions of the Remuneration Committee	Compliant	Page 24 – Remuneration Committee
7.10.5(c)	Disclosure in the Annual Report – Names of Directors comprising the Remuneration Committee	Compliant	Page 24 – Remuneration Committee
7.10.5(c)	Disclosure in the Annual Report – Statement of Remuneration Policy	Compliant	Page 24 – Remuneration Committee
7.10.5(c)	Disclosure in the Annual Report – The aggregate remuneration paid to Executive and Non-executive Directors	Compliant	Page 64 – Notes to the Financial Statements, Note No. 08
Disclosures regarding the Audit Committee			
7.10.6	A Listed Entity shall have an Audit Committee	Compliant	Company has established the Audit Committee
7.10.6(a)	The number of Independent Non-executive Directors in the Audit Committee	Compliant	Audit Committee comprises of two (2) Independent Non-executive Directors
7.10.6(a)	Whether the Chairman of the Audit Committee is a Non-executive Director	Compliant	Chairman is a Non-executive Director
7.10.6(a)	Whether the Chairman or one member of the Audit Committee is a member of a recognized professional accounting body	Compliant	Chairman is a member of a professional accounting body

CORPORATE GOVERNANCE (Contd.)

Rule No.	Requirement	Compliance Status	Details
Disclosures regarding the Audit Committee			
7.10.6(b)	<p>Disclosure on the functions of the Audit Committee</p> <p>(a) Overseeing of the preparation, presentation, and adequacy of disclosures in the financial statements in accordance with Sri Lanka Accounting Standards</p> <p>(b) Overseeing of the Entity's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements</p> <p>(c) Overseeing the processes to ensure that the Entity's internal controls and risk management, are adequate to meet the requirements of the Sri Lanka Auditing Standards</p> <p>(d) Assessment of the independence and performance of the Entity's External Auditors</p> <p>(e) To make recommendations to the Board pertaining to appointment, re-appointment and removal of External Auditors and to approve the remuneration and terms of engagement of the External Auditors</p>	Compliant	Page 21 to 23 – Audit Committee
7.10.6(c)	Disclosure in the Annual Report – Names of Directors comprising the Audit Committee	Compliant	Page 21 to 23 – Audit Committee
7.10.6(c)	Disclosure in the Annual Report – The basis for determining external auditors as being independent	Compliant	Page 21 to 23 – Audit Committee
7.10.6(c)	Disclosure in the Annual Report – The Annual Report shall contain a report of the Audit Committee setting out the manner of compliance with the functions during the year under review	Compliant	Page 21 to 23 – Audit Committee

CORPORATE GOVERNANCE (Contd.)

The summary of compliance with the Section 9 of the Listing Rules of the Colombo Stock Exchange

Rule No.	Requirement	Compliance Status	Details
Disclosures regarding Related Party Transactions			
9	Appointment of Related Party Transactions Review Committee (RPTRC)	Compliant	Company has established the Related Party Transactions Review Committee (RPTRC)
9.2.1	Except for transactions mentioned in Rule 9.5 all related party transactions should be reviewed by Related Party Transactions Review Committee.	Compliant	All related party transactions for 2021/2022 were reviewed by the RPTRC
9.2.2	Related Party Transactions Review Committee should comprise a combination of Non-Executive Directors and Independent Non-Executive Directors	Compliant	RPTRC comprises of two (2) Independent Non-executive Directors
9.2.2	One Independent Non-Executive Director shall be appointed as Chairman of the Related Party Transactions Review Committee	Compliant	Chairman is an Independent Non-executive Director
9.2.4	The Committee shall meet at least once a calendar quarter. The Committee shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors.	Compliant	Committee had four (4) meetings during 2021/2022 financial year
9.2.5	The Committee should have access to knowledge or expertise to assess all aspects of the proposed related party transaction or obtain appropriate professional and expert advice	Compliant	Committee obtains appropriate professional and expert advice where necessary

CORPORATE GOVERNANCE (Contd.)

Rule No.	Requirement	Compliance Status	Details
Disclosures required by Section 9.3 of the Listing Rules of the Colombo Stock Exchange			
9.3.1	<p>Immediate Disclosures –</p> <p>Any non-recurrent related party transaction with a value exceeding 10% of the Equity or 5% of the Total Assets whichever is lower, or if the aggregate value of all non-recurrent related party transactions entered into with the same related party during the same financial year amounts to 10% of the Equity or 5% of the total assets whichever is lower as per the latest Audited Financial Statements.</p> <p>Any subsequent non-recurrent transaction with a value exceeding 5% of equity entered into with the same related party</p>	Compliant	Company made immediate disclosure of related party transaction pertaining to the disposal of Paints & Coatings Division during 2021/2022 financial year
9.3.2(a)	<p>Disclosures in Annual Report –</p> <p>In the case of Non-Recurrent Related Party Transactions, if aggregate value of the non-recurrent Related Party Transactions exceed 10% of the equity or 5% of the Total Assets whichever is lower, of the Listed Entity according to the latest Audited Financial Statements</p>	Compliant	Page 73 – Notes to the Financial Statements – Related Party Transactions
9.3.2(b)	<p>Disclosures in Annual Report –</p> <p>In the case of recurrent Related Party Transactions, if the aggregate value of the recurrent Related Party Transactions exceed 10% of the net Revenue/ income as per the latest Audited Financial Statements</p>	Compliant	Page 73 – Notes to the Financial Statements – Related Party Transactions

CORPORATE GOVERNANCE (Contd.)

Rule No.	Requirement	Compliance Status	Details
Disclosures required by Section 9.3 of the Listing Rules of the Colombo Stock Exchange			
9.3.2(c)	<p>Annual Report shall contain a Report by the Related Party Transactions Review Committee, setting out the following –</p> <ul style="list-style-type: none"> -Names of the Directors who are in the Committee -Statement about related party transactions reviewed during the financial year -Number of times the Committee has met during the financial year -Policies and procedures adopted by the RPTRC 	Compliant	Page 25 & 26 – Related Party Transactions Review Committee
9.3.2(d)	A Declaration by the Board of Directors in the Annual Report as an affirmative statement of compliance with the Rules pertaining to Related Party Transactions or a negative statement in the event the Entity has not entered into any Related Party Transaction/s	Compliant	Page 17 – Annual Report of the Board of Directors

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INDEPENDENT AUDITOR'S REPORT

A. I. MACAN MARKAR & CO.

CHARTERED ACCOUNTANTS

"Inspiring All Stakeholders to Reach the Impossible"

(A Member Firm of The International Accounting Group, USA)

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TO THE SHAREHOLDERS OF INDUSTRIAL ASPHALTS (CEYLON) PLC REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **Industrial Asphalts (Ceylon) PLC** ("the Company"), which comprise the statement of financial position as at **March 31, 2022**, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 44 to 76 of this Annual Report.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Key Audit Matter

Valuation of Investment Property

Refer to Note 13 in the financial statements.

Management has estimated the fair value of Company's investment properties to be Rs. 1,048.7 Million as at 31st March 2022. An Independent external valuer's service had been obtained in order to support management's estimates and judgements.

The fair valuation of investment property was dependent on certain key assumptions that require significant management judgement, including capitalization rate and fair market rent. We have focused in this area due to the significant management judgement and the magnitude of the value of investment property reported in the financial statements.

How our Audit addressed the key audit matter

The procedures we performed in relation to management's fair valuation of investment properties included the following:-

- We evaluated the independent external valuers' competence, capabilities and objectivity. We assessed the methodologies and the appropriateness of the key assumptions used by the professional valuer by applying our knowledge of the property industry. We used independent and publicly available information on real estate of similar property and locations; and
- We checked on a sample basis, the accuracy and relevance of the input data used. We checked the completeness and accuracy of the investment properties by agreeing those assets and their book values to the general ledger and asset register.
- We found the key assumptions were supported by the available evidence. The fair market rents were supported by recent renewals and capitalization rates were in line with our expectations.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to these risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain and understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH	NOTE	2022 Rs	2021 Rs
CONTINUING OPERATIONS			
Revenue	4	35,400,000	35,400,000
Other Operating Income	5	7,876	108,354,112
Administrative Expenses		(18,062,060)	(8,430,987)
Surplus on Revaluation of Investment Property	13	205,261,000	80,500,000
Results from Operating Activities		222,606,816	215,823,126
Finance Income		8,292,428	1,964,115
Finance Costs		(51,499)	-
Net Finance Income/(Charges)	7	8,240,929	1,964,115
Profit/(Loss) Before Taxation from Continuing Operations	8	230,847,745	217,787,240
Income Tax (Expenses)/Reversal	9	4,509,033	45,043
Profit/(Loss) from Continuing Operations for the year		235,356,778	217,832,283
DISCONTINUED OPERATIONS			
Profit/(Loss) from Discontinued Operation, Net of Tax	10	(6,707,355)	(100,634,207)
Gain on Disposal of Paints & Coatings Division		358,678	-
Net Impact from Discontinued Operations		(6,348,677)	(100,634,207)
Net profit for the year		229,008,101	117,198,076
Other comprehensive income/(expenses) for the period, net of tax			
Items that will not be reclassified to profit or loss			
Actuarial gain/(loss) on defined benefit plans	23	618,529	(414,416)
Tax effects on Other Comprehensive Income		-	-
Other comprehensive income/(expenses) for the year, net of tax		618,529	(414,416)
Total comprehensive income/(expenses) for the year		229,626,630	116,783,660
Profit attributable to:			
Equity Holders		229,008,101	117,198,076
Total comprehensive income attributable to:			
Equity Holders		229,626,630	116,783,660
Earnings per share – Continuing Operations			
Diluted & Basic Earnings/(Loss) per Ordinary Share (Rs)	11	0.06	0.06
Earnings per share – Discontinued Operations			
Diluted & Basic Earnings/(Loss) per Ordinary Share (Rs)		(0.002)	(0.029)

The Accounting Policies and Notes from pages 48 to 76 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

AS AT 31ST MARCH	NOTE	2022 Rs	2021 Rs
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	12	25,255,098	34,556,308
Investment Property	13	1,048,761,000	843,500,000
		1,074,016,097	878,056,308
Intangible Assets	14	-	-
Deferred Tax Asset	15	11,054,600	5,154,159
Total		1,085,070,698	883,210,467
Current Assets			
Inventories	16	-	6,092,687
Trade & Other Receivables	17	1,367,185	35,317,551
Other Financial Assets	18	168,697,164	89,371,561
Income Tax Receivable	19	820,004	3,405,548
Cash & Cash Equivalents	20	300,518	13,781,550
Total		171,184,871	147,968,897
TOTAL ASSETS		1,256,255,568	1,031,179,365
EQUITY & LIABILITIES			
Capital & Reserves			
Stated Capital	21	156,642,070	156,642,070
Revaluation Reserve		-	46,112,663
General Reserve	22	15,141,299	15,141,299
Retained Earnings		1,046,244,294	770,505,001
Total Equity		1,218,027,663	988,401,033
Non-Current Liabilities			
Deferred Tax Liability	15	139,536	1,333,673
Retirement Benefit Obligations	23	203,290	2,185,164
Total		342,826	3,518,837
Current Liabilities			
Trade & Other Payables	24	505,078	2,174,641
Lease Rental Received in Advance	25	35,400,000	35,400,000
Unclaimed Dividends		1,684,775	1,268,070
Bank Overdraft	20	295,226	416,784
Total		37,885,079	39,259,495
TOTAL EQUITY & LIABILITIES		1,256,255,568	1,031,179,365

The Accounting Policies and Notes from pages 48 to 76 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

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

Sgd.

S. Fernando

Financial Controller

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

Signed for and on behalf of the Board by:-

Sgd.

G. Ramanan

Director

17th August 2022

Sgd.

R.Kishore Ignatius

Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 ST MARCH 2022		Stated Revaluation Reserve	General Reserve	Retained Earnings	TOTAL
		Rs	Rs	Rs	Rs
Balance as at 1st April 2020		6,665,620	15,141,299	653,721,341	721,640,923
Net Profit/(Loss) from Continuing Operation for the year		-	-	217,832,283	217,832,283
Net Profit/(Loss) from Discontinued Operation for the year		-	-	(100,634,207)	(100,634,207)
Other comprehensive income/(expenses) net of tax		-	-	-	-
Actuarial gain/(loss) on defined benefit plans		-	-	(414,416)	(414,416)
Total Comprehensive Income/(Expenses) for the year		-	-	116,783,660	116,783,660
Transactions with Equity Holders					
Dividend to Equity Holders		-	-	-	-
Shares issued during the year		149,976,450	-	-	149,976,450
		149,976,450	-	-	149,976,450
Balance as at 31st March 2021		156,642,070	15,141,299	770,505,001	988,401,033
Net Profit/(Loss) from Continuing Operation for the year		-	-	235,356,778	235,356,778
Net Profit/(Loss) from Discontinued Operation for the year		-	-	(6,348,677)	(6,348,677)
Transferred from Revaluation Reserve		-	(46,112,663)	-	-
Other comprehensive income/(expenses) net of tax		-	-	46,112,663	-
Actuarial gain/(loss) on defined benefit plans		-	-	618,529	618,529
Total Comprehensive Income/(Expenses) for the year		-	(46,112,663)	275,739,293	229,626,630
Transactions with Equity Holders					
Dividend to Equity Holders		-	-	-	-
Shares issued during the year		-	-	-	-
		-	-	-	-
Balance as at 31st March 2022		156,642,070	15,141,299	1,046,244,294	1,218,027,663

The Accounting Policies and Notes from pages 48 to 76 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH	NOTE	2022 Rs	2021 Rs
Profit/(Loss) before Taxation from continuing operations		230,847,745	217,787,240
Profit/(Loss) before Taxation from Discontinued operations		(6,348,677)	(100,634,207)
Profit before Tax		224,499,068	117,153,033
Adjustments for			
Provision for Depreciation	12	4,100,450	4,656,384
Fixed Assets Disposal Gain/(Loss)	5	-	(300,000)
Share Disposal Gain/(Loss)	5	-	(107,837,556)
Gain on Disposal of Paints & Coatings Division	10.3	(358,678)	-
Surplus on revaluation of Investment Property	13	(205,261,000)	(80,500,000)
Dividend Income	5	-	(516,557)
Finance Income	7	(8,292,428)	(1,964,115)
Finance Cost	7	51,499	11,055,865
Impairment of Property Plant & Equipment		-	1,215,000
Impairment of Trade & Other Receivables	6	-	76,249,514
Provision for Gratuity	23	159,592	441,822
Operating Profit before Working Capital Changes		14,898,503	19,653,391
(Increase)/Decrease in Inventories	16 & 10.3	593,612	949,366
(Increase)/Decrease in Trade & Other Receivables	17 & 10.3	6,190,462	161,149,666
Increase/(Decrease) in Dividend Payables		416,705	-
Increase/(Decrease) in Trade & Other Payables	24 & 10.3	(494,354)	(208,115,201)
		21,604,927	(26,362,779)
Finance Income	7	8,292,428	1,964,115
Interest Paid	7	(51,499)	(11,055,865)
Gratuity Paid	23	(1,522,938)	-
Income Tax Payments	19	-	-
Cash inflow/(outflow) from Operating Activities		28,322,918	(35,454,529)
Cash Flows from Investment Activities			
Purchase of Property, Plant & Equipment	12	(1,356,790)	(3,515,750)
Investment in Other Financial Assets	18	(79,325,603)	(88,995,878)
Share Purchase during the year		-	(563,545,126)
Sales Proceeds from Disposal of Paints & Coatings Division	10.3	15,000,000	-
Sales Proceeds from Plant & Equipment		-	300,000
Sales Proceeds from Quoted Investment	5	24,000,000	671,395,051
Dividends Received	5	-	516,557
Cash inflow/(outflow) from Investment Activities		(41,682,393)	16,154,853
Cash Flows from Financing Activities			
Proceeds from Issues of Shares	21	-	149,976,450
Interest Bearing Borrowings		-	(33,110,265)
Cash inflow/(outflow) from Financing Activities		-	116,866,185
Net Change in Cash & Cash Equivalents		(13,359,475)	97,566,509
Cash & Cash Equivalents			
At the beginning		13,364,767	(84,201,742)
Net change in Cash & Cash Equivalents as above		(13,359,475)	97,566,509
At the end (Note below)		5,292	13,364,767
Cash & Cash Equivalents			
Cash at Bank & in Hand		300,518	13,781,550
Bank Overdraft		(295,226)	(416,784)
As at 31st March	20	5,292	13,364,767

The Accounting Policies and Notes from pages 48 to 76 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2022

1. REPORTING ENTITY

1.1 Corporate Information

Industrial Asphalts (Ceylon) PLC is a Public Limited Liability Company incorporated and domiciled in Sri Lanka. The registered office and the principal place of the business are located at MMBL Pathfinder Office Complex, No. 345/D, Negombo Road, Peliyagoda.

1.2 Principal activities & Nature of Operations

During the year, the principal activities of the Company were carrying out investment activities.

1.3 Number of Employees

The staff strength of the Company as at 31st March 2022 was 3.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements comprising the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows together with Notes to the Financial Statements are prepared and presented in accordance with Sri Lanka Financial Reporting Standards (SLFRSs) and Sri Lanka Accounting Standards (LKASs), (hereafter "SLFRS") laid down by the Institute of Chartered Accountants of Sri Lanka (ICASL). The presentation of the Financial Statements is in compliance with the requirements of the Companies Act No. 07 of 2007.

The Financial Statements were authorised for issue by the Board of Directors on 17th August 2022.

2.2 Basis of Measurement

The financial statements have been prepared on a historical cost basis except where appropriate disclosures

are made with regard to fair value under relevant notes.

2.3 Functional Currency & Presentation Currency

The financial statements are presented in Sri Lankan Rupees, unless otherwise indicated.

2.4 Presentation of Financial Statements

The assets and liabilities of the Company presented in the Financial Statements are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern. No adjustments have been made for inflationary factors affecting the Financial Statements.

2.5 Materiality and Aggregation

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

2.6 Off Setting

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognized amount and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the Statement of Comprehensive Income unless required to be permitted by the Accounting Standards or interpretation, and specifically disclosed in the Accounting Policies of the company.

2.7 Significant Accounting Judgment, Estimate and Assumption

The preparation of the financial statements in conformity with Sri

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31st March 2022

Lanka Accounting Standards require management to make judgements, estimates and assumptions that affect the application of accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the respective notes.

2.7.1 Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. The Management have considered the potential downsides that the COVID-19 pandemic could bring to the business operations of the Company, in making this assessment. Furthermore, Board is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Company. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2.7.2 Employee Benefit Liability

The cost as well as the present value of defined benefit plans - gratuity is determined using Actuarial Valuations. The Actuarial Valuation involves making assumptions about discount rates, future salary increases and other important related data. Due to the long term nature of employee benefits, such estimates are subject to significant uncertainty. Further details of assumptions together with an analysis of their sensitivity as carried out by the management in relation to the above key assumptions are given in Note 23.

2.7.3 Useful Life-time of the Property, Plant and Equipment

The Company review the residual values, useful lives and methods of depreciation of Property, Plant and Equipment at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

2.7.4 Allowance for Doubtful Debts

Company reviews at each reporting date all receivables to assess whether an allowance should be recorded in the Statement of Profit or Loss. Management uses judgment in estimating such allowance considering the duration of outstanding and any other factors management is aware of that indicates uncertainty in recoverability.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31st March 2022

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 FINANCIAL INSTRUMENTS

3.1.1 Financial assets

(a) Initial recognition and measurement

Financial assets within the scope of SLFRS 9 are classified as amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. This assessment is referred to as the solely payments of principal and interest (SPPI) test and is performed at an instrument level. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

The Company's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments.

(b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories

- Financial assets at amortized cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

(c) Debt instruments

➤ Financial assets at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding"

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31st March 2022

➤ Financial assets at fair value through OCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI.

The company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line items in the income statement.

(d) Equity Instruments

➤ Financial assets designated at fair value through OCI

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under SLFRS 9 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

➤ Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31st March 2022

assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established

(e) Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

(f) Impairment of financial assets

From 1 April 2018, the company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied

depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3.1.2 Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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, bank overdrafts, loans and borrowings.

(b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

➤ Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss financial liabilities at fair value through

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31st March 2022

profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

(c) Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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 as finance costs in the statement of profit or loss.

(d) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an

existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.2 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring fair value of an asset or liability, the Company uses observable market data as far as possible.

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31st March 2022

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

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- or
- In the absence of a principal market, in the most advantageous market for the asset or liability

Or

the principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

3.3 Taxation

3.3.1 Income Tax

Provision for the income tax liability is made on the basis of the profit for the year as adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and the subsequent amendments.

Current income tax assets and liabilities for the current and prior periods consist of amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

3.3.2 Deferred Taxation

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences: except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31st March 2022

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

Industrial Asphalts (Ceylon) PLC reviews the carrying amount of deferred tax assets at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Company measures Deferred tax assets and liabilities at the tax rates that are expected to be applied to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Company recognizes in equity the deferred tax relating to items recognized directly in equity, and not in the income statement.

3.4 Events Occurring After the Reporting Date

All material events after the reporting date have been considered and where appropriate, adjustments or disclosures have been made in respective notes to the financial statements.

3.5 Property, Plant & Equipment

Items of property, plant and equipment except for land and buildings are stated at costs less accumulated depreciation and impairment. Such cost includes

expenditure that is directly attributable to the acquisition of the asset and cost of replacing part of the asset when that cost is incurred, if the recognition criteria are met.

Land and buildings are stated at fair value less depreciation and impairment charged subsequent to the date of the revaluation.

Land and buildings of the Company are revalued at once in every 3-5 years on a roll over basis to ensure that the carrying amounts do not differ materially from the fair values at the reporting date.

On revaluation of an asset, any increase in the carrying amount is recognised to the revaluation reserve included in the equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss, in which case the increase is recognized in profit or loss. We recognize a revaluation deficit in profit or loss, except that a deficit directly offsetting a previous surplus on the same asset is directly offset against the surplus in the asset revaluation reserve.

Subsequent Cost

These are costs that are recognized in the carrying amount of an item if it is probable that the future economic benefits embodied within that part will flow to the company and it can be measured.

Restoration Cost

Expenditure incurred on replacement repairs or maintenance of Property, Plants Equipment in order to restore or maintain the future economic benefits expected from the originally assessed standard of performance is recognized as an expense when incurred.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31st March 2022

Reclassification to Investment Property

When the use of a property changes based on commencement of an operating lease to another party, for a transfer from inventories to investment property, the property is measured at fair value and reclassified accordingly. Any difference between the fair value of the property at that date and its previous carrying amount shall be recognized in profit or loss.

De-recognition

Company derecognizes an item of property, plant and equipment upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the reducing balance method over their estimated useful lives. Depreciation is generally recognized in profit or loss, unless the amount is included in the carrying amount of another asset. We do not depreciate land.

Class of Asset	% per Annam
Plant & Machinery	10%
Office, Computer Equipment	25%
Motor Vehicles	25%
Building	2%
Other Equipment	25%

Company now determines the depreciation charge separately for each significant part of an item of property, plant and equipment and begins to depreciate when it is available for use, rather than adopting a method whereby property, plant and equipment are depreciated fully in the year of disposal with no such charge being accounted for in the year of purchase.

3.6 Investment Properties

Investment property is property held either to earn rental income or capital appreciation or for both, but not for sale on the ordinary course of business, use in production or supply of goods and services or for administrative purposes.

Basis of Recognition and Measurement

Investment Properties are measured initially at cost. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions as at the reporting date. Gains or losses arising from changes in the fair values of investment properties are recognized in statement of profit or loss in the year in which they arise.

De-recognition

Investment Properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of profit or loss in the year of retirement or disposal.

Transfer to Investment Property

Transfers are made to investment property when there is a change in use evidenced by commencement/ end of owner occupation, commencement of development with a view to sale,

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31st March 2022

commencement of an operating lease to another party or completion of construction or development.

Determining Fair Value

Formal valuations are carried out annually by a qualified valuer. External and independent valuers, having appropriate recognized professional qualifications and recent experience in the location and category of property being valued, values the Investment Property.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

Disclosures

(a) A reconciliation between the carrying amounts of investment property at the beginning and end of the period, showing the following:-

- Additions, disclosing separately those additions resulting from acquisitions and those resulting from subsequent expenditure recognized in the carrying amount of an asset
- Additions resulting from acquisition through business combinations
- Assets classified as held for sale or included in a disposal group classified as held for sale in accordance with SLFRS 5 (non-current assets held for sale) and other disposals
- Net gains or losses from fair value adjustments

- The net exchange differences arising on the translation of the financial statements into a different presentation currency, and on translation of a foreign operation into the presentation currency of the reporting entity
 - Other changes
- (b) The amounts recognized in profit or loss for,
- Rental income from investment property
 - Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period
 - Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income during the period
 - The cumulative change in fair value recognized in profit or loss on a sale of investment property from a pool of assets in which the cost model is used into a pool in which the fair value model is used
- (c) Details of investment properties
- Location and extent
 - Valuation techniques used in measuring fair value and significant unobservable inputs
 - Valuation details - value details, effective date of valuation

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31st March 2022

3.7 Intangible Assets

Basis of Recognition

An Intangible Asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with LKAS 38 'Intangible Assets'. Accordingly, these assets are stated in the Balance Sheet at cost, less accumulated amortization and accumulated impairment losses, if any.

Subsequent Expenditure

Subsequent expenditure on Intangible Assets is capitalized only when it increases the future economic benefits embodied in these assets. All other expenditure is charged to the Income Statement when incurred.

Useful Economic Lives, Amortization and Impairment

The useful lives of Intangible Assets are assessed to be either finite or indefinite. The company does not possess intangible assets with indefinite useful lives. Useful economic lives, amortization and impairment of finite and indefinite intangible assets are described below:

Intangible Assets with Finite Lives and Amortization

Intangible Assets with finite lives are amortized over the useful economic lives. The amortization period and the amortization method for an intangible asset with finite useful life are reviewed at least at each Balance Sheet date. Changes in the expected useful life or the expected pattern of consumption of future economic benefit embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The

amortization expense on intangible assets with finite lives is recognized in the Income Statement as an expense.

Computer Software

All computer software costs incurred, licensed for use by the Company, which are not integrally related to associated hardware, which can be clearly identified, reliably measured and it is probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category of intangible assets and carried at cost, less accumulated amortization and accumulated impairment losses, if any.

Amortization of Intangible Assets

Intangible assets are amortized using the straight line method to write down the cost over its estimated useful economic lives. Effective rates are as follows: -

Class of Asset	% per Annum
Software	50%

The unamortized balances of intangible assets with finite lives are reviewed for impairment whenever there is an indication for impairment and recognized as expenses in the Income Statement to the extent that they are no longer probable of being recovered from the expected future benefits.

De-recognition of Intangible Assets

Intangible assets are derecognized on disposal or when no future economic benefits are expected from its use. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Income Statement.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31st March 2022

3.8 Leases

Right of use assets

The Company recognizes right of use assets when the underlying asset is available for use. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.9 Inventories

Inventories are valued at the lower of cost or net realizable value after making due allowances for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business less estimated cost of completion and estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and conditions are accounted using the following cost formula: -

Raw Material - At actual cost on weighted average cost basis

Finished Goods & Work-in-Progress - At the cost of direct materials, fixed labour and an appropriate proportion of manufactory overheads based on normal capacity.

Goods in Transits - At actual cost.

3.10 Impairment of Non-Financial Assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventory and deferred tax assets) to determine whether there is any indication of

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31st March 2022

impairment. If any such indicator exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.11 Cash and Cash Equivalents

Cash and Cash Equivalents comprise of cash at bank and in hand balances. Cash and bank balances are stated at recoverable values. Bank overdrafts form an integral part of the Company's cash management and are included as a component of cash and cash equivalents for the purpose of preparing the Statement of Cash Flows.

3.12 Liabilities and Provisions

3.12.1 Provisions

When company has a present obligation (legal or constructive)

as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the company can reliably estimate the amount of the obligation, we recognize it as a provision in accordance with LKAS 37 - Provisions, Contingent Liabilities and Contingent Asset.

3.12.2 Retirement Benefit Obligations

3.12.2.1 Defined Benefit Plan - Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company is liable to pay retirement benefits under the Payment of Gratuity Act No. 12 of 1983. Provision has been made for retirement gratuities using "Project Unit Credit" (PUC) method as recommended by LKAS 19 "Employee Benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash flows based on the actuarial valuation carried out by an independent qualified actuary. The assumptions based on which the results of actuarial valuation was determined are included in Notes to the Financial Statements. Remeasurement of the defined benefit liability, which comprises actuarial gains and losses are recognised immediately in Other Comprehensive Income. The Company

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31st March 2022

recognises the increase in defined benefit liability attributable to the current service cost in Profit or Loss together with the interest expenses. The liability is not externally funded.

However, under the payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continuous service.

3.12.2.2 Defined Contribution Plans - Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

3.13 Income Statement

Discontinued Operations

Discontinued operations are excluded from the results of continuing operations and are presented separately in the statement of comprehensive income.

Contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Goods transferred at a point in time

Under SLFRS 15, revenue is recognised upon satisfaction of performance obligation. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Services transferred over time

The company determines at contract inception whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied overtime, the company recognizes the revenue over time by measuring the progress towards complete satisfaction of that performance obligation

The following specific recognition criteria are used for the purpose of recognition of revenue that are in the scope of SLFRS 15:

(a) Sale of Goods

Revenue from sale of goods is recognized when the control of the goods have passed to the buyer, usually on delivery of the goods; with the Company not retaining neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

(b) Interest

Revenue is recognised on a time proportion basis that takes in to accounts the effective interest rate on asset.

(c) Dividends

Dividend Income is recognized when the shareholders' right to receive the payment is established.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31st March 2022

(d) Rental Income

Rental Income arising on investment properties is accounted for on a straight-line basis over the lease terms.

(e) Others

Other income is recognized on an accrual basis.

Borrowing Costs

Borrowing costs are recognized as an expense in the year in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of that asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using Company's weighted average cost of borrowing after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investments. Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for development, but only where activities necessary to prepare the asset for redevelopments are in

Foreign Currency Translation

Foreign currency gains or losses are reported on a net basis.

3.14 Comparative figures

Where necessary, the comparative figures have been reclassified to conform to the current year's presentation.

3.15 Earnings per share

The Company presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

3.16 Changes in Significant Accounting Policies

The following amendments to the existing accounting standards which will be effective from 01 January 2021 are not expected to have a significant impact on the Company's financial statements.

- Amendments to SLFRS 9, LKAS 39 and SLFRS 7 - Interest Rate Benchmark Reform
- Amendment to SLFRS 16 - COVID-19 Related Rent Concessions

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31st March

4 REVENUE	2022 Rs	2021 Rs
Continuing Operations		
Rent Income from Investment Property	35,400,000	35,400,000
Discontinued Operations (Note 10.2)		
Paints	679,773	11,760,785
Bitumen related	-	60,975,053
	679,773	72,735,838
5 OTHER OPERATING INCOME/(EXPENSES)	2022 Rs	2021 Rs
Continuing Operations		
Dividend Income	-	516,557
Share Disposal Gain/(Loss)	-	107,837,556
Other Income	7,876	-
	7,876	108,354,112
Discontinued Operations (Note 10.2)		
Fixed Assets Disposal Gain/(Loss)	-	300,000
Sundry Income	-	17,595
	-	317,595
6 IMPAIRMENT LOSS ON TRADE RECEIVABLES & CONTRACT ASSETS	2022 Rs	2021 Rs
Discontinued Operations (Note 10.2)		
Provision for Doubtful Debtors	-	76,249,514
	-	76,249,514
7 NET FINANCE INCOME	2022 Rs	2021 Rs
Continuing Operations		
Fixed Deposit and Other Interest Income	446,836	30,391
Treasury Bill Interest Income	1,935,145	-
Repo Interest Income	5,910,448	1,933,724
	8,292,428	1,964,115
Less:		
Bank Charges	(51,425)	-
Overdraft Interest	(74)	-
	(51,499)	-
NET INCOME/(EXPENSES)	8,240,929	1,964,115
Discontinued Operations (Note 10.2)		
Less:		
Bank Loan Interest	-	(3,225,425)
Lease Interest Expense	-	(853,819)
Bank Charges	-	(135,925)
Overdraft Interest	-	(6,840,695)
	-	(11,055,865)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31st March

8 PROFIT/(LOSS) BEFORE TAXATION FROM CONTINUING OPERATIONS	2022 Rs	2021 Rs
Profit/(Loss) before tax is stated after charging:		
Depreciation of Property, Plant & Equipment	4,100,450	4,656,384
Personal Expenses (Note 8.1)	4,925,484	12,087,659
Directors Emoluments	800,000	2,208,000
Auditors Remuneration	360,000	320,000
Note 8.1		
Salaries & Wages	4,148,417	10,020,519
Contribution to Defined Contribution Plans (EPF & ETF)	617,475	1,625,318
Contribution to Defined Benefit Plan for Gratuity	159,592	441,822
	4,925,484	12,087,659

9 INCOME TAX EXPENSE/(REVERSAL)	2022 Rs	2021 Rs
Current Tax Expense		
Income Tax for the Current Year	1,990,183	-
Under provision last year (2020/2021)	595,361	-
Deferred Tax Expense		
Deferred Taxation	(7,094,577)	(45,043)
Total	(4,509,033)	(45,043)

Note 9.1

In terms of the provisions of Inland Revenue Act No. 24 of 2017 and the subsequent amendments, the Company is liable to Income Tax at the rate of 14% and Investment Income @ 24%. The tax loss carried forward as at 31st March 2022 amounts to Rs. 78,758,141/-.

Note 9.2

Reconciliation of accounting profit to income tax:	2022 Rs	2021 Rs
Profit/(Loss) before income tax	224,140,389	217,787,240
Tax effect on disallowable expenses	11,339,318	5,265,313
Tax effect on allowable expenses	(209,180,070)	(190,770,526)
Income from separate sources	(8,292,428)	(1,964,115)
Total Taxable Income	18,007,209	30,317,913
Taxable Investment Income	8,292,428	2,480,671
Tax Losses set-off	(18,007,209)	(30,317,913)
Assessable Income	8,292,428	2,480,671
Less : Qualifying Payments	-	-
Taxable Income/(Loss)	8,292,428	2,480,671
Income Tax @ 24%	1,990,183	595,361

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31st March

10 RESULTS OF DISCONTINUED OPERATION

10.1: Disposal of Paints & Coatings Division

The Board of Directors of Industrial Asphalts (Ceylon) PLC at a Board Meeting held on 29th July 2021 resolved to accept the offer presented by the former Managing Director/CEO, Mr. K. Naveenkanth for purchase of the Company's Paints and Coatings Division in its entirety. Accordingly, the Paint and Coatings Division was disposed on 30 July 2021 for total consideration of Rs. 15 Mn.

The transaction was on normal commercial terms and is not prejudicial to the interests of the Entity and its minority shareholders. The transaction does not qualify under the 'major transactions' specified by the Section 185 of the Companies Act No. 07 of 2007. The transaction was reviewed by the Related Party Transaction Review Committee and approved by the Board of Directors of the Company.

10.2 Delimitation of continuing and discontinued operations

Management has decided to attribute the delimitation of transactions between the continuing operations and the discontinued operation before the disposal in a way that reflects the continuance of these transactions subsequent to the disposal, because management believes this is useful to the users of the financial statements.

	NOTE	2022 Rs	2021 Rs
Revenue	4	679,773	72,735,838
Less : Cost of Sales		(2,421,583)	(59,178,280)
Gross Profit		(1,741,810)	13,557,558
Other Income/(Expenses)	5	-	317,595
Administrative Expenses		(2,882,476)	(15,309,630)
Selling and distribution expenses		(2,083,069)	(11,894,352)
Results from Discontinued Operations		(6,707,355)	(13,328,829)
Impairments/Provisions	6	-	(76,249,514)
Finance Costs	7	-	(11,055,865)
Profit/(Loss) before Taxation from Discontinued Operations		(6,707,355)	(100,634,207)
Income Tax (Expenses)/Reversal		-	-
Profit/(Loss) after taxation from Discontinued operations		(6,707,355)	(100,634,207)
Other comprehensive income/(expenses) for the period, net of tax			
Items that will not be reclassified to profit or loss		-	-
Other comprehensive income/(expenses) for the period, net of tax		(6,707,355)	(100,634,207)
Total comprehensive income/(expenses) for the period		(6,707,355)	(100,634,207)
Profit attributable to:			
Equity Holders		(6,707,355)	(100,634,207)
Total comprehensive income attributable to:			
Equity Holders		(6,707,355)	(100,634,207)
Earnings per share – Discontinued Operations			
Diluted and Basic Earnings/(Loss) per Ordinary Share (Rs) (Note 11)		(0.002)	(0.029)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31st March

10.3 GAIN ON DISPOSAL OF PAINTS & COATINGS DIVISION

The Major classes of Assets of Paints & Coatings Division sold during the year are as follows:

	2022
	Rs
Assets	
Plant & Equipment	(6,557,551)
Inventory	(5,499,075)
Trade & Other Receivables	(3,759,904)
	(15,816,530)
Liability	
Trade Payables & Other Payables	1,175,208
Net Assets	(14,641,322)
Consideration received	15,000,000
Gain on disposal of Paints and Coatings Division	358,678

NOTE:

Plant and machinery were disposed at the time of disposal of Paint & Coatings Division and the Revaluation Reserve relating to the plant and machinery was transferred to the Retained Earnings.

10.4 CASH FLOWS FROM/(USED IN) DISCONTINUED OPERATIONS

	2022
	Rs
Net Cash from/ (used in) operating activities	2,159,876
Net Cash from/ (used in) investing activities	15,000,000
Net Cash from/ (used in) financing activities	-

11 DILUTED AND BASIC EARNINGS/(LOSS) PER ORDINARY SHARE

	2022	2021
	Rs	Rs
CONTINUING OPERATIONS		
Profit/(Loss) for the year (Rs)	235,356,778	217,832,283
Weighted average Ordinary Shares in issue (nos)	3,749,411,250	3,436,960,313
Diluted and Basic Earnings/(Loss) per Ordinary Share (Rs)	0.06	0.06
DISCONTINUED OPERATIONS		
Profit/(Loss) for the period (Rs)	(6,348,677)	(100,634,207)
Weighted average Ordinary Shares in issue (nos)	3,749,411,250	3,436,960,313
Diluted and Basic Earnings/(Loss) per Ordinary Share (Rs)	(0.002)	(0.029)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 31st March

12 PROPERTY, PLANT & EQUIPMENT

	Buildings Rs.	Plant & Machinery Rs.	Motor Vehicles Rs.	Office Equipment Rs.	Total Rs.
Cost/ Valuation					
Balance at the beginning of the year	14,393,271	11,735,174	23,270,755	10,817,259	60,216,459
Additions during the year	-	-	-	1,356,790	1,356,790
Disposals during the year	-	(11,735,174)	-	-	(11,735,174)
Balance at the end of the year	14,393,271	-	23,270,755	12,174,049	49,838,076
Accumulated Depreciation					
Balance at the beginning of the year	392,324	5,009,481	14,256,838	6,001,508	25,660,151
Depreciation charge for the year	280,019	168,142	2,253,479	1,398,809	4,100,450
Disposals during the year	-	(5,177,623)	-	-	(5,177,623)
Balance at the end of the year	672,343	-	16,510,317	7,400,318	24,582,978
Net book value:					
As at 31 March 2022	13,720,928	-	6,760,438	4,773,732	25,255,098
As at 31 March 2021	14,000,947	6,725,693	9,013,917	4,815,751	34,556,308
Impairment Provision:					
As at 31 March 2022	-	-	-	-	-
As at 31 March 2021	-	-	-	-	-
Carrying Amount:					
As at 31 March 2022	13,720,928	-	6,760,438	4,773,732	25,255,098
As at 31 March 2021	14,000,947	6,725,693	9,013,917	4,815,751	34,556,308

12.1 CAPITAL WORK IN PROGRESS

	2022 Rs	2021 Rs
Balance at the beginning of the year	-	-
Additions during the year	-	241,672
Transfer to Buildings	-	(241,672)
Balance at the end of the year	-	-

13 INVESTMENT PROPERTY

	2022 Rs	2021 Rs
Balance B/F	843,500,000	763,000,000
Disposals	-	-
Transfers from/ (to) Property, Plant & Equipment	-	-
Change in Fair Value	205,261,000	80,500,000
FAIR VALUE	1,048,761,000	843,500,000

Changes in the fair values are recognized as gain in profit or loss. All gains are unrealized.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 31st March

13.1 AMOUNT RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS FOR THE INVESTMENT PROPERTY

	2022 Rs	2021 Rs
Rental Income (Note 4)	35,400,000	35,400,000
Direct Operating expenses	-	-

13.2 DETAILS OF INVESTMENT PROPERTY

Investment Property represents Land & Building at No.28/1, New Nuge Road, Peliyagoda.

Effective date of valuation	31st March 2022
Total Land extent	02A - 00R - 12.94P
Number of Buildings	2

13.3 ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS RELATED TO INVESTMENT PROPERTY

Investment Properties of the Company are accounted for on the fair value model. The above Investment Property has been revalued by Mr. P.B. Kalugalagedera, Chartered Valuation Surveyor – F.I.V (Sri Lanka) M.S.I.Z. (Zambia) I.R.R.V. (UK) F.R.I.C.S. (UK), on the basis of Direct Capital Comparison Method valuation technique.

Investment property were appraised in accordance with LKAS 40 and 8th edition of International Valuation Standards published by the International Valuation Standards Committee (IVSC), by the independent valuers.

In determining the fair value, the current condition of the property and future usability have been considered. Additionally the valuer has made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are approximated within appropriate range of values.

Investment Properties are considered under Level 3 of the fair value hierarchy.

The following Investment properties were revalued during the financial year 2021/2022

Location	Type of Assets	Significant unobservable input Market value of purchase price	Fair value Rs.	Correlation to fair value
No. 28/1, New Nuge Road Peliyagoda	Land & Building	Rs. 3 Mn – Rs.4 Mn	1,048,761,000	Positive

The sensitivity of the Statement of Profit or Loss and Statement of Financial Position is the effect of the assumed changes in Market value of purchase price (taken individually, while other variables are held constant) on the profit or loss and carrying value of Investment Property for the year.

	Fair Value Gain or (Loss) on Investment Property Rs'000	Investment Property Valuation Rs'000
If Market value of purchase price Increases By 0.10%	1	1,049
If Market value of purchase price Decreases By 0.10%	(1)	1,047

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 31st March

14 INTANGIBLE ASSETS	2022	2021
	Rs	Rs
Cost		
Balance at the beginning of the year	266,899	266,899
Additions during the year	-	-
Balance at the end of the year	266,899	266,899
Accumulated amortization		
Balance at the beginning of the year	266,899	266,899
Amortization Charge for the year	-	-
Balance at the end of the year	266,899	266,899
WDV	-	-

15 DEFERRED TAX LIABILITY/(ASSET)	2022	2021
	Rs	Rs
Balance at the beginning of the year	(3,820,487)	(3,775,444)
Charge/(Reversal) for the year	(7,094,579)	(45,043)
Balance at the end of the year	(10,915,064)	(3,820,486)
Note 22.1		
Deferred Tax Asset	(11,054,600)	(5,154,159)
Deferred Tax Liability	139,536	1,333,673
Net Deferred Tax Assets	(10,915,064)	(3,820,487)
Note 22.2		
Deferred Tax on Gratuity	(28,461)	(393,330)
Deferred Tax on C/F Tax Losses	(11,026,140)	(4,760,830)
Deferred Tax on Property, Plant & Equipment	139,536	1,333,673
	(10,915,064)	(3,820,487)

16 INVENTORIES	2022	2021
	Rs	Rs
Raw Materials	-	9,972,243
Packing Materials	-	1,857,818
Finished Goods	-	878,505
Work-in-Progress	-	1,087,024
Total	-	13,795,589
Less: Inventory Impairment	-	(7,702,903)
TOTAL	-	6,092,687

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 31st March

17 TRADE & OTHER RECEIVABLES	2022	2021
	Rs	Rs
Trade Receivables (Note 17.1)	-	3,148,876
Staff Loans & Festival Advances	-	779,823
Other Receivables - Sale of Equity Investments	-	24,000,000
Rent Receivable	-	1,475,000
Salary Advance	-	1,800,000
Deposits & Prepayments (Note 17.2)	1,367,185	4,113,852
TOTAL	1,367,185	35,317,551

17.1 TRADE RECEIVABLES	2022	2021
	Rs	Rs
Trade Receivables	-	104,205,680
Less: Impairment of Trade Receivables	-	(101,056,804)
TOTAL	-	3,148,876

17.2 DEPOSITS & PREPAYMENTS	2022	2021
	Rs	Rs
Deposit LECO	-	2,500
Refundable Deposit	225,000	540,000
Rent Advance	675,000	-
Prepayments	467,185	3,571,352
VAT Receivables	3,600,597	3,600,597
	4,967,782	7,714,449
Less: Impairment for VAT Receivable	(3,600,597)	(3,600,597)
TOTAL	1,367,185	4,113,852

18 OTHER FINANCIAL ASSETS	2022	2021
	Rs	Rs
Short Term Investment in REPO	15,104,950	89,120,231
Treasury Bills	153,341,530	-
Investment in Fixed Deposits	250,684	251,329
TOTAL	168,697,164	89,371,561

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 31st March

19 INCOME TAX (RECEIVABLE)/PAYABLE	2022 Rs	2021 Rs
Income Tax Overpaid	(3,405,548)	(3,405,548)
Gross Income Tax (Note 9)	1,990,183	-
Under provision Last Year (2020/2021)	595,361	-
	(820,004)	(3,405,548)
Tax Credits	-	-
BALANCE INCOME TAX PAYABLE/(OVERPAID)	(820,004)	(3,405,548)

20 CASH & CASH EQUIVALENTS	2022 Rs	2021 Rs
Cash at Bank	263,523	13,750,148
Cash in Hand	36,995	31,402
TOTAL	300,518	13,781,550
Less: Bank Overdraft	(295,226)	(416,784)
CASH & CASH EQUIVALENTS IN THE CASH FLOW STATEMENT	5,292	13,364,767

21 STATED CAPITAL	2022 Rs	2021 Rs
Ordinary Shares at the beginning of the year	156,642,070	6,665,620
Shares issued during the period	-	149,976,450
3,749,411,250 ORDINARY SHARES AT THE END OF THE YEAR	156,642,070	156,642,070

22 GENERAL RESERVES	2022 Rs	2021 Rs
General Reserves	15,141,299	15,141,299

General reserves refer to transfers made from retained earnings in the previous years to meet any future contingencies of the Company.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 31st March

23 RETIREMENT BENEFIT OBLIGATION	2022	2021
	Rs	Rs
Balance at the beginning of the year	2,185,164	1,328,926
Current Service Cost	33,858	308,929
Interest Cost	163,887	132,893
Past Service Cost	(38,153)	-
Payments made during the year	(1,522,938)	-
Actuarial (Gain)/Loss	(618,529)	414,416
Balance at the end of the year	203,290	2,185,164

The Company carried out an actuarial valuation of the gratuity as at 31st March 2022 by Mr. M. Poopalanathan, AIA, Messrs. Actuarial and Management Consultant (Pvt) Ltd, a firm of professional actuaries. The valuation method used by the actuaries to value the liability is the "Projected Unit Credit Method", the method recommended by the LKAS 19.

Discount rate	11%
Future salary increase	7.50%
Retirement Age	60

Sensitivity Analysis

A quantitative sensitivity analysis for significant assumptions as at 31 March 2022 is, as shown below

	Effect on Profit or Loss	Present Value of Defined Benefit Obligation
	Rs.	Rs.
If Discount Rate Increases By 1%	38,594	(38,594)
If Discount Rate Decreases By 1%	(48,550)	48,550
If Salary Increment Rate Increases By 1%	(46,249)	46,249
If Salary Increment Rate Decreases By 1%	37,027	(37,027)

24 TRADE & OTHER PAYABLES	2022	2021
	Rs	Rs
Trade Payables	-	1,170,009
Accrued Expenses	505,078	1,004,632
TOTAL	505,078	2,174,641

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 31st March

25 LEASE RENTAL RECEIVED IN ADVANCE

On 28th February 2018, the Company entered into an Agreement with Siam City Cement (Lanka) Ltd to lease out its property situated at No. 28/1, New Nuge Road, Peliyagoda, for a period of 10 years. According to the terms of the Lease Agreement, the Lease Rental received in advance as at 31st March 2019 amounts to Rs. 35.4 Million and the Lease Rental applicable from 1st May 2019 amounts to Rs. 2,950,000/- per month. As at the year end, the Lease Rental received in advance amounted to Rs. 35.4 Million.

	2022 Rs	2021 Rs
Opening Balance	35,400,000	35,400,000
Lease Rental Received during the period (Rs. 2,950,000 x 12 months)	35,400,000	35,400,000
Less: Income recognised (Rs. 2,950,000 x 12 months)	(35,400,000)	(35,400,000)
CLOSING BALANCE	35,400,000	35,400,000

26 DIVIDENDS PAID

	2022 Rs	2021 Rs
Interim Dividend paid	-	-
Final Dividend paid	-	-
Dividend payout ratio	-	-
Dividend per share	-	-

27 CAPITAL COMMITMENTS & CONTINGENCIES

There were no material capital commitments and contingencies as at 31st March 2022.

28 EVENTS OCCURRING AFTER THE FINANCIAL POSITION DATE

No circumstances have arisen since the Balance Sheet date, which would require adjustments to or disclosure in the Financial Statements.

29 RELATED PARTY TRANSACTIONS

There were no recurrent or non-recurrent related party transactions during the financial year under review which require additional disclosures in the financial statements except for the following.

Transaction with Key Management Personnel

Industrial Asphalts (Ceylon) PLC decided to accept the offer presented by Mr. K. Naveenakanth (CEO) for purchase of the Company's paint and coating division in its entity for Rs. 15Mn.

Related Party transaction review committee had obtained an opinion from an independent valuation expert prior to forming its view on the transaction. Subsequent to the purchase transaction, Mr. Naveenakanth resigned from the post of Director and CEO.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 31st March

30 ASSETS PLEDGED AS SECURITY

Name of Bank	Security	Carrying amount of Assets Pledged	
		2022 Rs	2021 Rs
Commercial Bank of Ceylon PLC	Investment Property at 28/1, New Nuge Road, Peliyagoda	Investment Property Rs.1,048,761,000/-	Investment Property Rs.843,500,000/-

31 COMPARATIVE FIGURES

Certain comparative figures have been restated to conform to the classification and presentation as at 31st March 2022.

32 FINANCIAL INSTRUMENTS

IFRS 7 requires the disclosure of risk information to be based on the information provided internally to the entity's key management personnel, as defined in IAS 24.

Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was

	Carrying amount	Contractual cash flows				
		Less than 01 Year		More than 01 Year		
		6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	5 years
Maturity analysis of financial assets						
Trade & Other Receivables	-	-	-	-	-	-
Other Financial Assets	168,697,164	89,120,231	79,576,933	-	-	-
Cash & Cash Equivalents	300,518	300,518	-	-	-	-
	168,997,682	89,420,749	79,576,933	-	-	-

Impairment Losses

The aging of Trade Receivables at the reporting date was;

	2021/2022		2020/2021	
	Gross	Impairment	Gross	Impairment
Not Past Due	-	-	-	-
Past due 0 - 90 days	-	-	3,256,720	(107,843)
Past due 91 - 180 days	-	-	215,797	(215,797)
Past due 181 - 270 days	-	-	-	-
More than One Year	-	-	100,733,163	(100,733,163)
	-	-	104,205,680	(101,056,804)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 31st March

32 FINANCIAL INSTRUMENTS (CONTD.)

Liquidity Risk

The following are the contractual maturities of financial liabilities,

Maturity Analysis of Financial Liabilities	Carrying amount	Contractual cash flows				
		Less than 01 Year		More than 1 year		
		6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	5 years
Trade & Other Payables	430,253	-	430,253	-	-	-
Bank Overdrafts	295,226	295,226	-	-	-	-
	725,479	295,226	430,253	-	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Interest Rate Risk

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was;

	Carrying Amount	
	2021/2022	2020/2021
Fixed Rate Instruments		
Financial assets	168,697,164	89,371,561
Financial Liabilities	-	-
	168,697,164	89,371,561
Variable Rate Instruments		
Financial assets	-	-
Financial Liabilities	-	-
	-	-

Fair Value Disclosures

	Carrying Amount	Fair Value
Financial assets		
Trade and Other receivables	-	-
Other Financial Assets	168,697,164	168,697,164
Cash and cash equivalents	300,518	300,518
	168,997,682	168,997,682
Financial liabilities		
Trade & other payables	430,253	430,253
Bank overdrafts	295,226	295,226
	725,479	725,479

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 31st March

33 FINANCIAL ASSETS & LIABILITIES BY CATEGORIES

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 9.

Financial Assets

	2022 Rs	2021 Rs
Financial Asset at Fair Value through P&L		
Investment in Quoted Company	-	-
	-	-
Financial Asset at amortised cost		
Trade & Other Receivables	-	28,623,876
Other Financial Assets	168,697,164	89,371,561
Cash and Cash Equivalents	300,518	13,781,550
TOTAL	168,997,682	131,776,988

Financial Liability

	2022 Rs	2021 Rs
Financial Liabilities at amortised cost		
Trade & other payables	430,253	1,966,641
Bank overdrafts	295,226	416,784
TOTAL	725,479	2,383,425

FIVE YEAR FINANCIAL SUMMARY

OPERATING RESULTS FOR THE PERIOD

	Rs.				
Year ended 31 March	2022	2021	2020	2019	2018
Continuing Operations					
Revenue	35,400,000	35,400,000	402,426,651	151,254,073	44,067,284
Gross Profit	35,400,000	35,400,000	52,436,403	43,179,869	12,119,237
Results from operating activities	222,606,816	215,823,126	197,511,399	21,374,359	485,445,847
Net Finance Income/ (Charges)	8,240,929	1,964,115	(15,324,415)	(15,458,174)	(12,005,244)
Profit/ (loss) before taxation	230,847,745	217,787,241	182,186,984	5,916,185	473,440,603
Tax (Expense)/ Reversal	4,509,033	45,043	(4,664,841)	9,862,656	214,463
Profit/ (loss) after taxation	235,356,778	217,832,283	177,522,143	15,778,841	473,655,066
Profit/ (loss) from Discontinued Operations	(6,348,677)	(100,634,207)	-	-	-
Profit/ (loss) for the year	229,008,101	117,198,076	177,522,143	15,778,841	473,655,066
Other Comprehensive Income/ (Expense)	618,529	(414,416)	(178,576)	18,223	37,038
Total Comprehensive Income for the year	229,626,630	116,783,660	177,343,567	15,797,064	473,692,104
Total Comprehensive Income - Equity Holders	229,626,630	116,783,660	177,343,567	15,797,064	473,692,104

FINANCIAL POSITION

	Rs.				
As at 31 March	2022	2021	2020	2019	2018
Assets					
Non-current Assets	1,085,070,698	883,210,468	799,911,942	626,157,821	607,421,743
Current Assets	171,184,871	147,968,898	283,943,338	72,720,342	48,644,148
Total Assets	1,256,255,568	1,031,179,365	1,083,855,280	698,878,163	656,065,891
Equity					
Stated Capital	156,642,070	156,642,070	6,665,620	6,665,620	6,665,620
Revaluation Reserve	-	46,112,663	46,112,663	46,112,663	46,112,663
General Reserve	15,141,299	15,141,299	15,141,299	15,141,299	15,141,299
Retained Earnings	1,046,244,294	770,505,001	653,721,341	479,377,302	466,579,767
Total Equity	1,218,027,663	988,401,033	721,640,923	547,296,884	534,499,349
Non-current Liabilities	342,826	3,518,837	1,557,818	(978,829)	6,869,012
Current Liabilities	37,885,079	39,259,495	360,656,540	152,560,108	114,697,530
Total Equity and Liabilities	1,256,255,568	1,031,179,365	1,083,855,280	698,878,163	656,065,891
Ordinary Voting Shares (Nos.)	3,749,411,250	3,749,411,250	666,562	666,562	666,562

RATIOS

Return on Equity (ROE) - %	19%	12%	25%	3%	89%
Basic Earnings per share (EPS) - Rs.	0.06	0.03	0.06	23.67	710.59
Current Ratio	4.52	3.77	0.79	0.48	0.42
Net Assets per share - Rs.	0.32	0.26	0.24	821.07	801.87
Debt to Equity Ratio (Times)	0.03	0.04	0.50	0.28	0.23
Equity Multiplier	1.03	1.04	1.50	1.28	1.23
Market price per share (end) - Rs.	0.40	0.40	292.50	371.00	344.70
Dividend per share (DPS) - Rs.	-	-	4.50	4.50	4.50
Dividend pay out Ratio (%)	-	-	2%	19%	1%

SHAREHOLDERS INFORMATION

Distribution Schedule of Shareholders

Holdings (Shares)	31 March 2022			31 March 2021		
	No. of Holders	Total Shares	Holdings %	No. of Holders	Total Shares	Holdings %
1 – 1,000	962	367,572	0.01%	559	217,856	0.01%
1,001 – 10,000	1,399	7,568,221	0.20%	974	5,268,336	0.14%
10,001 -100,000	1,916	88,311,683	2.36%	1,567	74,853,736	1.99%
100,001 – 1,000,000	1,149	410,829,806	10.96%	1,050	388,746,642	10.37%
Over 1,000,000	269	3,242,333,968	86.48%	269	3,280,324,680	87.49%
	5,695	3,749,411,250	100.00%	4,419	3,749,411,250	100.00%

Public Holding

	31 March 2022			31 March 2021		
	Holders	Shares	%	Holders	Shares	%
Public Holding	5,690	1,940,853,240	51.76%	4,416	1,945,589,740	51.89%
Total Holding	5,695	3,749,411,250	100.00%	4,419	3,749,411,250	100.00%
Float Adjusted Market Capitalization			776,341,296			695,481,500

The Company complies with the Minimum Public Holding Requirement under option 5 as set out in the Listing Rules 7.13.1(a) as at reporting date.

Twenty Largest Shareholders

Name of Shareholder	31 March 2022		31 March 2021	
	No. of Shares	%	No. of Shares	%
Mr. Govindasamy Ramanan	1,800,693,010	48.03%	1,800,693,010	48.03%
Sampath Bank PLC/ Dr.T.Senthilvel	176,510,524	4.71%	176,510,524	4.71%
Miss. Anne Judith Sylvia Nimsmi Amerasinghe	76,500,000	2.04%	74,000,000	1.97%
Sampath Bank PLC/Mr. Shabbir Abbas Gulamhusein	66,223,946	1.77%	66,223,946	1.77%
Mr. Arjuna Bandara Damunupola	60,000,000	1.60%	23,000,000	0.61%
Mr. Don Buddhadasa Wethasinghe	54,000,000	1.44%	54,000,000	1.44%
Mr. Kandiah Balendra	50,000,000	1.33%	41,238,143	1.10%
Mr. Gunasena Dangampola	43,893,308	1.17%	-	0.00%
Mr. Herath Pathiranage Pradeep Roshan Hemantha	25,560,861	0.68%	-	0.00%
Mr. Dayanand Pathmanathan	25,000,000	0.67%	25,000,000	0.67%
Star Packaging (Pvt) Ltd	25,000,000	0.67%	25,000,000	0.67%
Dr. Clive Chrisanthan James	20,000,500	0.53%	20,000,500	0.53%
Dialog Finance PLC/S.A.De Silva and D.R.De Silva	19,600,000	0.52%	-	0.00%
Mrs. Premila O. Bogahalanda	16,731,000	0.45%	16,731,000	0.45%
Mr. Moderage Marian Janek Waas Jayasekara	16,000,000	0.43%	-	0.00%
Mr. Malalabandarage Ravindra Devamithra Peiris Goonaratne	15,050,000	0.40%	15,005,650	0.40%
Hatton National Bank PLC/Padmesh Sajjeewa Weerasekera	15,000,000	0.40%	-	0.00%
Mr. Periyawelu Ramachandran	15,000,000	0.40%	-	0.00%
Ms. Manikku Badathuru Peshali Saranya Fernando	13,998,465	0.37%	-	0.00%
Mrs J. Mylvaganam	11,097,000	0.30%	11,097,000	0.30%
	2,545,858,614	67.90%	2,348,499,773	62.64%

SHAREHOLDERS INFORMATION (Contd...)

Market Value of Shares

For the Year ended	31 March 2022	31 March 2021
Highest price per share (Rs.)	1.00	1.50
Lowest price per share (Rs.)	0.30	0.20
Last traded price per share (Rs.)	0.40	0.40

Financial Calendar 2021/2022

In terms of the Listing Rules of the Colombo Stock Exchange, Interim Financial Reports were issued as follows.

Reports

First Quarter 2021/2022 Interim Financial Report
Second Quarter 2021/2022 Interim Financial Report
Third Quarter 2021/2022 Interim Financial Report
Fourth Quarter 2021/2022 Interim Financial Report

Date of Release

30 July 2021
3 November 2021
11 February 2022
30 May 2022

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 58th Annual General Meeting (AGM) of Industrial Asphalts (Ceylon) PLC will be held as a **Virtual Meeting** on **Wednesday, 5th October 2022 at 3.00 p.m.** to transact the following businesses;

1. To receive the Report of the Board of Directors and the Audited Financial Statements of the Company for the year ended 31st March 2022 together with the Report of the Auditors' thereon.
2. To re-elect Mr. N. K. Dahanayake who retires in terms of Article 90 of the Articles of Association of the Company and offers himself for re-election as a Director.
3. To re-appoint Messrs A.I. Macan Markar & Co., Chartered Accountants, as Auditors of the Company for the ensuing year and authorize the Directors to determine their remuneration.
4. To authorize the Directors to determine and make donations.

By order of the Board of
Industrial Asphalts (Ceylon) PLC

Ninecap Corporate Solutions (Pvt) Ltd.

Secretaries
At Colombo,
26th August 2022

NOTES

A member entitled to attend and vote at the above Meeting is entitled to appoint a Proxy to attend and vote on behalf of him/ her.

A Proxy need not be a member of the Company.

A Form of Proxy is enclosed for this purpose.

The completed Form of Proxy should be deposited at the Office of **Industrial Asphalts (Ceylon) PLC, MMBL Pathfinder Office Complex, No.345/D, Negombo Road, Peliyagoda**, or via **shamila@iac.lk** not less than 48 hours before the time appointed for the holding of the meeting.

FORM OF PROXY

I/We, (please indicate full name)
of
bearing NIC No. being a member/ members of the Company,
hereby appoint Mr/ Mrs/ Miss
..... (please indicate full name) bearing NIC No.of
..... or whom failing

- | | |
|----------------------|--------------|
| Mr. G. Ramanan | whom failing |
| Mr. N. K. Dahanayake | whom failing |
| Mr. R. K. Ignatius | whom failing |
| Mr. S. Marimuthu | whom failing |
| Mr. R. Raguneethan | |

As my/ our proxy to represent me/ us and vote on my/ our behalf at the 58th Annual General Meeting (AGM) of the Company to be held as a **Virtual Meeting on Wednesday, 5th October 2022 at 3.00 p.m.** and at any adjournment thereof and at every poll which may be taken in consequence thereof.

Please indicate your preference by placing a 'X' in the box of your choice against the Resolution No.

	For	Against
1. Receiving of the Annual Report of the Board of Directors and the Audited Financial Statements of the Company for the year ended 31 st March 2022 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Mr. N.K. Dahanayake Director who retires in terms of Article 90 of the Articles of Association of the Company and offers himself for re-election as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-appointment of Messrs A.I. Macan Markar & Co., Chartered Accountants, as Auditors of the Company for the ensuing year and authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
4. Authorize the Directors to determine and make donations	<input type="checkbox"/>	<input type="checkbox"/>

Signed this..... Day of.....

.....
Signature

Please provide the following details:

Full Name of the Shareholder :

CDS A/C No/ NIC No/ Company Reg. No :

E -mail address :

No of Shares held :

Full Name of the Proxy holder :

Proxy holder's ID No (if not a Director) :

Proxy holder's E -mail address :

INSTRUCTIONS FOR COMPLETION OF PROXY

1. Please perfect the Form of Proxy overleaf, after filling in legibly your full name and address, by signing in the space provided and filling the date of signature and your National Identity Card number.
2. Please indicate with a 'X' in the cages provided how your proxy is to vote on the Resolutions. If no indication is given the Proxy in his/ her discretion may vote as he/ she thinks fit.
3. The completed Form of Proxy should be deposited at the Office of **Industrial Asphalts (Ceylon) PLC, MMBL Pathfinder Office Complex, No.345/D, Negombo Road, Peliyagoda**, or via **shamila@iac.lk** not less than 48 hours before the time appointed for the holding of the meeting.
4. If an Attorney has signed the Form of Proxy, the relative Power of Attorney should also accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.
5. If the Shareholder is a Company or a Corporate Body, the Proxy should be executed under its Common Seal in accordance with its Articles of Association or Constitution.
6. If there is any doubt as to how the vote is to be exercised, by reason of the manner in which the Form of Proxy has been completed, no vote will be recorded by the Form of Proxy.



industrial asphalts (ceylon) PLC

**MMBL Pathfinder Office Complex
No.345/D, Negombo Road, Peliyagoda.**

Tel: 0115 289 845 | Fax: 0115 289 849 | E-mail: info@iac.lk | Web: www.iac.lk